IOI GROUP

ANNUAL REPORT **2014**

OPTIMISING POTENTIAL FROM END TO END

With a clearer focus, IOI Corporation Berhad ("IOIC") is set to further its impact as a fully-integrated upstream and downstream player in the palm oil industry. From seed breeding to planting, and crop oil extraction to resource-based manufacturing activities that encompass refining, oleochemicals, and specialty oils and fats, IOIC is at the forefront of industry practices and performance.

Anchored on strengths across the value chain, we are optimising our resources, talent and potential to grow sustainable value for our shareholders.

OUR VISION

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

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

OUR CORE VALUES

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

Integrity
which is essential and cannot be compromised

Commitment
as we do what we say we will do

Loyalty
is crucial because we are one team sharing one vision

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

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

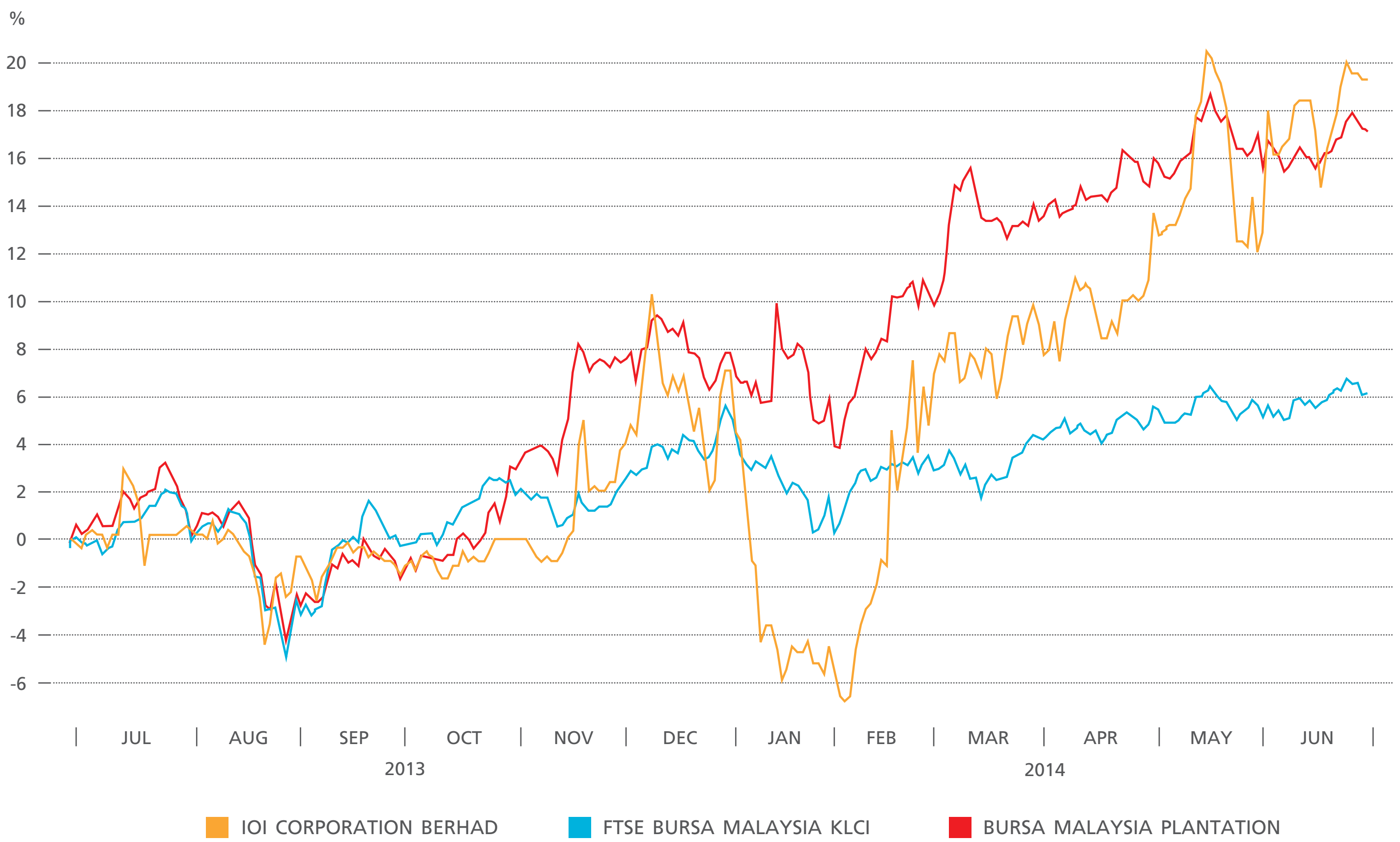
Innovativeness
to provide us additional competitive edge

Cost Efficiency
is crucial as we need to remain competitive

KEY INDICATORS

WE PROFIT FROM OUR PRINCIPLES

Profit Attributable to Owners	Earnings Per Share
RM3.37 BILLION	**52.93 SEN**
2013 – RM1.97 Billion	2013 – 30.88 Sen



Gross Dividend Per Share	Share Price	Market Capitalisation
200.0%	**RM5.25**	**RM33.37 BILLION**
2013 – 155.0%	2013 – RM5.44	2013 – RM34.74 Billion

In RM million unless otherwise stated	2014	2013	2012	2011	2010
FINANCIAL					
Profit attributable to owners of the parent	**3,373.0**	1,973.7	1,797.4	2,224.6	2,045.9
Equity attributable to owners of the parent	**6,036.8**	13,650.5	12,607.0	11,983.7	10,763.9
Return on average shareholders' equity (%)	**34.27**	15.03	14.62	19.56	21.40
Basic earnings per share (sen)	**52.93**	30.88	28.09	34.78	33.12
Gross dividend per share (%)	**200.0**	155.0	155.0	170.0	170.0
PLANTATION					
FFB production (MT)	**3,506,706**	3,408,935	3,185,878	3,295,473	3,405,090
Total oil palm area (Ha)	**174,061**	160,626	157,752	157,045	154,709
MANUFACTURING					
OLEOCHEMICAL					
Plant utilisation (%)	**84**	80	77	82	91
Sales (MT)	**583,555**	561,001	624,542	618,960	684,389
REFINERY					
Plant utilisation (%)	**68**	70	77	72	75
Sales (MT)	**2,706,786**	3,052,027	2,919,543	2,640,091	2,533,527
SPECIALTY OILS AND FATS					
Plant utilisation (%)	**50**	56	88	92	96
Sales (MT)	**735,099**	734,691	665,785	492,432	511,143

CONTENTS

45th Annual General Meeting

IOI CORPORATION BERHAD (9027-W)

Venue : Putrajaya Ballroom I, Putrajaya Marriott Hotel, IOI Resort, 62502 Putrajaya, Malaysia

Date : Wednesday, 29 October 2014

Time : 10:00 am

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of IOI Corporation Berhad, it gives me great pleasure to present to you the Annual Report of the Company and the Group for the financial year ended 30 June 2014 ("FY2014").

OPERATING ENVIRONMENT

During the financial year under review, the global economy has generally improved, broadly underpinned by recovery of advanced economies. However, China, the second largest economy in the world, has decelerated to a more sustaining Gross Domestic Product ("GDP") growth of approximately 7.5% per annum ("p.a."). On the local front, the Malaysian economy posted a reasonable GDP growth of 5.5% p.a. in 2013 and a relatively strong GDP growth of 6.3% p.a. during the first half of 2014. However, the ringgit was generally weaker against the US dollar especially towards the second half of the financial year largely due to the tapering of the US Federal Reserve's quantitative easing programme.

As for the palm oil sector, crude palm oil ("CPO") price was generally on the uptrend during the first nine months of FY2014 before trending moderately lower towards the last three months. The higher biodiesel mandate in Indonesia, coupled with the dry weather spell in Malaysia in the early part of 2014, have helped to support the CPO prices during the financial year under review. The fairly low crude palm kernel oil ("CPKO") price during the first half of FY2014 has provided a relatively low feedstock cost to our lauric-based oleochemical products and thus contributed better margins to our oleochemical sub-segment. However, the palm oil refinery sub-segment was affected by compressed refining margins due to increased palm oil refineries' capacity in Indonesia.

REVIEW OF RESULTS

Overall, the Group reported a net profit of RM3,389.7 million for FY2014, which is 70% higher than the profit of RM1,998.2 million reported in FY2013. The significant increase is due mainly to the gain of RM1.89 billion arising from the demerger of the property business offset slightly by a translation loss of RM40.3 million on foreign currency denominated borrowings as opposed to a translation gain of RM191.4 million during the same period last year.

Best agronomic practices and efficient plantation management led to a high FFB production in FY2014.

CHAIRMAN'S STATEMENT (Cont'd)

As a responsible palm oil player, IOI promotes the growth and use of sustainable palm oil through cooperation with key oil palm players.

After excluding the demerger gain and translation differences on foreign currency denominated borrowings from both financial years, the Group's underlying net profit from its continuing operations for FY2014 is RM1,302.7 million, which is 19% higher than FY2013's underlying net profit of RM1,091.9 million. The higher result achieved is due to improved operating performance from both our plantation and downstream resource-based manufacturing businesses.

The plantation division reported a higher operating profit of RM1,185.7 million for FY2014 as compared to RM1,055.6 million for FY2013 due mainly to higher CPO and palm kernel prices realised as well as higher fresh fruit bunch ("FFB") production over the same period last year. Average CPO price realised for FY2014 is RM2,509/MT as compared to RM2,433/MT for FY2013. The share of profits from our associate company, Bumitama Agri Ltd ("BAL"), is higher at RM95.8 million as compared to RM71.3 million for FY2013, representing an increase of 34% over the same period last year.

As for our resource-based manufacturing division, it has once again done remarkably well. The resource-based manufacturing division posted a higher operating profit of RM787.3 million in FY2014 which is 30% higher than the reported operating profit of RM607.8 million in FY2013. The increase in operating profit is due mainly to higher margin and increased sales volume from the oleochemical and specialty oils and fats sub-segments.

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

CORPORATE DEVELOPMENTS

As part of the strategy to unlock the intrinsic value of the business, on 14 May 2013, the Group announced a corporate exercise to demerge and separately list its property business under IOI Properties Group Berhad ("IOIPG") ("Demerger"). The Demerger involved, inter alia, the distribution of equity shares of IOIPG as dividend-in-specie and the restricted offer for sale ("ROS") of IOIPG shares at a discounted offer price to entitled shareholders of IOI Corporation Berhad ("IOIC"). On 13 January 2014, the Group completed the aforesaid Demerger and IOIPG ceased to be a subsidiary of IOIC.

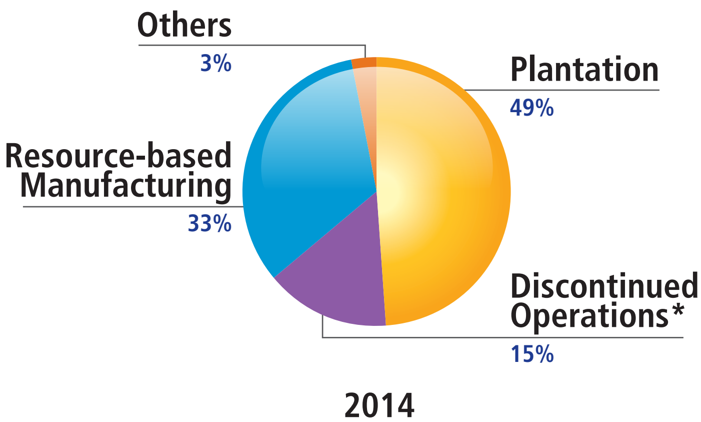
The Demerger has enabled the Group to unlock the intrinsic value of the overall combined palm oil and property businesses and created additional shareholders' wealth. The combined market capitalisation value of both IOIC and IOIPG at the end of FY2014 as compared to the market capitalisation value of the previous IOIC's group businesses before the Demerger, has shown an increase of approximately RM6 billion, after deducting the ROS subscription value of IOIPG shares. As a result of the Demerger, the Group is now focusing solely on its fully integrated palm oil business with a global presence.

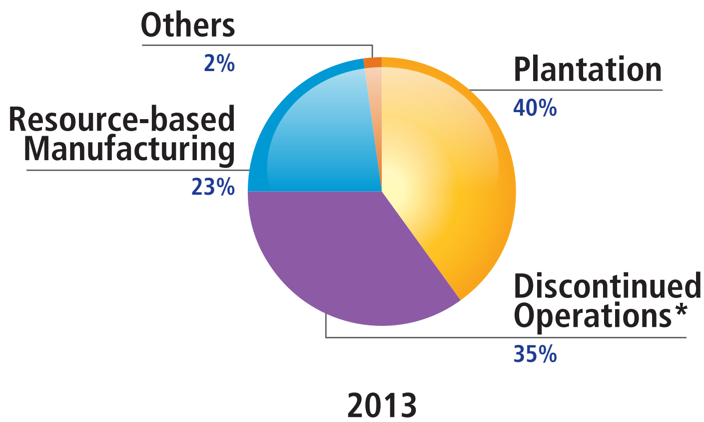
In addition to the above Demerger, the Group undertook an internal restructuring exercise to streamline its plantation and resource-based manufacturing businesses and assets, with the key objective of achieving business effectiveness and operational efficiency. The Group completed its internal restructuring in December 2013 and now has a clearly defined and streamlined intermediate holding companies structure housing various parts of its palm oil business.

BUSINESS DEVELOPMENTS

On the plantation front, the Group has been actively seeking to increase its holdings of plantation landbank to further grow its upstream business. On 2 October 2013, the Group acquired 39.55% of the equity capital of Unico-Desa Plantations Berhad ("Unico"), a company listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). Following the aforementioned acquisition, the Group made a mandatory general offer to acquire the remaining equity shares of Unico not already held by the Group. On 21 February 2014, the Group completed 100% acquisition of Unico's equity shares for a total consideration of approximately

Contribution to Segment Results





* *Discontinued Operations represent the property businesses that were held by the Group prior to the completion of the Demerger Exercise as disclosed in Notes 13.1 to the financial statements.*

RM1 billion. The acquisition of Unico has brought in an additional 12,700 hectares of oil palm planted areas representing 7% of the overall Group's oil palm planted areas of approximately 175,000 hectares, and two CPO mills in Sabah, Malaysia.

As for the plantation operation in Indonesia, our subsidiary group, PT Sawit Nabati Agro ("SNA Group") has to-date planted 15,300 hectares of oil palm trees, out of which 5,700 hectares are already mature. SNA Group has planned another 6,000 hectares of new oil palm planting in FY2015. In addition, the Group expects to commission a palm oil mill capable of processing 60 MT (scalable to 90 MT) of FFB per hour in the third quarter of FY2015.

As for BAL, the Group continues to support its associate company to grow and expand their oil palm plantation business in Indonesia. BAL has approximately 150,000 hectares of planted oil palm areas including approximately 35,000 hectares under the plasma (smallholders) scheme and eight CPO mills with a total processing capacity of three million MT p.a. The average age of the oil palm trees is only about six years which gives a lot of potential for yield increases in the coming years.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY

Sustainability has increasingly become a key platform in our business operations and our long-term business growth. In the continued pursuit of sustainable palm oil production, the Group has recently established a Sustainability Policy Statement and, together with other key oil palm players and stakeholders, has also signed a Sustainable Palm Oil Manifesto. As stated in the Policy Statement and the Manifesto, the Group commits to three principles, i.e. no deforestation, protecting peat areas and driving positive socio-economic impact for people and communities.

Being a responsible palm oil producer, the Group has for some time embraced the principles and criteria of sustainable palm oil production under the Roundtable on Sustainable Palm Oil ("RSPO") and International Sustainability and Carbon Certification ("ISCC") schemes. Twelve of the Group's existing CPO mills and their supply bases in Malaysia have been certified with both the RSPO and ISCC. The remaining two mills which have not been certified are from the newly-acquired Unico and they are expected to be certified by 2017.

Cutting-edge research technology facilitates development of high-yielding oil palm clones with desirable traits.

CHAIRMAN'S STATEMENT (Cont'd)

We are now one of the world's leading suppliers of Certified Sustainable Palm Oil ("CSPO") and have a market leading position in the supply of RSPO- and ISCC-certified palm oil to Europe.

In addition to the above, the Group's sustainability pursuit also extends to its effort to have its oil palm milling operations achieve lower greenhouse gas emissions through its methane capture project. In this respect, the Group has commissioned its first methane capture plant in Pukin Mill in June 2014 and its second biogas capturing together with power generation plant is expected to be commissioned by November 2014 in Sabah. The Group plans to roll out more biogas capturing and power generation plant projects to its other mills in Malaysia and Indonesia in the near future.

As for our specialty oils and fats sub-segment, IOI Loders Croklaan's processing plants are operating under the 3R's principle – Reduce, Reuse and Recycle – whereby the use of natural resources is minimised and production of waste is reduced.

Our IOI Oleochemicals' business has also embarked on green energy by harvesting solar energy for electricity generation. Since the commissioning of the solar energy project in December 2013, IOI Oleochemicals has generated an approximately 264,000 KWh of electricity and saved 56 MT CO² during its initial six months of operation.

Besides driving sustainable profit growth and returns for the shareholders, the Group also undertakes many corporate responsibility ("CR") activities. This is done mainly through Yayasan Tan Sri Lee Shin Cheng ("Yayasan TSLSC"), a charitable foundation funded by the Group. To date, Yayasan TSLSC has donated/contributed over RM29 million to various schools, hospitals, welfare homes and charitable organisations as well as through various CR projects and activities.

Key highlights of the Group's numerous sustainability measures and CR initiatives are covered in the "Sustainability and Corporate Responsibility" section.

DIVIDENDS AND CAPITAL MANAGEMENT

Two interim cash dividends totalling 20.0 sen per ordinary share amounting to a total payout of approximately RM1.27 billion were declared for FY2014. The dividends represented approximately 38% distribution of the Group's net profit attributable to shareholders.

In addition to the aforesaid cash dividends, the Company has also distributed 2,130,349,033 ordinary shares of RM1.00 each, representing two-thirds of the total IOIPG's equity shares as distribution-in-specie arising from the Demerger to the entitled shareholders.

At Creative Studio, the technical experts of IOI Loders Croklaan work closely with customers in innovating new food creations that are suitable for large-scale production.

IOI Lipid Enzymtec facility in Pasir Gudang, Johor provides technologically advanced components for cocoa butter equivalents and Betapol®.

The Company continues to manage its capital in a proactive manner to enhance value to shareholders while optimising gearing levels and providing for funding requirements.

During the year, the Company bought back 47,155,600 ordinary shares of the Company from the open market at an average price of RM4.35 per share, representing 0.7% of the issued and paid-up share capital of the Company.

The Group also continues to maintain healthy cash and cash equivalents which as at 30 June 2014, stood at RM3.99 billion and a net gearing ratio of 59%.

PROSPECTS

The global economic environment is expected to remain challenging in view of the less-than-expected recovery of the US and Euro Zone economies. China's economy is likely to sustain at the current level of 7.5% GDP growth or slightly lower for FY2015.

With the anticipated record high soybean crop harvest in US, we expect CPO price to stay at the current level in the near term before trending higher towards the end of 2014 when palm oil production enters its seasonal lows and Malaysia implements the B7 biodiesel mandate nationwide. Given the prevailing low CPO price, we expect more demand to come from the biodiesel and biofuel sector. The US Food and Drug Administration's ("FDA") announcement of an impending ban on trans fat will result in higher demand for palm oil imports into the US in the short to medium term. Going forward, the Group expects a significantly higher contribution from BAL as more of their young palm trees reach optimum production age.

In the resource-based manufacturing division, the Group expects its specialty oils and fats and oleochemical sub-segments to perform satisfactorily in view of the resilient demand from the food sector and sustainable demand of oleochemical products from the industrial manufacturers.

Overall, the Group's performance for FY2015 is expected to be satisfactory.

ACKNOWLEDGEMENTS

FY2014 was indeed an extraordinary year; not only did it mark an important milestone for the Group with the property business being demerged and separately listed on the Bursa Malaysia, it is also an important year for me as I relinquish the Chief Executive Officer's ("CEO") position as part of an orderly succession plan. Following the Demerger, the Group's business is strategically held under two separate independently listed vehicles, i.e. IOIC and IOIPG, with each business having its own dedicated CEO.

I wish to congratulate Dato' Lee Yeow Chor and Mr Lee Yeow Seng, both of whom have already been Executive Directors of IOIC, for being appointed as the CEO of IOIC and IOIPG respectively in January 2014.

With the appointment of Mr Lee Yeow Seng as the CEO of IOIPG, he has been redesignated as a Non-Executive Director of IOIC.

I also wish to announce that our Senior Independent Non-Executive Director and Chairman of Audit and Risk Management Committee, YBhg. Datuk Haji Mohd Khalil Bin Dato' Haji Mohd Noor, having served the Board for more than 14 years, will retire after this year's Annual General Meeting. On behalf of the Board, I take this opportunity to thank Datuk Haji Mohd Khalil for his invaluable service and advice to the Board throughout these years and wish him good health and the very best in his future undertakings.

The Group managed to record an overall commendable performance in FY2014 despite it being a challenging year. In this respect, I wish to thank the management and all the employees for their great effort, perseverance and passion in contributing to this year's results.

Last but not least, I also wish to thank all our customers, business partners, government authorities, shareholders and fellow Board members for their continued strong support to the Group.

Thank you.

TAN SRI DATO' LEE SHIN CHENG
Executive Chairman

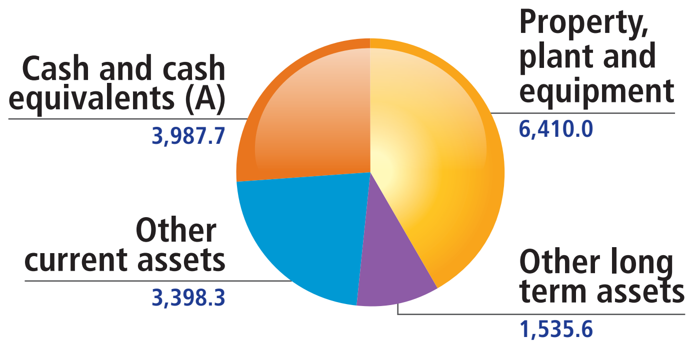
GROUP FINANCIAL OVERVIEW

CASH FLOW
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014
RM million

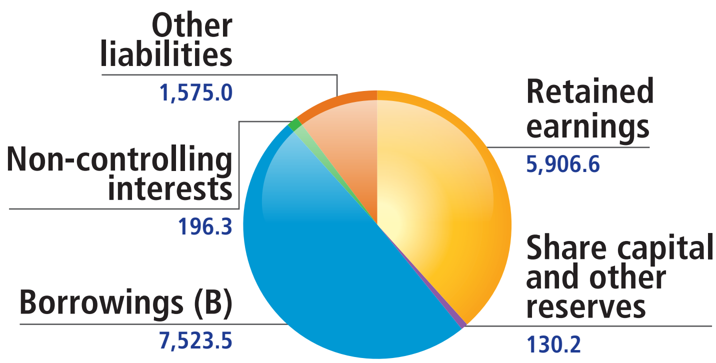
Net operating cash flow	1,669.2
Capital expenditure, net of disposal	(328.0)
Free cash flow from operation	1,341.2
Proceeds from restricted offer for sale, net of cash and cash equivalents and borrowings	1,722.0
Payment received from amount due from subsidiaries disposed	1,004.0
Proceeds from issuance of shares	56.2
Proceeds from issuance of preference shares to non-controlling interests	1.0
Payment for other investments, net of proceeds from disposal of investments	(74.0)
Shares repurchased by the Company	(205.3)
Interest paid	(294.7)
Investment in development land bank	(517.4)
Acquisition of subsidiaries, net of cash and cash equivalents and borrowings	(1,034.1)
Dividend payments	
– Shareholders of the Company	(1,051.1)
– Shareholders of subsidiaries	(12.3)
Cash inflow in net borrowings	935.5
Accretion of borrowings	(6.7)
Loss on repurchase of Guaranteed Notes	(2.8)
Net decrease in net borrowings	926.0
Net borrowings as at 30.06.13	(4,416.1)
Translation difference	(45.7)
Net borrowings as at 30.06.14	(3,535.8)

STATEMENT OF FINANCIAL POSITION
AS AT
30 JUNE 2014
RM million

Assets



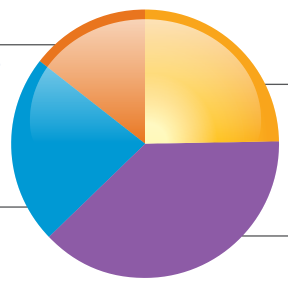
Equity and Liabilities



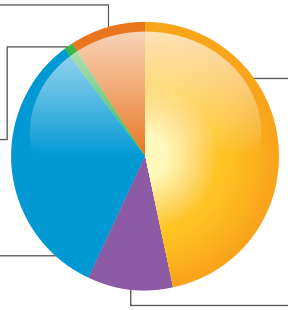
NET BORROWINGS = (B) - (A) = RM3,535.8 MILLION
NET GEARING = 59%

STATEMENT OF FINANCIAL POSITION
AS AT
30 JUNE 2013
RM million

Assets



Equity and Liabilities

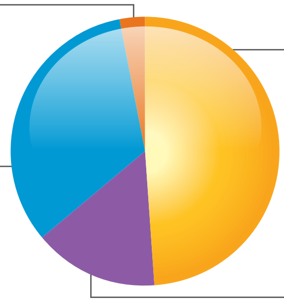


NET BORROWINGS = (D) - (C) = RM4,416.1 MILLION
NET GEARING = 32%

RETAINED EARNINGS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014
RM million

Segment results	2,414.2
Unallocated corporate expenses	(137.6)
Profit before interest and taxation	2,276.6
Net interest expenses	(240.3)
Profit before taxation	2,036.3
Taxation	(533.8)
	1,502.5
Net gain arising from the Demerger Exercise	1,887.2
Profit for the financial year	3,389.7
Other comprehensive income	
Actuarial gain on defined benefit obligation	0.6
Total comprehensive income	3,390.3
Less: Attributable to non-controlling interests	(16.7)
Total comprehensive income attributable to owners of the parent	3,373.6
Dividend paid	(1,051.1)
Distribution-in-specie	(7,563.4)
Changes in equity interest in subsidiaries	(10.9)
Retained earnings for the financial year	(5,251.8)
Restated retained earnings as at 30.06.13	11,158.4
Retained earnings as at 30.06.14	5,906.6

CONTRIBUTION TO SEGMENT RESULTS
RM million



Segment Results: RM2,414.2 million

* *Discontinued Operations represent the property businesses that were held by the Group prior to the completion of the Demerger Exercise as disclosed in Note 13.1 to the financial statements.*

GROUP PERFORMANCE HIGHLIGHTS

In RM million unless otherwise stated	2014	2013	% +/(-)
FINANCIAL PERFORMANCE			
Revenue	**12,664.0**	13,516.5	(6)
Profit before interest and taxation	**2,276.6**	2,738.1	(17)
Profit before taxation	**2,036.3**	2,511.1	(19)
Net operating profit after taxation ("NOPAT")	**1,709.6**	2,208.4	(23)
Net profit attributable to owners of the parent	**3,373.0**	1,973.7	71
Average shareholders' equity	**9,843.7**	13,128.8	(25)
Average capital employed	**18,322.9**	22,010.4	(17)
Operating margin (%)	**16.72**	18.83	(11)
Return on average shareholders' equity (%)	**34.27**	15.03	128
NOPAT/Average capital employed (%)	**9.33**	10.03	(7)
Basic earnings per share (sen)	**52.93**	30.88	71
Dividend per share – gross (sen)	**20.0**	15.5	29
Net assets per share (sen)	**95**	214	(56)
Dividend cover (number of times)	**2.65**	1.99	33
Interest cover (number of times)	**8.38**	9.96	(16)
PLANTATION PERFORMANCE			
FFB production (MT)	**3,506,706**	3,408,935	3
Yield per mature hectare (MT)	**24.00**	24.46	(2)
Mill production (MT)			
Crude palm oil	**751,536**	708,028	6
Palm kernel	**186,450**	179,115	4
Oil extraction rate (%)			
Crude palm oil	**21.21**	20.84	2
Palm kernel	**5.26**	5.27	-
Average selling price (RM/MT)			
Crude palm oil	**2,509**	2,433	3
Palm kernel	**1,709**	1,241	38
Operating profit (RM/mature hectare)	**7,947**	7,398	7
MANUFACTURING PERFORMANCE			
OLEOCHEMICAL			
Plant utilisation (%)	**84**	80	5
Sales (MT)	**583,555**	561,001	4
REFINERY			
Plant utilisation (%)	**68**	70	(3)
Sales (MT)	**2,706,786**	3,052,027	(11)
SPECIALTY OILS AND FATS			
Plant utilisation (%)	**50**	56	(11)
Sales (MT)	**735,099**	734,691	-

Note:
Information of the Group Performance Highlights is before the classification of Discontinued Operations results pursuant to the Demerger Exercise as disclosed in Note 13.1 to the financial statements.

GROUP QUARTERLY RESULTS

In RM million unless otherwise stated	1st Quarter	%	2nd Quarter	%	3rd Quarter	%	4th Quarter	%	2014	%
Revenue	3,565.2	28	3,367.7	27	2,899.9	23	2,831.4	22	12,664.0	100
Operating profit	466.7	22	688.8	33	492.3	23	469.3	22	2,117.1	100
Share of results of associates	28.7	22	40.2	31	32.6	25	27.8	22	129.3	100
Share of results of joint ventures	23.4	77	7.2	24	(0.4)	(1)	-	-	30.2	100
Profit before interest and taxation	518.8	23	736.2	32	524.5	23	497.1	22	2,276.6	100
Interest income	13.4	37	11.5	32	6.3	18	4.6	13	35.8	100
Finance costs	(67.0)	24	(69.5)	25	(70.8)	26	(68.7)	25	(276.1)	100
Profit before taxation	465.2	23	678.2	33	460.0	23	433.0	21	2,036.3	100
Taxation	(157.5)	30	(183.9)	34	(109.6)	21	(82.7)	15	(533.8)	100
Profit after taxation	307.7	21	494.3	33	350.4	23	350.3	23	1,502.5	100
Net gain arising from the Demerger Exercise	-	-	-	-	1,834.7	97	52.4	3	1,887.2	100
Profit for the financial year	307.7	9	494.3	15	2,185.1	64	402.7	12	3,389.7	100
Attributable to:										
Owners of the parent	301.8	9	487.1	14	2,176.6	65	407.5	12	3,373.0	100
Non-controlling interests	5.9	35	7.2	43	8.5	51	(4.8)	(29)	16.7	100
	307.7	9	494.3	15	2,185.1	64	402.7	12	3,389.7	100
Earnings per share (sen)										
Basic	4.72		7.62		34.20		6.42		52.93	
Diluted	4.71		7.61		34.13		6.40		52.80	
Profit before interest and taxation on segmental basis										
Plantation	250.1	21	310.2	26	306.8	26	318.6	27	1,185.7	100
Manufacturing	218.6	28	259.8	33	205.2	26	103.7	13	787.3	100
Others	14.0	20	11.0	16	16.4	23	28.7	41	70.0	100
	482.7	24	581.0	28	528.4	26	451.0	22	2,043.0	100
Unallocated corporate (expenses)/income	(139.7)	102	(40.2)	29	(3.9)	3	46.1	(34)	(137.6)	100
Continuing Operations	343.0	18	540.8	28	524.5	28	497.1	26	1,905.4	100
Discontinued Operations	175.8	47	195.4	53	-	-	-	-	371.2	100
Profit before interest and taxation	518.8	23	736.2	32	524.5	23	497.1	22	2,276.6	100

Note:
The Group Quarterly Results are before the classification of Discontinued Operations results pursuant to the Demerger Exercise as disclosed in Note 13.1 to the financial statements.

FINANCIAL CALENDAR

FINANCIAL YEAR END – 30 JUNE 2014

ANNOUNCEMENT OF RESULTS
1st Quarter – 18 November 2013
2nd Quarter – 25 February 2014
3rd Quarter – 22 May 2014
4th Quarter – 20 August 2014

Notice of Annual General Meeting – 3 October 2014
Annual General Meeting – 29 October 2014

PAYMENT OF DIVIDENDS
Distribution-in-specie
Declaration – 9 December 2013
Entitlement – 23 December 2013
Allotment – 13 January 2014

1st Interim
Declaration – 25 February 2014
Entitlement – 12 March 2014
Payment – 21 March 2014

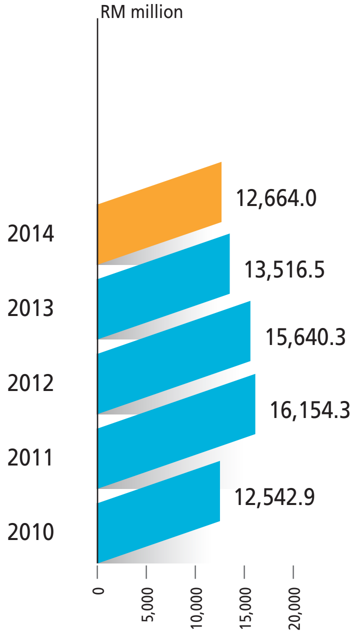
2nd Interim
Declaration – 1 July 2014
Entitlement – 17 July 2014
Payment – 25 July 2014

FIVE-YEAR FINANCIAL HIGHLIGHTS

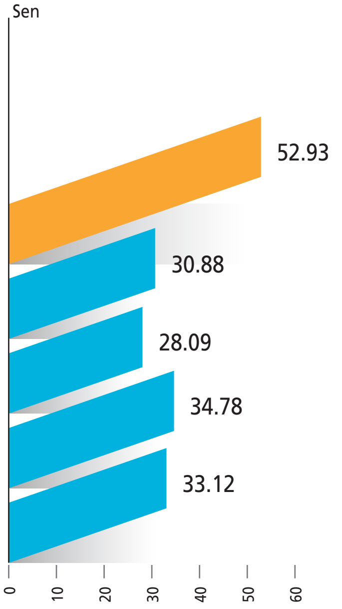
In RM million unless otherwise stated	2014	2013	2012	2011	2010
RESULTS					
Revenue [1]	**12,664.0**	13,516.5	15,640.3	16,154.3	12,542.9
Profit before taxation [1]	**2,036.3**	2,511.1	2,389.6	2,865.9	2,564.3
Taxation [1]	**(533.8)**	(512.9)	(553.1)	(573.7)	(488.9)
Subtotal	**1,502.5**	1,998.2	1,836.5	2,292.2	2,075.4
Net gain arising from the Demerger Exercise	**1,887.2**	-	-	-	-
Profit for the financial year	**3,389.7**	1,998.2	1,836.5	2,292.2	2,075.4
Attributable to:					
Owners of the parent	**3,373.0**	1,973.7	1,797.4	2,224.6	2,045.9
Non-controlling interests	**16.7**	24.5	39.1	67.6	29.5
ASSETS [2]					
Property, plant and equipment	**6,410.0**	5,928.6	5,713.7	5,677.5	5,434.9
Prepaid lease payments	**30.1**	129.2	29.6	30.0	29.5
Land held for property development	**-**	1,843.9	1,858.9	834.5	913.3
Investment properties	**8.3**	1,949.2	1,326.7	1,062.5	1,113.6
Associates	**886.9**	870.9	817.1	668.1	572.2
Joint ventures	**33.0**	3,686.1	3,483.1	3,099.1	1,549.2
Other assets	**577.3**	652.1	657.1	585.5	576.0
	7,945.6	15,060.0	13,886.2	11,957.2	10,188.7
Current assets	**7,386.0**	8,846.7	9,185.6	7,703.1	7,160.1
	15,331.6	23,906.7	23,071.8	19,660.3	17,348.8
EQUITY AND LIABILITIES [2]					
Share capital	**645.0**	643.4	642.7	641.6	667.6
Reserves	**5,391.8**	13,007.1	11,964.3	11,342.1	10,096.3
	6,036.8	13,650.5	12,607.0	11,983.7	10,763.9
Non-controlling interests	**196.3**	280.0	288.0	262.2	289.3
Total equity	**6,233.1**	13,930.5	12,895.0	12,245.9	11,053.2
Non-current liabilities	**5,601.7**	8,307.4	7,974.3	5,126.4	4,863.0
Current liabilities	**3,496.8**	1,668.8	2,202.5	2,288.0	1,432.6
Total liabilities	**9,098.5**	9,976.2	10,176.8	7,414.4	6,295.6
	15,331.6	23,906.7	23,071.8	19,660.3	17,348.8
Net operating profit after tax ("NOPAT")	**1,709.6**	2,208.4	1,979.9	2,419.7	2,241.3
Average shareholders' equity	**9,843.7**	13,128.8	12,295.3	11,373.8	9,558.9
Average capital employed [3]	**18,322.9**	22,010.4	19,881.6	17,234.5	15,613.3
FINANCIAL STATISTICS					
Basic earnings per share (sen)	**52.93**	30.88	28.09	34.78	33.12
Gross dividend per share (sen)	**20.0**	15.5	15.5	17.0	17.0
Net assets per share (sen)	**95**	214	197	187	169
Return on average shareholders' equity (%)	**34.27**	15.03	14.62	19.56	21.40
NOPAT/Average capital employed (%)	**9.33**	10.03	9.96	14.04	14.35
Net debt/Equity (%) [4]	**58.57**	32.35	29.83	21.80	8.17

[1] The results are before the classification of Discontinued Operations results pursuant to the Demerger Exercise as disclosed in Note 13.1 to the financial statements.
[2] The Assets and Liabilities of FY2013 include respective Assets and Liabilities of Disposal Group Held for Sale/Held for Distribution to Owners as disclosed in Note 30 to the financial statements.
[3] Average capital employed comprises shareholders' equity, non-controlling interests, long term liabilities, short term borrowings and deferred taxation.
[4] Net debt represents total bank borrowings less short term funds, deposits with financial institutions and cash and bank balances.

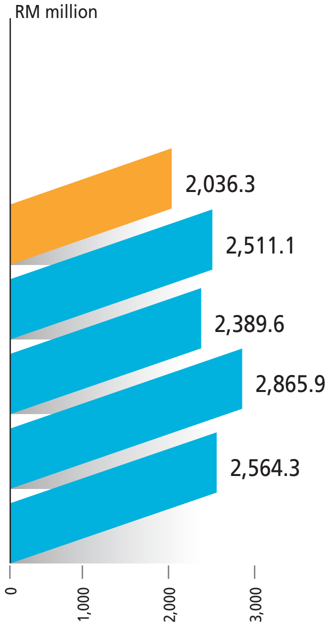
REVENUE
RM million



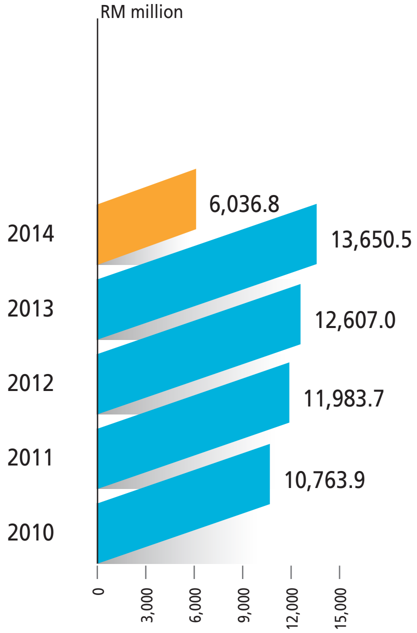
EARNINGS PER SHARE
Sen



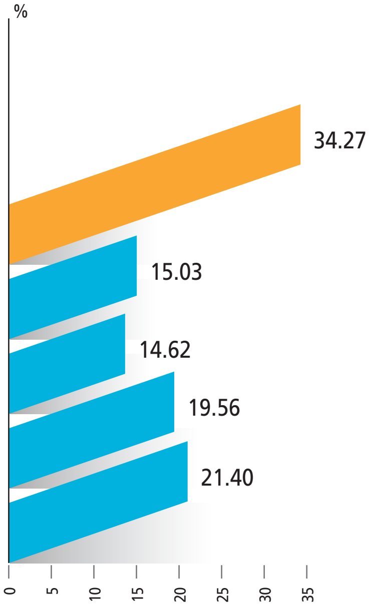
PROFIT BEFORE TAXATION
RM million



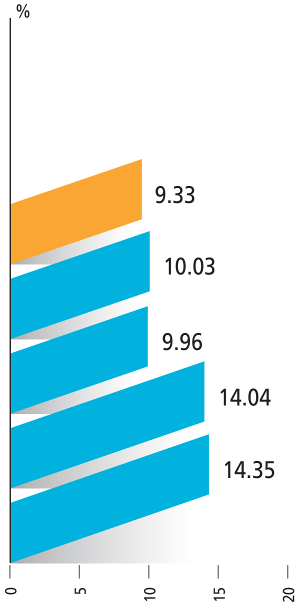
SHAREHOLDERS' EQUITY
RM million



RETURN ON AVERAGE SHAREHOLDERS' EQUITY
%



NOPAT/AVERAGE CAPITAL EMPLOYED
%



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 detailed commentary on operating performance is covered under the respective business segment reports.

KEY FINANCIAL INDICATORS

		2014	2013	Change %
Profit before interest and taxation ("EBIT") [1]	RM million	**2,276.6**	2,738.1	(17)
Pre-tax earnings [1]	RM million	**2,036.3**	2,511.1	(19)
Net earnings	RM million	**3,373.0**	1,973.7	71
Return on average shareholders' equity ("ROE")	%	**34.27**	15.03	128
Return on average capital employed ("ROCE")	%	**9.33**	10.03	(7)
Net operating profit after taxation ("NOPAT")	RM million	**1,709.6**	2,208.4	(23)
Economic profit	RM million	**524.4**	595.2	(12)
Total returns to shareholders				
– Capital appreciation (per RM0.10 share) [2]	RM	**0.78**	0.25	211
– Gross dividend (per RM0.10 share)	sen	**20.0**	15.5	29
Net cash flow generated from operation	RM million	**1,669.2**	2,775.2	(40)
Net gearing	%	**58.6**	32.4	81

[1] The results are before the classification of Discontinued Operations results pursuant to the Demerger Exercise as disclosed in Note 13.1 to the financial statements.
[2] The capital appreciation of FY2014 has taken into account the IOI Properties Group Berhad shares received by the shareholders pursuant to the Demerger Exercise as disclosed in Note 13.1 to the financial statements.

FINANCIAL HIGHLIGHTS AND INSIGHTS

- At Group level, the results for FY2014 versus FY2013 are best compared and explained at three levels, mainly, EBIT, Pre-tax and Net Earnings, as different factors affected the changes between the two fiscal years at the respective levels.
- Looking at **EBIT**, contributions from the segments are as follows:

	2014 RM million	Mix %	2013 RM million	Mix %	Change %
Plantation	**1,185.7**	**52**	1,055.6	39	12
Downstream manufacturing	**787.3**	**35**	607.8	22	30
Palm oil – Total	**1,973.0**	**87**	1,663.4	61	19
Others including unallocated corporate (expenses)/income	**(67.6)**	**(3)**	159.6	6	(142)
Continuing operations	**1,905.4**	**84**	1,823.0	67	5
Discontinued operations	**371.2**	**16**	915.1	33	(59)
Group's EBIT	**2,276.6**	**100**	2,738.1	100	(17)

- Plantation segment's EBIT increased by 12% to RM1,185.7 million, due mainly to higher CPO and PK prices realised as well as higher FFB production.
- The downstream manufacturing segment's EBIT increased by 30% to RM787.3 million. The increase in profit is due mainly to higher margin and increase in sales volume from the oleochemical and specialty oils and fats sub-segments.
- The other segment, including unallocated corporate expenses and income in respect of both financial years, comprises primarily the loss or gain on translation difference on foreign currency denominated borrowings with loss of RM40.3 million and gain of RM191.4 million registered in FY2014 and FY2013 respectively.
- Discontinued operations consist of results from property related businesses that were demerged from the Group on 13 January 2014.
- **Pre-tax Earnings** decreased by 19% over the last financial year. Apart from the decrease in EBIT as explained in the foregoing paragraphs, the decrease is also due to lower interest income during the financial year.
- At the **Net Earnings level**, profit attributable to owners of the parent increased by 71% to RM3.37 billion. The significant increase of the net earnings is due mainly to the one-off net extraordinary gain of RM1.89 billion arising from the Demerger Exercise as disclosed in Note 13.1 to the financial statements.
- With the significant increase of net earnings, the Group recorded a **ROE** of 34.27% for FY2014 based on an average shareholders' equity of RM9.84 billion (FY2013 – RM13.13 billion), as compared to 15.03% recorded in the previous financial year.
- The **ROCE** decreased to 9.33% for FY2014, down from 10.03% for FY2013. This is due to higher percentage decrease in NOPAT as compared to the percentage decrease in average capital employed.
- The Group strives to enhance ROE and ROCE by continuous improvement in operating performance and by active management of its capital structure. Initiatives undertaken by the Group include maintaining dividend pay-outs, share buy-back (and cancellation) programme and a continuous review and adjustment of the Group's debt gearing ratio having regard to maintaining stable credit ratings.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont'd)

Group Financial Review

FINANCIAL HIGHLIGHTS AND INSIGHTS (Cont'd)

Other than the distribution of RM9.62 billion worth of IOI Properties Group Berhad Shares ("IOIPG Shares"), the equity reduction for purpose of capital management, includes the following:

	2014 RM million	2013 RM million
Cash dividend	**1,270.9**	990.4
Share buy-back	**205.3**	96.1
Total equity repayments	**1,476.2**	1,086.5
% of net earnings for the financial year	**44%**	55%

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

- The Group generated an **Operating Cash Flow** of RM1,669.2 million for FY2014 against RM2,775.2 million for the previous financial year. Similarly, **Free Cash Flow** decreased from RM2,226.1 million to RM1,341.2 million due mainly to increase in working capital.
- For FY2014, the Group spent a total of RM334.3 million (FY2013 – RM553.5 million) for **Capital Expenditure ("Capex")**.
- The Group's **Shareholders' Equity** as at 30 June 2014 stood at RM6.0 billion, a decrease of RM7.6 billion or 56% over the previous financial year. The decrease is mainly due to distribution of RM9.6 billion worth of IOIPG Shares and total dividend payment of RM1.1 billion during the financial year, offset by net earnings of RM3.4 billion.
- The Group's **Net Interest Cover** was 8.4 times (FY2013 – 10.0 times).
- From an economic profit perspective, the Group achieved an economic profit [i.e. a surplus of **NOPAT** over its **Weighted Average Cost of Capital ("WACC")**] of RM524.4 million for FY2014 as compared to RM595.2 million for FY2013. The decrease is due to a lower NOPAT of RM1,709.6 million (FY2013 – RM2,208.4 million). The WACC for FY2014 is 6.5% (FY2013 – 7.3%).

RETURNS TO SHAREHOLDERS

Two interim cash dividends totalling 20.0 sen per ordinary share amounting to a total payout of RM1,270.9 million were declared for FY2014. The dividends represent an approximately 38% distribution of the Group's net profit attributable to owners of the parent.

In addition to the aforesaid cash dividends, the Company has also distributed 2.1 billion IOIPG Shares as distribution-in-specie arising from the Demerger Exercise as disclosed in Note 13.1 to the financial statements ("Demerger Exercise").

If a shareholder had bought 1,000 ordinary shares in the Company ("IOIC Shares") when it was listed in 1980 and assuming the shareholder had subscribed/accepted for all rights issues and offer for sale to date and had not sold any of the shares, he would have as at 30 June 2014, 76,000 IOIC Shares worth RM399,000 based on IOIC Share price of RM5.25 and 38,000 IOIPG Shares worth RM95,760 based on IOIPG Share price of RM2.52. The appreciation in value together with the dividends and IOIPG Shares received less capital outlay translates to a remarkable compounded annual rate of return of 20.5% for each of the 34 years since the Company was listed.

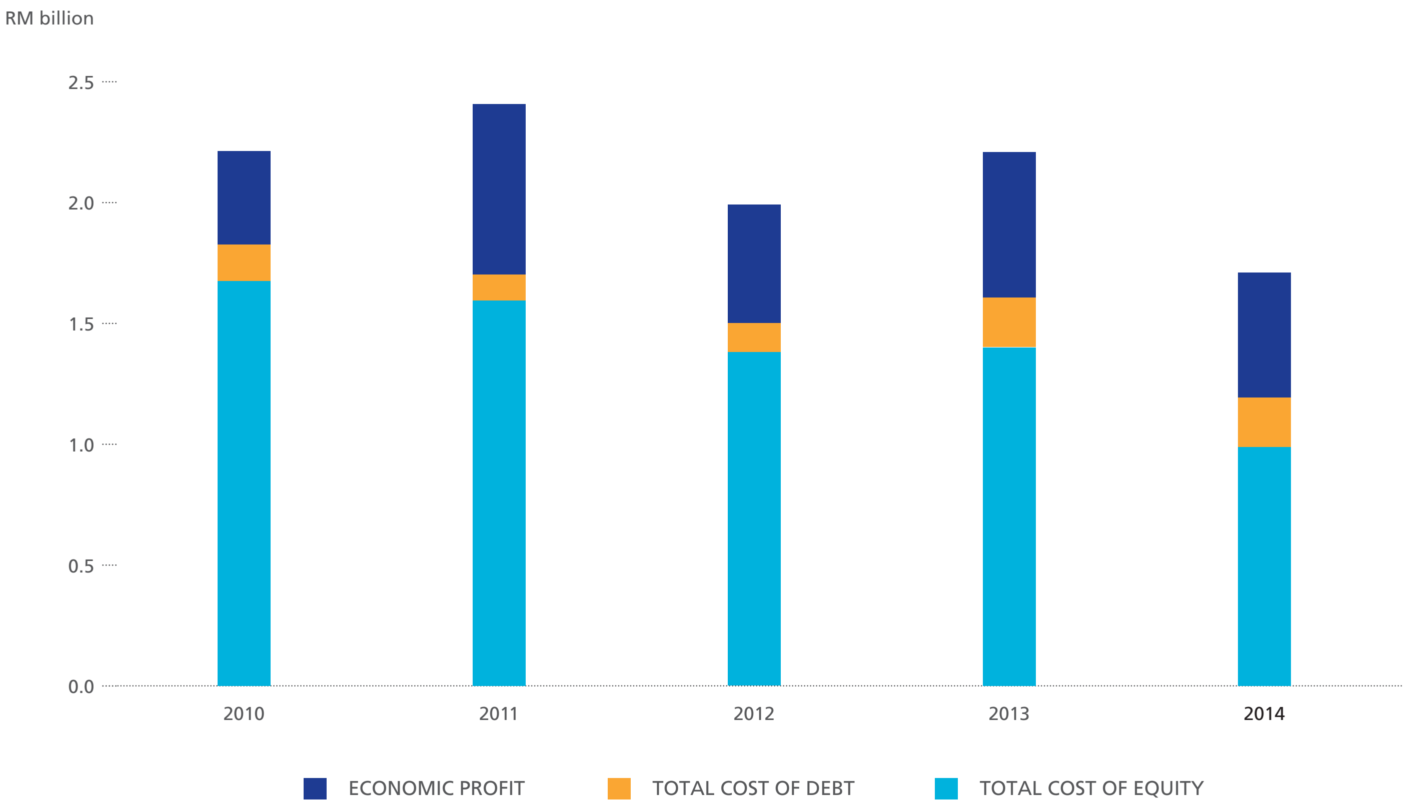
The Company continues to manage its capital in a proactive manner to provide value to shareholders, optimise gearing levels and provide for funding requirements. The Group also continues to maintain a healthy cash and bank balance, which as at 30 June 2014 stood at RM3.99 billion, and a net gearing ratio of 59%.

FIVE-YEAR PROFIT TREND

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

In RM million	2010	2011	2012	2013	2014
Economic Profit	397.6	717.3	475.0	595.2	**524.4**
Total Cost of Debt	165.9	127.4	143.3	210.3	**207.1**
Total Cost of Equity	1,677.8	1,575.0	1,361.6	1,402.9	**978.1**
NOPAT	2,241.3	2,419.7	1,979.9	2,208.4	**1,709.6**

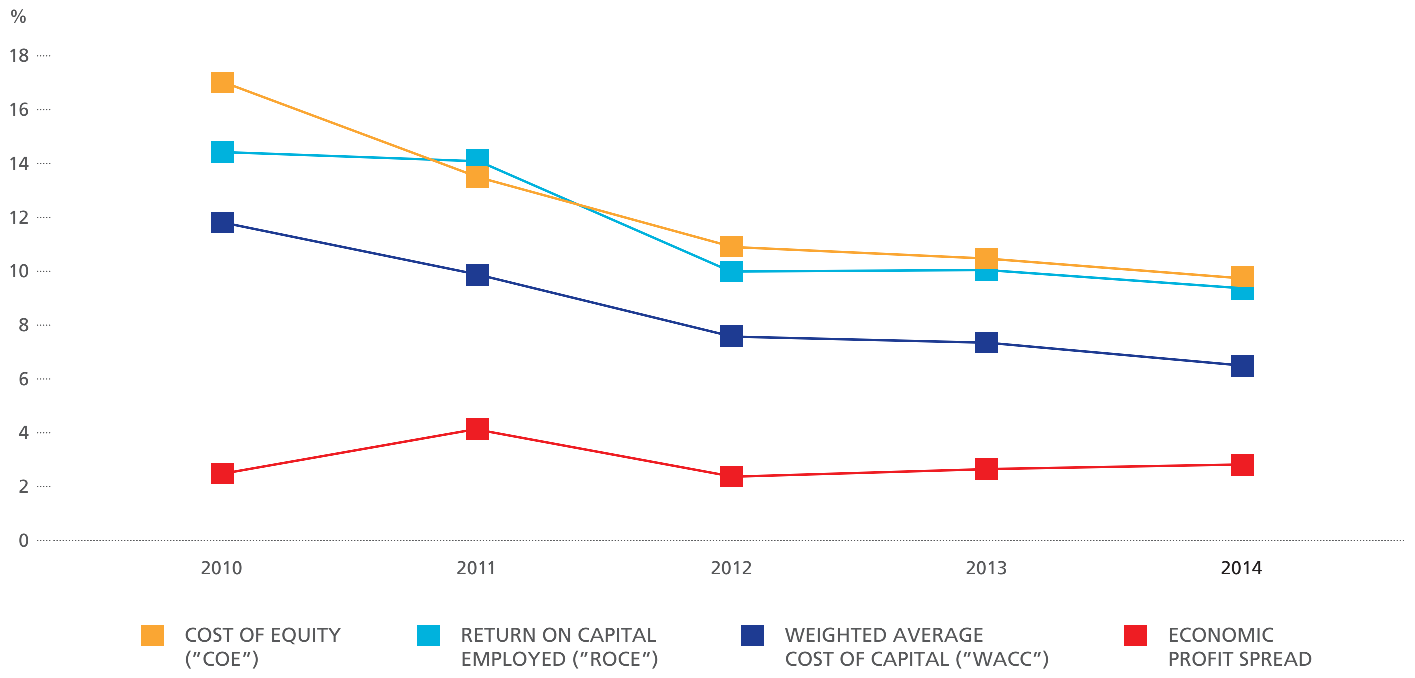
DISTRIBUTION OF NOPAT



MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont'd)

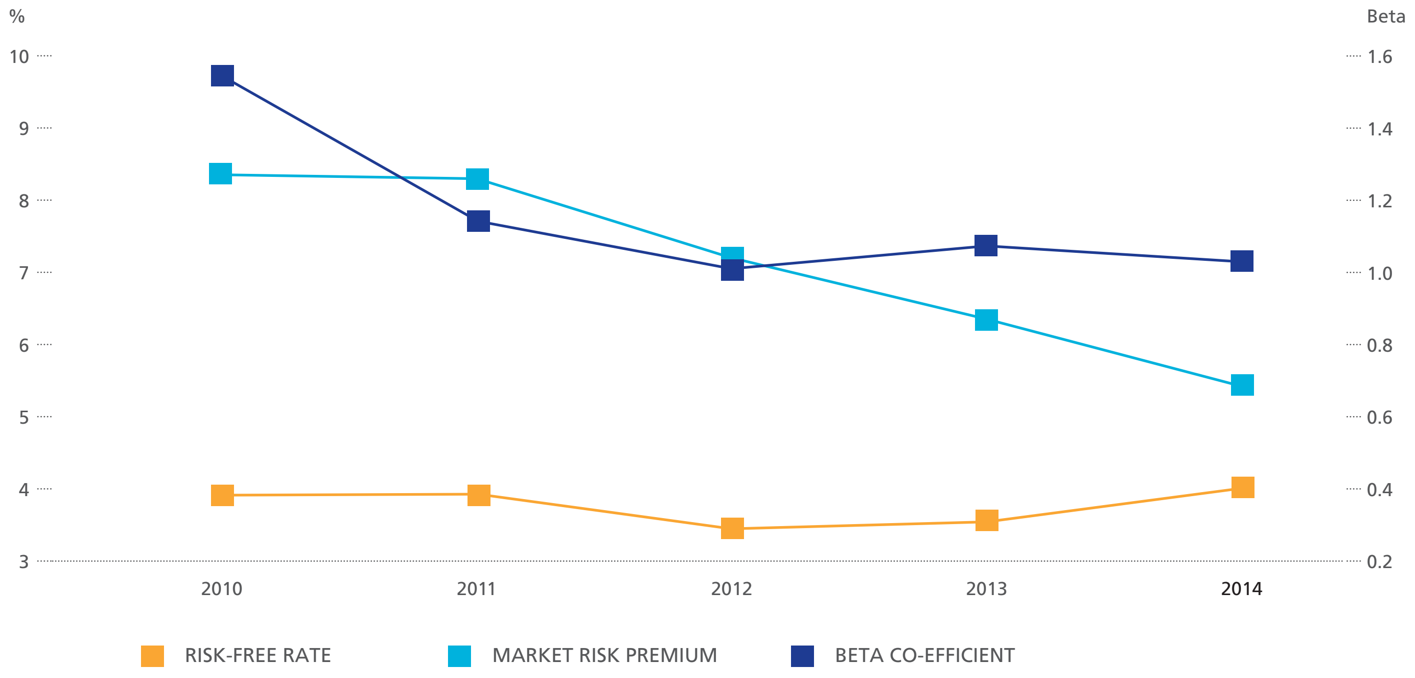
Group Financial Review

COE, ROCE, WACC AND ECONOMIC PROFIT



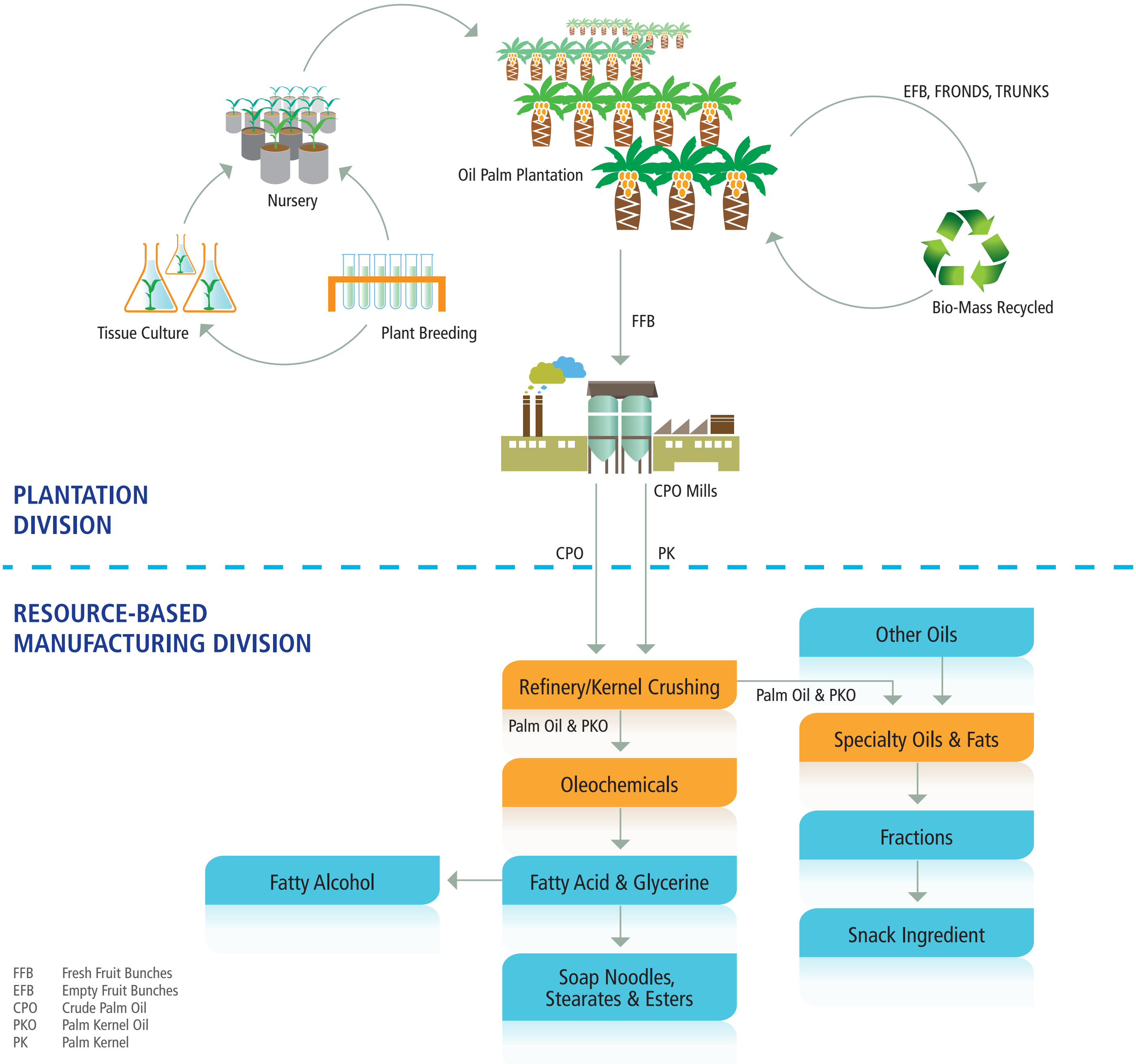
The computations of COE, ROCE and Economic Profit were based on the following parameters:

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



PALM OIL BUSINESS STREAM

The Group's palm oil business comprises the plantation and downstream resource-based manufacturing divisions. The vertical integration of these two business divisions 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 2014, approximately 88% (FY2013 – 93%) of our plantation revenue of RM2.2 billion 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 divisions is best illustrated in the following diagrams:



PLANTATION

ALWAYS SEEDING GREATER POSSIBILITIES

IOI is synonymous with global leadership in oil palm industry. Our good plantation management practices and advances in agronomy science ensure we excel as one of the most efficient producers. With a string of international sustainability achievements in our hand, we will continue to progress in our path to sustainable production and consumption of palm oil.

IOI Palm Biotech strives to create value and to boost plantation productivity through intensive R&D effort.

Only ripe palm fruits are harvested and delivered to palm oil mills.

IOI upholds and implements quality management and good agronomic practices at its estates.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Group Business Review

PLANTATION

Plantation is the core business of the Group which contributes to more than half of the Group's earnings. With over 80 estates in Malaysia and Indonesia, the Group's activities consist of cultivation of oil palm and processing of palm oil.

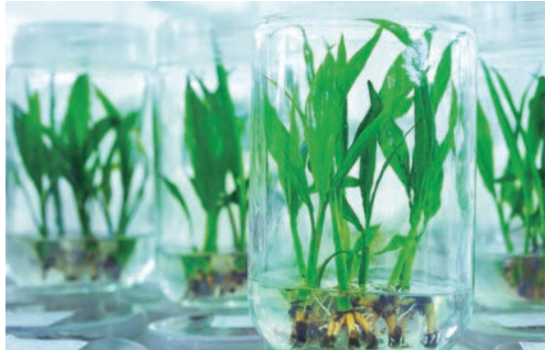
As at 30 June 2014, the Group's total planted area – excluding that owned by associate companies – stood at 175,131 hectares (FY2013 – 161,754 hectares) with approximately 99% of the estates' planted area planted with oil palm.

The Group has 89 estates, an increase of five estates as compared to previous financial year and the total oil palm planted area as at the end of the financial year under review stood at 174,061 hectares, an increase of 13,435 hectares from the previous financial year. The increase in estates and hectarage are contributed mainly from the acquisition of Unico-Desa Plantations Berhad during the financial year. Approximately 66% of the Group's oil palm plantation holdings are in East Malaysia, 25% in Peninsular Malaysia and the remaining 9% in Indonesia. The Group's plantation produce are principally processed by its 14 palm oil mills with an annual milling capacity of approximately 4,500,000 tonnes of fresh fruit bunches ("FFB").

Over the years, the Group has been able to sustain as one of the most cost efficient producers in the industry due to management's emphasis on continuous improvement in efficiency and productivity of its operations. 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 and oil extraction rates, and carrying out research involving tissue culture to cultivate seedlings with superior traits.

Our Tissue Culture Laboratory, with BioNexus status, was originally set up in the late 80s for research and development in large scale tissue culture propagation of high yielding oil palm clones. The expertise and cutting-edge technology for the mass propagation of high yielding oil palm clones had been developed through years of intensive and systematic research. In recent years, the Tissue Culture Laboratory had produced over 800,000 high yielding clonal palms per year. Currently, our efforts include further research on oil palm molecular marker and international collaboration on palm genome research. We believe that these will help to ensure the high yields of our oil palms and optimum sustainability of our oil palm business.



High yielding clonal palms are produced at the Tissue Culture Laboratory every year.

The yields of oil palms also depend 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 analyses and studies with the objective of ensuring quality palms and fruits, including studies on oil palm 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.

Aerial view of Pukin Palm Oil Mill in Pahang.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont'd)

Group Business Review – Plantation

PLANTATION STATISTICS

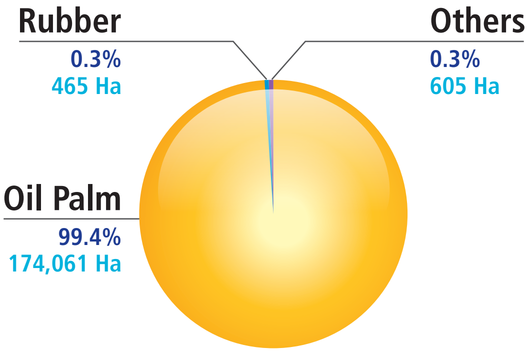
CROP STATEMENT

	2014	2013	2012	2011	2010
OIL PALM					
Average mature area harvested (hectare)	**146,126**	139,379	137,455	139,072	139,352
FFB production (tonne)	**3,506,706**	3,408,935	3,185,878	3,295,473	3,405,090
Yield per mature hectare (tonne)	**24.00**	24.46	23.18	23.70	24.44
Mill production (tonne)					
Crude palm oil	**751,536**	708,028	668,177	686,917	732,275
Palm kernel	**186,450**	179,115	164,235	165,701	170,876
Oil extraction rate (%)					
Crude palm oil	**21.21**	20.84	20.95	20.88	21.53
Palm kernel	**5.26**	5.27	5.15	5.04	5.02
Average selling price (RM/tonne)					
Crude palm oil	**2,509**	2,433	3,135	2,945	2,372
Palm kernel	**1,709**	1,241	1,912	2,241	1,229
Operating profit (RM/mature hectare)	**7,947**	7,398	11,023	11,075	8,148

AREA STATEMENT

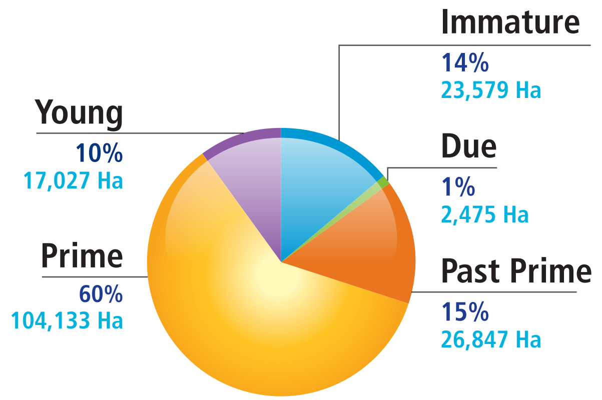
IN HECTARES	2014	2013	2012	2011	2010
OIL PALM					
Mature	**150,482**	142,075	138,892	139,582	138,675
Immature	**23,579**	18,551	18,860	17,463	16,034
	174,061	160,626	157,752	157,045	154,709
RUBBER					
Immature	**465**	495	496	496	438
	465	495	496	496	438
Others	**605**	633	633	633	632
Total planted area	**175,131**	161,754	158,881	158,174	155,779
Nursery	**144**	114	129	126	148
Estate under development	**13,241**	2,303	2,454	3,801	4,694
Housing projects	**-**	1,242	1,242	1,242	1,242
Labour lines, building sites and infrastructure	**18,605**	17,794	17,294	16,631	17,021
Total area	**207,121**	183,207	180,000	179,974	178,884

Crop Mix



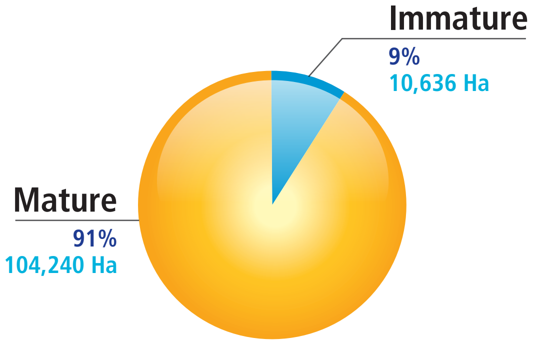
Total Planted Area – 175,131 Ha

Oil Palm Hectarage by Age

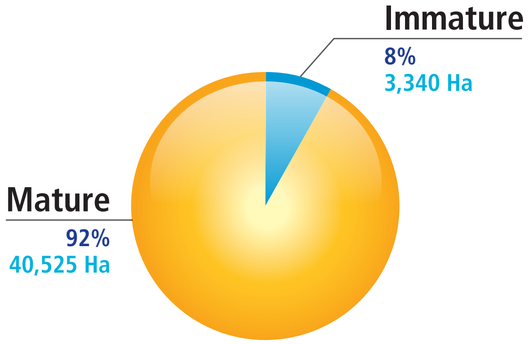


Total Planted Area – 174,061 Ha

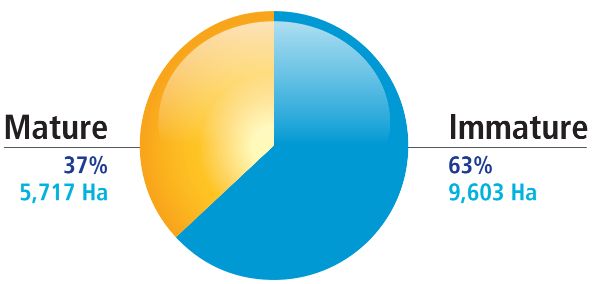
Oil Palm Hectarage by Region



East Malaysia – 66%
Total Oil Palm Area – 114,876 Ha



Peninsular Malaysia – 25%
Total Oil Palm Area – 43,865 Ha

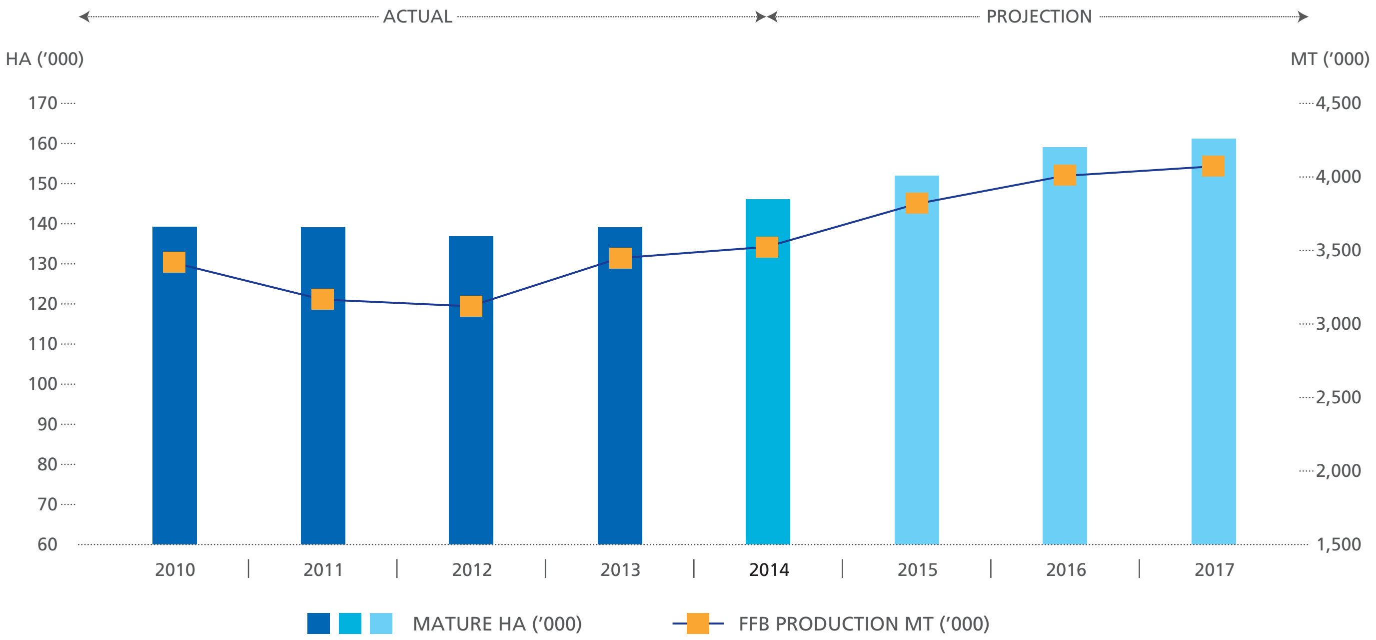


Indonesia – 9%
Total Oil Palm Area – 15,320 Ha

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont'd)

Group Business Review – Plantation

MATURE OIL PALM AREA/FFB PRODUCTION



Workers loading FFB in Pukin Estate, Pahang.

EFB mulching at inter-rows is widely carried out in IOI's estates.

OPERATIONS REVIEW

For the financial year under review, the Group's estates produced a total of 3.507 million MT of FFB which is about 3% higher than the previous year mainly due to increase in mature hectares.

The FFB yield has lowered slightly to 24.00 MT as compared to 24.46 MT per mature hectare in the previous year. However, an improved oil extraction rate of 21.21% (FY2013 – 20.84%), helped to improve our CPO yield in Malaysia to 5.22 MT from 5.16 MT per hectare in FY2013.

The Group's best performing estate was Meliau Estate in Sabah which achieved a yield of 6.80 MT of CPO per hectare for FY2014.

For FY2014, the Group's plantation division reported a higher profit of RM1,185.7 million as compared to RM1,055.6 million for FY2013. The higher profit reported is mainly due to higher CPO and PK prices realised as well as higher FFB production. Average CPO price realised for FY2014 was RM2,509/MT as compared to RM2,433/MT for FY2013.

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

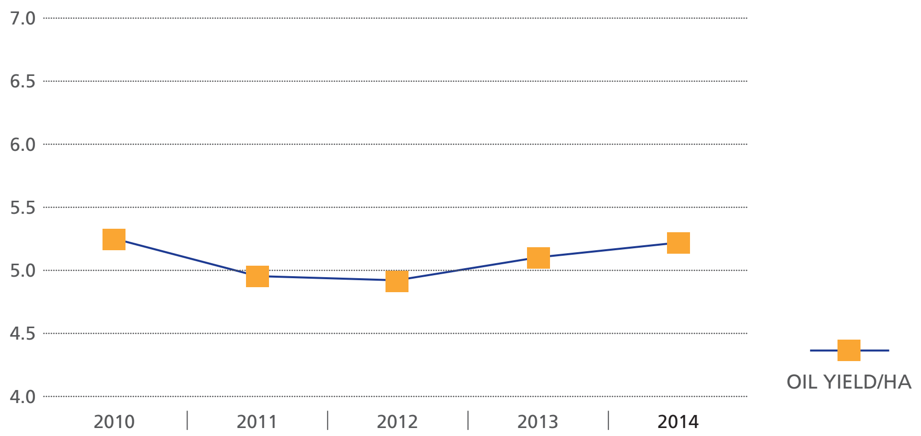
	FY2014 RM'000	FY2013 RM'000
MPOB cess	**9,771**	9,205
Windfall profit levy	**2,034**	3,332
Sabah sales tax	**98,632**	85,279
	110,437	97,816

Operating profit per mature hectare of oil palm increased to RM7,947 per hectare for the financial year under review as compared to RM7,398 per hectare for the previous financial year.

For capital expenditure, the division spent a total of RM155.9 million for FY2014 as compared to RM103.3 million for the previous financial year. The capital expenditure was primarily incurred on new planting, staff quarters, road, bridges and agricultural equipment. As for replanting expenditure, RM71.9 million was charged out to the income statement for FY2014 compared to RM52.4 million for the previous financial year.

For FY2014, we have replanted 5,159 hectares of oil palm with our own high yielding material which includes clonal palms. Going forward, we will replant 5,000 to 8,000 hectares per year. As for new planting activities in Indonesia, we have planted 15,320 hectares to date and we target to plant about 6,000 hectares per year in the next three years.

OIL YIELD PER MATURE HECTARE



IOI's estates are managed systematically and sustainably to ensure high oil yield, supporting the Group to be one of the leading producers in the industry.

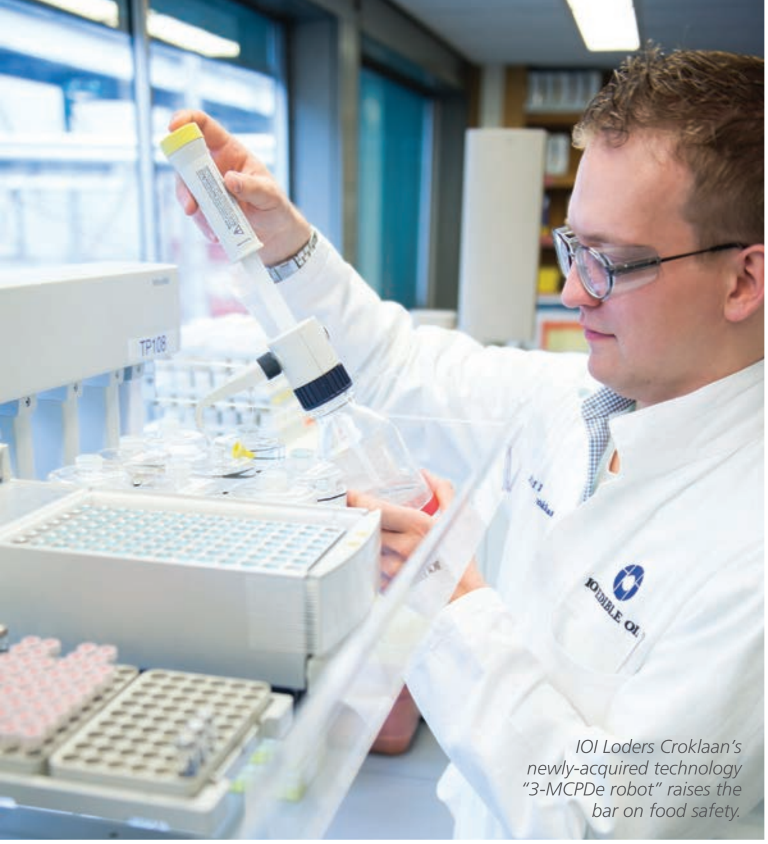
OUTLOOK & PROSPECTS

CPO prices extended the rally to peak at RM2,930/MT on 11 March 2014, but have continued to trend lower since then. However, we foresee palm oil prices to improve following the nationwide implementation of the B5 biodiesel mandate. With the increase in mature hectares coupled with higher yielding oil palm trees replanted during the last few years, the Group is confident that its FFB yield and oil extraction rate will see a continuous improvement during the next few years.

RESOURCE-BASED MANUFACTURING

LEADING THROUGH EXPERTISE AND ADDED VALUE

IOI has grown from strength to strength throughout the value chain to lead with excellence in every field it embarks on. With cutting edge capabilities, a growing global presence and commitment to exacting quality standards; today we are a global player in specialty oils and fats and a leading vegetable-based oleochemical producer.



IOI Loders Croklaan's newly-acquired technology "3-MCPDe robot" raises the bar on food safety.

Palm oil is a nutritious vegetable oil that is trans fat free and rich in vitamins and antioxidants.

Storing of finished products at the warehouse facility in IOI Oleochemical, Prai.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Group Business Review

RESOURCE-BASED MANUFACTURING

The Group's resource-based manufacturing division is an essential segment of our palm oil business and consists of the downstream refining of crude palm oil, and the processing of refined palm oil and palm kernel 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, household cleaning, pharmaceutical, cosmetics and chemicals.

REFINING

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

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

Crude palm oil is tested under strict quality control and quality assurance.

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

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

OLEOCHEMICALS MANUFACTURING

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

The oleochemicals manufacturing activities are undertaken in Penang and Johor by various wholly-owned subsidiaries of IOI

Soap noodles produced by IOI Oleochemical are highly sought after globally due to its wide-ranging versatility.

Oleochemical Industries Berhad. With a combined total capacity of 720,000 MT, the oleochemical sub-segment is one of the leading vegetable-based oleochemical producers in the world. IOI Oleochemical Industries Berhad, through its wholly-owned subsidiary Esterchem (M) Sdn Bhd, also expects a fatty ester production capacity of 20,000 MT per annum to come on-stream by the end of 2014.

The high operational flexibility of these two manufacturing sites and successful integration of the overall supply chain has enabled the oleochemical sub-segment to achieve greater economies of scale and to serve customers more efficiently. Our manufacturing facilities are also accredited by globally-recognised bodies in various areas of quality and international standards of compliance.

IOI Edible Oils' processing plant complex in Sandakan, Sabah has a combined refining capacity of 1,000,000tpa and fractionation capacity of 1,000,000tpa.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont'd)

Group Business Review – Resource-based Manufacturing

IOI Oleochemical's manufacturing facilities are committed to quality and comply with various international standards.

A view of IOI Oleochemical's manufacturing plant in Prai, Penang.

As we continue to raise the bar of our standards, we have been accorded a string of national and international awards and recognition that bear testament to our persistent dedication to quality, environmental protection, and occupational health and safety. As a result, we consistently deliver superior products through renowned brands which satisfy our customers' needs.

SPECIALTY OILS AND FATS

The specialty oils and fats manufacturing business of the Group is carried out by IOI Loders Croklaan which is also a downstream refining manufacturer. A global market leader, it has manufacturing operations in the Netherlands, USA, Malaysia, and Canada, and sales to more than 85 countries worldwide. It has one of the most developed specialty oils and fats technology bases in the industry with a corporate history tracing back to 1887, when Loders & Nucolene was founded in London.

The specialty oils and fats business of IOI Loders Croklaan consists of supplying fractionated oils and blends, specifically formulated as ingredients required by the processed food industry, principally for applications in the bakery, confectionery, frying, margarine and infant nutrition sectors. The products are mainly coating fats (Coberine®, Couva®, CLSP®), filling fats (Creamelt®, Biscuitine®, Prestine®, Freedom®), shortenings (SansTrans®), hard stocks (Crokvitol®), high stability oils (Durkex®) and human milk fat replacer (Betapol®).

Since IOI acquired the business in end-2002, IOI Loders Croklaan's capabilities have been transformed with a series of important strategic investments:

- **2004** – Rotterdam Phase 1 bulk oil refinery
- **2005** – Acquisition of Pasir Gudang facility to create IOI Loders Croklaan Asia
- **2005** – Conversion of Channahon plant to a palm oil processing plant and the start of trans fat free solutions for the US market
- **2008** – Rotterdam Phase 2 enzymatic interesterification facility for margarine and bakery applications
- **2010** – IOI Lipid Enzymtec facility in Pasir Gudang providing technologically advanced components for cocoa butter equivalents ("CBEs"), Betapol® and other applications

- **2011** – Channahon expansion, doubling its capacity to meet further growth in demand for trans fat free products in North America
- **2012** – Replacement of deodoriser at Wormerveer, expanding its capacity and improving reliability
- **2013** – Acquisition of (previously leased) land, buildings and equipment at Rexdale, Canada; and investment in replacement bleacher for additional reliability and capacity

These investments in process capabilities, combined with the advantages of a vertically integrated palm oil supply chain, and the technical know-how embedded in IOI Loders Croklaan's culture provide us with competitive advantage. One which allows us to serve over 500 customers worldwide with a diverse product portfolio, provided through an effective and efficient supply chain.

IOI Loders Croklaan has also developed the Creative Studio concept over the last few years, opening branches in Wormerveer, the Netherlands (2010), Pasir Gudang, Malaysia (2011) and most recently in Channahon, USA (2013). Through the Creative Studio concept, IOI Loders Croklaan establishes new partnerships on product development where our customers' food technologists can work collaboratively with our own lipid experts to create innovative solutions specifically for application to their own products.

Right:
Creative Studio gathers world-class chocolatiers and product developers to spur confectionery innovations.

Below:
IOI Loders Croklaan Americas' 95-acre palm oil processing plant in Channahon, USA.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont'd)

Group Business Review – Resource-based Manufacturing

OPERATIONS REVIEW

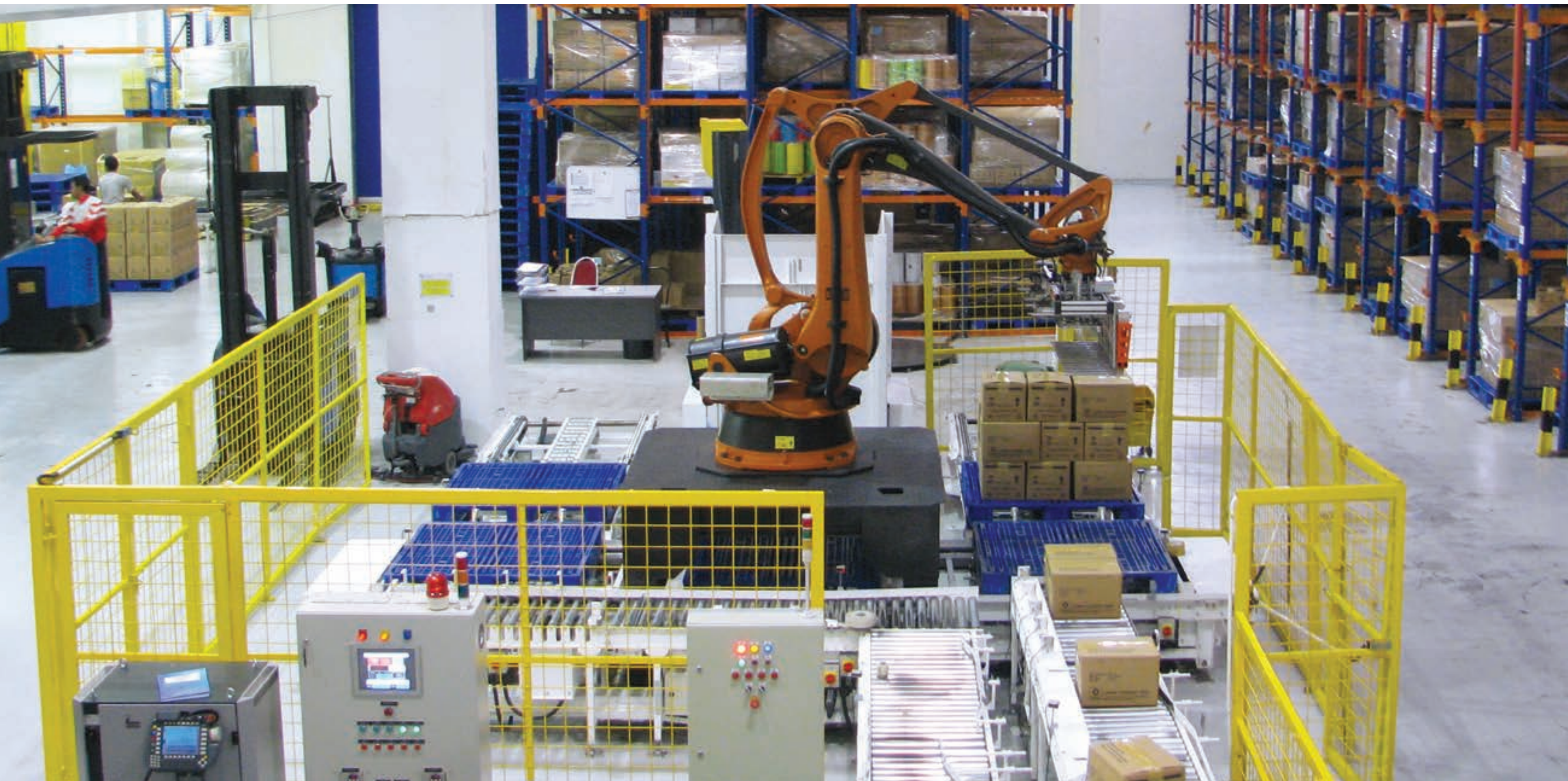
The resource-based manufacturing division reported a profit of RM787.3 million in FY2014 which is 30% higher than the reported profit of RM607.8 million in FY2013. The increase in profit is due mainly to higher margin and increase in sales volume from the oleochemical and specialty oils and fats sub-segments, offset by lower refining margins. The lower refining margins are due mainly to the increased capacity of Indonesian palm oil refiners.

The oleochemical sub-segment operated on the back of a generally favourable market condition during the first half of the financial year. The low and relatively stable prices of CPKO and RBDST, the main feedstock for our oleochemicals manufacturing, had resulted in improved competitiveness of our products. Demand for oleochemical products remained strong, supported largely by the growing market in Asia.

In the second half of the financial year, various challenges were seen such as Malaysia's loss of Generalised System of Preferences, or GSP status, in Europe on 1 January 2014, resulting in a tariff difference between Malaysia and Indonesia that worked against some of our fatty acid products. In addition, the hike in the electricity tariff and natural gas caused direct and indirect inflationary impact to the overall operating cost of the business. Despite these challenges, the overall performance of the oleochemical sub-segment recorded a strong and healthy performance in FY2014.

Right:
Safety measures are in place during the loading of palm oil into a tanker at the Wormerveer facility.

Below:
The use of automatic robotic arm at IOI Loders Croklaan Asia, Pasir Gudang to stack packed cartons on pallets increases production efficiency.



In FY2014, the specialty oils and fats sub-segment showed further improvements in earnings as a result of continued focus on cost control, operations effectiveness and development of new business sectors. With no major new capital expenditure, and further improvements in working capital management, the sub-segment was able to generate record cash flows to the Group.

OUTLOOK & PROSPECTS

In the year ahead, we expect the operating conditions for the refining sub-segment to continue to be challenging as Indonesia's aggressive expansion into refining capacity comes on-stream.

We also expect the outlook for the Group's oleochemical sub-segment to remain competitive following the emergence of new capacities for fatty acids and soap noodles operations locally and abroad. The increased bio-diesel production in Malaysia and Indonesia will also cause an oversupply of glycerin in the market that could affect the overall oleochemical margin. In spite of the rising cost of operations, we will continue to relentlessly strive for productivity improvement and operational excellence. The economy recovery in the developed markets, namely US and EU, also augurs well for us since it will spur demand for our oleochemical products.

As for the specialty oils and fats sub-segment, we expect continued growth in terms of volumes and earnings as all operating units continue their focus on both operational effectiveness (driving customer service and also efficiency); and development of added value products as well as market segments. The long-term growth for the business will require new initiatives, and we are looking at opportunities for expansion by means of direct investment and alliances to further build manufacturing capabilities. In FY2015, we expect to commence construction of our new facility in Xiamen to capitalise on the growth of the specialty fats market in the People's Republic of China ("PRC").

Above:
R&D is vital to ensure the success of innovation for which IOI Loders Croklaan is renowned for.

Right:
IOI Loders Croklaan Americas' automated packing and filling line increases production efficiency.

PROPERTY

UNLOCKING POTENTIAL

Anchored on proven quality and reliability, IOI's property arm is esteemed for its local and international ventures which deliver continuous value and benefits. The intrinsic value of the property business was unlocked while its growing repute has risen its profile as one of the leading property developers upon the demerger and subsequent listing of IOI Properties Group Berhad ("IOIPG") in January 2014.

The Trilinq @ Jalan Lempeng in Singapore is strategically located within close proximity to the Clementi LRT station.

Puchong Financial Corporate Centre ("PFCC") features Green Grade A office buildings with MSC status and the four-star business hotel, Four Points by Sheraton.

IOI Palm City, a 44-acre mixed development in Xiamen, PRC, will include a shopping mall, a five-star luxury hotel, boutique offices and luxury residences.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Group Business Review

PROPERTY

The Group completed the demerger of the property arm to create two separate independently listed entities with distinct businesses. Following the demerger on 13 January 2014, IOIPG has ceased to be a subsidiary of IOI Corporation Berhad, and its property development, property investment and other property related businesses ("Property Business") no longer form part of the Group's business.

Prior to the completion of the Demerger Exercise, the Property Business contributed RM240.1 million to the Group's earnings through its operations. Further to that, the Group also recognised a one-off gain amounting to RM1.89 billion arising from the Demerger Exercise.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY

IOI has embraced the values of sustainability and corporate responsibility ("CR") since the early days and embedded them in the Core Values, policy statements and work practices across its global operations.

It has made continued progress on its sustainability certification endeavours and reinforced its good agricultural practices and sustainability measures in all its divisions, while increasing its community development initiatives.

Recently, IOI announced its commitment to a Sustainability Policy Statement that aims to enhance the sustainability performance of the Group. By adopting a responsible stance of "no deforestation and protection of peat areas", and adhering to relevant sustainability practices, IOI will commit to foster a culture of sustainability in the Group. With this policy, IOI will also uphold and respect human and community rights.

IOI's Sustainability Policy Statement outlines central principles that focus on the following key areas:

- Environmental management
- Marketplace and supply chain
- Human rights and workplace
- Community development and social impact

SUSTAINABLE BUSINESS PRACTICES

IOI believes that the sustainability of its business is interdependent with the sustainability of the ecosystem surrounding its operations. For years, the Group has been following a number

Mulching with biomass improves soil fertility and conserves its moisture.

Health and safety measures are in place in IOI's workplace.

of principles and criteria that were later codified by the Roundtable on Sustainable Palm Oil ("RSPO") with excellent success.

The key sustainability focus is to safeguard the environment by increasing production without increasing land footprint. The Group is still widely recognised for having among the highest yields of oil per hectare in the industry as a result of good plantation management practices that include the development of high yielding oil palm clones, precision agronomy and new planting practices.

The Group's best performing estate achieved an oil yield of 6.8 MT per hectare this year. To spur other estates into achieving high yields, the corporate target has been set at 6 MT per hectare per annum.

Barn owls are an environmentally-friendly and cost effective method for rodent control in estates.

The high yielding oil palm clones are developed through intensive and systematic research by its research and development ("R&D") arm, IOI Palm Biotech Sdn Bhd, which is the recipient of the Agriculture Biotech Excellence Award 2013.

Substantial areas of the Group's plantations planted with the high yielding clonal palms have shown great increase in oil extraction rates and oil yields from the fresh fruit bunches ("FFB") produced. More areas are expected to be replanted with these high yielding clonal palms to further boost the productivity of the estates.

The use of precision agronomy is on the increase, with GPS and satellite imagery becoming standard tools to help design and manage estate blocks as efficiently as possible.

The efficient use of land reduces fertiliser and pesticide use, and improves energy efficiency to result in lower greenhouse gas ("GHG") emissions which in turn deliver significant benefits to the environment.

When it comes to new planting and replanting, the Group practises zero-burning technique in all its plantations where old palm stands are felled, chipped and left to decompose at site. This technique is designed to totally prevent smoke and mitigate GHG emissions commonly associated with land clearing via slash-and-burn and to return all organic matter to the soil. Independent social and environmental impact assessments as well as High Conservation Value ("HCV") assessments are also carried out ahead of any new plantings.

The soil quality can be impacted by continual cultivation activities. Erosion, compaction and surface run-off are main factors affecting the soil's water-holding capacity and soil fertility.

Terracing is carried out in undulating or hilly areas to conserve soil, water and nutrients effectively. Legume cover crops ("LCC") are established immediately after planting to minimise soil erosion, conserve soil moisture and improve soil structure and soil fertility. In mature areas, fronds and empty fruit bunches ("EFB") are placed in inter-rows to allow the slow release of organic nutrients while minimising soil erosion and degradation.

To further enhance its soil conservation measures, the Group does not cultivate oil palms on marginal and fragile soils (peat), riverine riparian reserves, hill slopes exceeding 25 degrees or HCV areas.

IOI practises integrated pest management to minimise use of chemicals by relying on biological alternatives. Beneficial plants (e.g. *Cassia cobanensis* and *Tunera spp.*) are planted to attract natural predators for the biological control of bagworms and other leaf-eating caterpillars which are major insect pests in oil palm plantations while barn owls have been effective in controlling rats in estates.

Buffaloes are used to transport FFB instead of machines in order to reduce greenhouse gas emissions.

LCC are established in estates to suppress the growth of noxious weeds which may affect crop yield. LCC also enhance soil nutrients, improve soil structure and return organic matter to the soil environment. The Group has fully phased out the use of paraquat by end of 2011 in an environmental and socially responsible initiative that surpassed RSPO's current no time-bound requirement.

Buffaloes are used wherever practical instead of mechanical machines to transport FFB from infields. By recycling its biomass by-products to fuel mills and using other methods to minimise usage of fossil fuel, the Group reduces the amount of GHG emissions and pollutants produced from its daily operations.

Beneficial plants are part of IOI's integrated pest management to minimise use of pesticide.

INTERNATIONAL SUSTAINABILITY BENCHMARKS

RSPO Certification

As a founding member of the RSPO, IOI has played an active role in promoting sustainable practices since its inception in 2004. The Group also advocates sustainable agricultural practices in its estates to bring growth and use of Certified Sustainable Palm Oil ("CSPO") to the world market. All 12 mills (prior to the Unico-Desa acquisition) were 100% certified by end-2013. Currently, all of IOI's operating units and supply chain units in Malaysia and overseas have successfully obtained the RSPO Supply Chain Certification.

IOI has continued to push its sustainability standards further with a voluntary pursuit of the Roundtable on Sustainable Palm Oil-Renewable Energy Directive ("RSPO-RED") certification which is a biofuel certification in compliance with the European Union ("EU") Renewable Energy Directive standards. To date, four of IOI's operating units have achieved RSPO-RED certification which enables the Group to purchase and trade RSPO-RED certified palm oil under Mass Balance ("MB") supply chain system.

ISCC Certification

In addition to the RSPO certification, the Group is also diligently pursuing the International Sustainability and Carbon Certification ("ISCC"), which is the first international certification system that can be used to prove sustainability and GHG savings for biomass and bioenergy. It is recognised by the European Commission for all member countries, specifically Germany and the Netherlands.

To date, the Group's existing 12 palm oil mills and their supply bases in Peninsular Malaysia and Sabah have been awarded the ISCC certification. The achievement signifies that IOI's products comply with the strict sustainability criteria for the use of biomass in renewable energy application set by the European Commission.

Moving forward, the two mills from newly-acquired Unico-Desa are anticipated to be RSPO- and ISCC-certified by 2016 and 2017 respectively.

TRACEABLE AND TRANSPARENT SUPPLY CHAIN

Food manufacturers and retailers have well adopted traceability targets in their corporate sourcing policies. Most of them go as far as mill level but an increasing number of these companies are already requesting traceability back to plantation level.

IOI Loders Croklaan ("IOILC") has implemented sustainable palm oil sourcing practices that will build both a traceable and sustainable palm oil supply chain. In line with the Group's Sustainability Policy Statement that commits to the transparency of a supply chain, the sustainable palm oil sourcing practices of IOILC will ensure that palm oil purchased for downstream processing can be traced to a specific group of originating mills and is produced in a safe and sustainable manner throughout its chain of operations according to the sustainable sourcing criteria. These criteria include:

- Adhere to RSPO Principles & Criteria ("P&C") or equivalent
- Comply with all applicable and relevant laws and legislation
- Commitment to transparent and traceable supply chains
- No deforestation (on High Conservation Value and High Carbon Stock areas)
- No new developments on peat lands regardless of depth
- Respect the rights of people and local communities and apply the Free, Prior and Informed Consent ("FPIC")

To further increase the transparency of its palm oil supply chain, IOILC also actively engages with its customers, suppliers, NGOs and market partners like Proforest and the World Resources Institute. Geographic Information Systems ("GIS") data and remote sensing techniques are used to conduct a desktop risk analysis of the supplying mills. The results of the risk assessment will determine if on-site verification of the sustainable practices is needed. Furthermore, IOILC has embedded its sustainable palm oil sourcing practices in an overall set of Responsible Operating Principles outlining the responsible use of resources, among others.

The increasing demand for CSPO has led to an ambitious goal of "100% CSPO by 2015" for all palm oil consumed in several European countries including the Netherlands, Belgium, the United Kingdom, Germany, France and Sweden. Currently, IOILC is a leading importer of sustainable palm oil into Europe and offers both RSPO-certified MB

IOI Loders Croklaan commits actively in increasing traceability and transparency of its supply chain.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY (Cont'd)

CPO receiving stations at IOI's refineries are equipped with separate receiving bay for CSPO.

and Segregated ("SG") products. IOILC Europe achieved a major milestone by reaching the 500,000 ton mark of imported CSPO in July 2013; as of March 2014, 50% of the palm oil volumes imported in Europe are CSPO volumes. The incoming SG stream is sold to the IOILC customer base as either SG or MB material. The MB route will ensure the uptake of physical CSPO into the IOILC processing plants while limiting the non-value adding costs for segregation during processing.

So far, IOILC has achieved its traceability targets of 90% traced oil (mill level) by June 2014 for all operating units in the Americas, Europe and Asia. A high percentage of traced oil will give assurance to customers who purchase MB CSPO as 100% traced oil will guarantee that only oil from known sources is mixed with SG CSPO to produce MB CSPO.

In June 2014, a time-bound plan was launched. This time-bound plan captures the efforts of IOILC in building a traceable and sustainable palm oil supply chain. This plan enlists key milestones listed below:

SUSTAINABLE DEVELOPMENTS

The Group's property business is undertaken by IOI Properties and its subsidiaries ("IOIP") which are committed to promote sustainability in its developments and deliver value creation to its customers by:

a) Upholding its brand promise of being a reliable and quality community developer;
b) Incorporating design principles and adopting work practices with due consideration for energy conservation and the environment;
c) Promoting activities which contribute to the safety and vibrancy of its communities; and
d) Cultivating a pro-active and conducive working environment to achieve its quality policy.

In line with its sustainability policy, IOIP goes to great lengths to adopt design features which harness natural light, encourage cross and natural ventilation, reduce dependency on mechanical systems which consume energy, incorporate energy

PARAMETER	STATUS AS PER 1 MAY 2014	GOAL
Traceability Palm Oil	82% mill level	90% mill level by June 2014 100% mill level by June 2015 100% plantation level by June 2018
Traceability Palm Kernel	First update scheduled for 1 July 2014	100% crusher level by June 2014 90% mill level by June 2015 95% mill level by December 2015 100% plantation level by December 2018
Risk analysis supply base of approximately 200 mills	Partner selection completed	Remote sensing analysis completed by December 2014
SG RSPO certified or equivalent sourced by IOILC	53% IOILC Europe 15% IOILC Americas 3% IOILC Asia	100% IOILC Europe by December 2016 100% IOILC Americas by December 2018 100% IOILC Asia by December 2020 **Subject to market demand**

management systems into its building automation systems to help reduce overall energy consumption and carbon footprints and maximise landscaping on available spaces in its residential and commercial developments.

The following sustainability principles and features are incorporated within IOIP's developments:

Commercial High-Rise Buildings

- To obtain Green Building Index ("GBI") or Green Mark Certification.
- To orientate buildings towards North-South direction to reduce heat and sun glare.
- To incorporate energy management modules in its building automation system.
- To ensure motion sensored lights are available at staircases.
- To make provision for photovoltaic cells at the rooftop where appropriate.
- To install water saving cisterns.
- To use low Volatile Organic Compound ("VOC") paint.
- To install sensor taps for public toilets.

Residential Buildings

- To adopt cross ventilation designs where applicable.
- To naturally ventilate all bathrooms without the use of exhaust fans through strategically-placed windows.
- To adopt an open concept with high ceilings to enhance natural lighting and ventilation.
- To orientate buildings towards North-South direction to reduce heat and sun glare.
- To incorporate vertical plantings to enhance beauty aesthetics and reduce carbon footprints.
- To incorporate solar water heating systems.
- To install rainwater harvesting systems for irrigation purposes.
- To install water saving cisterns.
- To use low VOC paint.

Other than incorporating environmentally-neutral design principles and fittings in buildings, IOIP strives towards continuous improvement through innovation to better serve its customers and practise prudent financial management to ensure efficient usage of resources.

South Beach's large wave-shaped canopy that links the heritage buildings with the two high-rise towers is designed to capitalise on the tropical climate of Singapore.

ENVIRONMENT

IOI's plantation operations produce a vast amount of biomass by-products, some of which are used to generate energy. Presently, the Group's energy for steam generation at all its mills comes from these renewable resources. For example, the 15 MW Biomass Co-Gen Power Plant in its refinery complex at Sandakan, Sabah uses kernel shells and EFB from its own mills to satisfy almost all the steam and electricity requirements of the complex.

In its efforts to mitigate GHG emissions, IOI has initiated projects to capture methane gas from palm oil mill effluent ("POME"), in two of its mills for power generation and for conversion into Bio CNG ("Bio Compressed Natural Gas"). The methane capture and biogas conversion projects will be progressively introduced in the Group's other mills. Currently, POME represents up to 50% of all GHG emissions along the entire palm supply chain and the target is to achieve 100% methane capturing or cutting the carbon footprint by up to 50%.

The Group is also exploring other possible biomass value addition options as usage of biomass can be shifted over time from lower value activities to higher value bioenergy, biofuels and bio-based chemicals.

On top of that, the Group continually invests in other green technology such as new milling technology to reduce effluent and pollutant output, and waste-water treatment facility to minimise impact on the environment. Geotubes have also been employed as another green innovative solution to trap effluent solids in the avoidance of GHG emissions.

Since 2011, IOI has been working on a satellite imagery pilot project with SarVision, a Dutch-based research company, to improve and use satellite imagery techniques to identify high carbon stock areas in potential growing regions in order to avoid deforestation and protect peat areas due to land conversion.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY (Cont'd)

The project had produced high quality satellite land use image maps of IOI estates in Ketapang region in West Kalimantan and helped SarVision to further develop the technique which will benefit the oil palm plantation industry in general. The second phase of collaboration with SarVision utilising the latest satellite technology of 'cloud-free' satellite imagery complemented by low level 'drone' proving of canopy covers at later stages, has already been initiated with fundings from the European Space Agency during the first half of 2014.

In addition to its earlier contributions to nature conservation projects including the Orangutan Foundation International's ("OFI") Care Centre and Quarantine facility in Pangkalan Bun, Kalimantan, IOI has signed the Malua Wildlife Conservation Agreement with the Sabah Forestry Department to protect wildlife in the Malua forest reserve.

In the Group's downstream operation, IOI Oleochemicals is chairing the Malaysian Oleochemical Manufacturers Group's ("MOMG") Technical Committee and liaising with the Advanced Oleochemical Technology Division ("AOTD") of the Malaysian Palm Oil Board ("MPOB") to make available the gate-to-gate life cycle impact assessment ("LCIA"). Environmental consequences from the production of its products can then be estimated using a weight attribution of life cycle assessment ("LCA") approach. The first set of data is expected to be released from 2014 to 2015 by the AOTD using the LCA.

IOI Oleochemicals has also embarked on Green Energy by harvesting solar energy for electricity generation. It has obtained the grant from the Sustainable Energy Development Authority ("SEDA") for 0.5 MW generation with a feed-in tariff ("FiT") commencing on 31 December 2013. This initiative has generated about 264,000 KWh electricity and savings of 56 MT CO^2 during its first six months of operation.

IOILC's processing plants are operated under the guiding principle of "Re-duce, Re-use, Re-cycle" whereby use of natural resources is minimised and production of waste is limited. Various projects are in place to achieve a "zero waste to landfill" target.

Methane capture project is one of IOI's renewable energy initiatives.

MARKETPLACE

The Group practises strong leadership through sound corporate governance and ethical business conducts. Apart from adhering to rules and regulations, the Group has refreshed its principles and standards of good governance and business ethics in line with its commitment to effective corporate governance. On top of that, it has also established secure whistleblowing channels to help its stakeholders or employees raise concern on any observed conduct found to be inconsistent with its general standards and business ethics in IOI. The Group's commitment to corporate governance is detailed in the "Statement on Corporate Governance" section.

As part of the Group's transparent governance procedures, IOILC has published its ethical standards using the internationally-recognised Supplier Ethical Data Exchange ("Sedex") format for its global operations. This initiative has been very well received by IOI's multinational customers.

The effort to extend sustainability compliance to the entire palm oil supply chain is also undertaken by IOI Oleochemicals through its key role in chairing the ASEAN Oleochemical Manufacturers Group's ("AOMG") RSPO Working Committee.

Since the drafting and approval of the physical transition rules for the RSPO-certified oleochemicals and its derivatives by the RSPO's Executive Board in July 2013, IOI Oleochemicals has been actively engaged in providing familiarisation trainings to regional RSPO officials, certification bodies, and members of the AOMG and MOMG. Going forward, IOI Oleochemicals will continue to garner support for the RSPO SCCS Standards and System Review 2013 and submit it to the approval of the RSPO.

IOI provides proper housing and other amenities to workers in estates.

IOI recognises the importance of stakeholder engagement to the long-term sustainability of its businesses. A variety of engagement initiatives including direct meetings and dialogues with clients and NGOs are constantly conducted to obtain honest and reliable information for the input of new and productive ways to steer the Group towards a more successful and sustainable business model.

COMMUNITY

Education

IOI believes that education is an integral component in empowering and enlightening the young to become leaders of tomorrow. Its community outreach programmes which centre on education and human capital development, and corporate philanthropic initiatives are mainly undertaken by its charity arm, the Yayasan Tan Sri Lee Shin Cheng ("Yayasan TSLSC"). To date, Yayasan TSLSC has contributed over RM29,000,000 to various schools, hospitals, welfare homes and charitable bodies and has given scholarships and grants to a few hundred schools and university students.

a) Scholarship Awards

Scholarships and career opportunities are awarded to academically outstanding students pursuing full-time undergraduate studies related to the Group's business nature. Yayasan TSLSC deems it as a great investment to support qualified Malaysian youths and to help build the nation's human capital through the scholarships. To date, Yayasan TSLSC has granted 200 students more than RM4,150,000 worth of scholarships.

b) Student Adoption Programme

The Student Adoption Programme ("SAP") was launched in 2008 by the then Deputy Minister of Education YB Dr Wee Ka Siong to provide underprivileged children with equal access to a good basic education as a platform for a brighter future. The adopted students will receive financial assistance and school bags from Yayasan TSLSC until he or she completes primary or secondary education. Since its inception, the SAP has benefited more than 900 students from more than 200 schools in Peninsular Malaysia and Sabah. To date, the total sponsorship amounts to RM2.5 million.

c) School Adoption Programme

The School Adoption Programme was launched in 2007 to create a conducive learning environment for students from deprived schools in the rural areas. Financial assistance is given to these adopted schools to upgrade their facilities such as building new classrooms, new halls, libraries, perimeter fences, IT and sports facilities in order to improve the learning environment. To date, six adopted primary and secondary schools in or near the Group's oil palm estates in Sabah have been adopted under this scheme. From time to time, financial assistance is extended to improve and upgrade their school buildings.

d) Young Achievers' Awards

The Young Achievers' Awards ("YAA") was introduced by Yayasan TSLSC in 1999 to invigorate and motivate young students to strive for excellence in their studies. Cash awards, plaques and certificates of achievement are given out annually to reward bright students from primary to upper secondary levels who excel academically, possess high leadership qualities and who are active in their extra-curricular activities. More than RM464,000 worth of cash prizes have been given to young achievers since its inception.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY (Cont'd)

Children attending class in HUMANA Learning Centre in Pamol Estate, Sandakan, Sabah.

e) Partnership with HUMANA

IOI partners with the Borneo Child Aid Society, Sabah ("HUMANA") to provide basic education and care for children of foreign plantation workers who are unable to enrol into national schools in Malaysia.

IOI's contribution has amounted to over RM1 million and to date, IOI has built 22 HUMANA learning centres in Sabah that benefit about 2,000 children annually. Besides bearing the operating cost of these centres and providing accommodation for the teachers, IOI also sponsors computers, projectors, sound system, school bags, socks and stationery items to the learning centres and their students.

Community Outreach

Besides Human Capital Development programmes, the Group also encourages and provides ample opportunities for employees to volunteer their time and actively participate in various CR activities organised under Yayasan TSLSC. Some of the activities which are highlighted in the "Corporate Responsibility" section include bringing cheer to residents at old folks homes and organising outdoor teambuilding sessions for children from orphanages.

Productive efforts have also been made to engage with customers via IOIP's efforts that include a Customer Relations Unit ("CRU") which builds sustainable relationships between the developer and the community and takes care of customers' needs.

In addition to ensuring customers receive the "IOI Branded Customer Experience" through enhanced customer quality, some of its initiatives on improving customer satisfaction include the IOI Customer Service Champions and Customer Survey while its community engagement efforts include the Reach Out community newsletter, myioi.com community website, the IOI Privilege Card and "Go Green" campaign. Besides organising community events, IOIP also supports activities that are organised by the Residents Association ("RA") to create sustainable communities.

In the Group's downstream business, IOILC Americas sponsored an annual charity golf event hosted by the Carmelite Sisters for the aged and infirm. All donations collected were channelled towards the upkeep of the Catholic Nursing Home consisting of 2,300 residents in a community close to its Channahon plant.

Yayasan TSLSC reaches out to the community through various charity programmes and lends a helping hand to those in need.

Over in the Netherlands, IOILC Europe continued their support of the fight against multiple sclerosis ("MS") by involving its employees in sponsoring the "Move for MS" foundation.

CONCLUSION

IOI integrates sustainability and social well-being into every aspect of its operations and its working culture. The Group's numerous efforts on sustainability and CR reflect its commitment to uphold its Vision IOI and Core Values. As the Group expands its wings, it will continue to strive to broaden and deepen its sustainability and CR efforts.

CORPORATE RESPONSIBILITY

Social Contributions

2013

7 July

More than 3,500 runners participated in the 9th Putra Charity Run 2013 organised by IOI Properties Berhad ("IOIP") in Johor Bahru. Besides fostering community spirit among the residents and promoting a healthy lifestyle, the event raised RM68,000 for the Kiwanis Down Syndrome Foundation (Kulai Centre).

12 July

Palm Garden Hotel organised a *buka puasa* event for 51 orphans from Rumah Pengasih Warga Prihatin, Kajang. In addition to performances by Seri Mahligai Ghazal and hotel staff, the children were given *duit raya*.

27 July

IOI Corporation Berhad ("IOIC") became the Gold Sponsor in support of Hospis Malaysia's 12th Charity Treasure Hunt to raise funds for the palliative care of terminally-ill patients. The event also saw the participation of several IOI staff in the Sneaky Snake Trail 2013.

28 July

IOI Mall Kulai hosted the "7th Pertandingan Memasak Bubur Lambuk Antara Surau & Masjid Daerah Kulaijaya" and the funds raised were used to celebrate the *Raya* festivity with orphans in August.

CORPORATE RESPONSIBILITY (Cont'd)

Social Contributions

2013

5 August

IOI Edible Oils Sdn Bhd in Sandakan celebrated *Raya* with the less privileged community in Taman Cahaya by raising funds to purchase food and collecting used clothing for the residents.

6 September

In collaboration with Traxx FM, a local radio station, Palm Garden Hotel held a "Hari Raya Aidilfitri and Charity Open House" to celebrate *Ramadan* with more than 100 orphans, single mothers and senior citizens from Pusat Zakat Selangor, Puchong.

29 August

A Mercedes LO8D fire engine was donated by IOI Loders Croklaan Europe ("IOILC Europe") to the Westland 4 Gambia foundation for the benefit of the Gambian fire department to fight fire in Gambia, Africa.

22 September

16 keen runners from IOILC Europe participated in the 29th Dam to Dam Run to raise funds for the "Move for MS" foundation in support of the fight against multiple sclerosis, and Europe Child Aid for needy children.

22 October

Putrajaya Marriott Hotel & Spa collaborated with Traxx FM to celebrate Deepavali with more than 60 children from Desa Amal Jireh, Selangor in its "The Lights of Rangoli" charity event. The children were treated to a sumptuous dinner and received money packets.

9 November

IOIP collaborated with HSBC Bank and Bandar Putera 2 Residents Committee to organise an "Eco Gotong-Royong" to maintain the cleanliness of Bandar Putera 2 township in Klang. Over 300 individuals participated in this event, where IOIP provided plants, shrubs, cleaning tools and meals to ensure its success.

7 November

IOI Oleochemical Industries Bhd, Prai ("IOI Oleo") donated 104 boxes of soaps to Persatuan Kebajikan Anak-Anak Yatim Islam Lelaki & Perempuan, the Little Sisters of the Poor and Shan's Children's Home in Penang.

16 November

IOI Pan-Century Oleochemicals Sdn Bhd ("IOI Pan-Cen") volunteered their time and effort to help spring clean the Masai Old People's Home, bearing gifts and bringing joy to the eight residents.

CORPORATE RESPONSIBILITY (Cont'd)

Social Contributions

2013

30 November

Yayasan Tan Sri Lee Shin Cheng ("Yayasan TSLSC") awarded RM456,000 to 10 scholarship recipients in recognition of their excellent academic and extra-curricular achievements.

1 December

IOI Mall Kulai supported the World AIDS Day with several government and non-governmental organisations joining the awareness event, which saw the public participating in the Red Ribbon Riding, exhibition and talk, among others.

9 December

IOI Mall Puchong collaborated with non-profit organisation "Community at Heart" in the annual fundraising event called "The Heavenly Gift". Shoppers chose the charity programmes and less privileged individuals that they wished to support and sponsor accordingly.

12 December

Putrajaya Marriott Hotel & Spa and Palm Garden Hotel shared the season of joy in a Christmas benefit held at Pavilion Kuala Lumpur that saw more than 75 less privileged children enjoying themselves with carolling performances, games and goodie bags.

15 December

IOI Mall Kulai organised a high-tea gathering for 30 orphans in conjunction with the Christmas celebration.

2014

20 January

Yayasan TSLSC sponsored 403 students from primary and secondary schools under its annual School Adoption Programme with contributions amounting to RM338,050.

22 January

Yayasan TSLSC sponsored the "IOI Challenger Award" during the two-day 2014 Malaysian Intervarsity Leadership Conference ("MILC") held at Federal Hotel, Kuala Lumpur.

29 March

In conjunction with Earth Hour 2014, all of IOI's business units and premises commemorated the green initiative by switching off non-essential lights from 8:30 pm to 9:30 pm.

19 April

72 members from Persatuan Kanak-Kanak Istimewa Kajang, Selangor ("PKIK") were taken on a fun outing to IOI Mall Puchong courtesy of Yayasan TSLSC, where they enjoyed playing stage games, a sumptuous lunch and watching "RIO 2" in the cinema.

CORPORATE RESPONSIBILITY (Cont'd)

Social Contributions

2014

3 May

111 students received the Young Achievers' Awards from Yayasan TSLSC plus cash prizes, plaques and certificates worth RM47,150 in recognition of their excellent results in public examinations and active participation in extra-curricular activities.

28 May

20 IOILC Europe employees participated in the "Alkmaar City Run by Night" to support the fight against multiple sclerosis by raising money for the "Move for MS" foundation. On 15 May, IOILC Europe had sponsored a corporate donation amounting to €2902.60 to the foundation which raises money for MS-related research through all kinds of events where it literally "moves" to collect funds such as running, skating and cycling.

17 May

IOI Oleo gathered a group of 60 employees with their family members to produce 3,000 mud balls that help to break down sludge to purify nearby drains. The event was supported by the Seberang Perai Municipal Council ("MPSP").

31 May

For the fifth consecutive year, IOI Pan-Cen organised a blood donation drive to encourage staff and the general public to contribute to the National Blood Bank. The event was held in collaboration with Tesco Seri Alam, Hospital Sultanah Aminah and Hospital Sultan Ismail.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

DATO' LEE YEOW CHOR Chief Executive Officer *DSAP*

LEE CHENG LEANG Executive Director

LEE YEOW SENG Non-Independent Non-Executive Director

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

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

CHEAH TEK KUANG Independent Non-Executive Director *JP*

LIM TUANG OOI Non-Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

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

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

CHEAH TEK KUANG*
JP (Appointed on 13 September 2013)

** Independent Non-Executive Directors*

COMPANY SECRETARY

CHEE BAN TUCK
(MIA 24078)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Two IOI Square
IOI Resort
62502 Putrajaya
Tel +60 3 8947 8888
Fax +60 3 8947 8909

AUDITORS

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

REGISTRAR

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

LEGAL FORM AND DOMICILE

Public Limited Liability Company
Incorporated and Domiciled in Malaysia

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

WEBSITES

www.ioigroup.com
www.ioioleo.com
www.croklaan.com

EMAIL ADDRESS

corp@ioigroup.com

BOARD OF DIRECTORS

from left to right:

- TAN SRI DATO' LEE SHIN CHENG Executive Chairman • DATO' LEE YEOW CHOR Chief Executive Officer
- LEE YEOW SENG Non-Independent Non-Executive Director • LEE CHENG LEANG Executive Director
- DATUK HJ MOHD KHALIL B DATO' HJ MOHD NOOR Senior Independent Non-Executive Director
- DATUK KAROWNAKARAN @ KARUNAKARAN A/L RAMASAMY Independent Non-Executive Director
- LIM TUANG OOI Non-Independent Non-Executive Director • CHEAH TEK KUANG Independent Non-Executive Director

PROFILE OF DIRECTORS

TAN SRI DATO' LEE SHIN CHENG
Executive Chairman
Malaysian, Age 75

Tan Sri Dato' Lee Shin Cheng was first appointed to the Board on 21 July 1981.

He is also the founder of IOI Group which was listed on Bursa Malaysia Securities Berhad on 28 July 1980. Tan Sri Lee is pivotal to the operations of IOI Group, having founded the plantation and property businesses more than 25 years ago. Through his entrepreneurial leadership and stewardship, strategic vision, guidance, wisdom as well as his vast experience, IOI Group has grown in tandem to become one of the leading plantation and property groups in Malaysia. As Executive Chairman, he oversees the day-to-day operations to ensure the smooth and effective running of the Group.

In recognition of Tan Sri Lee's immense contributions to the evolving needs and aspirations of the property industry in Malaysia, he was bestowed the singular honour of FIABCI Malaysia Property Man of the Year 2001 Award. In February 2002, Tan Sri Lee 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 Lee was conferred the Fellowship of the Incorporated Society of Planters ("FISP") by Malaysia's ISP. In October 2008, Tan Sri Lee 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 Lee was also awarded the prestigious Malaysian Palm Oil Association ("MPOA") Recognition Award 2011 for his outstanding contributions and leadership in the plantation industry. Tan Sri Lee is currently a Council Member of the East Coast Economic Region Development Council ("ECERDC") for the Government.

Tan Sri Lee is also active in providing his advice and guidance to a large number of industry groupings, associations and social organisations. He serves as, among others, the Honorary President of the Associated Chinese Chambers of Commerce and Industry of Malaysia ("ACCCIM").

Tan Sri Lee is also presently the Executive Chairman of IOI Properties Group Berhad ("IOIPG").

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

He attended all the nine (9) Board Meetings held during the financial year ended 30 June 2014.

DATO' LEE YEOW CHOR
Chief Executive Officer
Malaysian, Age 48

Dato' Lee Yeow Chor was first appointed to the Board on 25 April 1996 and was appointed as Chief Executive Officer of the Company on 8 January 2014. He is responsible for overseeing the operations of all the Group's core business segments.

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 (4) years. His last posting was as a Magistrate.

Dato' Lee is presently a Non-Independent Non-Executive Director of IOI Properties Group Berhad. He is also a Trustee of Yayasan Tan Sri Lee Shin Cheng, the charitable arm of IOI Group.

Dato' Lee is the Chairman of the Malaysian Palm Oil Council ("MPOC") and also serves as a Council Member in the Malaysian Palm Oil Association ("MPOA"). He was a Director of the Malaysian Green Technology Corporation from 2011 to 2013, and served on the National Council of the Real Estate and Housing Developers' Association ("REHDA") Malaysia including as the Secretary General from 2000 to 2006.

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

He attended all the nine (9) Board Meetings held during the financial year ended 30 June 2014.

PROFILE OF DIRECTORS (Cont'd)

from left:

LEE CHENG LEANG
Executive Director
Malaysian, Age 66

LEE YEOW SENG
Non-Independent Non-Executive Director
Malaysian, Age 36

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 (9) Board Meetings held during the financial year ended 30 June 2014.

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

Lee Yeow Seng is a barrister from the Bar of England & Wales by Inner Temple and holds a LLB (Honours) from King's College London. He has served at the London and Singapore offices of a leading international financial services group for approximately three (3) years.

He is also presently an Executive Director and the Chief Executive Officer of IOI Properties Group Berhad.

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

He attended all the nine (9) Board Meetings held during the financial year ended 30 June 2014.

DATUK HJ MOHD KHALIL
B DATO' HJ MOHD NOOR
Senior Independent Non-Executive Director
Malaysian, Age 73

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 GATT Training Institute Geneva. He is a former public servant and his last post in the public service was Auditor General Malaysia (1994 – 2000). During his 36 years of distinguished service in the public sector, among the many appointments he held were 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 and Risk Management Committee as well as Nominating and Remuneration Committee of the Company. He is also a Director of MNRB Holdings Berhad, Malaysian Re-insurance Berhad and MNRB Retakaful Berhad. Datuk Hj Mohd Khalil is a Trustee of Yayasan Tan Sri Lee Shin Cheng.

He attended all the nine (9) Board Meetings held during the financial year ended 30 June 2014.

PROFILE OF DIRECTORS (Cont'd)

DATUK KAROWNAKARAN @
KARUNAKARAN A/L RAMASAMY
Independent Non-Executive Director
Malaysian, Age 64

Datuk Karownakaran @ Karunakaran a/l Ramasamy was first appointed to the Board on 17 January 2011. Datuk R. Karunakaran obtained a Bachelor of Economics (Accounting) (Honours) degree from the University of Malaya in 1972. He joined the Malaysian Industrial Development Authority ("MIDA") in August 1972 and served in various positions including Deputy Director, Director, Deputy Director-General and Director-General. He also served as the Director of MIDA Singapore, Cologne (Germany) and London. Having served MIDA for about 36 years, Datuk R. Karunakaran retired as the Director-General of MIDA in June 2008, a position he held for about four (4) years. During his service with MIDA, he was responsible for the promotion and coordination of the development of the manufacturing and services sectors in Malaysia including promoting domestic and foreign investment in Malaysia. He was also a member of the Cabinet Committee on Investment.

Datuk R. Karunakaran is also a member of the Audit and Risk Management Committee as well as Nominating and Remuneration Committee of the Company. He is the Chairman of Integrated Logistics Berhad and a Director of Malayan Banking Berhad, Chemical Company of Malaysia Berhad, Maybank Investment Bank Berhad, Maybank Asset Management Group Berhad, Maybank (Cambodia) Plc, Etiqa Insurance Berhad and Bursa Malaysia Berhad. He is also a Director of several private limited companies.

He attended all the nine (9) Board Meetings held during the financial year ended 30 June 2014.

from left:

CHEAH TEK KUANG
Independent Non-Executive Director
Malaysian, Age 67

LIM TUANG OOI
Non-Independent Non-Executive Director
Malaysian, Age 52

Cheah Tek Kuang was first appointed to the Board on 22 August 2012. He graduated with a Bachelor of Economics degree from University of Malaya and is a Fellow of The Asian Institute of Chartered Bankers, formerly known as the Institute of Bankers Malaysia. He first joined AmInvestment Bank Berhad in 1978 and was promoted to the position of Managing Director in 1994. He then moved to head the AmBank Group when he was appointed as Group Managing Director of AMMB Holdings Berhad on 1 January 2005 till his retirement in April 2012. Prior to joining the AmBank Group, he was with the Malaysian Investment Development Authority.

Cheah Tek Kuang is also a member of the Audit and Risk Management Committee as well as Nominating and Remuneration Committee of the Company. He also sits on the Board of several public listed companies. He is the Independent Non-Executive Chairman of Berjaya Sports Toto Berhad and Independent Non-Executive Director of UMW Oil & Gas Corporation Berhad. He is the Deputy Chairman and Non-Executive Director of AmBank (M) Berhad and AmInvestment Bank Berhad. He also serves on the Board of AmIslamic Bank Berhad. Other corporations he serves as Board members include Cagamas Holdings Berhad and Danajamin Nasional Berhad. He is also a member of the Kumpulan Wang Persaraan (Diperbadankan) [Retirement Fund Incorporated]. He had served as an Independent Non-Executive Director of Bursa Malaysia Berhad (2004 – 2012).

He attended all the nine (9) Board Meetings held during the financial year ended 30 June 2014.

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

Lim Tuang Ooi has more than 30 years of experience in the financial, risk and accounting industry. He joined EPF in November 2007 and prior to that he was the Chief Financial Officer of Hong Leong Bank Berhad where he oversaw the Financial Management, Accounting Operations, Tax Management, Strategic Planning and Risk Management functions. He was with Citibank for more than 15 years and held many roles covering Business Banking, Risk Management, Credit Risk, Collections, Customer Service, Quality Management, Credit Analytics, Modelling and Credit Operations. He spent seven (7) years with KPMG where he qualified as a Certified Public Accountant and worked in the areas of Audit, Tax and Consultancy.

He attended all the nine (9) Board Meetings held during the financial year ended 30 June 2014.

Notes:

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

SENIOR MANAGEMENT TEAM

Executive Chairman
TAN SRI DATO' LEE SHIN CHENG

Chief Executive Officer
DATO' LEE YEOW CHOR

Executive Director
LEE CHENG LEANG

CORPORATE

Senior Group Financial Controller
KEVIN WONG TACK WEE

Company Secretary
CHEE BAN TUCK

PLANTATION

Group Plantation Director
DATO' FOONG LAI CHOONG

Senior General Manager, Group Engineering
WONG CHEE KUAN

General Manager, Finance
LIM EIK HOY

General Manager, Peninsular
TAY CHING AN

General Manager, Keratong
TEE KE HOI

General Manager, Lahad Datu
RAGUPATHY A/L SELVARAJ

General Manager, Sandakan
SUDHAKARAN A/L NOTTATH BHASKARAN

General Manager, Indonesia
GOH HOCK SIN

COMMODITY MARKETING

Head of Group Commodity Marketing
LEE YOKE HUI

OLEOCHEMICALS

Executive Director
TAN KEAN HUA

Chief Financial Officer, Prai
ENG HONG AI

Chief Financial Officer, Pasir Gudang
NEO KHENG BOON

Chief Operating Officer
GURDEV SINGH A/L DARSHAN SINGH

SPECIALTY OILS AND FATS

Group Chief Executive Officer
JULIAN VEITCH

Chief Operating Officer, Americas
BILL TROY

Chief Operating Officer, Europe
DR LOEK FAVRE

Chief Operating Officer, Asia
MICHAEL VAN SALLANDT

Group Chief Financial Officer
VINCENT GEERTS

REFINERY

General Manager
SHYAM A/L M. K. LAKSHMANAN

GROUP BUSINESS ACTIVITIES

PLANTATION

**IOI CORPORATION BERHAD*
PLANTATION SUBSIDIARIES**

Oil Palm

Crude Palm Oil Mill

RESOURCE-BASED MANUFACTURING

IOI EDIBLE OILS GROUP

Palm Oil Refinery

Palm Kernel Crushing

IOI OLEOCHEMICAL INDUSTRIES BERHAD GROUP

Oleochemicals

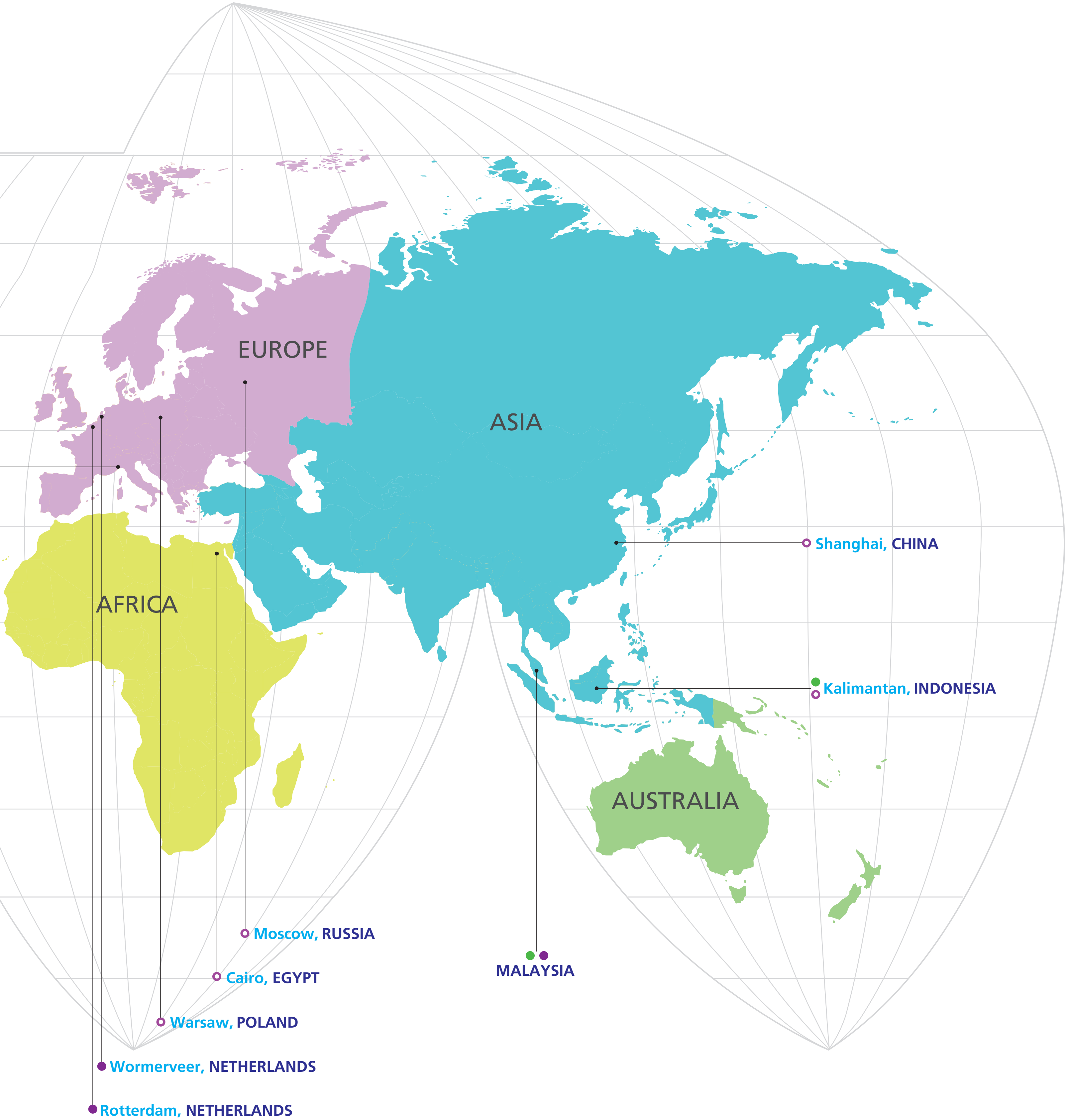
IOI LODERS CROKLAAN GROUP

Specialty Oils and Fats

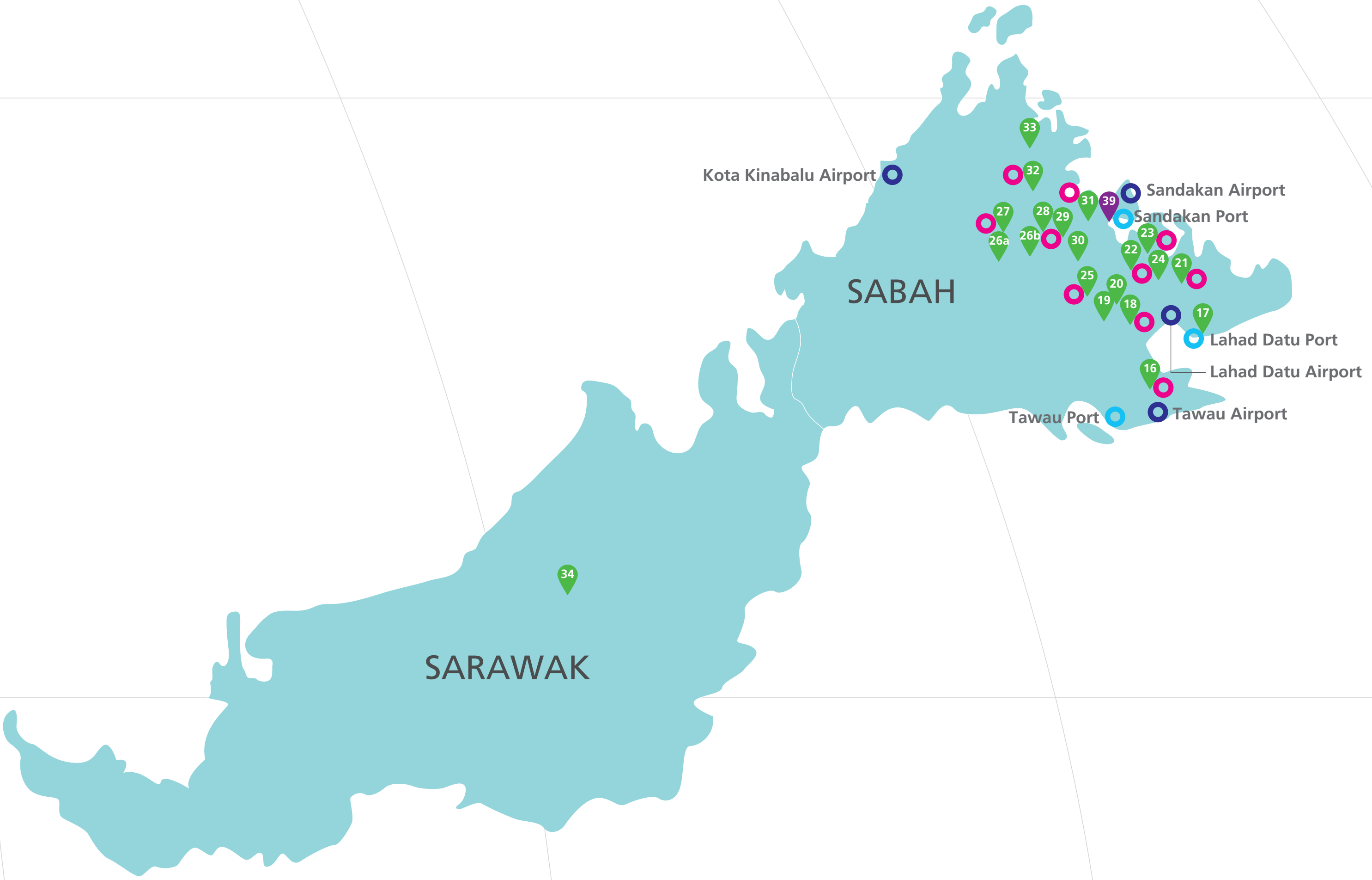
Palm Oil Refinery and Fractionation

* *Listed on the Main Market of Bursa Malaysia Securities Berhad*

GLOBAL PRESENCE


EUROPE
ASIA
AFRICA
AUSTRALIA
Shanghai, CHINA
Kalimantan, INDONESIA
MALAYSIA
Moscow, RUSSIA
Cairo, EGYPT
Warsaw, POLAND
Wormerveer, NETHERLANDS
Rotterdam, NETHERLANDS

LOCATION OF OPERATIONS IN MALAYSIA



Plantation (Peninsular)

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

Plantation (East Malaysia)

16 Baturong Estate
17 Cantawan Estate
18 Unico 6 Estate
19 Halusah Estate
20 Tas Estate
21 Unico 1-5 Estate
22 Morisem Estate
23 Leepang Estate
24 Permodalan Estate
25 Syarimo Estate
26a Tangkulap Estate
26b Bimbingan Estate
27 Mayvin Estate
28 Laukin Estate
29 Ladang Sabah Estate, IOI Lab & Sandakan Regional Office
30 Linbar Estate
31 Sakilan Estate
32 Pamol Sabah Estate
33 Sugut Estate
34 Sejap Estate & Tegai Estate

Resource-based Manufacturing

35 IOI Oleochemical Operations
36 IOI Pan-Century Oleochemicals & Refinery Operations
37 IOI Lipid Enzymtec Plant
38 IOI Loders Croklaan Refinery/ Specialty Fats Operations
39 IOI Palm Oil Refinery/ Kernel Crushing Plant

CORPORATE CALENDAR

2013

11 July

IOI Palm City, a mega mixed development project in Xiamen, the People's Republic of China ("PRC") notched a step forward with its groundbreaking ceremony. The development will feature a shopping mall, a five-star hotel, boutique offices and luxury residences.

2 August

The 526-unit La Thea Residences condominium situated within the 16 Sierra township in Puchong was launched. 80% of the units were booked within the first week of launch.

5 September

The third Creative Studio was opened at IOI Loders Croklaan Americas ("IOILC Americas") in Channahon, USA.

6 September

IOI Properties Berhad's ("IOIP") maiden project in Xiamen, PRC, IOI Park Bay was successfully launched. Within four hours, 70% of the highly anticipated project was snapped up by local buyers.

1 October

IOI Oleochemical Industries Bhd, Prai ("IOI Oleo") won the Gold Award (2 Stars) in the Manufacturing Sector at the National Innovative & Creative Circle Convention 2013 organised by Malaysia Productivity Corporation ("MPC"). The winning idea improves oil bleaching plant feed rate and efficiency.

10 October

IOI Edible Oils Sdn Bhd was accorded the Sabah Industry Excellence Award 2012/2013 in recognition of its business excellence and quality achievement.

6 October

IOILC Americas launched FuseRite™, a unique line of coloured and flavoured shortenings which can be used to replace butter while maintaining the colour and flavour functionality in the end product.

21 October

IOI Corporation Berhad's ("IOIC") wholly-owned subsidiary, IOI Palm Biotech Sdn Bhd, received the Agriculture Biotech Excellence Award 2013 from Malaysian Biotechnology Corporation Sdn Bhd.

CORPORATE CALENDAR (Cont'd)

2013

23 October

IOIC's Plantation Management Unit – Mayvin Grouping consisting of Mayvin palm oil mill and its supply base estates in Sabah was awarded the first Roundtable on Sustainable Palm Oil-Renewable Energy Directive ("RSPO-RED") certification.

24 October

IOI Oleo received the Best Innovation in Commodity Manufacturing award in the Commodity Industry Awards 2013.

8 November

88 Square, the first commercial development of Bandar IOI in Bahau, Negeri Sembilan was launched.

8 November

Putrajaya Marriott Hotel & Spa won seven awards at the prestigious Malaysia International Gourmet Festival ("MIGF") 2013.

12 November

IOIC was re-elected in RSPO's Board of Governors during the 11th Annual Roundtable Meeting on Sustainable Palm Oil held in Medan, Indonesia.

RSPO
Roundtable on Sustainable Palm Oil

19 November

IOI Loders Croklaan Europe received the Food Ingredients Excellence Award for the most innovative confectionery ingredient awarded to CristalGreen®.

3 December

Acidchem International Sdn Bhd, a subsidiary of IOI Oleo, won four Gold Awards (Employee Health & Safety; Process Safety; Community Awareness & Emergency Response; and Distribution Codes) while IOI Pan-Century Oleochemicals Sdn Bhd garnered a Silver Award (Employee Health & Safety) in the Chemical Industries Council of Malaysia ("CICM") Responsible Care Awards.

18 December

IOIC's existing 12 palm oil mills and supply bases successfully obtained the RSPO certification.

31 December

IOI Loders Croklaan exceeded its sustainable palm oil goal in importing and marketing 348,000 tonnes of sustainable palm oil in Europe which was 34% of total volume sold in 2013.

2014

8 January

Dato' Lee Yeow Chor was appointed Chief Executive Officer ("CEO") of IOIC and Lee Yeow Seng as CEO of IOI Properties Group Berhad ("IOIPG"). Tan Sri Dato' Lee Shin Cheng remains as the Executive Chairman of both companies.

CORPORATE CALENDAR (Cont'd)

2014

13 January

IOIPG demerged from the Group and was successfully listed on the Main Market of Bursa Malaysia Securities Berhad on 15 January 2014 as one of the largest property companies in the country.

24 January

IOI Oleo bagged the Environmental Performance – Notable Achievement award in the biennial Prime Minister's Hibiscus Award 2012/2013. It also won the Penang State Award which was presented to the best awardee from participating states.

21 February

IOIC's wholly-owned subsidiary, IOI Plantation Sdn Bhd, acquired a 39.55% stake in Unico-Desa Plantations Berhad ("Unico") on 2 October 2013. The full acquisition was completed on 21 February 2014 which led to the successful ownership of Unico's six oil palm estates and two palm oil mills in Sabah.

21 May

IOI Edible Oils Sdn Bhd, IOI Loders Croklaan Procurement Company Sdn Bhd and IOI Commodity Trading Sdn Bhd received the RSPO-RED certification.

12 June

IOIC's existing 12 palm oil mills and supply bases successfully obtained the International Sustainability & Carbon Certification ("ISCC").

ISCC
International Sustainability & Carbon Certification

30 June

IOIC's first methane capture project was successfully commissioned at Pukin Mill to mitigate greenhouse gas emissions. The project captures methane gas from palm oil mill effluent ("POME") for utilisation in boilers for steam generation or biogas for power generation that is used for conversion into Bio CNG ("Bio Compressed Natural Gas").

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of IOI Corporation Berhad is pleased to present the report on the Audit and Risk Management Committee (the "Committee") of the Board for the financial year ended 30 June 2014.

The Audit Committee was established on 24 March 1994 in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. With effect from 6 September 2012, the Audit Committee was renamed as the Audit and Risk Management Committee.

A MEMBERS

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

Datuk Karownakaran @ Karunakaran a/l Ramasamy
Member
Independent Non-Executive Director

Cheah Tek Kuang
Member
Independent Non-Executive Director

B COMPOSITION AND TERMS OF REFERENCE

1 Membership

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

All the Committee members should be financially literate with at least one (1) Director who is a member of the Malaysian Institute of Accountants or alternatively a person who must have the following qualifications is also acceptable:

(a) either one (1) of the following qualifications and at least three (3) years' post-qualification experience in accounting or finance:

(i) a degree/masters/doctorate in accounting or finance; or

(ii) a member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountants; or

(b) at least seven (7) years' experience being a Chief Financial Officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

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

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

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

2 Objectives

The primary objectives of the Committee are to:

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

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

iii Undertake such additional duties as may be appropriate and necessary 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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

iv Be able to convene meetings with the external auditors, the internal auditors or both, without the attendance of other Directors and employees, whenever deemed necessary.

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

4 Duties and Responsibilities

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

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

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

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

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

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

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

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

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

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

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

The review shall focus on:

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

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

xi Assessing the risks and control environment; to determine whether management has implemented policies ensuring the Company's risks are identified and evaluated and those internal controls in place are adequate and effective to address the risks.

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

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

xiv To verify the allocation of options pursuant to Executive Share Option Scheme ("ESOS") in compliance with the criteria of the ESOS at the end of each financial year.

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 divisions 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 the Committee and Minutes**

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

C ACTIVITIES

During the financial year ended 30 June 2014, 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 following related party transactions:

a) Provision of management services by Pilihan Megah Sdn Bhd to Mayang Dacin Development Sdn Bhd for property development project.

b) Provision of management services by Trilink Pyramid Sdn Bhd to Adawan Development Sdn Bhd and Adawan Bina Sdn Bhd for property development project.

c) Tenancy of a portion of 11th Floor, Two IOI Square, IOI Resort, 62502 Putrajaya by Mayang Dacin Development Sdn Bhd from Resort Villa Development Sdn Bhd.

d) Provision of management services by Pilihan Megah Sdn Bhd to Mayang Development Sdn Bhd and Adawan Bina Sdn Bhd for property development project.

e) Tenancy Agreement between Resort Villa Development Sdn Bhd and Nusa Properties Sdn Bhd.

ix Review assessment of the performance of members of internal audit function.

x Review and assess the risk management activities and risk review reports of the Group, as follows:

- Bi-annual risk review reports compiled by the respective operating units' Risk Management Committees, and annual presentation to and discussion with the Committee.
- Operating units' CEO/CFO's Internal Control Certification and Assessment Disclosure.
- Operating unit's response to the Questionnaire on Control and Regulations.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

xi 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 Risk Management and Internal Control pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

xii Review of whistleblowing activities to monitor the actions taken by the Group in respect of whistleblowing reports received.

Number of Meetings and Details of Attendance

Seven (7) meetings were held during the financial year ended 30 June 2014. The attendance record of each member was as follows:

Members	Total Number of Meetings	Number of Meetings Attended
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	7	7
Datuk Karownakaran @ Karunakaran a/l Ramasamy	7	7
Cheah Tek Kuang *(Appointed on 13 September 2013)*	4	4

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

Members	Total Number of Meetings	Number of Meetings Attended
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	3	3
Datuk Karownakaran @ Karunakaran a/l Ramasamy	3	2
Cheah Tek Kuang	3	2

D INTERNAL AUDIT FUNCTION

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

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

86 audit assignments were completed during the financial year on various operating units of the Group covering plantation, properties, manufacturing, hotels and other segments. 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's 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.

The total costs incurred for the internal audit function of the Group for the financial year ended 30 June 2014 was RM2,933,000 (2013: RM3,205,000). The reduction in the total costs was due to some of the internal audit function costs had been captured in IOI Properties Group Berhad ("IOIPG") subsequent to the demerger and listing of IOIPG.

E RISK MANAGEMENT

The Board and Management drive a proactive risk management culture and ensure that the Group's employees have a good understanding and application of risk management principles towards cultivating a sustainable risk management culture through education. Regular risk awareness sessions are conducted at the operational level to promote the understanding of risk management principles and practices across different functions within the Group. In addition, a risk-based approach is embedded into existing key processes as well as new key projects, and is compatible with the Group's internal control systems.

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 risk identification, assessment, response and control, communication and monitoring.

The details relating to risk management is reported separately under "Statement on Risk Management and Internal Control" on pages 96 to 98.

STATEMENT ON CORPORATE GOVERNANCE

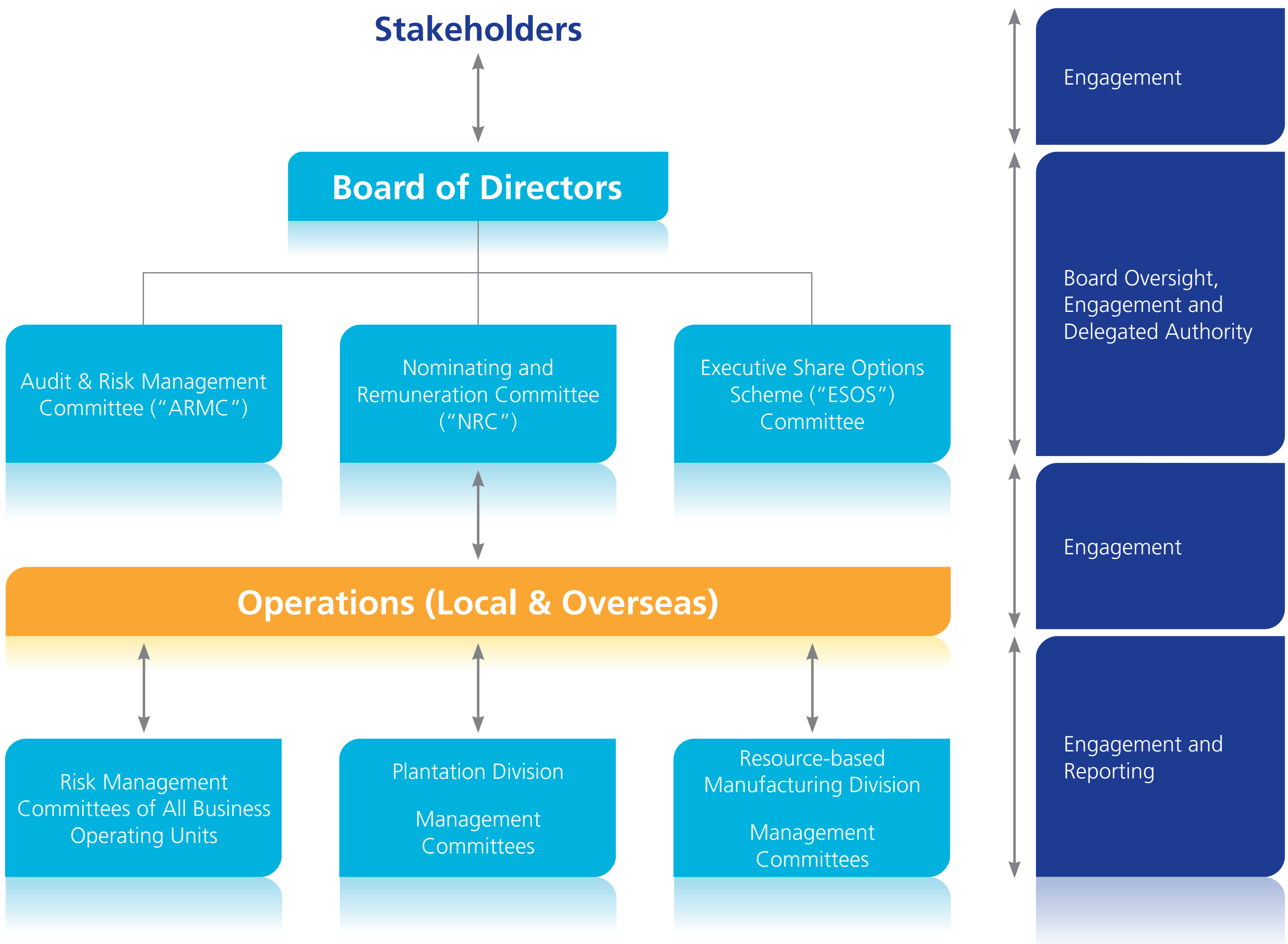
INTRODUCTION

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

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

The Group will continue its efforts in evaluating its governance practices in response to evolving best practices and the changing needs of the Group. The paragraphs that follow in this Statement outline the governance framework of the Group and explain how the Group has applied the principles and recommendations set out in the Malaysian Code on Corporate Governance 2012 ("the Code").

GOVERNANCE FRAMEWORK



STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

IOI Corporation Berhad (the "Company") has complied with the principles and recommendations of the Code save for the following recommendations and will further review its corporate governance practices to bring the same in line with the recommendations under the Code:

The Code Recommendations	Compliance	Explanation
Recommendation 3.2 Tenure of independent director should not exceed a cumulative term of nine (9) years. Upon completion of nine (9) years, an independent director may continue to serve on the Board subject to the Director's re-designation as a non-independent director.	To be complied.	The NRC (save for Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor being an interested Director who had abstained from all deliberations) and the Board have determined at the annual assessment carried out that Datuk Hj Mohd Khalil, who has served on the Board for 14 years remain objective and independent in participating in the deliberations and decision making of the Board and Board Committees. The length of his service on the Board does not interfere with his exercise of independent judgement and he acts in the best interest of the Group, notably as Chairman of both ARMC and NRC. All Independent Directors including Datuk Hj Mohd Khalil have provided an annual confirmation of their independence to the Board. Datuk Hj Mohd Khalil has expressed his intention to retire at the forthcoming 45th Annual General Meeting ("AGM") of the Company. Hence, no resolution on re-appointment as Independent Director will be put forward to shareholders for voting.
Recommendation 3.4 The positions of Chairman and Chief Executive Officer ("CEO") should be held by different individuals, and the Chairman must be a non-executive independent member of the Board.	The departure from the Recommendation 3.4 is only limited to non-executive chairman and the reasons for such departure is listed.	The Group Executive Chairman is Tan Sri Dato' Lee Shin Cheng and the role of Group CEO is fulfilled by Dato' Lee Yeow Chor. Their roles are separate and a clear division of responsibilities to distinguish between the running of the Board and the executive responsibility for running the business. Despite the Chairman is an executive member of the Board, the Board has the presence of Independent Directors with distinguished records and credentials to ensure that there is independence of judgement. The NRC is satisfied that notwithstanding Tan Sri Dato' Lee's executive chairmanship, he has continued to discharge his duties effectively, shown tremendous commitment and played an integral role in the stewardship of IOI Corporation Berhad Group.
Recommendation 3.5 The Board must comprise a majority of independent directors where the Chairman of the Board is not an independent director.	The departure from the Recommendation 3.5 and the reasons for such departure is listed.	The Board comprises eight (8) members, of whom three (3) are Executive Directors, three (3) are Independent Non-Executive Directors and two (2) are Non-Independent Non-Executive Directors. Our Non-Independent Non-Executive Directors are Lee Yeow Seng and Lim Tuang Ooi. Lim Tuang Ooi is a representative of Employees Provident Fund Board ("EPF") and may nevertheless be considered as an "Independent Director" wherein EPF is not a promoter of the Company and the aggregate equity shareholding in the Company is 8.86% as at 29 August 2014, pursuant to Paragraph 3.2, Practice Note 13 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

The responsibilities of the Board, which should be set out in a Board Charter, include management oversight, setting strategic direction premised on sustainability and promoting ethical conduct in business dealings.

Roles and Principal Duties

The Board takes full responsibility for the overall performance of the Company and of the Group. The duties and responsibilities of the Board of Directors are clearly spelt out in the Board Charter. The Board Charter can be viewed on our website.

The Board Charter comprises, among others, the following areas:

- Roles of the Board and Board Committees
- Role of Individual Directors
- Role of Senior Independent Non-Executive Director
- Role of Chairman
- Role of CEO
- Board Composition and Balance
- Board Evaluation
- Meetings
- Remuneration Policies
- Access to Information and Independent Advice
- Financial Reporting
- Stakeholders' Communication
- Company Secretary
- Conflict of Interest
- Dealings in Securities
- Code of Business Conduct and Ethics
- Whistleblowing Policy

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.

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.

Delegation by the Board

The primary functions of the Board are either carried out directly by the Board or through committees established by the Board, namely, the ARMC, the NRC and the ESOS committee, all collectively referred to hereafter as the "Committees". Clear written terms of reference for the Committees set out the authority and duties of the Committees. All terms of reference for the Committees are approved by the Board and reviewed periodically to ensure their continued relevance.

Board Composition and Balance

Presently, the Board comprises eight (8) members, of whom three (3) are Executive Directors, three (3) are Independent Non-Executive Directors and two (2) are Non-Independent Non-Executive Directors. The Board composition complies with the Main Market Listing Requirements of Bursa Securities that require a minimum of two (2) Directors or one-third (1/3) of the Board, whichever is the higher, to be Independent Directors.

Other than the three (3) Independent Non-Executive Directors, Lim Tuang Ooi, a representative from the EPF which is a substantial shareholder of the Company was appointed as Non-Independent Non-Executive Director.

Although a relatively mid-sized Board, it provides an effective blend of entrepreneurship, business and professional expertise in business and risk management, financial (including audit, tax and accounting), legal and technical areas of the industries the Group is involved in. The members of the Board with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction. Taking into account the scope and nature of the operations of the Group, the Board is satisfied that the current composition and size of the Board provide for sufficient diversity and yet allow for effective decision-making.

Key Information on Directors

A brief profile of each Director is presented on pages 60 to 65 of the Annual Report, and the Notice of AGM for Directors proposed for re-election and re-appointment at the 2014 AGM. Currently, no alternate Directors have been appointed in respect of any of the Directors.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

Code of Business Conduct and Ethics

The Directors are expected to conduct themselves with the highest ethical standards. All Directors and employees are expected to behave ethically and professionally at all times and thereby protect and promote the reputation and performance of the Company.

The Group communicates the Code of Ethics for Directors and Code of Business Conduct and Ethics (collectively, the "Code of Ethics") to all Directors and employees upon their appointment/ employment. The Code of Ethics can be viewed on our website.

Diversity

The Board recognises the value of appointing individual directors who bring a variety of diverse opinions, perspectives, skills, experiences, backgrounds and orientations to its discussions and its decision-making processes. All appointments to the Board will be made on merit while taking into account suitability for the role, board balance and composition, the required mix of skills, background and experience (including consideration of diversity). Other relevant matters will also be taken into account, such as independence and the ability to fulfil required time commitments in the case of Non-Executive Directors.

The Board recognises the challenges in achieving the right balance of diversity on the Board. This will be done over time, taking into account the present size of the Board, the valuable knowledge and experience of the present Board members and the evolving challenges to the Company over time.

We are committed to diversity and have had an equal employment opportunity policy that goes beyond gender in terms of promoting diversity in our business, in place for some time. The Board has not set specific gender diversity targets at this time. We have a relatively even spread of employees across all age brackets which is reflective of our culture of teamwork and respect. Below is a summary of the gender mix of our team (excluding foreign workers):

Employees' diversity gender disclosure

Age Bracket	Headcount of All Employees	% of All Employees	Headcount of Male Employees	% of Male Employees	Headcount of Female Employees	% of Female Employees
18-19	4	0.1	4	0.1	-	-
20-29	2,039	31.9	1,376	31.0	663	33.8
30-39	1,743	27.2	1,174	26.5	569	29.0
40-49	1,420	22.2	984	22.2	436	22.2
50-59	1,057	16.5	779	17.6	278	14.2
60-69	126	2.0	110	2.5	16	0.8
70 & above	4	0.1	4	0.1	-	-
Grand Total	**6,393**	**100.0**	**4,431**	**100.0**	**1,962**	**100.0**

Management position and Directors on the Board of IOI

Category	Total Headcount	Headcount of Male Employees	% of Male Employees	Headcount of Female Employees	% of Female Employees
In Management position (Manager & above)	326	262	80.4	64	19.6
Directors on the Board	8	8	100.0	-	-

Sustainability and Corporate Responsibility

The Group takes its commitment to sustainable palm oil industry practices seriously. The Company is a founding member of the Roundtable on Sustainable Palm Oil ("RSPO") which functions as a standard-setter for the global industry. We aim to meet the objective for all IOI estates and palm oil mills in Malaysia to be certified by RSPO and the International Sustainability & Carbon Certification ("ISCC").

Various sustainability policies of the Group have been formulated and documented. Sustainability strategies are also encapsulated in the Group's Vision and Mission, and form part of Sustainability and Corporate Responsibility Statement.

Whistleblowing Policy

The Group is committed to achieving and maintaining the highest standard of work ethics in the conduct of business in line with the Group's Code of Business Conduct and Ethics and good corporate governance practices.

The Group encourages its employees to raise genuine concerns about possible improprieties in matters of financial reporting, compliance, suspected violations of the Group's Code of Business Conduct and Ethics and to disclose any improper conduct or other malpractices within IOI Group (i.e. whistleblowing) in an appropriate way.

The policy is to provide an avenue for all employees of IOI Group and all agents, vendors, contractors, suppliers, consultants and customers of IOI Group and members of public to raise concerns about any improper conduct within IOI Group without fear of retaliation and to offer protection for such persons (including the employees of IOI Group) who report such allegations.

Any employee or member of the public who has knowledge or is aware that any improper conduct has been, is being, or is likely to be committed within IOI Group is encouraged to make disclosure by filling a prescribed Whistleblower Report Form and submit it through any of the following reporting channels:

a) E-mail to whistleblowing@ioigroup.com

b) Fax to +(603) 8948 8233. Whistleblowing Secretariat – Group Internal Audit, Tel: +(603) 8947 8888 (General line)

c) In person to the respective Heads of Business/ Operating Unit, or its Head of Human Resources

d) In writing to one or more of the following persons as appropriate at: IOI Group, Level 10, Two IOI Square, IOI Resort, 62502 Putrajaya, Malaysia

Position	Name	Tel No.
Chairman of ARMC	Dato' Hj Mohd Khalil b Dato' Hj Mohd Noor	+(603) 8947 8953
Head of Group Internal Audit	Frank Chin Suan Yong	+(603) 8947 8949
Executive Chairman	Tan Sri Dato' Lee Shin Cheng	
Executive Director/ Chief Executive Officer	Dato' Lee Yeow Chor	
Group Plantation Director	Dato' Foong Lai Choong	
Executive Director, Oleochemicals	Tan Kean Hua	

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

Company Secretary

The Company Secretary, Chee Ban Tuck who is also the Senior Corporate Finance Manager of the Company, assumed his role on 15 August 2014. He is supported by a team of professional qualified and experienced staff. He is a member of the Malaysian Institute of Accountants.

The Board has direct access to the advice and services of a Company Secretary who is responsible to the Board for ensuring that all governance matters and 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 Secretary is also in charge of highlighting all compliance and governance issues which they feel ought to be brought to the Board's attention.

The Company Secretary also facilitates the communication of key decisions and policies between the Board, Board Committees and Senior Management. In ensuring the uniformity of Board conduct and effective boardroom practices throughout the Group, the Company Secretary has oversight on overall corporate secretarial functions of the Group, both in Malaysia and the region where the Group operates.

Independent Professional Advice

The Directors, whether as a group or individually, are entitled to take independent professional advice at the expense of the Company, in furtherance of their duties and in the event that circumstances warrant the same. The Company has in place internal guidelines allowing the Directors to seek independent professional advice.

PRINCIPLE 2: STRENGTHEN COMPOSITION

The Board should have transparent policies and procedures that will assist in the selection of Board members. The Board should comprise members who bring value to Board deliberations.

Appointment to the Board and the effectiveness of the Board

The NRC of the Board is composed of exclusively three (3) Independent Non-Executive Directors. The NRC is responsible to make independent recommendations for appointments to the Board.

The NRC of the Board comprises the following Directors:

1. Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor (Chairman)
2. Datuk Karownakaran @ Karunakaran a/l Ramasamy
3. Cheah Tek Kuang

Selection of candidates to be considered for appointment as Directors is facilitated through recommendations from the Directors, Management or external parties including the Company's contacts in related industries, and finance, legal and accounting professions. The NRC meets with the shortlisted candidates to assess their suitability before formally considering and recommending them for appointment to the Board and where applicable, to the Committees.

In reviewing and recommending to the Board any new Director appointments, the NRC considers: (a) the candidate's independence, in the case of the appointment of an Independent Non-Executive Director; (b) the composition requirements for the Board and Committees (if the candidate is proposed to be appointed to any of the Committees); (c) the candidate's age, track record, skills, knowledge, expertise, experience, professionalism, integrity, capabilities and such other relevant factors as may be determined by the NRC which would contribute to the Board's collective skills; and (d) any competing time commitments if the candidate has multiple board representations.

The Board through the NRC also annually reviews its required mix of skills and experience and other qualities, including core competencies which the Directors should bring to the Board. The Board has also implemented a process to be carried out by the NRC 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.

When deliberating on the performance of a particular Director who is also a member of the NRC, that member abstains from the discussions in order to avoid any conflict of interests. The NRC will reassess the qualifications of a Director, including the Director's past contributions to the Board and the Director's attendance and contributions at Board and Committee meetings, prior to recommending a Director for re-election or re-appointment to another term. The results of the individual evaluation of the Directors are also used by the NRC, in its consultation with the Chairman of the Board, to review, where appropriate, the composition of the Board and Committees, and to support its proposals, if any, for appointment of new members and its recommendations for the re-appointment and re-election of retiring Directors. Comments from the Directors, if any, concerning the Board as a whole and the general performance of the Directors, are also presented to the Board.

The CEO's performance is reviewed annually by the NRC and the Board. The performance of Senior Group Financial Controller and other key executives is reviewed yearly by the CEO.

The main activities of the NRC were as follows:

1. Reviewed the Executive Directors' remunerations and Directors' Fees;
2. Performance evaluation of the Board and the various Board Committees;
3. Reviewed and recommended the Directors standing for re-appointment and re-election at the forthcoming AGM; and
4. Reviewed and assessed the independence of Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years.

Board Evaluation Criteria

The qualitative criteria is set out in a questionnaire covering four (4) main areas relating to board structure, board operations, board roles and responsibilities, board chairman's role and responsibilities.

Individual Director Evaluation Criteria

Factors taken into account in the assessment of a Director's performance include his abilities and competencies, his objectivity and the level of participation at Board and Committee meetings including his contribution to Board processes and the business strategies and performance of the Group.

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 AGM provided always that all Directors including the Managing Director shall retire from office at least once every three (3) years but shall be eligible for re-election.

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

The Directors due for retirement and re-election by rotation pursuant to Article 101 of the Articles at the forthcoming Forty-Fifth AGM are Lee Yeow Seng and Lee Cheng Leang. The profiles of the Directors who are due for retirement and re-election are set out on page 62.

The Directors who are due for retirement and re-appointment in accordance to Section 129 of the Companies Act, 1965 at the forthcoming Forty-Fifth AGM are Tan Sri Dato' Lee Shin Cheng and Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor. Their profiles are set out on pages 60 and 63. Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor has expressed his intention of not seeking for re-appointment at the forthcoming AGM.

Directors' Remuneration

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

The NRC 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. All Directors are paid annual fees. The members of the ARMC receive additional fees taking into consideration the nature of their responsibilities. Members of other Board Committees do not receive any additional fees. The fees for Directors are determined by the full Board with the approval from shareholders at the AGM.

No Director is involved in deciding his own remuneration.

The details of the remuneration of Directors of the Company comprising remuneration received/receivable from the Company and subsidiary companies during the financial year ended 30 June 2014 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	285	7,762	104,864	79	13,526	252	126,768
Non-Executive Directors	589	-	-	17	-	88	694

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

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

Range of Remuneration	Number of Directors Executive	Non-Executive
RM1 to RM50,000	-	1
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	-	3
RM150,001 to RM200,000	-	1
RM200,001 to RM450,000	-	-
RM450,001 to RM500,000	1	-
RM500,001 to RM850,000	-	-
RM850,001 to RM900,000	-	1
RM900,001 to RM40,950,000	-	-
RM40,950,001 to RM41,000,000	1	-
RM41,000,001 to RM84,500,000	-	-
RM84,500,001 to RM84,550,000	1	-

For financial year ended 30 June 2014, none of the Directors were offered share options under the Company's ESOS.

The Board is mindful of the requirement under the Code for the disclosure of details of the remuneration of each Director. The Company complies with the disclosure requirements under the Main Market Listing Requirements of Bursa Securities i.e. disclosure of Directors' Remuneration by applicable bands of RM50,000. The Board is of the view that the transparency and accountability aspects of Corporate Governance as applicable to Directors' Remuneration are appropriately served by the above band disclosure.

PRINCIPLE 3: REINFORCE INDEPENDENCE

The Board should have policies and procedures to ensure effectiveness of Independent Directors.

Annual Review of Directors' Independence

The NRC reviews the independence of Directors annually according to the criteria on independence set out in the Main Market Listing Requirements and Practice Notes of Bursa Securities on independence.

A Director may be considered independent in character and judgement if he/she is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company.

Without limiting the generality of the foregoing, an Independent Director is one who:

(a) is not an Executive Director of the Company or any related corporation of the Company;

(b) has not been within the last two (2) years and is not an officer (except as a Non-Executive Director) of the Company. For this purpose, "officer" has the meaning given in Section 4 of the Companies Act, 1965;

(c) is not a major shareholder the Company;

(d) is not a family member of any Executive Director, officer or major shareholder of the Company;

(e) is not acting as a nominee or representative of any Executive Director or major shareholder of the Company;

(f) has not been engaged as an adviser by the Company under such circumstances as prescribed by Bursa Securities or is not presently a partner, director (except as an Independent Director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the Company under such circumstances as prescribed by Bursa Securities; or

(g) has not engaged in any transaction with the Company under such circumstances as prescribed by Bursa Securities or is not presently a partner, Director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has engaged in any transaction with the Company under such circumstances as prescribed by Bursa Securities.

In addition to the annual review by the NRC of the Directors' independence, each Independent Non-Executive Director also submits an annual declaration.

In accordance with the best practices in corporate governance, Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor continues to play his role as the Senior Independent Non-Executive Director of the Board to whom concerns of shareholders and stakeholders may be conveyed. The Senior Independent Non-Executive Director may be contacted at Tel: +(603) 8947 8953 and email: datuk.mohd.khalil@ioigroup.com.

PRINCIPLE 4: FOSTER COMMITMENT

Directors should devote sufficient time to carry out their responsibilities, regularly updates their knowledge and enhance their skills.

Board Meeting

The Board is satisfied with the level of time commitment by each of the Directors towards fulfilling their roles on the Board and Board Committees.

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

Nine (9) Board meetings were held during the financial year ended 30 June 2014. The attendance record of each Director since the last financial year was 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 Cheng Leang	9	9
Non-Executive Directors		
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	9	9
Datuk Karownakaran @ Karunakaran a/l Ramasamy	9	9
Lee Yeow Seng	9	9
Cheah Tek Kuang	9	9
Lim Tuang Ooi	9	9

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.

STATEMENT ON CORPORATE GOVERNANCE (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.

All the Directors had completed the Mandatory Accreditation Programme as specified by Bursa Securities. During the financial year, members of the Board who have attended various training programmes, forums, conferences and seminars are as follows:

Tan Sri Dato' Lee Shin Cheng	World Bank Talk 2013: Malaysian Economy Outlook & Harnessing Natural Sustainable Growth	25 July 2013
	17th China International Fair For Investment & Trade	8 September 2013
	Malaysia – China Entrepreneur Conference 2013: Positive Energy with Better Opportunities	1 December 2013
	Palm and Lauric Oils Conference & Exhibition: Price Outlook 2014 / 2015	4 March 2014
	Private Forum and Dialogue with IOI Group's Founder and Executive Chairman	15 May 2014
	Invest Malaysia Conference 2014	9 June 2014
Dato' Lee Yeow Chor	Palm Oil Trade Seminar, Vietnam	1 July 2013
	Customer Service Excellent for Sales & Marketing Workshop	3 July 2013
	Forbes Global Conference, Bali, Indonesia	3 September 2013 to 5 September 2013
	Palm Oil Trade Seminar, Russia	16 September 2013
	Sustainable Cities Conference by Real Estate and Housing Developers' Association Malaysia (REHDA)	24 September 2013
	YPO-WPO 3G Family Business Summit, Jakarta	25 September 2013 to 27 September 2013
	Global Oils & Fats Forum, Orlando, Florida, USA	3 October 2013 to 4 October 2013
	Alternative Vision of the World Economy in 2013	9 October 2013
	Palm Oil Trade Seminar, Pakistan & Iran	15 January 2014 to 21 January 2014
	Roundtable Session on Sustainable Business Growth	20 May 2014
	Invest Malaysia Conference 2014	9 June 2014 to 10 June 2014
	Citi Aseam Investor Conference, Singapore	12 June 2014 to 13 June 2014
	Palm Oil Trade Seminar, India	26 June 2014 to 28 June 2014

Lee Yeow Seng	Invest Malaysia Conference 2014	9 June 2014 to 10 June 2014
	Bloomberg Markets Magazine – Private Luncheon with Mr Ronald Henkoff	26 June 2014
Lee Cheng Leang	Workshop on Identifying and Engaging the Investment Community: Investor Relation (IR) Best Practices of Southeast Asian and Global Companies	15 May 2014
	The Board Role in Governance & Audit Committee Oversight Responsibilities – Passion Beyond Numbers	18 June 2014
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	MNRB Holdings Berhad ("MNRB") Directors' Training: FSA 2013 / IFSA 2013 and MCCG 2012	4 October 2013
	MNRB Group 9th CEO Conference 2013	14 October 2013
	Training on GST and Tax Issues Unique to Insurance and Takaful	25 January 2014
	Permodalan Nasional Berhad Nominee Director Convention 2014	18 February 2014
	Seminar on Anti-Money Laundering and Anti-Terrorism Financing for Directors and Senior Management	29 May 2014
Datuk Karownakaran @ Karunakaran a/l Ramasamy	Palm Oil Industry Leadership Forum	26 August 2013
	Board Agenda Series: Board & Strategy – Where are we?	27 August 2013
	Advocacy Sessions on Corporate Disclosure for Directors	5 September 2013
	Financial Institutions Directors' Education (FIDE) Program : Human Capital Management in the Boardroom & "C" Suite Programme Tools and Techniques for Nominating and Remuneration Committees	18 February 2014
	Chemical Company of Malaysia Berhad Group Directors and Senior Management Training 2014 on Corporate Integrity	2 April 2014
	Annual Director Duties, Governance and Regulatory Updates Seminar 2014	22 April 2014
	Board of Directors Training: Common Offences Committed by Directors under Companies Act 1965 – Pitfalls & Remedies	16 May 2014
	Invest Malaysia Conference 2014	9 June 2014

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

Cheah Tek Kuang	Financial Services Act 2013 and Islamic Financial Services Act 2013	31 July 2013
	The Islamic Financial Services Board-International Centre for Education in Islamic Finance (IFSB-INCEIF) Continues Executive Forum Series with Focus on Corporate and Shariah Governance in Islamic Banks	26 August 2013 to 27 August 2013
	Leadership Energy Summit Asia	3 December 2013 to 4 December 2013
	Anti-Money Laundering Workshop for Board of Directors	20 February 2014
	Personal Data Protection Act 2010 Workshop	24 March 2014
	Leadership Master Class with Professor Linda A Hill	1 April 2014
	International Atomic Energy Agency (IAEA) International Conference on Human Resources Development for Nuclear Power Programmes: Building and Sustaining Capacity	12 May 2014 to 16 May 2014
Lim Tuang Ooi	Probability of Default & Loss Given Default Course	25 July 2013 to 26 July 2013
	Risk Management & Compliance Course	19 August 2013
	Crisis Simulation Training	7 September 2013
	Financial Literacy and Retirement Savings Seminar	17 September 2013 to 18 September 2013
	Senior Leadership Potential Program	6 October 2013 to 11 October 2013
	EPF Investment Seminar 2013	26 October 2013
	KWSP Islamic Workshop	27 January 2014 to 28 January 2014
	EPF Management Conference 2014	2 April 2014 to 5 April 2014
	Crisis Simulation Training	21 June 2014

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

The Board should ensure financial statements are a reliable source of information.

Audit and Risk Management Committee ("ARMC")

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

The ARMC 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 ARMC. At least twice a year, the ARMC meets with the external auditors without executive Board members present.

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

The ARMC had established the policies and procedures to assess the suitability and independence of external auditors, and provision of non-audit services.

The role of the ARMC 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 ARMC Report.

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 Financial Reporting Standards and the provisions of the Act and the Main Market Listing Requirements of Bursa Securities.

The Directors are satisfied that the Group and the Company keep accounting records which disclose with reasonable accuracy of 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 ARMC.

The Financial Statements are prepared on a going concern basis and give a true and fair view of the financial position of the Group as at 30 June 2014.

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

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

External Auditors

The Board maintains a transparent and professional relationship with the Group's external auditors. The ARMC undertook a review of the independence of Messrs BDO ("BDO") and gave careful consideration to the Group's relationships with them during financial year 2014. In determining the independence of BDO, the ARMC reviewed all aspects of their relationships with them including the processes, policies and safeguards adopted by the Group and BDO relating to audit independence.

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 2014 was RM2,111,000 (2013: RM1,115,000). The higher non-statutory audit fees was mainly attributed to a one-off fee relating to the demerger and listing of IOI Properties Group Berhad.

The Board has considered the non-audit services provided during the year by the auditors and is satisfied that the provision of those non-audit services during the year by the auditors are compatible with the auditors' independence requirements.

The Company requires that the engagement partner involved in the external audit should not remain in a key audit role beyond five (5) years and cannot be re-engaged to play a significant role in the audit of the Company for at least another two (2) successive years. This is consistent with current By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

The Board should establish a sound risk management framework and internal controls system.

Risk Management and Internal Control

The Board has established a framework to formulate and review risk management policies and risk strategies. Information on the Group's internal control is presented in the Statement on Risk Management and Internal Control.

Internal Audit Function

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

The appointment, resignation and dismissal of the Head of IA is reviewed and approved by the ARMC. The ARMC also provides input on the annual performance appraisal of the Head of IA. The Head of IA has unfettered access to the ARMC, the Board and Management. The Head of IA and a number of internal auditors of the IA Department are members of The Institute of Internal Auditors Malaysia.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Companies should establish corporate disclosure policies and procedures to ensure comprehensive, accurate and timely disclosure.

Timely and High Quality Disclosure

The Board reviews and approves all quarterly and other important announcements. The Company announces its quarterly and full-year results within the mandatory period. The financial statements and, where necessary, other presentation materials presented at the Company's general meetings, including material and price-sensitive information, are disseminated and publicly released via BURSA LINK on a timely basis to ensure effective dissemination of information relating to the Group.

To ensure that communications to the public regarding the Group are timely, factual, accurate and complete, we have put in place a Media Disclosure Policy which outlines the central principles and practices in communicating with the media.

This Media Disclosure Policy is applicable to all Directors, those authorised to speak on the Group's behalf as well as all the employees of IOI Group. It covers Media Guidelines comprising media protocols to engage with the media in a responsible, productive, and positive manner whilst keeping the integrity of IOI Group in mind.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Board should facilitate the exercise of ownership rights by shareholders.

Annual General Meeting and Other Communications with Shareholders

All shareholders of the Company receive the annual report of the Company and the notice of AGM, which notice is also advertised in the press and released via BURSA LINK. The chairmen of the ARMC, NRC and the external auditors were present at the last AGM, and will endeavour to be present at the 2014 AGM to assist the Directors in addressing queries raised by the shareholders. Historically, the Company's 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.

The Company provides for separate resolutions at general meetings on each substantial issue. Pursuant to the Articles of Association of the Company, all resolutions put to the vote at a general meeting of the Company shall be decided on a show of hands unless before or upon the declaration of the result, a poll is demanded as follows:

(i) by the Chairman of the meeting; or

(ii) by not less than two (2) members present in person or by proxy and entitled to vote at the meeting; or

(iii) by a member or members present in person or by proxy and representing not less than 10% of the total voting rights of all members having the right to vote at the meeting; or

(iv) by a member or members present in person or by proxy and representing not less that 10% of the total number of paid-up shares of the Company (excluding treasury shares).

Pursuant to Paragraph 10.08(7A), Chapter 10 of the Main Market Listing Requirements of Bursa Securities, the Chairman of the Meeting will be exercising his rights under Article 55 of the Company's Articles of Association for resolution approving related party transaction(s) at the general meetings and at any adjournment thereof to be put to the vote by way of poll.

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 picture of the Group's performance and financial position as possible. The Company believes that a constructive and effective investor relationship is an essential factor in enhancing value for its shareholders. However, whilst the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

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

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

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

During the financial year, the Group had approximately 108 meetings with analysts and investors. The Group enjoys a relatively high level of coverage and exposure to the investment community.

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

STATEMENT ON RISK MANAGEMENT AND 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 2012.

ACKNOWLEDGEMENT OF RESPONSIBILITIES

The Board of Directors affirms its overall responsibility 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.

The Board has established a process for identifying, evaluating, monitoring and managing the significant risks faced by the Group in its achievement of objectives and strategies. This process has been in place for the year under review and up to the date of approval of this statement.

RISK MANAGEMENT

The Group adopts an Enterprise Risk Management ("ERM") framework which was formalised in 2002 and is consistent with the Committee of Sponsoring Organisations of the Treadway Commission's ("COSO") ERM framework, the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers, and Bursa Malaysia's Corporate Governance Guide. During the financial year under review, the ERM framework was revised to be in line with ISO 31000, Risk Management – Principles and Guidelines, which is a standard relating to risk management codified by the International Organization for Standardization. ISO 31000 provides a standard on the implementation of risk management.

The Group's 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 programmes. The framework also outlines the Group's approach to its risk management policies:

i) Embrace risks that offer opportunities for superior returns

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

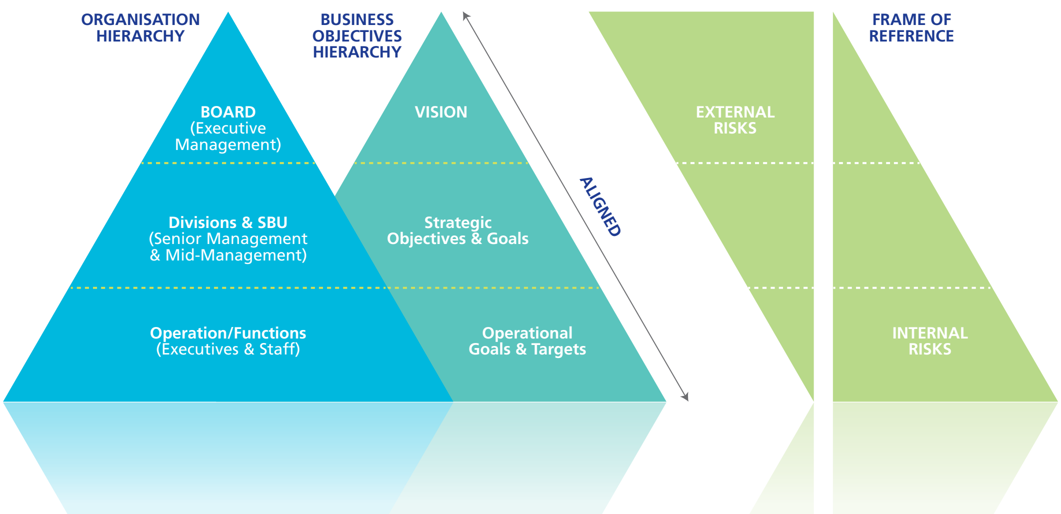
ii) Risk Management as a collective responsibility

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

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

iii) Risk forbearance shall not exceed capabilities and capacity to manage

Any business risk to be assumed shall be within the Group's core competencies to manage. Hence, the continuous effort in building 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.

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

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

I) OPERATING RISK

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

II) FINANCIAL RISK

- The Group is exposed to various financial risks relating to credit, liquidity, interest rates, foreign currency exchange rates, and commodity prices. The Group's risk management objectives and policies coupled with the required quantitative and qualitative disclosures relating to its financial risks are set out in Note 41 to the financial statements on pages 218 to 251.

CONTROL ENVIRONMENT

- The Group's corporate culture is embedded in its core values of integrity, commitment, loyalty, excellence in execution, speed or timeliness, innovativeness and cost efficiency – to achieve the Group's vision and support the business objectives, risk management and internal control system.
- The Code of Business Conduct and Ethics reinforces the Group's core value on integrity by providing guidance on moral and ethical behaviour that is expected from all employees in following the laws, policies, standards and procedures.
- Board committees such as the Audit and Risk Management Committee and Nominating and Remuneration Committee are established by the Board of Directors, and they are governed by clearly defined terms of reference and authority for areas within their scope.
- The Group has an organisational structure that is aligned with its business and operational requirements, with clearly defined lines of responsibility and authority levels.

CONTROL ACTIVITIES

- Policies and procedures have been established for key business processes and support functions. The Group has in place a system to ensure that there are adequate risk management, financial and operational policies, procedures and rules relating to the delegation and segregation of duties.
- Annual business plans and operating budgets are prepared by business and operating units, and are approved by the Board. Actual performance and significant variances against budget are monitored on an ongoing basis.

INFORMATION AND COMMUNICATION PROCESSES

- Management and the Board receive timely, relevant and reliable management and financial reports which are reviewed on a regular basis.
- The Group has in place a Management Information System that captures, compiles, analyses and reports relevant data, which enables management to make business decisions in an accurate and timely manner.
- A whistleblowing policy is established to provide appropriate communication and feedback channels which facilitate whistleblowing, in a transparent and confidential manner. It outlines the Group's commitment to encourage its employees and stakeholders to raise genuine concerns about possible improprieties in matters of financial reporting, compliance, suspected violations of the Group's Code of Business Conduct and Ethics, and to disclose any improper conduct or other malpractices within the Group (i.e. whistleblowing) in an appropriate way.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

MONITORING

- The Group's policies and procedures are reviewed and revised periodically to meet changing business and operational needs and regulatory requirements.
- Board meetings are held at least once in a quarter with a formal agenda on matters for discussion. In addition, regular management and operation meetings are conducted by senior management which comprises the Chief Executive Officer and divisional heads.
- The Group's Internal Audit function reports to the Audit and Risk Management Committee and is guided by an Internal Audit Charter that is approved by the Board of Directors. The Internal Audit function monitors compliance with the Group's policies and procedures and applicable laws and regulations, and provides independent assurance on the adequacy and effectiveness of risk management and internal control system by conducting regular audits and continuous assessment. Significant audit findings and recommendations for improvement are highlighted to senior management and the Audit and Risk Management Committee, with periodic follow-up reviews of the implementation of corrective action plans.

REVIEW FOR THE FINANCIAL YEAR

A review on the adequacy and effectiveness of the risk management and internal control system has been undertaken for the financial year under review. Each business unit, cutting across all geographic areas, via its respective Risk Management Committees and workgroups comprising 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 programmes and tasks to manage the aforementioned and/or eliminate performance gaps.
- Ensured internal audit programmes 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 actionable programmes, and evaluated post-implementation effectiveness.
- Reviewed the adequacy of all business resumption and contingency plans, and their readiness for rapid deployment.

The review includes the following:

- Regular internal audit reports and periodic discussions with the Audit and Risk Management Committee.
- Bi-annual risk reviews compiled by the respective units' Risk Management Committees, and annual presentation to and discussion with the Audit and Risk Management Committee, the Board, internal auditors, and external auditors.
- Operating units' CEO/CFO's Internal Control Certification and Assessment disclosure.
- Operating units' response to the Questionnaire on Control and Regulations.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

The external auditors ("BDO") have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Group for the financial year ended 30 June 2014. Their review was conducted in accordance with Recommended Practice Guide 5 (Revised) ["RPG 5 (Revised)"], Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control, issued by the Malaysian Institute of Accountants ("MIA"). RPG 5 (Revised) does not require the external auditors to, and they did not, consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures. RPG 5 (Revised) also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and effectiveness of the Group's risk management and internal control system.

CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system. The Board has received assurance from the Chief Executive Officer and Senior Group Financial Controller that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively. 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.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors dated 3 September 2014.

STATEMENT OF DIRECTORS' INTERESTS

In the Company and its related corporations as at 29 August 2014
(Based on the Register of Directors' Shareholdings)

Name of Directors	Direct	%	Indirect	%
The Company				
No. of ordinary shares of RM0.10 each				
Tan Sri Dato' Lee Shin Cheng	66,986,300	1.05	2,949,136,580[1]	46.37
Dato' Lee Yeow Chor	8,340,400	0.13	2,933,705,180[2]	46.12
Lee Yeow Seng	4,180,400	0.07	2,933,610,180[3]	46.12
Lee Cheng Leang	400,000	0.01	-	-
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	329,333	0.01	-	-
Datuk Karownakaran @ Karunakaran a/l Ramasamy	-	-	-	-
Cheah Tek Kuang	-	-	12,000[4]	*
Lim Tuang Ooi	-	-	-	-

By virtue of Tan Sri Dato' Lee Shin Cheng, Dato' Lee Yeow Chor and Lee Yeow Seng's interests in the ordinary shares of the Company, they 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.

Notes:

[1] *Deemed interested by virtue of his interest in Progressive Holdings Sdn Bhd ("PH"), which in turn holds 100% equity interest in Vertical Capacity Sdn Bhd ("VC") and shares held by his children, Dato' Lee Yeow Chor, Lee Yeow Seng, Lee Yoke Ling, Lee Yoke Har, Lee Yoke Hean and Lee Yoke Hui.*

[2] *Deemed interested by virtue of his interest in PH, which in turn holds 100% equity interest in VC and also interest in the Company held by his spouse, Datin Joanne Wong Su-Ching pursuant to Section 134(12) of the Companies Act, 1965.*

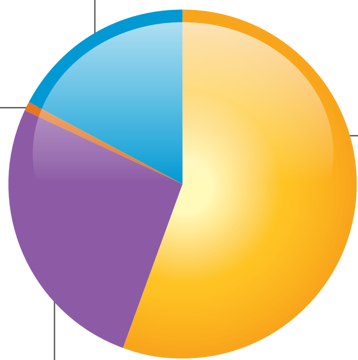
[3] *Deemed interested by virtue of his interest in PH, which in turn holds 100% equity interest in VC.*

[4] *Interest in the Company held by his spouse, Ooi Siew Cheng pursuant to Section 134(12) of the Companies Act, 1965.*

* *Negligible.*

OTHER INFORMATION

COMPOSITION OF SHAREHOLDERS
as at 29 August 2014



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 2014 or entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE

Recurrent related party transactions of a revenue nature of IOI Corporation Berhad ("IOIC") Group conducted pursuant to shareholders' mandate for the financial year ended 30 June 2014 are as follows:

Transacting Parties	Type of Recurrent Related Party Transactions	Interested Directors/ Major Shareholders and Persons Connected	Value of Transactions RM million
Malayapine Estates Sdn Bhd ("MESB") (1)	Property project management services by Pilihan Megah Sdn Bhd ("PMSB") (1)	• Vertical Capacity Sdn Bhd ("VCSB") (2) • Progressive Holdings Sdn Bhd ("PHSB") (3) • Tan Sri Dato' Lee Shin Cheng ("Tan Sri Lee") (4) • Puan Sri Datin Hoong May Kuan ("Puan Sri Lee") (5) • Dato' Lee Yeow Chor ("Dato' Lee") (6) • Lee Yeow Seng ("LYS") (7)	2.9 *
Nice Frontier Sdn Bhd ("NFSB") (1)	Purchase of estate produce by Pamol Plantations Sdn Bhd ("PPSB") (1)	• VCSB (8) • PHSB (9) • Tan Sri Lee (10) • Puan Sri Lee (11) • Dato' Lee (12) • LYS (13)	16.0

Transacting Parties	Type of Recurrent Related Party Transactions	Interested Directors/ Major Shareholders and Persons Connected	Value of Transactions RM million
Adawan Development Sdn Bhd ("ADSB") (1) Adawan Bina Sdn Bhd ("ABSB") (1)	Property project management services provided by Trilink Pyramid Sdn Bhd ("TPSB") (1)	• VCSB (14) • PHSB (15) • Tan Sri Lee (16) • Puan Sri Lee (17) • Dato' Lee (18) • LYS (19)	1.4 *

Notes:

* *Represents the actual values of transactions from 1 July 2013 until the completion of the Demerger Exercise as disclosed in Note 13.1 to the financial statements.*

(1) Details of the transacting parties pursuant to the shareholders' mandate obtained in 2013

Name of Company	Effective Equity	Principal Activities
MESB, a subsidiary of VCSB and a company connected to Tan Sri Lee	Not applicable	Property development, property investment and investment holding
NFSB	Not applicable	Property development, cultivation of plantation produce and property investment
PMSB	Not applicable	Property development, property investment, investment holding and provision of management services
PPSB	100%	Cultivation of oil palm, processing of palm oil and investment holding
ADSB, a company connected to Tan Sri Lee	Not applicable	Property investment and development activities
ABSB, a subsidiary of ADSB and a company connected to Tan Sri Lee	Not applicable	Contractor
TPSB, a subsidiary of IOIPG #	Not applicable	Property development and provision of management services

IOIPG, NFSB and TPSB were subsidiaries of IOIC and subsequently demerged from the IOIC Group on 13 January 2014.

(2) VCSB, a wholly-owned subsidiary of PHSB, is a Major Shareholder of IOIC and MESB and a deemed Major Shareholder of PMSB.

(3) PHSB, the holding company of VCSB, is a deemed Major Shareholder of IOIC, MESB and PMSB.

(4) Tan Sri Lee is the Executive Chairman and a deemed Major Shareholder of IOIC. Tan Sri Lee is also a Director and a deemed Major Shareholder of MESB.

(5) Puan Sri Lee is a deemed Major Shareholder of IOIC and MESB and person connected to Tan Sri Lee, Dato' Lee and LYS.

(6) Dato' Lee is the Chief Executive Officer of IOIC and a deemed Major Shareholder of IOIC. He is a person connected to Tan Sri Lee as he is the son of both Tan Sri Lee and Puan Sri Lee. Dato' Lee is also a Director and a deemed Major Shareholder of MESB.

(7) LYS is a Director of IOIC and a deemed Major Shareholder of IOIC. He is a person connected to Tan Sri Lee as he is the son of both Tan Sri Lee and Puan Sri Lee and the brother of Dato' Lee. LYS is also a Director of both PMSB and MESB and a deemed Major Shareholder of MESB.

OTHER INFORMATION (Cont'd)

(8) VCSB, a wholly-owned subsidiary of PHSB, is a Major Shareholder of IOIC and a deemed Major Shareholder of NFSB and PPSB.

(9) PHSB, the holding company of VCSB, is a deemed Major Shareholder of IOIC, NFSB and PPSB.

(10) Tan Sri Lee is the Executive Chairman and a deemed Major Shareholder of IOIC. Tan Sri Lee is also a Director of PPSB.

(11) Puan Sri Lee is a deemed Major Shareholder of IOIC and person connected to Tan Sri Lee, Dato' Lee and LYS.

(12) Dato' Lee is the Chief Executive Officer of IOIC and a deemed Major Shareholder of IOIC. He is a person connected to Tan Sri Lee as he is the son of both Tan Sri Lee and Puan Sri Lee. Dato' Lee is also a Director of PPSB.

(13) LYS is a Director of IOIC and a deemed Major Shareholder of IOIC. He is a person connected to Tan Sri Lee as he is the son of both Tan Sri Lee and Puan Sri Lee and the brother of Dato' Lee. LYS is also a Director of NFSB.

(14) VCSB, a wholly-owned subsidiary of PHSB, is a Major Shareholder of IOIC and a deemed Major Shareholder of TPSB.

(15) PHSB, the holding company of VCSB, is a deemed Major Shareholder of IOIC and TPSB.

(16) Tan Sri Lee is the Executive Chairman and a deemed Major Shareholder of IOIC. He is a Director of both ADSB and ABSB. Tan Sri Lee is also a Major Shareholder and deemed Major Shareholder of ADSB and ABSB respectively.

(17) Puan Sri Lee is a deemed Major Shareholder of IOIC and person connected to Tan Sri Lee, Dato' Lee and LYS. Puan Sri Lee is also a Major Shareholder and deemed Major Shareholder of ADSB and ABSB respectively.

(18) Dato' Lee is the Chief Executive Officer of IOIC and a deemed Major Shareholder of IOIC. He is a person connected to Tan Sri Lee as he is the son of both Tan Sri Lee and Puan Sri Lee. Dato' Lee is also a Director of ADSB.

(19) LYS is a Director of IOIC and a deemed Major Shareholder of IOIC. He is a person connected to Tan Sri Lee as he is the son of both Tan Sri Lee and Puan Sri Lee and the brother of Dato' Lee. LYS is also a Director of both ADSB and ABSB.

PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year ended 30 June 2014, which have material impact on the operations or financial position of the Group.

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 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and the cultivation of oil palm and processing of palm oil. During the financial year, the Company has transferred a significant portion of its plantation estates to its wholly-owned subsidiaries which operate plantation business with the key objective of achieving business effectiveness and operational efficiency.

The principal activities of the subsidiaries, associates and joint ventures are set out in Note 45 to the financial statements.

During the financial year, the Group has demerged the property development, property investment and other property related businesses from the Group. Following the demerger exercise, property related businesses ceased to be the principal activities of the Group.

FINANCIAL RESULTS

The audited financial results of the Group and of the Company for the financial year are as follows:

In RM million	Group	Company
Continuing operations		
Profit before taxation	1,670.8	2,240.2
Taxation	(408.4)	(2.8)
Profit for the financial year from continuing operations	1,262.4	2,237.4
Discontinued operations		
Profit for the financial year from discontinued operations, net of tax	2,127.3	7,567.6
Profit for the financial year	3,389.7	9,805.0
Attributable to:		
Owners of the parent	3,373.0	9,805.0
Non-controlling interests	16.7	-
	3,389.7	9,805.0

DIVIDENDS

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

In RM million	Company
In respect of the financial year ended 30 June 2013	
Second interim single tier dividend of 8.5 sen per ordinary share, paid on 26 September 2013*	543.2
In respect of the financial year ended 30 June 2014	
First interim single tier dividend of 8.0 sen per ordinary share, paid on 21 March 2014	507.9
Second interim single tier dividend of 12.0 sen per ordinary share, paid on 25 July 2014	763.0
	1,814.1

Note:

* *Amount as disclosed in the previous year's Directors' Report was RM542.9 million. The net increase was arrived at after accounting for the issuance of 3,628,700 new ordinary shares arising from the exercise of options granted under the Executive Share Option Scheme subsequent to the previous financial year end but before the book closure for dividend entitlement.*

On 9 December 2013, the Board declared a distribution-in-specie of 2,130,349,033 ordinary shares of RM1.00 each in IOI Properties Group Berhad ("IOIPG") ("IOIPG Share(s)") held by the Company to its shareholders on the basis of one (1) IOIPG share for every three (3) ordinary shares of RM0.10 each held by the shareholders of the Company. The IOIPG Shares were distributed on 13 January 2014.

No final dividend has been recommended for the financial year ended 30 June 2014.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued the following new ordinary shares of RM0.10 each for cash, arising from the exercise of options granted under the Company's Executive Share Option Scheme:

Issue price *RM*	No. of shares
2.03	982,200
2.44	5,384,800
3.49	1,047,500
4.17	4,059,000
4.19	1,935,100
5.00	2,477,500

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

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

DIRECTORS' REPORT (Cont'd)

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 subsequent Annual General Meetings of the Company, including the last meeting held on 19 October 2013.

The Directors of the Company are committed to enhance 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 47,155,600 ordinary shares of RM0.10 each of its issued shares from the open market. The average price paid for the ordinary shares repurchased was RM4.35 per ordinary share. The repurchase transactions were financed by internally generated funds. The ordinary shares repurchased are 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 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 2014.

At the end of the financial year, the number of ordinary shares in issue after deducting treasury shares is 6,355,422,695 ordinary shares of RM0.10 each.

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").

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 eighteen (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 three (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)")

EXECUTIVE SHARE OPTION SCHEME ("ESOS") (Continued)

b) Eligibility (Continued)

No executive of the Group shall participate at any time in more than one (1) ESOS implemented by any company within the Group. The executive to whom the option has been granted has also no right to participate, by virtue of the option, in any ordinary share issued by any other company.

c) Maximum allowable allotment and basis of allocation

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

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

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

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

d) Subscription price

The subscription price shall be the higher of the following:

i. the weighted average market price of the IOI Shares for the five (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 ten (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.

DIRECTORS' REPORT (Cont'd)

EXECUTIVE SHARE OPTION SCHEME ("ESOS") (Continued)

f) Exercise of option

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

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

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

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

g) Rights attaching to the IOI Shares

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

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 were as follows:

		No. of options over ordinary shares			
Option price *RM*	**Date of offer**	**As at 1 July 2013**	**Exercised**	**Lapsed**	**As at 30 June 2014**
2.44/2.03*	12 January 2006	20,572,300	(6,367,000)	(1,562,300)	12,643,000
4.19/3.49*	2 April 2007	16,590,600	(2,982,600)	(515,200)	13,092,800
5.00/4.17*	6 July 2010	13,445,900	(6,536,500)	(3,000)	6,906,400
Total		50,608,800	(15,886,100)	(2,080,500)	32,642,200

Note:
* *Option prices were adjusted following the distribution-in-specie of 2,130,349,033 IOIPG Shares by the Company.*

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
Datuk Karownakaran @ Karunakaran a/l Ramasamy
Cheah Tek Kuang
Lim Tuang Ooi
Quah Poh Keat *(Resigned on 13 September 2013)*

In accordance with Article 101 of the Company's Articles of Association, Lee Yeow Seng and 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 who has attained the age of seventy (70), retires in accordance with Section 129(2) of the Companies Act, 1965 in Malaysia at the forthcoming Annual General Meeting. The Directors recommend that he shall 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.

Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor who has also attained the age of seventy (70), retires in accordance with Section 129(2) of the Companies Act, 1965 in Malaysia at the forthcoming Annual General Meeting and will not be seeking re-appointment.

DIRECTORS' REPORT (Cont'd)

DIRECTORS' INTERESTS

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

	As at 1 July 2013	Acquired/ Transferred	Disposed	As at 30 June 2014
Direct Interests				
The Company				
No. of ordinary shares of RM0.10 each				
Tan Sri Dato' Lee Shin Cheng	62,630,600	3,945,700 [1]	-	66,576,300
Dato' Lee Yeow Chor	8,340,400	-	-	8,340,400
Lee Yeow Seng	953,800	2,564,100 [2]	-	3,517,900
Lee Cheng Leang	820,400	-	(420,400)	400,000
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor	329,333	-	-	329,333
Indirect Interests				
The Company				
No. of ordinary shares of RM0.10 each				
Tan Sri Dato' Lee Shin Cheng	2,866,297,980	69,982,100 [3]	(2,115,700)	2,934,164,380
Dato' Lee Yeow Chor	2,854,712,680	67,318,000	(1,500,000)	2,920,530,680
Lee Yeow Seng	2,854,712,680	67,223,000	(1,500,000)	2,920,435,680
Cheah Tek Kuang	12,000	-	-	12,000
Subsidiaries				
Property Skyline Sdn Bhd [4]				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	1,111,111	-	(1,111,111)	-
Property Village Berhad [4]				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	1,000,000	-	(1,000,000)	-
IOI Properties Group Berhad [4]				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	-	43,491,177	-	43,491,177

Notes:

[1] *Exercise of 3,845,700 share options under ESOS and transfer of 100,000 shares from Lee Yoke Ling and Lee Yoke Har.*

[2] *Exercise of 2,564,100 share options under ESOS.*

[3] *Includes the exercise of 2,759,100 share options under ESOS by his children.*

[4] *Property Skyline Sdn Bhd, Property Village Berhad and IOI Properties Group Berhad were subsidiaries of the Company and subsequently demerged from the Group on 13 January 2014.*

DIRECTORS' INTERESTS (Continued)

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

	Option price *RM*	No. of options over ordinary shares As at 1 July 2013	Exercised	As at 30 June 2014
Direct Interests				
Tan Sri Dato' Lee Shin Cheng	2.44/2.03*	3,845,700	(3,845,700)	-
Lee Yeow Seng	4.19/3.49*	576,600	(576,600)	-
Lee Yeow Seng	5.00/4.17*	2,650,000	(1,987,500)	662,500
Indirect Interests				
Tan Sri Dato' Lee Shin Cheng	2.44/2.03*	1,835,100	(195,000)	1,640,100
Tan Sri Dato' Lee Shin Cheng	4.19/3.49*	1,460,600	(576,600)	884,000
Tan Sri Dato' Lee Shin Cheng	5.00/4.17*	2,813,000	(1,987,500)	825,500

Note:
* *Option prices were adjusted following the distribution-in-specie of 2,130,349,033 IOIPG Shares by the Company.*

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

The other Directors holding office at the end of the financial year namely, Datuk Karownakaran @ Karunakaran a/l Ramasamy and Lim Tuang Ooi did not have any interest in shares and options over ordinary shares in the Company and its related corporations during the financial year.

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 by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of the significant related party transactions as disclosed in Note 39 to the financial statements.

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

DIRECTORS' REPORT (Cont'd)

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

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

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

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

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

i. which would render the amount of bad debts written off or the amount of 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 as and 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 other than gain arising from the Demerger Exercise of RM1,887.2 million, pursuant to the Demerger Exercise as disclosed in Note 13.1 to the financial statements; and

ii. no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of 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 local requirements, five (5) indirect subsidiaries of the Company, IOI (Xiamen) Edible Oils Co., Ltd, Loders Croklaan (Shanghai) Trading Co. Ltd, Tianjin Palmco Oil And Fats Co. Ltd, Loders Croklaan Latin America Comercio De Gorduras e Oleos Vegetais Ltda and Loders Croklaan Burkina Faso S.A.R.L. are adopting a 31 December financial year end, which does not coincide with that of the Company. The Directors of the Company have been granted approvals under Section 168(3) of the Companies Act, 1965 in Malaysia by the Companies Commission of Malaysia for the aforementioned subsidiaries to have different financial year end from that of the Company for the financial year ended 30 June 2014.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

a) Completion of Demerger Exercise

On 14 May 2013, the Company proposed to demerge the property development, property investment and other property related businesses of the Group to create two (2) separate and independent listed entities with distinct businesses ("Demerger"); namely IOI Properties Group Berhad ("IOIPG"), to hold the property development, property investment and other property related businesses of the Group; whilst the Company continues to hold the remaining existing businesses of the Group.

The Demerger was completed on 13 January 2014. Following that, IOIPG ceased to be a subsidiary of the Company.

b) Acquisition and Take-over Offer to acquire all shares in Unico-Desa Plantations Berhad

On 2 October 2013, IOI Plantation Sdn Bhd ("IOI Plant"), a wholly owned subsidiary of the Company acquired 339 million ordinary shares of RM0.25 each in Unico-Desa Plantations Berhad ("Unico") ("Unico Shares") representing approximately 39.55% of the issued and paid-up share capital of Unico for a total consideration of RM396.6 million.

With the above acquisition, IOI Plant's shareholdings in Unico has exceeded 33% of the voting shares in Unico. IOI Plant has therefore extended a conditional take-over offer to acquire all the remaining Unico Shares not already held by IOI Plant amounting to 518,110,000 Unico Shares ("Offer Shares"), representing approximately 60.45% of the issued and paid up share capital of Unico (excluding 2,890,000 treasury shares), at a cash offer price of RM1.17 per Offer Share ("Offer"), pursuant to Section 218(2) of the Capital Market and Services Act, 2007 ("CMSA") and Section 9(1) Part III of the Malaysian Code on Take-Overs and Mergers, 2010.

On 11 November 2013, IOI Plant has obtained control of Unico, holding 76.64% of the voting shares in Unico after receiving valid acceptances for 310,937,171 Offer Shares. Unico has since become a subsidiary of the Group.

Subsequent to Unico becoming a subsidiary of the Group on 11 November 2013, IOI Plant continued to receive acceptances of the Offer. On 11 December 2013, IOI Plant has achieved acceptance level of more than nine-tenths (9/10) of the remaining Unico Shares. Following that, IOI Plant invoked Section 222 of the CMSA to compulsorily acquire the remaining Offer Shares for which valid acceptance has not been received.

On 21 February 2014, IOI Plant completed the acquisition of 100% equity interest in Unico.

DIRECTORS' REPORT (Cont'd)

AUDIT AND RISK MANAGEMENT COMMITTEE

The Directors who serve as members of the Audit and Risk Management Committee as at the date of this report are as follows:

Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor (Chairman)
Datuk Karownakaran @ Karunakaran a/l Ramasamy
Cheah Tek Kuang

NOMINATING AND REMUNERATION COMMITTEE

The Directors who serve as members of the Nominating and Remuneration Committee as at the date of this report are as follows:

Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor (Chairman)
Datuk Karownakaran @ Karunakaran a/l Ramasamy
Cheah Tek Kuang

AUDITORS

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

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

Tan Sri Dato' Lee Shin Cheng
Executive Chairman

Dato' Lee Yeow Chor
Chief Executive Officer

Putrajaya
3 September 2014

STATEMENTS OF PROFIT OR LOSS

For The Financial Year Ended 30 June 2014

In RM million	Note	Group 2014	Group 2013 (Restated)	Company 2014	Company 2013
Continuing operations					
Revenue	6	**11,910.6**	12,198.5	**2,508.9**	1,060.2
Cost of sales		**(9,226.5)**	(9,987.8)	**(8.2)**	(2.7)
Gross profit		**2,684.1**	2,210.7	**2,500.7**	1,057.5
Other operating income	7	**460.6**	975.5	**35.0**	89.1
Marketing and selling expenses		**(218.9)**	(266.3)	**-**	-
Administration expenses		**(482.6)**	(508.5)	**(131.3)**	(54.8)
Other operating expenses	8	**(664.8)**	(692.4)	**(60.5)**	(17.7)
Operating profit	9	**1,778.4**	1,719.0	**2,343.9**	1,074.1
Share of results of associates		**127.8**	104.2	**-**	-
Share of results of a joint venture		**(0.8)**	(0.2)	**-**	-
Profit before interest and taxation		**1,905.4**	1,823.0	**2,343.9**	1,074.1
Interest income	10	**47.8**	59.6	**90.1**	110.7
Finance costs	11	**(282.4)**	(279.1)	**(193.8)**	(183.9)
Profit before taxation		**1,670.8**	1,603.5	**2,240.2**	1,000.9
Taxation	12	**(408.4)**	(320.2)	**(2.8)**	13.3
Profit for the financial year from continuing operations		**1,262.4**	1,283.3	**2,237.4**	1,014.2
Discontinued operations					
Profit for the financial year from discontinued operations, net of tax	13.3	**2,127.3**	714.9	**7,567.6**	211.7
Profit for the financial year		**3,389.7**	1,998.2	**9,805.0**	1,225.9
Attributable to owners of the parent					
From continuing operations		**1,254.6**	1,280.1	**2,237.4**	1,014.2
From discontinued operations		**2,118.4**	693.6	**7,567.6**	211.7
		3,373.0	1,973.7	**9,805.0**	1,225.9
Attributable to non-controlling interests		**16.7**	24.5	**-**	-
		3,389.7	1,998.2	**9,805.0**	1,225.9

The notes on pages 126 to 275 form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS (Cont'd)

For The Financial Year Ended 30 June 2014

In sen	Note	Group 2014	Group 2013 (Restated)	Company 2014	Company 2013
Earnings per ordinary share attributable to owners of the parent	14				
Basic earnings per share					
From continuing operations		**19.69**	20.03		
From discontinued operations		**33.24**	10.85		
		52.93	30.88		
Diluted earnings per share					
From continuing operations		**19.64**	19.98		
From discontinued operations		**33.16**	10.83		
		52.80	30.81		
Gross dividend per ordinary share of RM0.10 each	15				
First interim single tier dividend		**8.0**	7.0	**8.0**	7.0
Second interim single tier dividend		**12.0**	8.5	**12.0**	8.5
Total		**20.0**	15.5	**20.0**	15.5

STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 30 June 2014

In RM million	Group 2014	Group 2013 (Restated)	Company 2014	Company 2013
Profit for the financial year	**3,389.7**	1,998.2	**9,805.0**	1,225.9
Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss				
Actuarial gain/(loss) on defined benefit obligation	**0.6**	(4.2)	**-**	-
	0.6	(4.2)	**-**	-
Other comprehensive income that will be reclassified subsequently to profit or loss when specific conditions are met				
Exchange differences on translation of foreign operations	**177.1**	134.1	**-**	-
Share of other comprehensive income of associates	**7.0**	1.5	**-**	-
Other comprehensive income for the financial year, net of tax	**184.1**	135.6	**-**	-
	184.7	131.4	**-**	-
Total comprehensive income for the financial year	**3,574.4**	2,129.6	**9,805.0**	1,225.9
Total comprehensive income attributable to:				
Owners of the parent	**3,555.2**	2,104.7	**9,805.0**	1,225.9
Non-controlling interests	**19.2**	24.9	**-**	-
	3,574.4	2,129.6	**9,805.0**	1,225.9

The notes on pages 126 to 275 form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As At 30 June 2014

In RM million	Note	Group 2014	Group 2013 (Restated)	Company 2014	Company 2013
ASSETS					
Non-current assets					
Property, plant and equipment	16	**6,410.0**	5,293.8	**61.7**	430.7
Prepaid lease payments	17	**30.1**	29.8	**-**	-
Investment properties	18	**8.3**	7.3	**-**	-
Goodwill on consolidation	19	**458.4**	429.0	**-**	-
Investments in subsidiaries	20	**-**	-	**7,557.4**	4,362.7
Investments in associates	21	**886.9**	797.3	**20.4**	20.4
Interests in a joint venture	22	**33.0**	8.8	**34.0**	9.0
Derivative assets	23	**75.1**	45.3	**-**	-
Deferred tax assets	24	**43.8**	62.3	**-**	-
		7,945.6	6,673.6	**7,673.5**	4,822.8
Current assets					
Inventories	25	**2,154.6**	1,753.8	**-**	13.8
Trade and other receivables	26	**1,062.7**	1,052.1	**15.5**	20.2
Amounts due from subsidiaries	20	**-**	-	**2,980.8**	3,068.6
Amounts due from associates	21	**0.4**	0.5	**-**	-
Derivative assets	23	**61.4**	59.3	**-**	-
Current tax assets		**38.5**	51.6	**33.7**	42.5
Other investments	27	**80.7**	72.6	**4.5**	6.5
Short term funds	28	**3,450.0**	1,826.4	**-**	-
Deposits with financial institutions	29	**186.8**	264.1	**-**	40.4
Cash and bank balances		**350.9**	878.9	**39.8**	7.7
		7,386.0	5,959.3	**3,074.3**	3,199.7
Assets of disposal group held for sale/held for distribution to owners	30	**-**	11,273.8	**-**	3,739.2
TOTAL ASSETS		**15,331.6**	23,906.7	**10,747.8**	11,761.7

The notes on pages 126 to 275 form an integral part of the financial statements.

In RM million	Note	Group 2014	Group 2013 (Restated)	Company 2014	Company 2013
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	31	**645.0**	643.4	**645.0**	643.4
Reserves	32	**(514.8)**	1,848.7	**(307.5)**	1,897.1
Retained earnings	33	**5,906.6**	11,158.4	**5,404.9**	4,214.4
		6,036.8	13,650.5	**5,742.4**	6,754.9
Non-controlling interests		**196.3**	280.0	**-**	-
Total equity		**6,233.1**	13,930.5	**5,742.4**	6,754.9
LIABILITIES					
Non-current liabilities					
Borrowings	34	**5,069.2**	7,104.9	**1,439.0**	1,901.0
Derivative liabilities	23	**44.8**	55.9	**40.4**	52.8
Amounts due to subsidiaries	20	**-**	-	**1,019.6**	2,602.9
Other long term liabilities	35	**36.3**	44.5	**-**	0.9
Deferred tax liabilities	24	**451.4**	398.4	**-**	6.4
		5,601.7	7,603.7	**2,499.0**	4,564.0
Current liabilities					
Trade and other payables	36	**866.7**	744.7	**133.0**	88.2
Borrowings	34	**2,454.3**	219.4	**479.7**	-
Amounts due to subsidiaries	20	**-**	-	**1,856.2**	348.4
Amounts due to associates	21	**73.8**	45.5	**-**	-
Derivative liabilities	23	**58.1**	96.3	**22.1**	-
Current tax liabilities		**43.9**	26.5	**15.4**	5.2
		3,496.8	1,132.4	**2,506.4**	441.8
Liabilities of disposal group held for sale/held for distribution to owners	30	**-**	1,240.1	**-**	1.0
Total liabilities		**9,098.5**	9,976.2	**5,005.4**	5,006.8
TOTAL EQUITY AND LIABILITIES		**15,331.6**	23,906.7	**10,747.8**	11,761.7

The notes on pages 126 to 275 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2014

In RM million	Share capital	Share premium	Capital reserves	Foreign currency translation reserve	Treasury shares	Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
		Non-distributable				Distributable			
Group									
As at 1 July 2012									
As previously reported	642.7	1,985.9	132.8	(191.4)	(139.6)	10,197.5	12,627.9	288.0	12,915.9
Effect of adopting FRS 119 (Note 46)	-	-	-	-	-	(20.9)	(20.9)	-	(20.9)
As restated	642.7	1,985.9	132.8	(191.4)	(139.6)	10,176.6	12,607.0	288.0	12,895.0
Profit for the financial year	-	-	-	-	-	1,969.5	1,969.5	24.5	1,994.0
Exchange differences on translation of foreign operations	-	-	-	133.7	-	-	133.7	0.4	134.1
Share of other comprehensive income of associates	-	-	-	1.5	-	-	1.5	-	1.5
Total comprehensive income	-	-	-	135.2	-	1,969.5	2,104.7	24.9	2,129.6
Transactions with owners									
Recognition of share option expenses (Note 9 (b))	-	-	0.2	-	-	-	0.2	-	0.2
Exercise of share options	0.7	27.5	(5.8)	-	-	-	22.4	-	22.4
Repurchase of shares (Note 32.2)	-	-	-	-	(96.1)	-	(96.1)	-	(96.1)
Dividends paid in respect of current financial year (Note 15)	-	-	-	-	-	(447.2)	(447.2)	-	(447.2)
Dividends paid in respect of previous financial year (Note 15)	-	-	-	-	-	(543.3)	(543.3)	-	(543.3)
Changes in equity interest in subsidiaries	-	-	-	-	-	2.8	2.8	(10.5)	(7.7)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(22.4)	(22.4)
As at 30 June 2013	643.4	2,013.4	127.2	(56.2)	(235.7)	11,158.4	13,650.5	280.0	13,930.5

The notes on pages 126 to 275 form an integral part of the financial statements.

In RM million	Share capital	Share premium	Capital reserves	Foreign currency translation reserve	Treasury shares	Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
		Non-distributable				Distributable			
Group									
As at 1 July 2013									
As previously reported	643.4	2,013.4	127.2	(56.2)	(235.7)	11,179.9	13,672.0	280.0	13,952.0
Effect of adopting FRS 119 (Note 46)	-	-	-	-	-	(21.5)	(21.5)	-	(21.5)
As restated	643.4	2,013.4	127.2	(56.2)	(235.7)	11,158.4	13,650.5	280.0	13,930.5
Profit for the financial year	-	-	-	-	-	3,373.6	3,373.6	16.7	3,390.3
Exchange differences on translation of foreign operations	-	-	-	174.6	-	-	174.6	2.5	177.1
Share of other comprehensive income of associates	-	-	-	7.0	-	-	7.0	-	7.0
Total comprehensive income	-	-	-	181.6	-	3,373.6	3,555.2	19.2	3,574.4
Transactions with owners									
Recognition of share option expenses (Note 9 (b))	-	-	0.4	-	-	-	0.4	-	0.4
Exercise of share options	1.6	68.5	(13.9)	-	-	-	56.2	-	56.2
Repurchase of shares (Note 32.2)	-	-	-	-	(205.3)	-	(205.3)	-	(205.3)
Dividends paid in respect of current financial year (Note 15)	-	-	-	-	-	(507.9)	(507.9)	-	(507.9)
Dividends paid in respect of previous financial year (Note 15)	-	-	-	-	-	(543.2)	(543.2)	-	(543.2)
Distribution-in-specie	-	(2,054.3)	-	-	-	(7,563.4)	(9,617.7)	-	(9,617.7)
Derecognition arising from the Demerger Exercise	-	-	-	(340.5)	-	-	(340.5)	(199.0)	(539.5)
Arising from acquisition of subsidiary	-	-	-	-	-	-	-	224.9	224.9
Capital contribution by non-controlling interest	-	-	-	-	-	-	-	53.0	53.0
Changes in equity interest in subsidiaries	-	-	-	-	-	(10.9)	(10.9)	(169.5)	(180.4)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(12.3)	(12.3)
As at 30 June 2014	645.0	27.6	113.7	(215.1)	(441.0)	5,906.6	6,036.8	196.3	6,233.1

The notes on pages 126 to 275 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

For The Financial Year Ended 30 June 2014

		Non-distributable			Distributable	
In RM million	Share capital	Share premium	Capital reserves	Treasury shares	Retained earnings	Total equity
Company						
As at 1 July 2012	642.7	1,985.9	125.0	(139.6)	3,979.0	6,593.0
Profit for the financial year	-	-	-	-	1,225.9	1,225.9
Total comprehensive income	-	-	-	-	1,225.9	1,225.9
Transactions with owners						
Recognition of share option expenses (Note 9 (b))	-	-	0.2	-	-	0.2
Exercise of share options	0.7	27.5	(5.8)	-	-	22.4
Repurchase of shares (Note 32.2)	-	-	-	(96.1)	-	(96.1)
Dividends paid in respect of current financial year (Note 15)	-	-	-	-	(447.2)	(447.2)
Dividends paid in respect of previous financial year (Note 15)	-	-	-	-	(543.3)	(543.3)
As at 30 June 2013	643.4	2,013.4	119.4	(235.7)	4,214.4	6,754.9
As at 1 July 2013	**643.4**	**2,013.4**	**119.4**	**(235.7)**	**4,214.4**	**6,754.9**
Profit for the financial year	**-**	**-**	**-**	**-**	**9,805.0**	**9,805.0**
Total comprehensive income	**-**	**-**	**-**	**-**	**9,805.0**	**9,805.0**
Transactions with owners						
Recognition of share option expenses (Note 9 (b))	**-**	**-**	**0.4**	**-**	**-**	**0.4**
Exercise of share options	**1.6**	**68.5**	**(13.9)**	**-**	**-**	**56.2**
Repurchase of shares (Note 32.2)	**-**	**-**	**-**	**(205.3)**	**-**	**(205.3)**
Distribution-in-specie	**-**	**(2,054.3)**	**-**	**-**	**(7,563.4)**	**(9,617.7)**
Dividends paid in respect of current financial year (Note 15)	**-**	**-**	**-**	**-**	**(507.9)**	**(507.9)**
Dividends paid in respect of previous financial year (Note 15)	**-**	**-**	**-**	**-**	**(543.2)**	**(543.2)**
As at 30 June 2014	**645.0**	**27.6**	**105.9**	**(441.0)**	**5,404.9**	**5,742.4**

The notes on pages 126 to 275 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 30 June 2014

In RM million	Note	Group 2014	Group 2013 (Restated)	Company 2014	Company 2013
Cash Flows From Operating Activities					
Profit before taxation					
From continuing operations		**1,670.8**	1,603.5	**2,240.2**	1,000.9
From discontinued operations		**2,252.7**	907.6	**7,562.0**	214.0
		3,923.5	2,511.1	**9,802.2**	1,214.9
Adjustments for:					
Interest expenses		**276.1**	280.4	**204.6**	200.8
Depreciation of property, plant and equipment	16	**224.0**	248.1	**2.5**	4.6
Net unrealised foreign currency translation loss/(gain)		**92.5**	(219.9)	**(3.2)**	(61.5)
Expenses for retirement benefits	35.1	**21.0**	22.9	**-**	-
Net inventories written down to net realisable values		**8.8**	0.1	**-**	-
Property, plant and equipment written off	16	**4.8**	8.8	**-**	0.7
Loss arising from acquisition of interest in an associate		**4.6**	13.8	**-**	-
Amortisation of prepaid lease payments	17	**2.8**	2.8	**-**	-
Loss on repurchase of Guaranteed Notes		**2.8**	-	**-**	-
Impairment losses on receivables		**1.0**	10.5	**-**	-
Bad debts written off		**0.9**	1.4	**-**	0.6
Share option expenses	9(b)	**0.4**	0.2	**0.4**	0.2
Net fair value gain on investment properties	18	**(1.0)**	(161.7)	**-**	-
Net gain on disposal of land held for property development		**(1.0)**	-	**-**	-
Impairment losses on receivables written back		**(1.8)**	(0.9)	**-**	-
Dividend income from other investments		**(3.6)**	(1.3)	**(0.1)**	(0.2)
Net gain on disposal of property, plant and equipment		**(4.4)**	(2.0)	**-**	(19.8)
Net fair value (gain)/loss on other investments		**(14.5)**	1.1	**(3.1)**	(0.8)
Share of results of joint ventures		**(30.2)**	(82.3)	**-**	-
Interest income		**(35.8)**	(53.4)	**(99.5)**	(111.7)
Dividend income from short term funds		**(58.1)**	(58.8)	**-**	(9.4)
Net fair value (gain)/loss on derivative financial instruments		**(80.2)**	(3.1)	**9.7**	(14.2)
Share of results of associates		**(129.3)**	(111.1)	**-**	-
Gain arising from the Demerger Exercise	13.1	**(1,887.2)**	-	**(5,690.2)**	-
Net fair value loss on financial liabilities		**-**	0.4	**-**	-
Gain on disposal of investment properties		**-**	(0.2)	**-**	-
Realised foreign currency translation gain on borrowings		**-**	(0.7)	**-**	-
Gain on revaluation of existing equity interest upon acquisition	37.2	**-**	(21.1)	**-**	-
Fair value loss on amounts due to subsidiaries		**-**	-	**2.8**	0.4
Dividend income from associates		**-**	-	**(2.3)**	(3.4)
Gain arising from the Internal Restructuring	13.2	**-**	-	**(1,766.8)**	-
Dividend income from subsidiaries		**-**	-	**(2,517.6)**	(1,078.2)
Operating profit/(loss) before working capital changes		**2,316.1**	2,385.1	**(60.6)**	123.0

The notes on pages 126 to 275 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS (Cont'd)

For The Financial Year Ended 30 June 2014

In RM million	Note	Group 2014	Group 2013 (Restated)	Company 2014	Company 2013
Cash Flows From Operating Activities (Continued)					
Operating profit/(loss) before working capital changes		**2,316.1**	2,385.1	**(60.6)**	123.0
Increase/(decrease) in trade payables		**206.7**	(28.4)	**(9.3)**	(1.9)
Increase in other payables and accruals		**181.7**	152.3	**54.1**	6.5
Decrease in other receivables, deposits and prepayments		**7.3**	51.0	**4.5**	14.3
Increase in property development costs		**(73.3)**	(134.1)	**-**	-
(Increase)/decrease in trade receivables		**(189.9)**	125.1	**0.2**	0.1
(Increase)/decrease in inventories		**(298.5)**	784.7	**13.8**	1.7
Cash generated from operations		**2,150.1**	3,335.7	**2.7**	143.7
Tax refunded		**40.0**	47.2	**21.1**	-
Retirement benefits paid	35.1	**(1.1)**	(1.4)	**-**	-
Retirement benefits contributed	35.1	**(28.8)**	(26.8)	**-**	-
Tax paid		**(491.0)**	(579.5)	**(0.8)**	(37.9)
Net cash from operating activities		**1,669.2**	2,775.2	**23.0**	105.8
Cash Flows From Investing Activities					
Proceeds from restricted offer for sale, net of cash and cash equivalents disposed	13.1	**1,203.3**	-	**1,874.7**	-
Payment received from amount due from subsidiaries disposed		**1,004.0**	-	**-**	-
Dividends received from short term funds		**58.1**	58.8	**-**	9.4
Dividends received from associates		**54.5**	64.7	**2.3**	3.4
Interest received		**22.7**	23.9	**3.2**	2.6
Payments from associates		**18.1**	38.6	**-**	-
Proceeds from disposal of land held for property development		**11.9**	-	**-**	-
Proceeds from disposal of other investments		**7.9**	0.9	**5.1**	0.9
Proceeds from disposal of property, plant and equipment		**6.3**	4.4	**930.3**	20.4
Dividends received from other investments		**3.6**	1.3	**0.1**	0.2
Acquisitions of additional interest in subsidiaries		**(2.6)**	(10.2)	**-**	-
Additions to prepaid lease payments		**(4.8)**	(102.5)	**-**	-
Addition to associates		**(6.3)**	(19.7)	**-**	-
Investments in joint ventures		**(22.9)**	(25.5)	**(9.0)**	(9.0)
Deposits paid for the purchase of land		**(25.9)**	(30.8)	**-**	-
Advances to joint ventures		**(31.8)**	(129.1)	**(16.0)**	-
Additions to other investments		**(62.1)**	(0.5)	**-**	-
Additions to investment properties		**(125.1)**	(450.5)	**-**	-
Additions to property, plant and equipment		**(329.4)**	(451.0)	**(4.2)**	(9.6)
Additions to land held for property development		**(491.5)**	(1,156.6)	**-**	-
Acquisition of subsidiaries, net of cash and cash equivalents acquired	37	**(1,000.4)**	(91.1)	**-**	-

The notes on pages 126 to 275 form an integral part of the financial statements.

In RM million	Note	Group 2014	Group 2013 (Restated)	Company 2014	Company 2013
Cash Flows From Investing Activities (Continued)					
Proceeds from disposal of land from compulsory acquisition		**-**	3.7	**-**	-
Proceeds from disposal of shares in subsidiaries		**-**	2.6	**869.4**	-
Proceeds from disposal of investment properties		**-**	1.6	**-**	-
Dividends received from subsidiaries		**-**	-	**2,512.6**	1,068.5
Investment in subsidiaries	20.1	**-**	-	**(3,123.8)**	(39.5)
Advances to subsidiaries		**-**	-	**(1,815.2)**	(1,240.7)
Net cash from/(used in) investing activities		**287.6**	(2,267.0)	**1,229.5**	(193.4)
Cash Flows From Financing Activities					
Proceeds from/(repayments of) short term borrowings		**215.0**	(103.5)	**-**	-
Proceeds from issuance of shares		**56.2**	22.4	**56.2**	22.4
Proceeds from issuance of preference shares to non-controlling interests		**1.0**	-	**-**	-
Dividends paid to non-controlling interests		**(12.3)**	(22.4)	**-**	-
Repayments of term loans		**(28.7)**	(502.4)	**-**	-
Repurchase of Guaranteed Notes		**(79.4)**	-	**-**	-
Repurchase of shares	32.2	**(205.3)**	(96.1)	**(205.3)**	(96.1)
Interest paid		**(294.7)**	(287.0)	**(60.6)**	(57.4)
Dividends paid	15	**(1,051.1)**	(990.5)	**(1,051.1)**	(990.5)
Drawdown of term loans		**-**	502.4	**-**	-
Advances from non-controlling interests		**-**	6.2	**-**	-
Repayments of finance lease obligations		**-**	(0.5)	**-**	-
Redemption of 3rd Exchangeable Bonds	34.2	**-**	(13.2)	**-**	-
Net cash used in financing activities		**(1,399.3)**	(1,484.6)	**(1,260.8)**	(1,121.6)
Net increase/(decrease) in cash and cash equivalents		**557.5**	(976.4)	**(8.3)**	(1,209.2)
Cash and cash equivalents at beginning of financial year		**3,410.6**	4,360.7	**48.1**	1,257.3
Effect of exchange rate changes		**19.6**	26.3	**-**	-
		3,987.7	3,410.6	**39.8**	48.1
Cash and cash equivalents transferred to disposal group held for sale/held for distribution to owners		**-**	(441.2)	**-**	-
Cash and cash equivalents at end of financial year	38	**3,987.7**	2,969.4	**39.8**	48.1

The notes on pages 126 to 275 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. During the financial year, the Company has transferred a significant portion of its plantation estates to its wholly-owned subsidiaries which operate plantation business with the key objective of achieving business effectiveness and operational efficiency.

The principal activities of the subsidiaries, associates and joint ventures are set out in Note 45 to the financial statements.

During the financial year, the Group has demerged the property development, property investment and other property related businesses from the Group. Following the demerger exercise, property related businesses ceased to be the principal activities of the Group.

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 Financial Reporting Standards ("FRSs") and the provisions of the Companies Act, 1965 in Malaysia. However, Note 48 to the financial statements has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

2.2 Basis of accounting

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

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

2.3 Presentation currency

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

3. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs

3.1 New FRSs adopted during the current financial year

Title	Effective Date
FRS 10 *Consolidated Financial Statements*	1 January 2013
FRS 11 *Joint Arrangements*	1 January 2013
FRS 12 *Disclosure of Interests in Other Entities*	1 January 2013
FRS 13 *Fair Value Measurement*	1 January 2013
FRS 119 *Employee Benefits (2011)*	1 January 2013
FRS 127 *Separate Financial Statements*	1 January 2013
FRS 128 *Investments in Associates and Joint Ventures (revised)*	1 January 2013
Amendments to FRS 1 *Government Loans*	1 January 2013
Amendments to FRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Improvements to FRSs (2012)	1 January 2013
Amendments to FRS 10, FRS 11 *and* FRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013

There is no impact upon adoption of the above FRSs, Amendments to FRSs and IC Interpretations during the current financial year other than the following:

i. FRS 12 *Disclosure of Interests in Other Entities*

This Standard prescribes the disclosure requirements relating to interests of an entity in subsidiaries, joint arrangements, associates and structured entities. This Standard requires a reporting entity to disclose information that helps users to assess the nature and financial effects of the relationship of the reporting entity with other entities.

The adoption of this Standard has no effect on the financial position or results of the Group. Additional disclosures where required, are disclosed in Note 20, 21 and 22 to the financial statements.

ii. FRS 13 *Fair Value Measurement*

FRS 13 establishes a single source of guidance under FRS for all fair value measurement. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS. FRS 13 defines fair value as an exit price. As a result of the guidance in FRS 13, the Group reassessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. FRS 13 also requires additional disclosures.

Application of FRS 13 has not materially impacted the fair value measurements of assets or liabilities of the Group and has no effect on the financial position or results of the Group. Additional disclosures where required, are provided in Note 18 and 41.6 to the financial statements. FRS 13 is to be applied prospectively and therefore certain comparative information has not been presented by the Group in respect of the new disclosure requirements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Continued)

3.1 New FRSs adopted during the current financial year (Continued)

iii. FRS 119 *Employee Benefits (2011)*

Prior to the adoption of the new FRS 119, the Group recognise the actuarial gains and losses as income or expenses if the net cumulative unrecognised actuarial gains and losses exceed 10% of the defined benefit obligation. With the adoption of new FRS 119, all actuarial gains and losses are to be recognised in other comprehensive income.

In accordance with the transitional provisions for the new FRS 119, the above changes in accounting policy have been accounted for retrospectively. The effect arising from the adoption of the standard are summarised in Note 46 to the financial statements.

3.2 New FRSs that have been issued, but not yet effective and not yet adopted

Title	Effective Date
Amendments to FRS 132 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to FRS 10 *Consolidated Financial Statements: Investment Entities*	1 January 2014
Amendments to FRS 12 *Disclosure of Interests in Other Entities: Investment Entities*	1 January 2014
Amendments to FRS 127 *Separate Financial Statements (2011): Investment Entities*	1 January 2014
Amendments to FRS 136 *Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
Amendments to FRS 139 *Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
IC Interpretation 21 *Levies*	1 January 2014
Amendments to FRS 119 (2011) *Defined Benefit Plans: Employee Contributions*	1 July 2014
Annual Improvements to FRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011 – 2013 Cycle	1 July 2014
FRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 116 *Property, plant and equipment: Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 138 *Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Mandatory Effective Date of FRS 9 and Transition Disclosures	Deferred
FRS 9 *Financial Instruments (IFRS 9 Financial Instruments issued by IASB in November 2009)*	Deferred
FRS 9 *Financial Instruments (IFRS 9 Financial Instruments issued by IASB in October 2010)*	Deferred
FRS 9 *Financial Instruments (Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139)*	Deferred

The Group is in the process of assessing the impact of the adoption of these FRSs, Amendments to FRSs and IC Interpretations since the effects would only be observable in future financial years.

3. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Continued)

3.3 New Malaysian Financial Reporting Standards ("MFRSs") that have been issued, but have yet to be adopted during the current financial year

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") announced the issuance of the new MFRS Framework that is applicable to entities other than private entities. However, the MASB deferred the effective date of MFRS Framework for transitioning entities (i.e. entities affected by MFRS 141 *Agriculture* and/or IC Interpretation 15 *Agreements for Construction of Real Estate*). The Group would subsequently adopt the MFRS Framework for the financial year ending 30 June 2018 as it is a transitioning entity.

The subsequent adoption of the MFRS Framework would result in the Group preparing an opening MFRS statement of financial position as at 1 July 2016, which adjusts for differences between the classification and measurement bases in the existing FRS Framework versus that in the new MFRS Framework. This would also result in a restatement of the annual and quarterly financial performance for the financial year ending 30 June 2017 in accordance with MFRS, which would form the MFRS comparatives for the annual and quarterly financial performance for the financial year ending 30 June 2018 respectively.

The MFRSs, Amendments to MFRSs and IC Interpretations expected to be adopted are as follows:

MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*

MFRS 2 *Share-based Payment*

MFRS 3 *Business Combinations*

MFRS 4 *Insurance Contracts*

MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*

MFRS 6 *Exploration for and Evaluation of Mineral Resources*

MFRS 7 *Financial Instruments: Disclosures*

MFRS 8 *Operating Segments*

MFRS 9 *Financial Instruments (IFRS 9 Financial Instruments issued by IASB in November 2009)*

MFRS 9 *Financial Instruments (IFRS 9 Financial Instruments issued by IASB in October 2010)*

MFRS 9 *Financial Instruments (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139)*

MFRS 10 *Consolidated Financial Statements*

MFRS 11 *Joint Arrangements*

MFRS 12 *Disclosure of Interests in Other Entities*

MFRS 13 *Fair Value Measurement*

MFRS 14 *Regulatory Deferral Accounts*

MFRS 15 *Revenue from Contracts with Customers*

MFRS 101 *Presentation of Financial Statements*

MFRS 102 *Inventories*

MFRS 107 *Statement of Cash Flows*

MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*

MFRS 110 *Events After the Reporting Period*

MFRS 112 *Income Taxes*

MFRS 116 *Property, Plant and Equipment*

MFRS 117 *Leases*

MFRS 119 *Employee Benefits*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Continued)

3.3 New Malaysian Financial Reporting Standards ("MFRSs") that have been issued, but have yet to be adopted during the current financial year (Continued)

The MFRSs, Amendments to MFRSs and IC Interpretations expected to be adopted are as follows (Continued):

MFRS 119 *Employee Benefits (2011)*

MFRS 120 *Accounting for Government Grants and Disclosure of Government Assistance*

MFRS 121 *The Effects of Changes in Foreign Exchange Rates*

MFRS 123 *Borrowing Costs*

MFRS 124 *Related Party Disclosures*

MFRS 126 *Accounting and Reporting by Retirement Benefit Plans*

MFRS 127 *Separate Financial Statements*

MFRS 128 *Investments in Associates and Joint Ventures*

MFRS 129 *Financial Reporting in Hyperinflationary Economies*

MFRS 132 *Financial Instruments: Presentation*

MFRS 133 *Earnings Per Share*

MFRS 134 *Interim Financial Reporting*

MFRS 136 *Impairment of Assets*

MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*

MFRS 138 *Intangible Assets*

MFRS 139 *Financial Instruments: Recognition and Measurement*

MFRS 140 *Investment Property*

MFRS 141 *Agriculture*

Mandatory Effective Date of MFRS 9 and Transition Disclosures

Amendments to MFRS 1 *Government Loans*

Amendments to MFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities*

Amendments to MFRS 10, MFRS 11 and MFRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*

Amendments to MFRS 10, MFRS 12 and MFRS 127 *Investment Entities*

Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*

Amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income*

Amendments to MFRS 116 *Property, plant and equipment: Clarification of Acceptable Methods of Depreciation and Amortisation*

Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*

Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions*

Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*

Amendments to MFRS 136 *Recoverable Amount Disclosures for Non-Financial Assets*

Amendments to MFRS 138 *Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation*

Amendments to MFRS 139 *Novation of Derivatives and Continuation of Hedge Accounting*

Amendments to MFRSs *Annual Improvements 2009 – 2011 Cycle*

Amendments to MFRSs *Annual Improvements 2010 – 2012 Cycle*

Amendments to MFRSs *Annual Improvements 2011 – 2013 Cycle*

3. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Continued)

3.3 New Malaysian Financial Reporting Standards ("MFRSs") that have been issued, but have yet to be adopted during the current financial year (Continued)

The MFRSs, Amendments to MFRSs and IC Interpretations expected to be adopted are as follows (Continued):

Improvements to MFRSs (2008)

Improvements to MFRSs (2009)

Improvements to MFRSs (2010)

IC Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*

IC Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments*

IC Interpretation 4 *Determining whether an Arrangement Contains a Lease*

IC Interpretation 5 *Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*

IC Interpretation 6 *Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment*

IC Interpretation 7 *Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies*

IC Interpretation 9 *Reassessment of Embedded Derivatives*

IC Interpretation 10 *Interim Financial Reporting and Impairment*

IC Interpretation 12 *Service Concession Arrangements*

IC Interpretation 14 *MFRS 119 Employee Benefits – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*

IC Interpretation 17 *Distributions of Non-cash Assets to Owners*

IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*

IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*

IC Interpretation 21 *Levies*

IC Interpretation 107 *Introduction of the Euro*

IC Interpretation 110 *Government Assistance – No Specific Relation to Operating Activities*

IC Interpretation 115 *Operating Leases – Incentives*

IC Interpretation 125 *Income Taxes – Changes in the Tax Status of an Entity or its Shareholders*

IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*

IC Interpretation 129 *Service Concession Arrangements: Disclosures*

IC Interpretation 132 *Intangible Assets – Web Site Costs*

The Group is in the process of assessing the impact on the financial statements arising from the transition from FRSs to MFRSs. However, some of the known effects are described as follows:

MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*

This Standard requires an opening MFRS statement of financial position at the date of transition to reflect the retrospective effects of implementing the MFRS Framework for the first time. However, it also provides some exceptions and exemptions to an entity from full retrospective application of MFRSs.

The Group is in the process of assessing the impact of implementing the MFRS Framework since the effects would only be observable in the future financial year.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Continued)

3.3 New Malaysian Financial Reporting Standards ("MFRSs") that have been issued, but have yet to be adopted during the current financial year (Continued)

MFRS 141 *Agriculture*

This Standard prescribes the accounting treatment, financial statements presentation, and disclosures related to agricultural activity. It requires measurement at fair value less costs to sell from initial recognition of biological assets up to the point of harvest, other than when fair value cannot be measured realiably on initial recognition. This Standard requires that subsequent change in fair value less costs to sell of a biological asset be included in profit or loss for the period in which it arises.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable in the future financial year.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Changes in estimates

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

4.2 Key sources of estimation uncertainty

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

4.2.1 Impairment of goodwill on consolidation

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

4.2.2 Deferred tax assets

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

4.2.3 Write down for obsolete or slow moving inventories

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

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 Business Combinations

Business combinations from 1 July 2010 onwards

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

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

i. deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 *Income Taxes* and FRS 119 *Employee Benefits* respectively;

ii. liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with FRS 2 *Share-based Payment* at the acquisition date; and

iii. assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

i. if the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity; and

ii. subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of FRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with FRS 139. All other subsequent changes are recognised in profit or loss.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.1 Basis of Consolidation (Continued)

5.1.1 Business Combinations (Continued)

Business combinations before 1 July 2010

Under the purchase method of accounting, the cost of a 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 costs directly attributable to the business combination.

At the acquisition date, the cost of a business combination is allocated to identifiable assets acquired, liabilities assumed and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of a 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 to the financial statements on goodwill). If the cost of a business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

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

ii. recognise immediately in profit or loss any excess remaining after that reassessment.

When a business combination includes more than one (1) exchange transaction, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

5.1.2 Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one (1) or more of the three (3) elements of control stated above. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including rights arising from contractual arrangement and potential voting rights.

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.1 Basis of Consolidation (Continued)

5.1.2 Subsidiaries (Continued)

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

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.

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

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at either fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition date fair values, unless another measurement basis is required by FRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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

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

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

i. the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

ii. the previous carrying amounts of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.1 Basis of Consolidation (Continued)

5.1.3 Associates

Associates are entities in which the Group and the Company have significant influence and that are neither subsidiaries nor interest in joint ventures. Significant influence is the power to participate in the financial and operating policy decisions of the investees but is not control or joint control over those policies.

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

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

The 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 represents 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 fair values of the associates' identifiable assets, liabilities and contingent liabilities over the cost of investment at the date of acquisition is recognised in consolidated profit or loss.

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

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

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

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed off and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the interest of the Group in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.1 Basis of Consolidation (Continued)

5.1.4 Joint arrangements

A joint arrangement is an arrangement of which two (2) or more parties have joint control. The parties are bound by a contractual arrangement which gives two (2) or more parties joint control of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is either a joint operation or a joint venture.

A joint arrangement classified as joint operations when the Group and the Company have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group and the Company recognise its share of assets, liabilities, revenue and expenses of the joint arrangement in relation to its interest in a joint operation.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint operation that is attributable to the other parties. The Group does not recognise its share of profits or losses from the joint operation that result from the purchase of assets by the Group from the joint operation until it resells the assets to an independent party.

A joint arrangement classified as joint venture when the Group and the Company have rights to the net assets of the arrangement. In the Company's separate financial statements, an investment in a joint venture is stated at cost less impairment losses, if any.

Any premium paid for an investment in a joint venture above the fair value of the share of the identifiable assets, liabilities and contingent liabilities acquired of the Group is capitalised and included in the carrying amount of the investment in joint venture. Where there is an objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in accordance with FRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount with its carrying amount.

Joint arrangements are accounted for in the consolidated financial statements using the equity method in accordance with FRS 128 *Investment in Associates and Joint Ventures*. The consolidated financial statements include the Group's share of the income and expenses of the equity accounted joint arrangements, 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.

5.1.5 Transactions eliminated on consolidation

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

Unrealised profits arising on transactions between the Group and its associates and joint ventures, 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 joint ventures. Unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 translation and balances

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

5.2.3 Foreign operations

Financial statements of foreign operations are translated at the end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

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

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

5.3 Property, Plant and Equipment and Depreciation

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.3 Property, Plant and Equipment and Depreciation (Continued)

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, is depreciated separately.

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

Freehold land has an unlimited useful life and therefore is not depreciated.

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

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

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

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

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

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

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

5.4 New Planting and Replanting Expenditure

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.5 Borrowing Costs

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

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

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

5.6 Leases

5.6.1 Finance leases

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

The minimum lease payments are allocated between finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining finance lease obligations.

Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. The land and buildings elements of a lease are considered separately for the purpose of lease classification. All leases that do not transfer substantially all the risks and the rewards are classified as operating leases other than the following:

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

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

5.6.2 Operating lease – the Group as lessee

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

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.6 Leases (Continued)

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 the 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.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

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 activity have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

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

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

5.7.2 Property development costs

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Investment properties also include properties that are being constructed or developed for future use as investment properties. 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 and where appropriate, on the investment method.

If the Group determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Group is able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Group shall measure that property at its fair value.

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

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

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

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

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

5.9 Construction Contracts

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.10 Inventories

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

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

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

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

5.11 Cash and Cash Equivalents

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

5.12 Goodwill

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

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

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

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

5.13 Impairment of Non-financial Assets

The carrying amounts of assets, other than inventories, deferred tax assets, assets arising from construction contracts, assets arising from employee benefits, investment properties, property development costs, non-current assets (or disposal groups) held for sale/held for distribution to owners and financial assets (other than investments in subsidiaries, associates and joint ventures) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If such indication exists, impairment is measured by comparing the carrying value of the assets with their recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.13 Impairment of Non-financial Assets (Continued)

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

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

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

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 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.

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.14 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one (1) enterprise and a financial liability or equity instrument of another enterprise.

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

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

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

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

5.14.1 Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

i. Financial assets at fair value through profit or loss

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.14 Financial Instruments (Continued)

5.14.1 Financial assets (Continued)

ii. Held-to-maturity investments

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

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

iii. Loans and receivables

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

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

iv. Available-for-sale financial assets

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

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.14 Financial Instruments (Continued)

5.14.2 Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

i. Financial liabilities at fair value through profit or loss

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

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

ii. Other financial liabilities

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.14 Financial Instruments (Continued)

5.14.2 Financial liabilities (Continued)

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

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

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

5.14.3 Equity instruments

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

Ordinary shares are classified as equity and are recorded at the their 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. Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon approval by shareholders in a general meeting.

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

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

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

5.14.4 Derivative financial instruments

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.15 Impairment of Financial Assets

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

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

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

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

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

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

ii. Available-for-sale financial assets

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

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

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

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

5.16 Provisions

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.16 Provisions (Continued)

Provisions for restructuring are recognised when the Group has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

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

5.17 Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one (1) 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 (1) or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but disclosed 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 values at the acquisition dates.

5.18 Revenue Recognition

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

5.18.1 Commodities, other products and services

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

5.18.2 Property development

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.18 Revenue Recognition (Continued)

5.18.3 Construction contracts

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

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

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

5.18.4 Dividend income

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

5.18.5 Rental income

Rental income from investment properties is recognised based on the accruals basis.

5.18.6 Interest income

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

5.18.7 Management fees

Management fees are recognised when services are rendered.

5.19 Employee Benefits

5.19.1 Short term employee benefits

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

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.19 Employee Benefits (Continued)

5.19.2 Retirement benefits

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

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that defines the amount of pension benefit to be provided, usually as a function of one (1) or more factors such as age and years of service.

5.19.2.1 Defined contribution plans

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

5.19.2.2 Defined benefit plans

The Group operates various defined benefit plans for eligible employees of the Group. The amount recognised as a liability in respect of the defined benefit plan is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets.

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

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

Re-measurement of the net defined obligation which comprise of actuarial gains and losses, the effect of the asset ceiling, and the return on plan assets are recognised directly within equity in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

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

Net interest is recognised in profit or loss, and is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the balance of the net defined benefit obligation, considering the effects of contributions and benefit payment during the reporting period. Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.19 Employee Benefits (Continued)

5.19.2 Retirement benefits (Continued)

5.19.2.2 Defined benefit plans (Continued)

If the Group has an unconditional right to a refund during the life of the plan, it would recognise an asset measured as the amount of the surplus at the reporting date that it has a right to receive a refund which would be the fair value of the plan assets less the present value of the defined benefits obligation, less any associated costs, such as taxes. If the amount of a refund is determined as the full amount or a proportion of the surplus, rather than a fixed amount, the Group would make no adjustment for the time value of money, even if the refund is realisable only at a future date.

If there is no minimum funding requirement for contributions relating to future service, the economic benefit available as a reduction in future contributions is the present value of future service cost to the entity for each period over the shorter of the expected life of the plan and the expected life of the entity. The Group would assume that there would be no change to the benefits provided by a plan in the future until the plan is amended and a stable workforce unless it is demonstrably committed at the reporting dates to make a reduction in the number of employees covered by the plan.

5.19.3 Equity compensation benefits

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.19 Employee Benefits (Continued)

5.19.3 Equity compensation benefits (Continued)

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

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

5.20 Income Taxes

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

Taxation in profit or loss comprises current and deferred tax.

5.20.1 Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties.

5.20.2 Deferred tax

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.20 Income Taxes (Continued)

5.20.2 Deferred tax (Continued)

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

i. the same taxable entity; or

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government which have the substantive effect of actual enactment by the end of the reporting period.

5.21 Non-current Assets (or Disposal Groups) Held For Sale/Held For Distribution to owners and discontinued operations

5.21.1 Non-current Assets (or Disposal Groups) Held For Sale/Held For Distribution to owners

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary. Management must be committed to a plan to sell the assets which are expected to qualify for recognition as a completed sale within one (1) year from the date of classification. However, an extension of the period required to complete the sale does not preclude the assets (or disposal groups) from being classified as held for sale if the delay is caused by events or circumstances beyond the control of the Group and there is sufficient evidence that the Group remains committed to its plan to sell the assets (or disposal groups).

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.21 Non-current Assets (or Disposal Groups) Held For Sale/Held For Distribution to owners and discontinued operations (Continued)

5.21.1 Non-current Assets (or Disposal Groups) Held For Sale/Held For Distribution to owners (Continued)

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

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

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

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

5.21.2 Discontinued operations

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. When an operation is classified as discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the beginning of the comparative period.

5.22 Earnings Per Share

The Group presents basic and diluted earnings per shares ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing profit or loss attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting profit and loss attributable to owners of the parent and weighted average number of ordinary shares outstanding for the effects of all potentially dilutive ordinary shares.

5.23 Operating Segments

Operating segments are defined as components of the Group that:

i. engage in business activities from which they may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

ii. whose operating results are regularly reviewed by the Group's chief operating decision maker (i.e. the Group's Chief Executive Officer) in making decisions about resources to be allocated to the segment and assessing its performance; and

iii. for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.23 Operating Segments (Continued)

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

i. The reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (10) per cent or more of the combined revenue, internal and external, of all operating segments.

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

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

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

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

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five (75) percent of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior year's segment data for comparative purposes.

5.24 Fair value measurements

The fair value of an asset or a liability, (except for share-based payment and lease transactions) is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group considers the following characteristics when determining fair value:

i. the condition and location of the asset; and

ii. restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

i. a liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

ii. an entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.24 Fair value measurements (Continued)

The financial and non-financial assets and liabilities that are measured subsequent to initial recognition at fair value are grouped into Level 1 to Level 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

6. REVENUE

	Group		Company	
In RM million	2014	2013	2014	2013
Sales of plantation produce and related products	**260.4**	142.8	**8.8**	7.7
Resource-based manufacturing	**11,584.9**	11,984.7	**-**	-
Dividends income	**59.8**	53.0	**2,500.1**	1,052.5
Others	**5.5**	18.0	**-**	-
	11,910.6	12,198.5	**2,508.9**	1,060.2

7. OTHER OPERATING INCOME

	Group		Company	
In RM million	2014	2013	2014	2013
Fair value gain of investment properties	**1.0**	0.4	**-**	-
Fair value gain on derivative financial instruments	**174.9**	129.3	**12.4**	22.1
Fair value gain on other investments	**15.9**	0.8	**3.1**	0.8
Fair value gain on short term funds	**11.6**	2.9	**-**	-
Gain on disposal of property, plant and equipment	**4.4**	2.4	**-**	-
Realised fair value gain on derivative financial instruments	**166.5**	487.2	**-**	-
Realised foreign currency translation gain	**44.2**	61.1	**-**	3.8
Unrealised foreign currency translation gain	**14.5**	260.9	**19.1**	61.2
Others	**27.6**	30.5	**0.4**	1.2
	460.6	975.5	**35.0**	89.1

8. OTHER OPERATING EXPENSES

In RM million	Group 2014	Group 2013 (Restated)	Company 2014	Company 2013
Depreciation of property, plant and equipment	**85.8**	60.3	**0.4**	0.4
Fair value loss on derivative financial instruments	**94.7**	126.2	**22.1**	7.9
Fair value loss on other investments	**1.4**	2.0	**-**	-
Fair value loss on financial liabilities	**-**	0.4	**-**	-
Fair value loss on short term funds	**0.3**	6.2	**-**	-
Impairment losses on receivables	**0.6**	9.2	**-**	-
Loss arising from acquisition of interest in an associate	**4.6**	13.8	**-**	-
Loss on disposal of property, plant and equipment	**0.1**	0.7	**-**	-
Property, plant and equipment written off	**4.8**	8.7	**-**	-
Realised fair value loss on derivative financial instruments	**159.7**	236.6	**-**	-
Realised foreign currency translation loss	**88.9**	100.3	**1.3**	-
Rental expenses	**11.6**	8.4	**-**	-
Fair value loss on amounts due to subsidiaries	**-**	-	**2.8**	0.4
Replanting expenditure	**56.8**	41.1	**0.5**	-
Research and development expenses	**9.0**	7.4	**-**	-
Unrealised foreign currency translation loss	**107.0**	41.0	**15.9**	0.1
Others	**39.5**	30.1	**17.5**	8.9
	664.8	692.4	**60.5**	17.7

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

9. OPERATING PROFIT

In RM million	Group 2014	Group 2013 (Restated)	Company 2014	Company 2013
a) Other than those disclosed in Note 7 and Note 8, operating profit has been arrived at after charging:				
Amortisation of prepaid lease payments (Note 17)	**2.8**	2.8	**-**	-
Auditors' remuneration				
BDO and affiliates				
Statutory audit	**0.9**	0.9	**0.1**	0.1
Non-statutory audit				
– tax compliance and advisory services	**0.3**	0.2	**-**	-
Member firms of BDO International				
Statutory audit	**1.1**	0.8	**-**	-
Non-statutory audit				
– tax compliance and advisory services	**0.4**	-	**-**	-
Other auditors				
Statutory audit	**0.7**	0.5	**-**	-
Bad debts written off	**-**	1.3	**-**	0.6
Depreciation of property, plant and equipment	**224.0**	229.8	**0.5**	0.4
Expenses for retirement benefits (Note 35.1)	**21.0**	22.9	**-**	-
Hire of plant and machinery	**8.3**	6.3	**-**	-
Inventories written down to net realisable values	**12.5**	8.1	**-**	-
Lease of land	**1.5**	1.6	**-**	-
Property, plant and equipment written off	**4.8**	8.8	**-**	-
Rental of premises	**1.7**	0.5	**-**	-
Share option expenses (Note 9(b))	**0.4**	0.2	**0.4**	0.2
and crediting:				
Reversal of inventories written down to net realisable values	**3.7**	7.8	**-**	-
Gross dividends received from:				
– short term funds quoted in Malaysia	**56.2**	51.7	**-**	9.4
– other quoted investments in Malaysia	**1.3**	1.3	**0.1**	0.2
– other unquoted investments in Malaysia	**2.3**	-	**-**	-
– unquoted subsidiaries	**-**	-	**2,497.7**	1,039.5
– unquoted associates	**-**	-	**2.3**	3.4
Impairment losses on receivables written back	**0.2**	0.9	**-**	-
Rental income from:				
– investment properties	**0.3**	0.4	**-**	-
– plant and machinery	**3.6**	0.1	**-**	-
– others	**2.1**	1.3	**-**	-

Cost of inventories of the Group recognised as an expense during the financial year amounted to RM5,121.0 million (2013 – RM5,501.3 million).

9. OPERATING PROFIT (Continued)

b) Employee information

The employee benefits costs are as follows:

In RM million	Group 2014	Group 2013 (Restated)	Company 2014	Company 2013
Wages, salaries and others	**829.2**	730.9	**110.2**	46.6
Post employment benefits	**57.4**	49.4	**13.2**	5.5
Expenses for retirement benefits (Note 35.1)	**21.0**	22.9	**-**	-
Share option expenses	**0.4**	0.2	**0.4**	0.2
	908.0	803.4	**123.8**	52.3

10. INTEREST INCOME

In RM million	Group 2014	Group 2013	Company 2014	Company 2013
Short term deposits	**18.7**	18.9	**3.1**	1.8
Subsidiaries	**-**	-	**78.0**	78.7
Discontinued operations	**28.8**	39.6	**8.8**	30.0
Others	**0.3**	1.1	**0.2**	0.2
	47.8	59.6	**90.1**	110.7

11. FINANCE COSTS

In RM million	Group 2014	Group 2013	Company 2014	Company 2013
Interest expenses				
Term loans	**111.8**	110.0	**60.6**	57.5
Guaranteed Notes	**84.6**	81.3	**-**	-
Notes	**85.2**	85.6	**-**	-
Short term loans	**5.1**	5.4	**-**	-
Subsidiaries	**-**	-	**122.6**	94.6
Discontinued operations	**0.3**	0.3	**8.7**	30.0
Others	**3.0**	2.7	**1.9**	1.8
	290.0	285.3	**193.8**	183.9
Less: Interest capitalised	**(7.6)**	(6.2)	**-**	-
	282.4	279.1	**193.8**	183.9

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12. TAXATION

In RM million	Group 2014	Group 2013 (Restated)	Company 2014	Company 2013
Current year				
Malaysian income taxation	**348.8**	343.0	**2.8**	38.8
Foreign taxation	**49.8**	26.8	**-**	-
Deferred taxation	**11.2**	(11.9)	**-**	-
	409.8	357.9	**2.8**	38.8
Prior years				
Malaysian income taxation	**(22.2)**	(47.0)	**-**	(52.1)
Foreign taxation	**18.7**	(0.2)	**-**	-
Deferred taxation	**2.1**	9.5	**-**	-
	(1.4)	(37.7)	**-**	(52.1)
	408.4	320.2	**2.8**	(13.3)

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

%	Group 2014	Group 2013 (Restated)	Company 2014	Company 2013
Applicable tax rate	**25.00**	25.00	**25.00**	25.00
Tax effects in respect of:				
Non allowable expenses	**8.02**	6.44	**3.55**	8.93
Non-taxable income	**(2.30)**	(5.45)	**(0.52)**	(7.31)
Revenue expenses capitalised	**(0.01)**	(0.01)	**-**	-
Tax exempt income	**(1.32)**	(1.51)	**(27.90)**	(22.75)
Tax incentives and allowances	**(0.36)**	(0.31)	**-**	-
Utilisation of previously unrecognised tax losses and capital allowances	**(3.07)**	(0.15)	**-**	-
Different tax rates in foreign jurisdiction	**0.81**	0.70	**-**	-
Share of post-tax results of associates	**(1.91)**	(1.63)	**-**	-
Other items	**(0.34)**	(0.75)	**-**	-
	24.52	22.33	**0.13**	3.87
Over provision in prior years	**(0.08)**	(2.35)	**-**	(5.20)
	24.44	19.98	**0.13**	(1.33)

The amount of tax savings arising from the utilisation of brought forward unutilised tax losses of the Group amounted to approximately RM51.2 million (2013 – RM2.3 million).

Subject to agreement with the tax authorities, certain subsidiaries of the Group have unutilised tax losses of approximately RM53.7 million (2013 – RM101.1 million), 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.

12. TAXATION (Continued)

Malaysian income tax is calculated at the statutory rate of 25% (2013 – 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Deferred tax is calculated on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

13. DISCONTINUED OPERATIONS

The discontinued operations of the Group and of the Company comprise the followings:

13.1 Demerger of property businesses

On 14 May 2013, the Company proposed to demerge the property development, property investment and other property related businesses of the Group (“Property Business”) to create two (2) separate and independent listed entities with distinct businesses; namely, IOI Properties Group Berhad, (“IOIPG”) to hold the Property Business; whilst the Company continues to hold the remaining existing businesses of the Group (“Demerger Exercise”).

The Demerger Exercise entailed:

i. the distribution of 2,130.3 million ordinary shares of RM1.00 each in IOIPG (“IOIPG Shares”) held by the Company to the shareholders of the Company by way of distribution-in-specie on a basis of one (1) IOIPG Share for every three (3) existing ordinary shares of RM0.10 each held in the Company (“IOIC Shares”); and

ii. the non-renounceable restricted offer for sale of the remaining 1,065.2 million IOIPG Shares held by the Company to the shareholders of the Company on the basis of one (1) IOIPG Share for every six (6) IOIC Shares, at an offer price of RM1.76 per IOIPG Share.

The Demerger Exercise was completed on 13 January 2014. Following the Demerger Exercise, IOIPG ceased to be a subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. DISCONTINUED OPERATIONS (Continued)

13.1 Demerger of property businesses (Continued)

Fair value of identifiable assets and liabilities demerged

In RM million	Group
Property, plant and equipment	677.7
Prepaid lease payments	105.2
Land held for property development	2,333.8
Investment properties	2,075.1
Goodwill on consolidation	91.7
Investments in associates	66.6
Interests in joint ventures	3,869.1
Deferred tax assets	30.7
Property development costs	2,010.0
Inventories	95.6
Trade and other receivables	657.1
Other investments	61.7
Short term funds	208.6
Deposits with financial institutions	139.4
Cash and bank balances	323.4
Trade and other payables	(1,843.7)
Current tax liabilities	(44.1)
Other long term liabilities	(90.4)
Borrowings	(518.7)
Deferred tax liabilities	(104.1)
Fair value of identifiable net assets demerged	10,144.7

Net cash flow arising from the Demerger Exercise

	Group
Fair value of identifiable net assets demerged	10,144.7
Exchange translation reserve	(340.5)
Non-controlling interest	(199.0)
	9,605.2
Distribution-in-specie	(9,617.7)
Gain arising from the Demerger Exercise	1,887.2
Consideration received from restricted offer for sale	1,874.7
Less: Cash and cash equivalents of subsidiary disposed	(671.4)
Proceeds from restricted offer for sale, net of cash and cash equivalents disposed	1,203.3

13.2 Internal restructuring on plantation and resource-based manufacturing

On 23 December 2013, the Company completed an internal restructuring ("Internal Restructuring") involving its plantation and resource-based manufacturing assets and subsidiaries. Upon completion of the Internal Restructuring, a significant portion of the Company's plantation estates is transferred to its wholly-owned subsidiaries which hold plantation business.

13. DISCONTINUED OPERATIONS (Continued)

13.3 Results of discontinued operations

The results of the discontinued operations are as follows:

		Group		Company	
In RM million	Note	2014	2013	2014	2013
Revenue	13.3.1	**768.1**	1,355.0	**171.8**	338.7
Cost of sales		**(341.0)**	(525.3)	**(59.7)**	(120.3)
Gross profit		**427.1**	829.7	**112.1**	218.4
Other operating income		**10.6**	242.5	**10.1**	54.0
Marketing and selling expenses		**(28.7)**	(44.4)	**(0.2)**	(0.4)
Administration expenses		**(42.3)**	(71.5)	**(5.5)**	(29.0)
Other operating expenses		**(28.0)**	(130.6)	**(10.2)**	(13.1)
Operating profit from discontinued operations	13.3.2	**338.7**	825.7	**106.3**	229.9
Share of result of associate		**1.5**	6.9	**-**	-
Share of result of joint ventures		**31.0**	82.5	**-**	-
Profit before interest and taxation		**371.2**	915.1	**106.3**	229.9
Interest income		**17.1**	33.7	**18.2**	14.2
Finance costs		**(22.8)**	(41.2)	**(19.5)**	(30.1)
Profit before taxation from discontinued operations		**365.5**	907.6	**105.0**	214.0
Taxation	13.3.3	**(125.4)**	(192.7)	**5.6**	(2.3)
		240.1	714.9	**110.6**	211.7
Gain on disposal of discontinued operations		**1,887.2**	-	**7,457.0**	-
Profit for the financial year from discontinued operations, net of tax		**2,127.3**	714.9	**7,567.6**	211.7

13.3.1 Revenue from discontinued operations

	Group		Company	
In RM million	2014	2013	2014	2013
Sales of plantation produce and related products	**14.2**	35.4	**151.9**	300.0
Sales of development properties	**636.0**	1,103.4	**-**	-
Rental income from investment properties	**55.0**	106.6	**-**	-
Rendering of services	**61.0**	102.5	**-**	-
Dividends income	**1.9**	7.1	**19.9**	38.7
	768.1	1,355.0	**171.8**	338.7

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. DISCONTINUED OPERATIONS (Continued)

13.3 Results of discontinued operations (Continued)

13.3.2 Operating profit from discontinued operations

	Group		Company	
In RM million	2014	2013	2014	2013
Operating profit from discontinued operations has been arrived at after charging:				
Auditors' remuneration				
BDO and affiliates				
Statutory audit	**-**	0.4	**-**	-
Non-statutory audit				
– tax compliance and advisory services	**1.0**	-	**1.0**	-
– others	**0.4**	0.8	**0.4**	0.8
Other auditors				
Non-statutory audit				
– tax compliance and advisory services	**-**	0.2	**-**	-
Bad debts written off	**0.9**	0.1	**-**	-
Depreciation of property, plant and equipment	**-**	18.3	**2.0**	4.2
Direct operating expenses of investment properties	**13.9**	27.7	**-**	-
Property, plant and equipment written off	**-**	-	**-**	0.7
Realised foreign currency translation loss	**1.5**	8.6	**-**	-
Replanting expenditure	**-**	-	**5.7**	-
Research and development expenses	**-**	-	**0.8**	1.5
Fair value loss on investment properties	**-**	38.1	**-**	-
Impairment losses on receivables	**0.4**	1.3	**-**	-
Loss on disposal of property, plant and equipment	**-**	0.2	**-**	-
Loss on disposal of land held for property development	**0.6**	-	**-**	-
Rental of premises	**0.1**	0.3	**-**	1.3

13. DISCONTINUED OPERATIONS (Continued)

13.3 Results of discontinued operations (Continued)

13.3.2 Operating profit from discontinued operations (Continued)

In RM million	Group 2014	Group 2013	Company 2014	Company 2013
and crediting:				
Fair value gain on investment properties	**-**	199.4	**-**	-
Fair value gain on short term funds	**0.3**	-	**-**	-
Fair value gain on other investment	**-**	0.1	**-**	-
Gain on disposal of investment properties	**-**	0.2	**-**	-
Gain on disposal of land held for property development	**1.6**	-	**-**	-
Gain on disposal of property, plant and equipment	**0.1**	0.5	**-**	19.8
Gain on revaluation of existing equity interest upon acquisition	**-**	21.1	**-**	-
Impairment losses on receivables written back	**1.6**	-	**-**	-
Management fee	**-**	-	**7.5**	28.1
Gross dividends received from:				
– short term funds quoted in Malaysia	**1.9**	7.1	**-**	-
– unquoted subsidiaries	**-**	-	**19.9**	38.7
Rental income from:				
– investment properties	**55.0**	106.6	**-**	-
– rendering of services	**4.3**	8.8	**-**	-
– others	**0.6**	1.2	**0.1**	0.1
Reversal of inventories written down to net realisable values	**-**	0.2	**-**	-
Realised foreign currency translation gain	**1.1**	-	**0.4**	-
Unrealised foreign currency translation gain	**-**	-	**-**	0.4

Cost of inventories of the Company recognised as an expense during the financial year amounted to RM9.6 million (2013 – RM13.4 million).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. DISCONTINUED OPERATIONS (Continued)

13.3 Results of discontinued operations (Continued)

13.3.3 Taxation for discontinued operations

	Group		Company	
In RM million	2014	2013	2014	2013
Current year				
Malaysian income taxation	**68.7**	189.0	**0.8**	1.9
Foreign taxation	**9.8**	0.3	**-**	-
Deferred taxation	**38.6**	-	**(6.4)**	0.3
	117.1	189.3	**(5.6)**	2.2
Prior years				
Malaysian income taxation	**8.4**	1.2	**-**	-
Deferred taxation	**(0.1)**	2.2	**-**	0.1
	8.3	3.4	**-**	0.1
	125.4	192.7	**(5.6)**	2.3

13.3.4 Cash flows attributable to discontinued operations

	Group		Company	
In RM million	2014	2013	2014	2013
Net cash from/(used in) operating activities	**417.0**	504.4	**(19.9)**	(38.7)
Net cash (used in)/from investing activities	**(783.4)**	(2,300.2)	**19.9**	38.7
Net cash from financing activities	**596.6**	1,601.4	**-**	-
	230.2	(194.4)	**-**	-

14. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

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

	Group	
	2014	**2013 (Restated)**
In RM million		
Profit for the financial year attributable to owners of the parent		
From continuing operations	**1,254.6**	1,280.1
From discontinued operations	**2,118.4**	693.6
	3,373.0	1,973.7
In million		
Weighted average number of ordinary shares of RM0.10 each in issue after deducting the treasury shares	**6,373.2**	6,391.3
In sen		
Basic earnings per ordinary share		
From continuing operations	**19.69**	20.03
From discontinued operations	**33.24**	10.85
	52.93	30.88

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

14. EARNINGS PER ORDINARY SHARE (Continued)

Diluted earnings per ordinary share

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

	Group	
	2014	**2013 (Restated)**
In RM million		
Profit for the financial year attributable to owners of the parent		
From continuing operations	**1,254.6**	1,280.1
From discontinued operations	**2,118.4**	693.6
	3,373.0	1,973.7
The adjusted weighted average number of ordinary shares for the computation of diluted earnings per ordinary share is arrived at as follows:		
In million		
Weighted average number of ordinary shares in issue after deducting the treasury shares	**6,373.2**	6,391.3
Adjustments for share option granted to executives of the Group	**15.1**	15.3
Adjusted weighted average number of ordinary shares for diluted earnings per ordinary share	**6,388.3**	6,406.6
In sen		
Diluted earnings per ordinary share		
From continuing operations	**19.64**	19.98
From discontinued operations	**33.16**	10.83
	52.80	30.81

15. DIVIDENDS

	Group and Company	
In RM million	**2014**	**2013**
Second interim single tier dividend in respect of financial year ended 30 June 2013 declared and paid of 8.5 sen per ordinary share	**543.2**	-
First interim single tier dividend in respect of financial year ended 30 June 2014 declared and paid of 8.0 sen per ordinary share	**507.9**	-
Second interim single tier dividend in respect of financial year ended 30 June 2012 declared and paid of 8.5 sen per ordinary share	**-**	543.3
First interim single tier dividend in respect of financial year ended 30 June 2013 declared and paid of 7.0 sen per ordinary share	**-**	447.2
	1,051.1	990.5

15. DIVIDENDS (Continued)

On 9 December 2013, the Board declared a distribution-in-specie of 2,130,349,033 ordinary shares of RM1.00 each in IOI Properties Group Berhad ("IOIPG") ("IOIPG Share(s)") held by the Company to its shareholders on the basis of one (1) IOIPG share for every three (3) ordinary shares of RM0.10 each held by the shareholders of the Company.

The IOIPG Shares were distributed as distribution-in-specie on 13 January 2014.

The Directors declared a second interim single tier dividend of 12.0 sen per ordinary share, amounting to RM763.0 million in respect of the financial year ended 30 June 2014. The dividend was paid on 25 July 2014.

No final dividend has been recommended for the financial year ended 30 June 2014.

16. PROPERTY, PLANT AND EQUIPMENT

Group
2014

In RM million	At beginning of financial year	Additions	Acquisition of subsidiaries	Disposals	Foreign currency translation differences	Write-offs	Reclassifications	At end of financial year
At cost								
Freehold land	490.0	5.7	-	(0.6)	2.8	-	-	497.9
Leasehold land	950.0	-	257.6	-	(0.2)	-	-	1,207.4
Plantation development expenditure	1,836.2	68.7	717.4	(0.3)	(14.8)	-	2.3	2,609.5
Buildings and improvements	1,403.9	26.5	47.6	-	16.2	(2.2)	11.2	1,503.2
Plant and machinery	3,088.6	61.6	16.2	(4.1)	39.8	(82.6)	30.8	3,150.3
Motor vehicles	79.6	5.0	2.2	(5.3)	(2.4)	(3.7)	0.1	75.5
Furniture, fittings and equipment	160.6	9.0	1.0	(0.1)	2.6	(1.9)	4.4	175.6
Construction in progress	80.6	113.8	2.9	-	0.4	(0.1)	(48.8)	148.8
	8,089.5	290.3	1,044.9	(10.4)	44.4	(90.5)	-	9,368.2

In RM million	At beginning of financial year	Current year depreciation charge	Disposals	Foreign currency translation differences	Write-offs	At end of financial year
Accumulated depreciation						
Leasehold land	144.7	13.8	-	0.6	-	159.1
Buildings and improvements	534.9	44.4	-	4.4	(1.3)	582.4
Plant and machinery	1,937.2	147.6	(3.3)	23.7	(79.0)	2,026.2
Motor vehicles	57.9	5.5	(5.3)	0.2	(3.7)	54.6
Furniture, fittings and equipment	121.0	12.7	-	3.9	(1.7)	135.9
	2,795.7	224.0	(8.6)	32.8	(85.7)	2,958.2

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group
2013

In RM million	At beginning of financial year	Additions	Disposals	Foreign currency translation differences	Write-offs	Transferred from/(to) Investment properties	Transferred from/(to) Land held for property development	Reclassifications	Reclassified to disposal group held for sale/held for distribution to owners	At end of financial year
At cost										
Freehold land	506.7	0.3	-	1.6	-	42.9	4.3	-	(65.8)	490.0
Leasehold land	949.5	0.2	-	0.3	-	-	-	-	-	950.0
Plantation development expenditure	1,803.4	43.1	-	(5.0)	(0.6)	-	(0.2)	-	(4.5)	1,836.2
Golf course development expenditure	86.0	10.4	-	-	-	-	-	(20.0)	(76.4)	-
Buildings and improvements	1,534.2	34.7	(0.2)	20.1	(1.7)	-	-	32.2	(215.4)	1,403.9
Plant and machinery	3,070.4	63.7	(4.0)	34.6	(15.5)	-	-	38.4	(99.0)	3,088.6
Motor vehicles	94.9	9.6	(5.3)	-	(0.7)	-	-	0.7	(19.6)	79.6
Furniture, fittings and equipment	231.4	9.8	(2.1)	2.2	(3.4)	-	-	5.8	(83.1)	160.6
Construction in progress	185.5	285.7	-	1.5	-	(59.7)	-	(57.1)	(275.3)	80.6
	8,462.0	457.5	(11.6)	55.3	(21.9)	(16.8)	4.1	-	(839.1)	8,089.5

In RM million	At beginning of financial year	Current year depreciation charge	Disposals	Foreign currency translation differences	Write-offs	Reclassifications	Reclassified to disposal group held for sale/held for distribution to owners	At end of financial year
Accumulated depreciation								
Leasehold land	133.6	11.0	-	0.1	-	-	-	144.7
Golf course development expenditure	1.6	0.3	-	-	-	0.5	(2.4)	-
Buildings and improvements	528.3	50.5	-	5.7	(0.9)	(0.5)	(48.2)	534.9
Plant and machinery	1,842.7	163.1	(2.8)	18.3	(8.3)	-	(75.8)	1,937.2
Motor vehicles	69.6	6.9	(5.0)	-	(0.6)	-	(13.0)	57.9
Furniture, fittings and equipment	172.5	16.3	(1.4)	1.8	(3.3)	-	(64.9)	121.0
	2,748.3	248.1	(9.2)	25.9	(13.1)	-	(204.3)	2,795.7

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company
2014

In RM million	At beginning of financial year	Additions	Disposals	Write-offs	At end of financial year
At cost					
Freehold land	202.6	-	(161.3)	-	41.3
Leasehold land	9.7	-	(9.7)	-	-
Plantation development expenditure	183.3	0.9	(165.2)	-	19.0
Buildings and improvements	39.5	0.8	(40.3)	-	-
Plant and machinery	39.2	0.7	(39.9)	-	-
Motor vehicles	11.8	0.3	(9.0)	(0.5)	2.6
Furniture, fittings and equipment	14.4	0.5	(13.4)	(0.3)	1.2
Construction in progress	1.2	1.0	(2.2)	-	-
	501.7	4.2	(441.0)	(0.8)	64.1

In RM million	At beginning of financial year	Current year depreciation charge	Disposals	Write-offs	At end of financial year
Accumulated depreciation					
Leasehold land	2.3	-	(2.3)	-	-
Buildings and improvements	18.4	0.7	(19.1)	-	-
Plant and machinery	31.0	0.8	(31.8)	-	-
Motor vehicles	7.6	0.7	(6.6)	(0.5)	1.2
Furniture, fittings and equipment	11.7	0.3	(10.5)	(0.3)	1.2
	71.0	2.5	(70.3)	(0.8)	2.4

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company
2013

In RM million	At beginning of financial year	Additions	Reclassifications	Disposals	Write-offs	Reclassified to disposal group held for sale/held for distribution to owners	At end of financial year
At cost							
Freehold land	212.7	-	-	(0.5)	-	(9.6)	202.6
Leasehold land	9.7	-	-	-	-	-	9.7
Plantation development expenditure	187.5	0.9	-	(0.1)	(0.6)	(4.4)	183.3
Buildings and improvements	36.7	2.0	1.0	-	(0.2)	-	39.5
Plant and machinery	37.4	2.8	-	(0.2)	(0.8)	-	39.2
Motor vehicles	10.8	2.0	-	(0.8)	(0.2)	-	11.8
Furniture, fittings and equipment	13.9	0.7	-	-	(0.2)	-	14.4
Construction in progress	1.0	1.2	(1.0)	-	-	-	1.2
	509.7	9.6	-	(1.6)	(2.0)	(14.0)	501.7

In RM million	At beginning of financial year	Current year depreciation charge	Disposals	Write-offs	At end of financial year
Accumulated depreciation					
Leasehold land	2.2	0.1	-	-	2.3
Buildings and improvements	17.1	1.4	-	(0.1)	18.4
Plant and machinery	30.5	1.5	(0.2)	(0.8)	31.0
Motor vehicles	7.7	0.9	(0.8)	(0.2)	7.6
Furniture, fittings and equipment	11.2	0.7	-	(0.2)	11.7
	68.7	4.6	(1.0)	(1.3)	71.0

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

In RM million	Group 2014	Group 2013	Company 2014	Company 2013
Carrying amount				
Freehold land	**497.9**	490.0	**41.3**	202.6
Leasehold land	**1,048.3**	805.3	**-**	7.4
Plantation development expenditure	**2,609.5**	1,836.2	**19.0**	183.3
Buildings and improvements	**920.8**	869.0	**-**	21.1
Plant and machinery	**1,124.1**	1,151.4	**-**	8.2
Motor vehicles	**20.9**	21.7	**1.4**	4.2
Furniture, fittings and equipment	**39.7**	39.6	**-**	2.7
Construction in progress	**148.8**	80.6	**-**	1.2
	6,410.0	5,293.8	**61.7**	430.7

Included in the Group's plantation development expenditure is an amount of interest expense capitalised during the financial year amounting to RM7.6 million (2013 – RM6.5 million).

Interest is capitalised at the rate 4.50% to 5.24% (2013 – 4.50% to 5.33%) per annum.

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

In RM million	Group 2014	Group 2013	Company 2014	Company 2013
Additions to property, plant and equipment	**290.3**	457.5	**4.2**	9.6
Interest capitalised	**(7.6)**	(6.5)	**-**	-
Cash payments on purchase of property, plant and equipment	**282.7**	451.0	**4.2**	9.6

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

17. PREPAID LEASE PAYMENTS

In RM million	Long term leasehold land	Short term leasehold land	Total
Group			
2014			
At cost			
At beginning of financial year	**61.8**	**3.7**	**65.5**
Additions	**2.4**	**1.1**	**3.5**
Exchange difference	**-**	**(0.4)**	**(0.4)**
At end of financial year	**64.2**	**4.4**	**68.6**
Accumulated amortisation			
At beginning of financial year	**35.3**	**0.4**	**35.7**
Current year amortisation	**2.8**	**-**	**2.8**
At end of financial year	**38.1**	**0.4**	**38.5**
Carrying amount			
At end of financial year	**26.1**	**4.0**	**30.1**
2013			
At cost			
At beginning of financial year	59.2	3.3	62.5
Additions	2.6	99.9	102.5
Exchange difference	-	(0.1)	(0.1)
Reclassified to disposal group held for sale/held for distribution to owners	-	(99.4)	(99.4)
At end of financial year	61.8	3.7	65.5
Accumulated amortisation			
At beginning of financial year	32.5	0.4	32.9
Current year amortisation	2.8	-	2.8
At end of financial year	35.3	0.4	35.7
Carrying amount			
At end of financial year	26.5	3.3	29.8

18. INVESTMENT PROPERTIES

In RM million	At beginning of financial year	Transferred from property, plant and equipment	Fair value adjustments	Additions	Disposals	Reclassified to disposal group held for sale/held for distribution to owners	At end of financial year
Group							
2014							
At fair value							
Freehold land and buildings	**7.3**	**-**	**1.0**	**-**	**-**	**-**	**8.3**
	7.3	**-**	**1.0**	**-**	**-**	**-**	**8.3**
2013							
At fair value							
Freehold land and buildings	1,326.7	16.8	158.6	161.8	(6.5)	(1,650.1)	7.3
Leasehold land	-	-	3.1	288.7	-	(291.8)	-
	1,326.7	16.8	161.7	450.5	(6.5)	(1,941.9)	7.3

The fair values of the investment properties above were estimated based on valuations by independent registered valuers. Valuations were based on market evidence of transaction prices for similar properties for certain properties and where appropriate, the investment method reflecting receipts of contractual rentals, expected future market rentals, current market yields, void periods, sinking funds and maintenance requirements and approximate capitalisation rates are used. The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

The fair value measurements of the Group's investment properties are categorised within Level 2 of the fair value hierarchy.

19. GOODWILL ON CONSOLIDATION

	Group	
In RM million	2014	2013
At beginning of financial year	**429.0**	512.0
Acquisition of subsidiaries (Note 37)	**35.5**	2.6
Discontinued operations	**(6.1)**	(85.6)
At end of financial year	**458.4**	429.0

The goodwill recognised on the acquisitions in previous years was attributable mainly to the skills and technical talents of the acquired business's work force and the synergies expected to be achieved from integrating the company into the Group's existing business.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19. GOODWILL ON CONSOLIDATION (Continued)

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

	Group	
In RM million	**2014**	**2013**
Plantation	**128.5**	93.0
Resource-based manufacturing	**329.9**	336.0
	458.4	429.0

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

i. Cash flows are projected based on the management's most recent three-year business plan and extrapolated to a period of ten (10) years (the average economic useful lives of the assets) for all companies with the exception of plantation companies. For plantation companies, cash flows are projected for a period of twenty-five (25) years (the average life cycle of oil palm trees).

ii. Discount rates used for cash flows discounting purpose is the Group's weighted average cost of capital. The average discount rate applied for cash flow projections is 8.25%.

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	
In RM million	**2014**	**2013**
At cost		
Unquoted shares in Malaysia	**6,604.8**	1,972.2
Unquoted shares outside Malaysia	**958.2**	2,396.1
	7,563.0	4,368.3
Less: Accumulated impairment losses	**(5.6)**	(5.6)
	7,557.4	4,362.7

Details of the subsidiaries are set out in Note 45 to the financial statements.

20. SUBSIDIARIES (Continued)

20.1 Investments in subsidiaries (Continued)

2014

During the financial year, the Company acquired, disposed or distributed shares in its subsidiaries as follows:

20.1.1 Demerger Exercise

The Company acquired, disposed and distributed shares in the following subsidiaries pursuant to the Demerger Exercise as disclosed in Note 13.1 to the financial statements:

i. Disposal of property subsidiaries to IOI Properties Group Berhad ("IOIPG")

Subsidiaries disposed	Equity Interest	Consideration *RM million*
IOI Properties Berhad	100%	9,769.0
IOI Consolidated (Singapore) Pte Ltd	100%	1,449.3
Resort Villa Development Sdn Bhd	100%	342.2
Resort Villa Golf Course Berhad	100%	274.1
IOI City Mall Sdn Bhd *(formerly known as Dreammont Development Sdn Bhd)*	100%	220.3
Bukit Kelang Development Sdn Bhd	100%	84.9
Nice Skyline Sdn Bhd	60%	64.3
Resort Villa Golf Course Development Sdn Bhd	100%	48.0
Eng Hup Industries Sdn Berhad	100%	5.5
IOI City Holdings Sdn Bhd	100%	-

The above disposals were settled together with the disposal of other property assets to IOIPG by the issuance of 3,195.5 million ordinary shares of RM1.00 each in IOIPG ("IOIPG Shares").

ii. Subscription, disposal and distribution of IOIPG Shares

A total number of 3,195.5 million IOIPG Shares each were issued at RM4.51 per IOIPG Shares by IOIPG to the Company as settlement of a total of RM14.4 billion for the acquisition of property assets and property subsidiaries from the Company and its other subsidiaries.

Subsequent to the issuance of IOIPG Shares, the Demerger Exercise were completed with the distribution-in-species ("DIS") and non-renounceable restricted offer for sale ("ROS") as follows:

- A total number of 2,130.3 million IOIPG Shares were distributed by way of DIS on a basis of one (1) IOIPG Share for every three (3) existing ordinary shares of RM0.10 each held in the Company ("IOIC Shares") to the shareholders of the Company;

- A total number of 1,065.2 million IOIPG Shares were sold to the shareholders of the Company under the ROS on the basis of one (1) IOIPG Share for every six (6) IOIC Shares, at an offer price of RM1.76 per IOIPG Share for a total consideration of RM1,874.7 million

With the completion of DIS and ROS, the Company ceased to hold any more IOIPG Shares.

The impact of the Demerger Exercise is disclosed in Note 13.1.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

20. SUBSIDIARIES (Continued)

20.1 Investments in subsidiaries (Continued)

20.1.2 Internal Restructuring

The Company acquired or disposed of the following subsidiaries pursuant to an internal restructuring exercise for the purpose of streamlining the plantation and resource-based manufacturing businesses within the Group to create a more efficient structure:

i. Acquisition of plantation subsidiaries from IOI Oleochemical Industries Berhad, a wholly owned subsidiary of the Company ("IOI Oleo")

Subsidiaries acquired	Equity Interest	Consideration *RM million*
Pamol Plantations Sdn Bhd	100%	1,573.6
Pamol Plantations (Sabah) Sdn Bhd	100%	406.3
Palmco Properties Sdn Bhd	100%	30.2
Unipamol Malaysia Sdn Bhd	100%	70.6

The above acquisitions were settled by cash.

ii. Disposal of resource-based manufacturing subsidiaries to IOI Oleo

Subsidiaries disposed	Equity Interest	Consideration *RM million*
IOI Pan-Century Oleochemicals Sdn Bhd *(formerly known as Pan-Century Oleochemicals Sdn Bhd)*	100%	463.9
IOI Pan-Century Edible Oils Sdn Bhd *(formerly known as Pan-Century Edible Oils Sdn Bhd)*	100%	361.2

The above disposals were settled by cash.

iii. Disposal of plantation assets to Morisem Sdn Bhd, a wholly owned subsidiary of the Company ("Morisem")

The Company disposed off three (3) plantation estates and a mill located in Sabah to Morisem for a total consideration of RM436.1 million. Morisem has settled RM261.7 million by cash and the balance amount of RM174.4 million was settled by the issuance of shares to the Company as follows:

Type of shares	No. of shares	Amount *RM million*
Ordinary shares of RM1.00 each at RM1.00 at par value	17,444,468	17.4
Redeemable non-cumulative preference shares of RM0.10 each at a premium of RM0.90 per share	157,000,270	157.0

20. SUBSIDIARIES (Continued)

20.1 Investments in subsidiaries (Continued)

20.1.2 Internal Restructuring (Continued)

iv. Disposal of plantation assets and interest in a plantation subsidiary to IOI Plantation Sdn Bhd, a wholly owned subsidiary of the Company ("IOI Plantation")

The Company disposed off seven (7) plantation estates, part of Paya Lang Estate located in Peninsular Malaysia and its entire 70% equity interest in IOI Pelita Plantation Sdn Bhd for a total consideration of RM1,062.7 million. IOI Plantation has settled RM712.9 million by cash and the balance amount of RM349.8 million was settled by issuance of shares to the Company as follows:

Type of shares	No. of shares	Amount *RM million*
Ordinary shares of RM1.00 each at par value	34,985,265	35.0
Redeemable non-cumulative preference shares of RM0.10 each at a premium of RM0.90 per share	314,867,440	314.8

The above acquisitions and disposals has no material impact on the Group's financial statements as these are relating to internal restructuring within the Group.

20.1.3 Investment in Unico-Desa Plantations Berhad

The Company subscribed for shares in IOI Plantation to finance the acquisition of Unico-Desa Plantations Berhad by IOI Plantation as disclosed in Note 37.1 as follows:

Type of shares	No. of shares	Amount *RM million*
Ordinary shares of RM1.00 each at par value	100,433,690	100.4
Redeemable non-cumulative preference shares of RM0.10 each at a premium of RM0.90 per share	903,993,210	904.0

The above subscriptions were settled by cash and had no material impact on the Group's financial statements.

20.1.4 Other subscription of shares

The Company subscribed for shares in other subsidiaries as follows:

Company	Type of shares	No. of shares	Amount *RM million*
IOI Corporate Services Sdn Bhd	Ordinary share of RM1.00 each at par value	1,950,000	1.9
Lynwood Capital Resources Pte Ltd	Redeemable preference shares of SGD1.00 each at par value	12,000,000	31.1
IOI Edible Oils (HK) Limited	Ordinary shares of HK$1.00 each at par value	13,642,640	5.7

The above subscriptions were settled by cash and had no material impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

20. SUBSIDIARIES (Continued)

20.1 Investments in subsidiaries (Continued)

2013

During the previous financial year, the Company:

i. acquired 4,000 ordinary shares of RM0.50 each in IOI Properties Berhad ("IOIP") ("IOIP Shares") at an average price of RM2.90 per IOIP Shares with cash payments of RM11,600.

ii. acquired 99,460,000 ordinary shares of HKD1.00 each in IOI Edible Oils (HK) Limited at par value with cash payments of HKD99.46 million (equivalent to RM39.5 million).

iii. acquired two (2) ordinary shares of RM1.00 each in IOI Corporate Services Sdn Bhd at par value with cash payments of RM2.00.

iv. acquired two (2) ordinary shares of RM1.00 each in IOI Plantation Services Sdn Bhd at par value with cash payments of RM2.00.

v. acquired two (2) ordinary shares of RM1.00 each in IOI Properties Group Berhad at par value with cash payments of RM2.00.

vi. acquired two (2) ordinary shares of RM1.00 each in IOI City Holdings Sdn Bhd at par value with cash payments of RM2.00.

The above acquisitions had no material impact on the Group's financial statements.

20.2 Amounts due from and to subsidiaries

The amounts due from and to subsidiaries represent outstanding amounts arising from inter-company sales and purchases, advances and payments made on behalf of or by subsidiaries. These amounts are unsecured and bear interest at rates ranging from 0% to 7.60% (2013 – 0% to 7.60%) per annum.

The non-current amounts due to subsidiaries are payable on a back-to-back basis with the corresponding borrowings of the Group. The current amounts due from and to subsidiaries are payable upon demand in cash and cash equivalents.

20.3 Different financial year end of subsidiaries

Due to local requirements, five (5) indirect subsidiaries of the Company, IOI (Xiamen) Edible Oils Co., Ltd, Loders Croklaan (Shanghai) Trading Co. Ltd, Tianjin Palmco Oil And Fats Co. Ltd, Loders Croklaan Latin America Comercio De Gorduras e Oleos Vegetais Ltda and Loders Croklaan Burkina Faso S.A.R.L. are adopting a 31 December financial year end, which does not coincide with that of the Company.

20.4 Material non-controlling interests

The Group does not have any subsidiary that has non-controlling interests which is individually material to the Group as at 30 June 2014.

21. ASSOCIATES

21.1 Investments in associates

In RM million	Group 2014	Group 2013	Company 2014	Company 2013
At cost				
Shares quoted outside Malaysia	**420.7**	414.4	**-**	-
Unquoted shares in Malaysia	**42.0**	42.0	**20.4**	20.4
Negative goodwill recognised in prior years	**34.4**	34.4	**-**	-
	497.1	490.8	**20.4**	20.4
Share of post acquisition results and reserves	**389.8**	306.5	**-**	-
	886.9	797.3	**20.4**	20.4
At Market Value				
Shares quoted outside Malaysia	**1,706.1**	1,378.0	**-**	-

Details of the associates are set out in Note 45 to the financial statements.

21.2 Material associates and summary of financial information

The Group does not have any associate which is individually material to the Group as at 30 June 2014. The summary of financial information of these associates is as follows:

In RM million	Group 2014	Group 2013
Profit for the financial year	**127.8**	104.2
Other comprehensive income	**7.0**	1.5
Total comprehensive income	**134.8**	105.7
Carrying amount	**886.9**	797.3

21.3 Amounts due from and to associates

Amounts due from and to associates represent outstanding amounts arising from agency income, purchases and payments made on behalf of or by associates, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

22. JOINT VENTURE

22.1 Interests in a joint venture

	Group		Company	
In RM million	2014	2013	2014	2013
Unquoted shares, at cost	**18.0**	9.0	**18.0**	9.0
Share of post acquisition results and reserves	**(1.0)**	(0.2)	**-**	-
	17.0	8.8	**18.0**	9.0
Amounts due from a joint venture	**16.0**	-	**16.0**	-
	33.0	8.8	**34.0**	9.0

Details of the joint venture is set out in Note 45 to the financial statements.

The summary of financial information of this joint venture is as follows:

	Group	
In RM million	2014	2013
Loss for the financial year	**(0.8)**	(0.2)
Other comprehensive income	**-**	-
Total comprehensive loss	**(0.8)**	(0.2)
Carrying amount	**33.0**	8.8

22.2 Capital commitment of joint venture

	Group	
In RM million	2014	2013
Authorised capital expenditure of joint venture		
Contracted		
– Property, plant and equipment	**13.2**	34.1

23. DERIVATIVE FINANCIAL INSTRUMENTS

In RM million	Contract/ Notional amount Net long/(short)	Fair value Financial Assets	Fair value Financial Liabilities
Group			
2014			
Forward foreign exchange contracts	**516.3**	**34.9**	**30.2**
Commodity forward contracts	**120.6**	**23.4**	**21.5**
Commodity futures	**185.9**	**3.1**	**6.4**
Cross currency swap contracts	**1,486.7**	**75.1**	**1.0**
Interest rate swap contracts	**2,163.2**	**-**	**43.8**
Total derivative financial instruments	**4,472.7**	**136.5**	**102.9**
Less: Current portion		**(61.4)**	**(58.1)**
Non-current portion		**75.1**	**44.8**
2013			
Forward foreign exchange contracts	(1,542.3)	13.0	66.6
Commodity forward contracts	41.0	43.4	26.1
Commodity futures	112.8	2.9	3.6
Cross currency swap contracts	1,492.4	45.3	-
Interest rate swap contracts	2,145.3	-	55.9
Total derivative financial instruments	2,249.2	104.6	152.2
Less: Current portion		(59.3)	(96.3)
Non-current portion		45.3	55.9

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

23. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

In RM million	Contract/ Notional amount Net long	Fair value Financial Assets	Fair value Financial Liabilities
Company			
2014			
Forward foreign exchange contracts	**1,604.8**	**-**	**22.1**
Interest rate swap contracts	**1,925.7**	**-**	**40.4**
Total derivative financial instruments	**3,530.5**	**-**	**62.5**
Less: Current portion		**-**	**(22.1)**
Non-current portion		**-**	**40.4**
2013			
Interest rate swap contracts	1,909.8	-	52.8
Total derivative financial instruments	1,909.8	-	52.8
Less: Current portion		-	-
Non-current portion		-	52.8

i. Forward foreign exchange contracts

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

ii. Commodity forward contracts, swap contracts and futures

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

iii. Cross currency swap contracts

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

iv. Interest rate swap contracts

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

All the above derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value through profit or loss. The resulting gain or loss from the remeasurement is recognised in profit or loss.

During the financial year, the Group and the Company recognised total fair value gains of RM49.3 million (2013 – gains of RM130.4 million) and fair value loss of RM9.7 million (2013 – gains of RM22.1 million) respectively arising from fair value changes of derivative liabilities. The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 41.6 to the financial statements.

24. DEFERRED TAXATION

In RM million	Group 2014	Group 2013 (Restated)	Company 2014	Company 2013
At beginning of financial year	**341.1**	356.6	**6.4**	6.0
Effect of adopting FRS 119	**(5.0)**	(7.0)	**-**	-
As restated	**336.1**	349.6	**6.4**	6.0
Recognised in profit or loss				
– Current year	**11.2**	(11.9)	**(6.4)**	0.3
– Prior years	**2.1**	11.7	**-**	0.1
	13.3	(0.2)	**(6.4)**	0.4
Recognised in other comprehensive income	**(0.3)**	1.3	**-**	-
Acquisition of subsidiaries	**55.9**	14.1	**-**	-
Reclassified to disposal group held for sale/held for distribution to owners	**-**	(32.8)	**-**	-
Foreign currency translation differences	**2.6**	4.1	**-**	-
At end of financial year	**407.6**	336.1	**-**	6.4

Presented after appropriate offsetting as follows:

In RM million	Group 2014	Group 2013 (Restated)	Company 2014	Company 2013
Deferred tax liabilities	**451.4**	398.4	**-**	6.4
Deferred tax assets	**(43.8)**	(62.3)	**-**	-
	407.6	336.1	**-**	6.4

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

24. DEFERRED TAXATION (Continued)

The movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities

	Group		Company	
In RM million	2014	2013	2014	2013
At beginning of financial year	**398.4**	427.7	**6.4**	6.0
Recognised in profit or loss				
Temporary differences on accelerated capital allowances	**(12.1)**	2.4	**(6.4)**	0.4
Temporary differences on recognition of project expenses	**-**	(0.1)	**-**	-
Temporary differences on amortisation of fair value adjustments on business combinations	**(3.2)**	(3.2)	**-**	-
Temporary differences on fair value adjustments on investment properties	**-**	13.7	**-**	-
Other temporary differences	**8.1**	1.4	**-**	-
	(7.2)	14.2	**(6.4)**	0.4
Acquisition of subsidiaries	**57.3**	14.1	**-**	-
Reclassified to liabilities of disposal group held for sale/held for distribution to owners	**-**	(62.7)	**-**	-
Foreign currency translation differences	**2.9**	5.1	**-**	-
At end of financial year	**451.4**	398.4	**-**	6.4

Deferred tax assets

	Group	
In RM million	2014	2013 (Restated)
At beginning of financial year	**57.3**	71.1
Effect of adopting FRS 119	**5.0**	7.0
As restated	**62.3**	78.1
Recognised in profit or loss		
Temporary differences on unutilised tax losses	**(14.1)**	2.7
Temporary differences on unabsorbed capital allowances	**(3.1)**	0.1
Retirement benefit obligation	**(3.0)**	(0.5)
Unrealised profits on inventories	**2.5**	3.5
Other deductible temporary differences	**(2.8)**	8.6
	(20.5)	14.4
Recognised in other comprehensive income	**0.3**	(1.3)
Acquisition of subsidiaries	**1.4**	-
Reclassified to assets of disposal group held for sale/held for distribution to owners	**-**	(29.9)
Foreign currency translation differences	**0.3**	1.0
At end of financial year	**43.8**	62.3

24. DEFERRED TAXATION (Continued)

The components of deferred tax liabilities and assets at the end of the financial year comprise the tax effects of:

Deferred tax liabilities

In RM million	Group 2014	Group 2013	Company 2014	Company 2013
Temporary differences on accelerated capital allowances	**295.1**	291.3	**-**	6.4
Temporary differences on prepaid lease rental	**3.3**	3.3	**-**	-
Temporary differences on amortisation of fair value adjustments on business combinations	**138.3**	96.4	**-**	-
Other taxable temporary differences	**14.7**	7.4	**-**	-
	451.4	398.4	**-**	6.4

Deferred tax assets

In RM million	Group 2014	Group 2013 (Restated)
Unutilised tax losses	**11.6**	26.8
Unabsorbed capital allowances	**8.6**	8.8
Retirement benefit obligations	**7.3**	10.1
Unrealised profits on inventories	**10.5**	8.0
Other deductible temporary differences	**5.8**	8.6
	43.8	62.3

The following deferred tax asset has not been recognised:

In RM million	Group 2014	Group 2013
Unutilised tax losses	**52.7**	100.1

Deferred tax asset of certain subsidiaries has not been recognised in respect of this item as it is not probable that taxable profit of the subsidiaries will be available against which the deductible temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. INVENTORIES

In RM million	Group 2014	Group 2013	Company 2014	Company 2013
At cost				
Plantation produce	**44.3**	34.9	**-**	3.0
Raw materials and consumables	**1,125.4**	906.8	**-**	4.8
Nursery inventories	**37.7**	44.7	**-**	5.8
Trading inventories	**13.7**	23.2	**-**	-
Finished goods	**293.6**	389.1	**-**	-
Semi-finished goods	**241.1**	216.1	**-**	-
Others	**2.4**	0.5	**-**	0.2
	1,758.2	1,615.3	**-**	13.8
At net realisable value				
Raw materials and consumables	**155.8**	27.9	**-**	-
Finished goods	**240.6**	110.6	**-**	-
	396.4	138.5	**-**	-
	2,154.6	1,753.8	**-**	13.8

26. TRADE AND OTHER RECEIVABLES

In RM million	Group 2014	Group 2013	Company 2014	Company 2013
Trade receivables (Note 26.1)	**972.7**	980.5	**-**	0.2
Other receivables, deposits and prepayments (Note 26.2)	**90.0**	71.6	**15.5**	20.0
	1,062.7	1,052.1	**15.5**	20.2

26.1 Trade receivables

In RM million	Group 2014	Group 2013	Company 2014	Company 2013
Trade receivables	**984.1**	991.8	**-**	0.2
Less: Impairment losses	**(11.4)**	(11.3)	**-**	-
	972.7	980.5	**-**	0.2

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

26. TRADE AND OTHER RECEIVABLES (Continued)

26.1 Trade receivables (Continued)

ii. The reconciliation of movements in the impairment losses of trade receivables is as follows:

	Group		Company	
In RM million	**2014**	**2013**	**2014**	**2013**
At beginning of financial year	**11.3**	8.0	**-**	0.6
Charge for the financial year	**0.4**	10.5	**-**	-
Written back	**(0.2)**	(0.9)	**-**	-
Written off	**-**	(1.4)	**-**	(0.6)
Foreign currency translation differences	**(0.1)**	-	**-**	-
Reclassified to disposal group held for sale/held for distribution to owners	**-**	(4.9)	**-**	-
At end of financial year	**11.4**	11.3	**-**	-

26.2 Other receivables, deposits and prepayments

	Group		Company	
In RM million	**2014**	**2013**	**2014**	**2013**
Other receivables	**50.8**	25.9	**-**	1.0
Less: Impairment losses	**(0.4)**	(0.1)	**-**	-
	50.4	25.8	**-**	1.0
Deposits	**18.0**	18.4	**14.9**	15.2
Prepayments	**21.6**	27.4	**0.6**	3.8
	90.0	71.6	**15.5**	20.0

i. The reconciliation of movements in the impairment losses of other receivables is as follows:

	Group		Company	
In RM million	**2014**	**2013**	**2014**	**2013**
At beginning of financial year	**0.1**	1.6	**-**	-
Charge for the financial year	**0.2**	-	**-**	-
Foreign currency translation differences	**0.1**	-	**-**	-
Reclassified to disposal group held for sale/held for distribution to owners	**-**	(1.5)	**-**	-
At end of financial year	**0.4**	0.1	**-**	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

27. OTHER INVESTMENTS

	Group		Company	
In RM million	2014	2013	2014	2013
At fair value through profit or loss				
In Malaysia				
- Quoted shares	**69.1**	60.7	**4.5**	6.5
- Quoted warrants	**2.0**	1.3	**-**	-
- Unquoted shares	**6.6**	6.2	**-**	-
Outside Malaysia				
- Quoted shares	**3.0**	4.4	**-**	-
	80.7	72.6	**4.5**	6.5

28. SHORT TERM FUNDS

	Group		Company	
In RM million	2014	2013	2014	2013
At fair value through profit or loss				
Investments in fixed income trust funds in Malaysia	**3,450.0**	1,826.4	**-**	-

Investments in fixed income trust funds in Malaysia represent investments in highly liquid money market instruments, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

29. DEPOSITS WITH FINANCIAL INSTITUTIONS

	Group		Company	
In RM million	2014	2013	2014	2013
Deposits with licensed banks	**186.8**	251.1	**-**	40.4
Deposits with discount houses	**-**	13.0	**-**	-
	186.8	264.1	**-**	40.4

30. DISPOSAL GROUP HELD FOR SALE/HELD FOR DISTRIBUTION TO OWNERS

On 14 May 2013, the Company proposed to demerge the property development, property investment and other property related businesses of the Group to create two (2) separate and independent listed entities with distinct businesses; namely, IOI Properties Group Berhad ("ListCo"), to hold the property development, property investment and other property related businesses of the Group; whilst the Company continues to hold the remaining existing businesses of the Group as disclosed in Note 13.1 to the financial statements ("Demerger Exercise").

The Demerger Exercise was completed on 13 January 2014.

As at 30 June 2013, the assets and liabilities of the disposal group held for sale/held for distribution to owners were as follows:

In RM million	Note	Group	Company
Assets of disposal group held for sale/held for distribution to owners			
Property, plant and equipment		634.8	14.0
Prepaid lease payments		99.4	-
Land held for property development	30.1	1,843.9	-
Investment properties		1,941.9	-
Goodwill on consolidation		85.6	-
Investments in subsidiaries		-	3,633.3
Investments in associates		73.6	-
Interests in joint ventures		3,677.3	-
Deferred tax assets		29.9	-
Property development costs	30.2	1,847.5	-
Inventories		122.3	-
Trade and other receivables		475.3	-
Amounts due from subsidiaries		-	91.9
Other investments		1.1	-
Short term funds		59.9	-
Deposits with financial institutions		99.5	-
Cash and bank balances		281.8	-
		11,273.8	3,739.2
Liabilities of disposal group held for sale/held for distribution to owners			
Borrowings		502.4	-
Other long term liabilities		138.6	-
Deferred tax liabilities		62.7	-
Trade and other payables		490.2	-
Amounts due to subsidiaries		-	1.0
Current tax liabilities		46.2	-
		1,240.1	1.0

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30. DISPOSAL GROUP HELD FOR SALE/HELD FOR DISTRIBUTION TO OWNERS (Continued)

30.1 Land held for property development

In RM million	Freehold land	Long term leasehold land	Short term leasehold land	Development costs	Total
Group					
2013					
At cost					
At beginning of financial year	1,467.3	100.9	0.2	290.5	1,858.9
Costs incurred	695.8	307.5	-	186.5	1,189.8
Acquisition of a subsidiary (Note 37.2)	-	215.5	-	6.0	221.5
Transferred to property development costs (Note 30.2)	(1,065.1)	(223.9)	-	(149.8)	(1,438.8)
Transferred to property, plant and equipment (Note 16)	(4.1)	-	-	-	(4.1)
Foreign currency translation differences	4.7	8.5	-	3.4	16.6
Total	1,098.6	408.5	0.2	336.6	1,843.9

Included in land held for property development of the Group was an amount of interest expense capitalised during the previous financial year amounting to RM4.2 million.

30.2 Property development costs

In RM million	Freehold land	Long term leasehold land	Development costs	Accumulated cost charged to profit or loss	Total
Group					
2013					
At cost					
At beginning of financial year	327.0	22.4	4,315.5	(4,302.5)	362.4
Costs incurred	2.5	-	498.8	-	501.3
Transferred from land held for property development (Note 30.1)	1,065.1	223.9	149.8	-	1,438.8
Transferred to inventories	(6.0)	(0.7)	(81.1)	-	(87.8)
Recognised as expense in profit or loss as part of cost of sales	-	-	-	(367.2)	(367.2)
Total	1,388.6	245.6	4,883.0	(4,669.7)	1,847.5

31. SHARE CAPITAL

	2014		2013	
	No. of shares	Amount *RM million*	No. of shares	Amount *RM million*
GROUP AND COMPANY				
Authorised				
Ordinary shares of RM0.10 each	**7,500,000,000**	**750.0**	7,500,000,000	750.0
Issued and fully paid-up				
Ordinary shares of RM0.10 each				
At beginning of financial year	**6,434,491,295**	**643.4**	6,427,251,295	642.7
Issue of shares arising from the exercise of ESOS				
At RM2.03 per ordinary share	**982,200**	**0.1**	-	-
At RM2.44 per ordinary share	**5,384,800**	**0.5**	4,516,500	0.4
At RM3.49 per ordinary share	**1,047,500**	**0.1**	-	-
At RM4.17 per ordinary share	**4,059,000**	**0.4**	-	-
At RM4.19 per ordinary share	**1,935,100**	**0.2**	2,688,500	0.3
At RM5.00 per ordinary share	**2,477,500**	**0.3**	35,000	-
At end of financial year	**6,450,377,395**	**645.0**	6,434,491,295	643.4

i. The owners of the parent are entitled to receive dividends as declared from time to time and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

ii. Of the total 6,450,377,395 (2013 – 6,434,491,295) issued and fully paid-up ordinary shares of RM0.10 each, 94,954,700 shares (2013 – 47,799,100) are held as treasury shares as disclosed in Note 32.2 to the financial statements. Accordingly, the number of ordinary shares in issue and fully paid-up after deducting treasury shares as at end of the financial year is 6,355,422,695 (2013 – 6,386,692,195) ordinary shares of RM0.10 each.

31.1 Executive Share Option Scheme

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

The salient features of the ESOS are as follows:

a) Maximum number of shares available under the ESOS

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31. SHARE CAPITAL (Continued)

31.1 Executive Share Option Scheme (Continued)

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 eighteen (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 three (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 (1) ESOS implemented by any company within the Group. The executive to whom the option has been granted has also no right to participate, by virtue of the option, in any ordinary share issue of any other company.

c) Maximum allowable allotment and basis of allocation

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

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

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

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

d) Subscription price

The subscription price shall be higher of the following:

i. the weighted average market price of the IOI Shares for the five (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.

31. SHARE CAPITAL (Continued)

31.1 Executive Share Option Scheme (Continued)

e) Duration and termination of the ESOS

i. The ESOS came into force on 23 November 2005 and shall be for a duration of ten (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 the subject of the same Offer shall be exercisable only in four (4) tranches over four (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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31. SHARE CAPITAL (Continued)

31.1 Executive Share Option Scheme (Continued)

The movements of options over unissued ordinary shares of RM0.10 each in the Company and the weighted average exercise price during the financial year are as follows:

		No. of options over ordinary shares				
Option price ***RM***	**Date of offer**	**Outstanding as at beginning of the financial year**	**Exercised**	**Lapsed**	**Outstanding as at end of the financial year**	**Exercisable as at end of the financial year**
2014						
2.44/2.03*	12 January 2006	**20,572,300**	**(6,367,000)**	**(1,562,300)**	**12,643,000**	**12,643,000**
4.19/3.49*	2 April 2007	**16,590,600**	**(2,982,600)**	**(515,200)**	**13,092,800**	**13,092,800**
5.00/4.17*	6 July 2010	**13,445,900**	**(6,536,500)**	**(3,000)**	**6,906,400**	**5,136,900**
		50,608,800	**(15,886,100)**	**(2,080,500)**	**32,642,200**	**30,872,700**
Weighted average exercise price *(RM)*		**3.69**	**3.54**	**2.69**	**3.07**	**3.01**
2013						
2.44	12 January 2006	26,154,600	(4,516,500)	(1,065,800)	20,572,300	20,572,300
4.19	2 April 2007	20,254,500	(2,688,500)	(975,400)	16,590,600	16,590,600
5.00	6 July 2010	16,395,900	(35,000)	(2,915,000)	13,445,900	9,666,792
		62,805,000	(7,240,000)	(4,956,200)	50,608,800	46,829,692
Weighted average exercise price *(RM)*		3.67	3.10	4.29	3.69	3.59

Note:
* *Option prices were adjusted following the distribution-in-specie of 2,130,349,033 IOIPG Shares by the Company.*

31. SHARE CAPITAL (Continued)

31.1 Executive Share Option Scheme (Continued)

31.1.1 Share options outstanding at the end of the reporting period

Option price *RM*	No. of share options	Weighted average exercise price *RM*	Exercisable period
2014			
2.44/2.03*	**12,643,000**	**2.03**	12 January 2007 – 23 November 2015
4.19/3.49*	**13,092,800**	**3.49**	2 April 2008 – 23 November 2015
5.00/4.17*	**6,906,400**	**4.17**	6 July 2011 – 23 November 2015
	32,642,200	**3.07**	
2013			
2.44	20,572,300	2.44	12 January 2007 – 23 November 2015
4.19	16,590,600	4.19	2 April 2008 – 23 November 2015
5.00	13,445,900	5.00	6 July 2011 – 23 November 2015
	50,608,800	3.69	

Note:

* *Option prices were adjusted following the distribution-in-specie of 2,130,349,033 IOIPG Shares by the Company.*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31. SHARE CAPITAL (Continued)

31.1 Executive Share Option Scheme (Continued)

31.1.2 Share options exercised during the financial year

Option price	No. of share options exercised			Weighted average share price
RM	2.44/2.03*	4.19/3.49*	5.00/4.17*	*RM*
2014				
July 2013	**130,000**	**180,400**	**-**	**4.43**
August 2013	**602,000**	**634,900**	**114,000**	**4.34**
September 2013	**-**	**642,400**	**1,325,000**	**4.33**
October 2013	**268,500**	**133,900**	**33,000**	**4.37**
November 2013	**263,000**	**298,500**	**62,000**	**4.50**
December 2013	**4,121,300**	**45,000**	**943,500**	**4.66**
March 2014	**235,000**	**16,800**	**330,000**	**4.70**
May 2014	**636,200**	**706,800**	**2,289,500**	**5.04**
June 2014	**111,000**	**323,900**	**1,439,500**	**5.11**
	6,367,000	**2,982,600**	**6,536,500**	**4.72**
2013				
July 2012	335,000	846,800	-	5.34
September 2012	464,000	54,000	-	4.98
October 2012	390,000	289,200	-	5.06
November 2012	530,300	390,000	-	4.96
December 2012	161,600	77,000	-	5.10
February 2013	239,000	352,000	-	4.90
April 2013	406,000	156,000	-	5.03
May 2013	256,000	-	-	5.10
June 2013	1,734,600	523,500	35,000	5.44
	4,516,500	2,688,500	35,000	5.06

Note:
* *Option prices were adjusted following the distribution-in-specie of 2,130,349,033 IOIPG Shares by the Company.*

31. SHARE CAPITAL (Continued)

31.1 Executive Share Option Scheme (Continued)

31.1.3 Adjustment to option price during the financial year

The exercise prices of the outstanding ESOS options were adjusted in accordance with the Company's Bye-Laws of the ESOS following the implementation of the distribution-in-specie of 2,130,349,033 IOIPG Shares:

Existing option price *RM*	Adjusted option price *RM*
2.44	2.03
4.19	3.49
5.00	4.17

32. RESERVES

	Group		Company	
In RM million	2014	2013	2014	2013
Share premium	**27.6**	2,013.4	**27.6**	2,013.4
Capital reserves (Note 32.1)	**113.7**	127.2	**105.9**	119.4
Treasury shares, at cost (Note 32.2)	**(441.0)**	(235.7)	**(441.0)**	(235.7)
Foreign currency translation reserve (Note 32.3)	**(215.1)**	(56.2)	**-**	-
	(514.8)	1,848.7	**(307.5)**	1,897.1

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

32.1 Capital reserves

	Group		Company	
In RM million	2014	2013	2014	2013
Net accretion in Group's share of net assets arising from shares issued by certain subsidiaries to non-controlling shareholders	**7.8**	7.8	**-**	-
Capital redemption reserves arising from the cancellation of treasury shares	**64.3**	64.3	**64.3**	64.3
Share option reserves	**41.6**	55.1	**41.6**	55.1
	113.7	127.2	**105.9**	119.4

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

32. RESERVES (Continued)

32.2 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 subsequent Annual General Meetings of the Company, including the last meeting held on 19 October 2013.

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

During the financial year, the Company repurchased its issued ordinary shares of RM0.10 each from the open market as follows:

			Purchase Price*		
	No. of shares	**Cost** *RM million*	**Highest** *RM*	**Lowest** *RM*	**Average** *RM*
2014					
At beginning of financial year	**47,799,100**	**235.7**	**5.48**	**4.42**	**4.93**
Purchased during the financial year					
November 2013	**5,442,500**	**30.5**	**5.69**	**5.56**	**5.60**
January 2014	**25,284,700**	**106.0**	**4.21**	**4.16**	**4.19**
February 2014	**16,418,400**	**68.7**	**4.19**	**4.14**	**4.18**
April 2014	**10,000**	**0.1**	**4.88**	**4.88**	**4.88**
	47,155,600	**205.3**	**5.69**	**4.14**	**4.35**
At end of financial year	**94,954,700**	**441.0**	**5.69**	**4.14**	**4.64**
2013					
At beginning of financial year	28,941,100	139.6	5.16	4.42	4.82
Purchased during the financial year					
August 2012	120,500	0.6	5.07	5.07	5.07
September 2012	8,282,400	41.4	5.05	4.98	5.01
October 2012	1,100,000	5.5	5.03	5.03	5.03
November 2012	4,617,600	23.0	5.03	4.95	4.97
February 2013	117,500	0.6	4.81	4.81	4.81
May 2013	4,620,000	25.0	5.48	5.30	5.40
	18,858,000	96.1	5.48	4.81	5.10
At end of financial year	47,799,100	235.7	5.48	4.42	4.93

* *Purchase price includes stamp duty, brokerage and clearing fees.*

The transactions under Share Buy Back were financed by internally generated funds. The repurchased ordinary shares of the Company were held as treasury shares in accordance with the provision of Section 67A of the Companies Act, 1965 in Malaysia.

32. RESERVES (Continued)

32.3 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.

33. RETAINED EARNINGS

The Company is under the single tier system and as a result, there is no restriction on the Company to declare the payment of dividends out of its entire retained earnings as at the end of the financial year.

34. BORROWINGS

	Group		Company	
In RM million	2014	2013	2014	2013
Non-current liabilities				
Unsecured				
Term loans (Note 34.1)	**3,637.8**	3,621.9	**1,918.7**	1,901.0
Less: Portion due within 12 months included under short term borrowings	**(479.7)**	-	**(479.7)**	-
	3,158.1	3,621.9	**1,439.0**	1,901.0
Guaranteed Notes (Note 34.3)	**1,528.2**	1,589.2	**-**	-
Less: Portion due within 12 months included under short term borrowings	**(1,528.2)**	-	**-**	-
	-	1,589.2	**-**	-
Notes (Note 34.4)	**1,911.1**	1,893.8	**-**	-
	5,069.2	7,104.9	**1,439.0**	1,901.0
Current liabilities				
Unsecured				
Trade financing (Note 34.5)	**446.4**	219.4	**-**	-
Term loans – portion due within 12 months (Note 34.1)	**479.7**	-	**479.7**	-
	926.1	219.4	**479.7**	-
Guaranteed Notes (Note 34.3)	**1,528.2**	-	**-**	-
	2,454.3	219.4	**479.7**	-
Total borrowings	**7,523.5**	7,324.3	**1,918.7**	1,901.0

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

34. BORROWINGS (Continued)

34.1 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 the end of the financial year is JPY15.0 billion (2013 – JPY15.0 billion). This fixed-rate loan bears interest at 4.325% per annum and is repayable in full on 22 January 2037.

ii. 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 (2013 – JPY6.0 billion). This fixed-rate loan bears interest at 4.50% per annum and is repayable in full on 5 February 2038.

iii. USD600.0 million term loan that was drawn down by the Company. The outstanding amount as at end of the financial year is USD600.0 million (2013 – USD600.0 million). This floating-rate term loan bears interest at 1.30% plus BBA-LIBOR per annum and is repayable in four (4) annual instalments of USD150.0 million each commencing 48 months from the first drawn date in January 2011.

iv. USD330.0 million term loan that was drawn down by a wholly-owned subsidiary. The outstanding amount as at end of the financial year is USD330.0 million (2013 – USD330.0 million). This floating-rate term loan bears interest at 0.82% plus BBA-LIBOR per annum and is repayable in five (5) years from the first drawn down date in December 2011.

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

	Group		Company	
In RM million	**2014**	**2013**	**2014**	**2013**
Less than 1 year	**479.7**	-	**479.7**	-
1 – 2 years	**479.7**	475.2	**479.7**	475.2
2 – 3 years	**1,533.7**	475.2	**479.7**	475.2
3 – 4 years	**479.6**	1,518.6	**479.6**	475.3
4 – 5 years	**-**	475.3	**-**	475.3
More than 5 years	**665.1**	677.6	**-**	-
	3,637.8	3,621.9	**1,918.7**	1,901.0

34.2 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 has matured on 15 January 2013. The 3rd Exchangeable Bonds were unconditionally and irrevocably guaranteed by the Company.

34. BORROWINGS (Continued)

34.2 USD600 Million Zero Coupon Guaranteed Exchangeable Bonds due 2013 ("3rd Exchangeable Bonds") (Continued)

The salient features of the 3rd Exchangeable Bonds were as follows:

i. The 3rd Exchangeable Bonds were 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 was subject to adjustment in certain circumstances.

   In the financial year ended 30 June 2010, the initial exchange price of RM11.00 per ordinary share of RM0.10 was adjusted to RM10.73 per ordinary share of RM0.10 following the completion of the Renounceable Rights Issue.

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 were 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, was at least 130% of the Accreted Principal Amount divided by the exchange ratio for a period of any twenty (20) consecutive trading days in the period of thirty (30) consecutive trading days immediately preceding the date of the notice of redemption; and

      - the closing price of the IOI Shares was at least 130% of the Accreted Principal Amount divided by the exchange ratio for a period of any twenty (20) consecutive trading days in the period of thirty (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 had been previously redeemed, repurchased and cancelled or exchanged, each Bondholder had the right, at such Bondholder's option, to require the Issuer to repurchase all or any part of its 3rd Exchangeable Bonds at the Accreted Principal Amount on 15 January 2011.

   During the financial year ended 30 June 2011, the Group repurchased and cancelled part of the 3rd Exchangeable Bonds of USD21.7 million (equivalent to RM69.1 million) from the open market. On 15 January 2011, the Bondholders had exercised their options to require the Issuer to redeem USD440.8 million (equivalent to RM1.3 billion) of the 3rd Exchangeable Bonds at their Accreted Principal Amount of 103.81%, which amounted to USD457.6 million (equivalent to RM1.4 billion). Subsequent to the redemption, the balance of the 3rd Exchangeable Bonds outstanding was USD4.1 million (equivalent to RM12.8 million).

v. Unless previously redeemed, repurchased and cancelled or exchanged, the 3rd Exchangeable Bonds would be redeemed at their Accreted Principal Amount of 106.43% on 15 January 2013.

   On 15 January 2013, the Group redeemed and settled in full the outstanding 3rd Exchangeable Bonds of USD4.1 million (equivalent to RM12.4 million) at their accreted principal amount of 106.43%, which amounted to USD4.4 million (equivalent to RM13.2 million). Following the redemption, the 3rd Exchangeable Bonds ceased to be quoted on the Singapore Exchange Securities Trading Limited and the Labuan International Financial Exchange.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

34. BORROWINGS (Continued)

34.2 USD600 Million Zero Coupon Guaranteed Exchangeable Bonds due 2013 ("3rd Exchangeable Bonds") (Continued)

The movements of the 3rd Exchangeable Bonds during the previous financial year were as follows:

In RM million	Group 2013
At beginning of financial year	13.5
Fair value adjustment	0.4
Foreign currency translation differences	(0.7)
Redemption	(13.2)
At end of financial year	-

34.3 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 a 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 March 2005 and will mature on 16 March 2015. The Guaranteed Notes are unconditionally and irrevocably guaranteed by the Company.

At initial recognition, the Guaranteed Notes were recognised in the Group's statement of financial position as follows:

In RM million	Group
Principal amount	1,900.0
Discount on issue price	(13.4)
Net proceeds received	1,886.6

The movements of the Guaranteed Notes during the financial year are as follows:

In RM million	Group 2014	Group 2013
At beginning of financial year	**1,589.2**	1,593.9
Repurchase	**(76.6)**	-
Foreign currency translation differences	**14.3**	(6.0)
Interest expense	**1.3**	1.3
At end of financial year	**1,528.2**	1,589.2

During the financial year, the Group repurchased USD23.6 million of the Guaranteed Notes from the open market. The balance of Guaranteed Notes outstanding after the repurchased is USD476.4 million.

34. BORROWINGS (Continued)

34.4 USD600 Million 4.375% Guaranteed Notes due 2022 ("Notes")

On 15 May 2012, the Company's wholly-owned subsidiary, IOI Investment (L) Berhad ("IOI Investment"), a company incorporated in the Federal Territory of Labuan under the Offshore Companies Act, 1990, established a Euro Medium Term Note Programme, with an initial programme size of USD1.5 billion ("EMTN Programme").

Subsequently, on 27 June 2012, IOI Investment issued USD600 million 4.375% Notes due 2022 at an issue price of 99.288% ("Notes") under the EMTN Programme. The Notes are listed on the Singapore Exchange Securities Trading Limited. The Notes carry an interest rate of 4.375% per annum payable semi-annually in arrears on 27 June and 27 December commencing 27 December 2012 and will mature on 27 June 2022. The Notes are unconditionally and irrevocably guaranteed by the Company.

At initial recognition, the Notes were recognised in the Group's statement of financial position as follows:

In RM million	Group
Principal amount	**1,912.2**
Discount on issue price	**(13.7)**
Net proceeds received	**1,898.5**
Transaction cost	**(3.8)**
	1,894.7

The movements of the Notes during the financial year are as follows:

In RM million	Group 2014	Group 2013
At beginning of financial year	**1,893.8**	1,899.5
Foreign currency translation differences	**15.8**	(7.1)
Interest expense	**1.5**	1.4
At end of financial year	**1,911.1**	1,893.8

34.5 Trade financing

Unsecured

Trade financing utilised during the financial year is subject to interest rates ranging from 0.50 % to 3.80% (2013 – 0.50% to 3.57%) per annum.

35. OTHER LONG TERM LIABILITIES

In RM million	Group 2014	Group 2013 (Restated)	Company 2014	Company 2013
Retirement benefits (Note 35.1)	**36.3**	44.5	-	0.9

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35. OTHER LONG TERM LIABILITIES (Continued)

35.1 Retirement benefits

In RM million	Group 2014	Group 2013 (Restated)	Company 2014	Company 2013
Present value of funded obligations	**516.8**	448.1	**-**	-
Fair value of plan assets	**(502.2)**	(425.6)	**-**	-
	14.6	22.5	**-**	-
Present value of unfunded obligations	**21.7**	22.0	**-**	0.9
Recognised liability for defined benefit obligations	**36.3**	44.5	**-**	0.9

The Company and certain subsidiaries operate various 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 2013 and 30 June 2014 respectively.

Movements in the net liability recognised in the statements of financial position:

Group
2014

In RM million	Present value of funded obligations	Present value of unfunded obligations	Fair value of plan assets	Unrecognised actuarial losses	Unrecognised past service cost	Total
At beginning of financial year	**448.1**	**22.0**	**(425.6)**	**(27.9)**	**1.4**	**18.0**
Effect of adopting FRS 119	**-**	**-**	**-**	**27.9**	**(1.4)**	**26.5**
As restated	**448.1**	**22.0**	**(425.6)**	**-**	**-**	**44.5**
Contributions to funded plans	**-**	**-**	**(28.8)**	**-**	**-**	**(28.8)**
Benefits paid for unfunded plans	**(10.1)**	**(0.3)**	**9.3**	**-**	**-**	**(1.1)**
Expense recognised in profit or loss (Note 9(b))	**31.4**	**1.7**	**(12.1)**	**-**	**-**	**21.0**
Actuarial loss/(gain) recognised in other comprehensive income	**17.6**	**-**	**(18.2)**	**-**	**-**	**(0.6)**
Foreign currency translation differences	**29.8**	**(1.7)**	**(26.8)**	**-**	**-**	**1.3**
At end of financial year	**516.8**	**21.7**	**(502.2)**	**-**	**-**	**36.3**

35. OTHER LONG TERM LIABILITIES (Continued)

35.1 Retirement benefits (Continued)

Group
2013

In RM million	Present value of funded obligations	Present value of unfunded obligations	Fair value of plan assets	Unrecognised actuarial losses	Unrecognised past service cost	Total
At beginning of financial year	396.3	20.4	(371.2)	(30.4)	2.5	17.6
Effect of adopting FRS 119	-	-	-	30.4	(2.5)	27.9
As restated	396.3	20.4	(371.2)	-	-	45.5
Contributions to funded plans	-	-	(26.8)	-	-	(26.8)
Benefits paid for unfunded plans	(3.7)	(0.9)	3.2	-	-	(1.4)
Expense recognised in profit or loss (Note 9(b))	35.4	2.8	(15.3)	-	-	22.9
Actuarial loss/(gain) recognised in other comprehensive income	3.2	(0.3)	-	-	-	2.9
Foreign currency translation differences	16.9	-	(15.5)	-	-	1.4
At end of financial year	448.1	22.0	(425.6)	-	-	44.5

Company

In RM million	Present value of unfunded obligations 2014	2013
At beginning of financial year	**0.9**	0.9
Disposal of plantation business	**(0.9)**	-
At end of financial year	**-**	0.9

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35. OTHER LONG TERM LIABILITIES (Continued)

35.1 Retirement benefits (Continued)

Expense recognised in profit or loss:

In RM million	Group 2014	Group 2013 (Restated)	Company 2014	Company 2013
Current service cost	**23.8**	22.1	**-**	-
Interest cost	**1.7**	15.5	**-**	-
Expected return on plan assets	**1.2**	(15.4)	**-**	-
Past service cost	**(7.3)**	-	**-**	-
Other costs	**1.6**	0.7	**-**	-
	21.0	22.9	**-**	-

A summary of the combined allocation of the plan assets by major asset classes is shown below:

%	Group 2014	Group 2013
Equity instruments	**30.6**	37.1
Debt instruments	**64.9**	60.4
Other	**4.5**	2.5
	100.0	100.0

Liability for defined benefit obligations

Principal actuarial assumptions used at the reporting period (expressed as weighted averages):

%	Group and Company 2014	Group and Company 2013
Discount rate	**3.4**	3.5
Future salary increases	**3.1**	3.1

35. OTHER LONG TERM LIABILITIES (Continued)

35.1 Retirement benefits (Continued)

Sensitivity analysis

The impact on changes of each significant actuarial assumption as at the end of the reporting period is as follows:

In RM million	Group 2014
Discount rate increase by 0.1%	**(10.1)**
Discount rate decrease by 0.1%	**13.6**
Salary rate increase by 1%	**9.1**
Salary rate decrease by 1%	**(10.7)**

36. TRADE AND OTHER PAYABLES

	Group		Company	
In RM million	2014	2013	2014	2013
Trade payables (Note 36.1)	**373.5**	336.1	**-**	9.3
Other payables and accruals (Note 36.2)	**493.2**	408.6	**133.0**	78.9
	866.7	744.7	**133.0**	88.2

36.1 Trade payables

Credit terms of trade payables vary from 14 to 60 days from date of invoice.

36.2 Other payables and accruals

	Group		Company	
In RM million	2014	2013	2014	2013
Other payables	**165.8**	127.7	**0.8**	10.4
Customer deposits and other deposits	**1.7**	1.4	**-**	0.8
Accruals	**325.7**	279.5	**132.2**	67.7
	493.2	408.6	**133.0**	78.9

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. ACQUISITION OF SUBSIDIARIES

2014

37.1 Unico-Desa Plantations Berhad

On 2 October 2013, IOI Plantation Sdn Bhd ("IOI Plant"), a wholly owned subsidiary of the Company acquired 339 million ordinary shares of RM0.25 each in Unico-Desa Plantations Berhad ("Unico")("Unico Shares") representing approximately 39.55% of the issued and paid-up share capital of Unico for a total consideration of RM396.6 million.

With the above acquisition, IOI Plant's shareholdings in Unico has exceeded 33% of the voting shares in Unico. IOI Plant has therefore extended a conditional take-over offer to acquire all the remaining Unico Shares not already held by IOI Plant amounting to 518,110,000 Unico Shares ("Offer Shares"), representing approximately 60.45% of the issued and paid up share capital of Unico (excluding 2,890,000 treasury shares), at a cash offer price of RM1.17 per Offer Share ("Offer"), pursuant to Section 218(2) of the Capital Market and Services Act, 2007 ("CMSA") and Section 9(1) Part III of the Malaysian Code on Take-Overs and Mergers, 2010.

On 11 November 2013 ("Acquisition Date"), IOI Plant has obtained control of Unico, holding 76.64% of the voting shares in Unico after receiving valid acceptances for 310,937,171 Offer Shares ("Acquisition"). Unico has since become a subsidiary of the Group.

Subsequent to Unico becoming a subsidiary of the Group on 11 November 2013, IOI Plant continued to receive acceptances of the Offer. On 11 December 2013, IOI Plant has achieved acceptance level of more than nine-tenths (9/10) of the remaining Unico Shares. Following that, IOI Plant has invoked Section 222 of the CMSA to compulsorily acquire the remaining Offer Shares for which valid acceptance has not been received.

On 21 February 2014, IOI Plant completed the acquisition of 100% equity interest in Unico.

The analysis of the above acquisition is summarised as follows:

37.1.1 At Acquisition Date

Fair value of the identifiable assets and liabilities assumed

In RM million	Group
Property, plant and equipment	**1,044.9**
Deferred tax assets	**1.4**
Inventories	**8.5**
Trade and other receivables	**9.1**
Cash and bank balances	**3.2**
Borrowings	**(33.7)**
Deferred tax liabilities	**(57.3)**
Trade and other payables	**(12.8)**
Current tax liabilities	**(3.7)**
Total identifiable net assets	**959.6**

37. ACQUISITION OF SUBSIDIARIES (Continued)

37.1 Unico-Desa Plantations Berhad (Continued)

37.1.1 At Acquisition Date (Continued)

Net cash outflow arising from the Acquisition

In RM million	Group
Fair value of identifiable net assets	**959.6**
Less: Share of associate's result prior to the Acquisition	**(1.0)**
Less: Non-controlling interest	**(224.9)**
Goodwill arising from Acquisition (Note 19)	**35.5**
Purchase consideration discharged by cash	**769.2**
Less: Cash and cash equivalents acquired	**(3.2)**
Net cash outflow on Acquisition, net of cash and cash equivalents acquired	**766.0**

37.1.2 Subsequent to Acquisition Date

Net cash outflow arising from additional acquisitions subsequent to Acquisition Date

In RM million	Group
Non-controlling interests acquired	**226.1**
Amount recognised in retained earnings	**8.3**
Purchase consideration discharged by cash	**234.4**

Total net cash outflow arising from the acquisition of Unico

In RM million	Group
Net cash outflow on Acquisition, net of cash and cash equivalents acquired	**766.0**
Net cash outflow on additional acquisitions subsequent to Acquisition Date	**234.4**
Acquisition of subsidiary, net of cash and cash equivalents acquired	**1,000.4**

The above acquisition has no material effect on the financial results of the Group for the current financial year as Unico's contribution to the Group's revenue and Group's profit since acquisition date is 1.0% and 0.9% respectively.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. ACQUISITION OF SUBSIDIARIES (Continued)

2013

37.2 Prime Joy Investment Ltd

On 8 January 2013, Palmy Max Ltd, an indirect subsidiary of the Company acquired 5,000 ordinary shares representing 50% equity interest held by Teijan Management Ltd ("Teijan Management") in a joint venture, Prime Joy Investments Ltd ("Prime Joy") for a total cash consideration of USD9.3 million (equivalent to RM28.2 million). The acquisition also entailed the full settlement of shareholders' advances of USD30.2 million (equivalent to RM91.8 million) owing by Prime Joy to Teijan Management.

The analysis of the above acquisition is summarised as follows:

Fair value of the identifiable assets and liabilities assumed

In RM million	Group
Land held for property development	221.5
Cash and bank balances	28.9
Amount due to immediate holding company	(92.5)
Amounts due to shareholders	(92.5)
Deferred tax liabilities	(14.1)
Total identifiable net assets	51.3

Net cash outflow arising from the acquisition

In RM million	Group
Fair value of identifiable net assets	51.3
Less: 50% interest previously held as joint venture	(25.7)
Goodwill arising from acquisition (Note 19)	2.6
Purchase consideration discharged by cash	28.2
Settlement of shareholders' advances to vendor	91.8
	120.0
Less: cash and cash equivalents acquired	(28.9)
Cash outflow on the acquisition of a subsidiary	91.1

Gain on revaluation of existing equity interest upon acquisition of the remaining interest

In RM million	Group
Fair value of initial 50% shareholding at date of acquisition	25.7
Carrying amount at date of acquisition	4.6
Gain on revaluation of existing equity interest upon acquisition	21.1

The above acquisition has no material effect on the financial results of the Group for the current financial year as Prime Joy's contribution to the Group's result since acquisition date is only loss of RM1.7 million.

38. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the financial year comprise:

	Group		Company	
In RM million	2014	2013	2014	2013
Short term funds (Note 28)	**3,450.0**	1,826.4	**-**	-
Deposits with financial institutions (Note 29)	**186.8**	264.1	**-**	40.4
Cash and bank balances	**350.9**	878.9	**39.8**	7.7
	3,987.7	2,969.4	**39.8**	48.1

The Group has undrawn borrowing facilities of RM3,893.1 million (2013 – RM3,791.8 million) at the end of the financial year.

39. SIGNIFICANT RELATED PARTY DISCLOSURES

39.1 Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operation decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of the Group include:

i. Direct and indirect subsidiaries as disclosed in Note 45 to the financial statements;

ii. Vertical Capacity Sdn Bhd and its holding company, Progressive Holdings Sdn Bhd, the major corporate shareholders of the Company;

iii. Associates and joint venture as disclosed in Note 45 to the financial statements;

iv. Key management personnel, which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly; and

v. Affiliates, companies in which the Directors who are also the substantial shareholders of the Company have substantial shareholdings interest.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. SIGNIFICANT RELATED PARTY DISCLOSURES (Continued)

39.2 Significant related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

In RM million	2014	2013
Group		
Associates		
Sales of oleochemical products and palm kernel oil	**598.1**	486.6
Purchases of oleochemical products	**13.2**	8.8
Purchases of palm products	**8.3**	20.8
Agency fees income	**0.4**	0.9
Rental income on storage tank	**7.0**	6.7
Affiliates		
Property project management services	**2.4**	3.7
Purchases of palm products	**16.5**	-
Rental expenses	**1.6**	-
Company		
Subsidiaries		
Sales of palm products	**150.3**	297.1
Purchases of palm products	**6.6**	12.7
Agency fees income	**0.6**	2.3
Management fees	**7.5**	28.1
Interest income	**96.1**	109.2
Interest expense	**142.1**	141.5

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 2014 are disclosed in Note 20.2, Note 21.3 and Note 22.1 to the financial statements.

39. SIGNIFICANT RELATED PARTY DISCLOSURES (Continued)

39.3 Key management personnel compensation

The remuneration of key management personnel during the financial year is as follows:

	Group		Company	
In RM million	**2014**	**2013**	**2014**	**2013**
Directors				
Fees	**0.9**	0.9	**0.9**	0.8
Remuneration	**112.9**	49.6	**110.1**	46.5
Estimated monetary value of benefits-in-kind	**0.1**	0.2	**0.1**	0.1
Total short term employee benefits	**113.9**	50.7	**111.1**	47.4
Post employment benefits	**13.5**	5.9	**13.2**	5.5
Share option expenses	**0.2**	0.4	**0.2**	0.4
	127.6	57.0	**124.5**	53.3
Other key management personnel				
Short term employee benefits	**3.4**	3.3	**-**	-
Post employment benefits	**0.3**	0.2	**-**	-
	3.7	3.5	**-**	-

Number of share options granted to the key management personnel during the financial year is as follows:

	Group	
In million	**2014**	**2013**
Executive Share Option Scheme of the Company		
At beginning of financial year	**8.0**	11.0
Addition arising from promotion	**-**	0.3
Exercised	**(6.8)**	(1.3)
Lapsed	**-**	(2.0)
At end of financial year	**1.2**	8.0

The share options were granted on the same terms and conditions as those granted to other employees of the Group.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that entities of the Group are able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity mix. The overall strategy of the Group remains unchanged from that in financial year ended 30 June 2013.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. Capital of the Group comprises equity, borrowings and other long term liabilities. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, buy back shares or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2014 and 30 June 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by equity attributable to owners of the parent. The Group's net debt includes borrowings less cash and cash equivalents. The Group has an appropriate target gearing ratio, which is monitored by the Group on an ongoing basis.

	Group		Company	
In RM million	**2014**	**2013**	**2014**	**2013**
Borrowings	**7,523.5**	7,324.3	**1,918.7**	1,901.0
Less: Cash and cash equivalents	**(3,987.7)**	(2,969.4)	**(39.8)**	(48.1)
Net debt	**3,535.8**	4,354.9	**1,878.9**	1,852.9
Equity	**6,036.8**	13,650.5	**5,742.4**	6,754.9
Gearing ratio (%)	**58.57**	31.90	**32.72**	27.43

41. 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 an established risk management framework and clearly defined guidelines that are approved by the Board of Directors.

The Group operates within an established Enterprise Risk Management framework with clearly defined policies and guidelines, which are administered via divisional Risk Management Committees. Divisional Risk Management Committees report regularly to the Audit and Risk Management Committee which oversees the management of risk in the Group on behalf of the Board of Directors.

41.1 Foreign currency risk

The Group operates internationally and is exposed to various currencies, mainly US Dollar ("USD"), Euro ("EUR"), Singapore Dollar ("SGD") and Japanese Yen ("JPY"). Foreign currency denominated assets and liabilities together with expected cash flows from committed purchases and sales give rise to foreign currency exposures.

The Group's foreign currency risk management objective is to minimise foreign currency exposure that gives rise to economic impact, both at transaction and reporting period translation levels.

41. FINANCIAL INSTRUMENTS (Continued)

41.1 Foreign currency risk (Continued)

41.1.1 Risk management approach

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country, in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

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

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

The hedging methods that the Group adopts in managing its currency risk depend on the principal forms of foreign currency exposure, as discussed below:

i. Structural foreign currency exposure from its net investment in foreign operations (subsidiaries, associates, and joint ventures)

Background

The Group's foreign operations of various functional currencies when translated into its parent's reporting currency based on closing rates (for assets and liabilities) and average transaction rates (for income and expenses) at each consolidation, gives rise to foreign currency translation gain or loss that will be recognised in other comprehensive income. Intragroup transactions with foreign operations involving monetary financial instruments will also result in foreign currency translation gain or loss that cannot be eliminated on consolidation, but has to be recognised either in profit or loss or in other comprehensive income. However, non-monetary financial items translated at historical exchange rates will not give rise to foreign currency risk. Resulting from its net investment in foreign operations, the Group's current and future profit stream in various foreign currencies will also be exposed to foreign currency risk.

Hedging method

Where feasible the Group would match its foreign currency borrowing with the functional currency of its foreign operations. Nevertheless, the Group considers such foreign currencies' overall fiscal position and borrowing costs before deciding on the major currency to be carried as debt in its book. In this regard, the Group has major foreign currency borrowings denominated in USD, EUR, SGD and JPY, which do not necessarily match all the functional currencies of its foreign operations. Where appropriate, exposures from mismatch in foreign currency borrowings are hedged with Cross Currency Swap.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. FINANCIAL INSTRUMENTS (Continued)

41.1 Foreign currency risk (Continued)

41.1.1 Risk management approach (Continued)

ii. Transactional obligations or rights denominated in foreign currency

Background

The majority of the Group's transactional currency risk arises from its foreign currency based forward sales and purchases of commodity items, contracted by its subsidiaries along the palm value chain. These forward commodity contracts for "own use" purposes are non-financial instruments and are generally not recognised in the Statements of Financial Position. However, these non-financial forward contracts denominated in foreign currency are exposed to economic risk due to currency fluctuations. Certain product-streams underlying the forward contracts are net-cash settled or have contract provisions for net-cash settlement, and these are accounted by the Group as financial instruments with fair valuation impact to its financial statements. Regardless of "own use" or fair value through profit or loss, these forward contracts on fulfilment at maturity will result in book receivables or payables in foreign currency.

Hedging method

Intra-day transactions or forward contracts in foreign currencies are first netted based on matching characteristics. The net exposure is then hedged off with vanilla foreign exchange forwards.

In general, currency exposure from foreign investments and borrowings is managed centrally at the Group HQ level, whilst currency exposure arising from transactions or contractual obligations is managed at the respective entity or business unit's level. The Group adopts a uniform Foreign Currency Risk Management Policy and Guide, which sets out the authority and limits for inception of foreign currency derivatives; types of approved foreign currency derivatives; acceptable hedging practices and methods; and over-sight structure and controls. Below are extracts of key policies:

a) Speculative positioning on foreign currency is prohibited;

b) Net currency exposure on trade transactions and forward contracts are to be hedged in full on back-to-back basis. Hedging on portfolio basis (or macro-hedging) comprising of unmatched mixed maturity and amount is disallowed;

c) Inception of foreign currency derivatives as hedging instrument against forecast trade transactions in foreign currency is disallowed;

d) Hedging with foreign currency futures on traded exchanges is generally disallowed;

e) Inception of over-the-counter structured derivatives for hedging purposes are confined to HQ and each contract is subject to executive management's approval; and

f) Subsidiaries inception of foreign currency derivative for hedging purposes are confined to vanilla foreign currency forwards and plain European style foreign currency options.

The Group's entire currency exposure (as hedge items) and corresponding foreign currency derivative hedging instruments are marked-to-market and fair valued once a month primarily for operational hedge effectiveness testing and for executive management reporting and oversight. Weekly long-short positions on foreign currencies and foreign currency derivatives are also produced for timely control and intervention.

41. FINANCIAL INSTRUMENTS (Continued)

41.1 Foreign currency risk (Continued)

41.1.2 Foreign currency risk exposure

The analysis of the Group's foreign currencies long/(short) positions for each class of financial instruments with separate lines on currency derivative is as follows:

In RM million										
Contract based currency	USD		EUR		SGD		JPY		Others	
Maturity	<1 year	> 1 year	<1 year	> 1 year	<1 year	> 1 year	<1 year	> 1 year	<1 year	> 1 year
Group										
2014										
Financial assets in foreign currencies										
Cash and bank balances	115.5	-	60.3	-	18.7	-	-	-	23.6	-
Deposits with financial institutions	36.5	-	3.1	-	-	-	-	-	-	-
Trade and other receivables	547.0	-	289.5	-	-	-	8.4	-	39.6	-
Amounts due from associates	-	-	-	-	-	-	-	-	0.4	-
Derivative assets	99.1	-	-	-	-	-	-	-	-	-
Financial liabilities in foreign currencies										
Trade and other payables	(106.0)	-	(135.2)	-	(0.5)	-	(0.2)	-	(14.5)	-
Amounts due to associates	-	-	-	-	-	-	-	-	(73.8)	-
Borrowings	(2,342.2)	(4,429.1)	(56.9)	-	-	-	-	(665.1)	-	-
Derivative liabilities	(428.8)	-	-	-	-	-	-	-	-	-
Currency derivatives										
Foreign currency forwards	632.8	-	(34.5)	-	1.4	-	(21.1)	-	(81.1)	-
Structured and hybrids	-	235.0	-	-	-	(505.4)	-	665.1	-	-
Net exposure	(1,446.1)	(4,194.1)	126.3	-	19.6	(505.4)	(12.9)	-	(105.8)	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. FINANCIAL INSTRUMENTS (Continued)

41.1 Foreign currency risk (Continued)

41.1.2 Foreign currency risk exposure (Continued)

In RM million Contract based currency	USD		EUR		SGD		JPY		Others	
Maturity	<1 year	> 1 year	<1 year	> 1 year	<1 year	> 1 year	<1 year	> 1 year	<1 year	> 1 year
Group										
2013										
Financial assets in foreign currencies										
Cash and bank balances	556.7	-	11.6	-	16.6	-	-	-	5.1	-
Deposits with financial institutions	82.3	-	2.5	-	-	-	-	-	-	-
Trade and other receivables	586.2	-	321.2	-	-	-	5.6	-	30.2	-
Derivative assets	322.9	-	-	-	-	-	-	-	-	-
Financial liabilities in foreign currencies										
Trade and other payables	(121.9)	-	(153.9)	-	(0.5)	-	-	-	(20.1)	-
Amounts due to associates	-	-	-	-	-	-	-	-	(45.5)	-
Borrowings	(173.0)	(6,461.5)	-	-	-	-	-	(677.6)	-	-
Derivative liabilities	(333.8)	-	-	-	-	-	-	-	-	-
Currency derivatives										
Foreign currency forwards	(1,425.1)	-	(72.3)	-	1.9	-	(19.1)	-	(55.5)	-
Structured and hybrids	-	233.1	-	-	-	(494.1)	-	677.6	-	-
Net exposure	(505.7)	(6,228.4)	109.1	-	18.0	(494.1)	(13.5)	-	(85.8)	-

In RM million Contract based currency	USD		EUR		SGD	
Maturity	<1 year	> 1 year	<1 year	> 1 year	<1 year	> 1 year
Company						
2014						
Financial assets in foreign currencies						
Cash and bank balances	**1.3**	**-**	**15.7**	**-**	**18.6**	**-**
Amounts due from subsidiaries	**278.2**	**-**	**559.1**	**-**	**-**	**-**
Financial liabilities in foreign currencies						
Borrowings	**(481.4)**	**(1,444.3)**	**-**	**-**	**-**	**-**
Amounts due to subsidiaries	**(1,574.8)**	**(718.0)**	**-**	**-**	**(1.2)**	**-**
Currency derivatives						
Foreign currency forwards	**1,604.8**	**-**	**-**	**-**	**-**	**-**
Net exposure	**(171.9)**	**(2,162.3)**	**574.8**	**-**	**17.4**	**-**

41. FINANCIAL INSTRUMENTS (Continued)

41.1 Foreign currency risk (Continued)

41.1.2 Foreign currency risk exposure (Continued)

In RM million Contract based currency	USD		EUR		SGD	
Maturity	<1 year	> 1 year	<1 year	> 1 year	<1 year	> 1 year
Company						
2013						
Financial assets in foreign currencies						
Cash and bank balances	0.3	-	-	-	-	-
Deposits with financial institutions	40.4	-	-	-	-	-
Amounts due from subsidiaries	267.0	-	505.3	-	41.2	-
Financial liabilities in foreign currencies						
Borrowings	-	(1,909.8)	-	-	-	-
Amounts due to subsidiaries	-	(2,346.0)	-	-	-	-
Net exposure	307.7	(4,255.8)	505.3	-	41.2	-

i. The Group is net short in USD by USD1.8 billion (equivalent to RM5.6 billion) (2013 – USD2.1 billion (equivalent to RM6.7 billion)) where USD1.3 billion (equivalent to RM4.2 billion) (2013 – USD2.0 billion (equivalent to RM6.2 billion)) is due beyond twelve (12) months. This short position is expected to be met from its future revenue stream mainly denominated in USD;

ii. The foreign currency long-short mismatch between forward commodity contracts (as hedge items) and foreign currency forward derivative (as hedging instruments) is attributed to intragroup forward commodity sales and purchases that give rise to net currency exposure at the entity level. Foreign currency long-short position from forward commodity contracts of both related entities are eliminated on consolidation (but not necessarily its fair value gain or loss arising from foreign currency) i.e. leaving behind the currency long short on foreign currency forward derivative.

The currency swap contracts of the Group and the Company are as follows:

Group
2014

i. 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.

ii. Cross currency swaps to swap floating rate USD liability of USD100.0 million to fixed rate RM liability of RM302.0 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 March 2012 to December 2016.

iii. Cross currency swap to swap floating rate USD liability of USD156.0 million to floating rate SGD liability of SGD196.7 million. This was entered into to maintain the appropriate amount of liability in SGD as a natural hedge against existing SGD denominated investment. The effective period for this cross currency swap is from April 2012 to December 2016.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. FINANCIAL INSTRUMENTS (Continued)

41.1 Foreign currency risk (Continued)

41.1.2 Foreign currency risk exposure (Continued)

Group
2013

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.

   The Group has received USD2.2 million (equivalent to RM6.7 million) upon successfully unwinding the contract during the previous financial year.

ii. Cross currency swaps to swap JPY liability of JPY21.0 billion to USD liability of USD182.7 million. These were entered into as a cashflow hedge for the Group's principal repayment for the loan obtained. The effective period for these cross currency swaps is from January 2007 to February 2038.

iii. Cross currency swaps to swap floating rate USD liability of USD100.0 million to fixed rate RM liability of RM302.0 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 March 2012 to December 2016.

iv. Cross currency swap to swap floating rate USD liability of USD156.0 million to floating rate SGD liability of SGD196.7 million. This was entered into to maintain the appropriate amount of liability in SGD as a natural hedge against existing SGD denominated investment. The effective period for this cross currency swap is from April 2012 to December 2016.

Company
2013

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.

   The Company has received USD2.2 million (equivalent to RM6.7 million) upon successfully unwinding the contract during the previous financial year.

41.1.3 Sensitivity analysis

The Group's exposure to foreign currency risk primarily from foreign currency denominated borrowings. A 1,000 pips increase or decrease in foreign currency rate of foreign currency denominated borrowings would have equally decreased or increased the profit for the Group and the Company by approximately RM162.1 million (2013 – RM200.4 million) and RM44.8 million (2013 – RM59.7 million) respectively.

41. FINANCIAL INSTRUMENTS (Continued)

41.2 Interest rate risk

The Group's interest rate risk arises from its interest bearing financial instruments that could impact fair value and future cash flows due to fluctuation in market interest rates.

The Group's objective on interest rate risk management is to achieve a balance in repricing risks and the optimisation of its cost of funds whilst ensuring sufficient liquidity to meet funding needs.

41.2.1 Risk management approach

The Group actively reviews its debt portfolio, taking into account the nature and requirements of its businesses as well as the current business and economic environment. This strategy allows it to achieve an optimum cost of capital whilst locking in long term funding rates for long term investments.

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

41.2.2 Interest rate risk exposure

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the financial year and the remaining repricing brackets of the Group's and Company's financial instruments that are exposed to interest rate risk:

		Repricing Brackets					Total	
In RM million	Note	Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	More than 4 years	Amount	Weighted average effective interest rate %
Group								
2014								
Interest bearing financial assets								
Fixed rate instruments								
Deposits with financial institutions	29	186.8	-	-	-	-	186.8	*1.52*
Short term funds	28	3,450.0	-	-	-	-	3,450.0	*2.81*
		3,636.8	-	-	-	-	3,636.8	
Floating rate instruments								
Cash and bank balances		350.9	-	-	-	-	350.9	*0.66*
		350.9	-	-	-	-	350.9	
Total assets repricing		3,987.7	-	-	-	-	3,987.7	

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. FINANCIAL INSTRUMENTS (Continued)

41.2 Interest rate risk (Continued)

41.2.2 Interest rate risk exposure (Continued)

		Repricing Brackets					Total	
In RM million	Note	Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	More than 4 years	Amount	Weighted average effective interest rate %
Group								
2014								
Interest bearing financial liabilities								
Fixed rate instruments								
Term loans	34.1	-	-	-	-	665.1	665.1	*5.68*
Guaranteed notes	34.3	1,528.2	-	-	-	-	1,528.2	*5.34*
Notes	34.4	-	-	-	-	1,911.1	1,911.1	*4.49*
Trade financing		446.4	-	-	-	-	446.4	*1.10*
		1,974.6	-	-	-	2,576.2	4,550.8	
Floating rate instruments								
Term loans	34.1	2,972.7	-	-	-	-	2,972.7	*2.66*
		2,972.7	-	-	-	-	2,972.7	
Total liabilities repricing		4,947.3	-	-	-	2,576.2	7,523.5	
Net repricing gap		(959.6)	-	-	-	(2,576.2)	(3,535.8)	

41. FINANCIAL INSTRUMENTS (Continued)

41.2 Interest rate risk (Continued)

41.2.2 Interest rate risk exposure (Continued)

		Repricing Brackets					Total	
In RM million	Note	Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	More than 4 years	Amount	Weighted average effective interest rate %
Group								
2013								
Interest bearing financial assets								
Fixed rate instruments								
Deposits with financial institutions	29	264.1	-	-	-	-	264.1	*1.59*
Short term funds	28	1,826.4	-	-	-	-	1,826.4	*2.95*
		2,090.5	-	-	-	-	2,090.5	
Floating rate instruments								
Cash and bank balances		878.9	-	-	-	-	878.9	*1.06*
		878.9	-	-	-	-	878.9	
Total assets repricing		2,969.4	-	-	-	-	2,969.4	
Interest bearing financial liabilities								
Fixed rate instruments								
Term loans	34.1	-	-	-	-	677.6	677.6	*5.68*
Guaranteed notes	34.3	-	1,589.2	-	-	-	1,589.2	*5.34*
Notes	34.4	-	-	-	-	1,893.8	1,893.8	*4.49*
Trade financing		219.4	-	-	-	-	219.4	*1.36*
		219.4	1,589.2	-	-	2,571.4	4,380.0	
Floating rate instruments								
Term loans	34.1	2,944.3	-	-	-	-	2,944.3	*2.70*
		2,944.3	-	-	-	-	2,944.3	
Total liabilities repricing		3,163.7	1,589.2	-	-	2,571.4	7,324.3	
Net repricing gap		(194.3)	(1,589.2)	-	-	(2,571.4)	(4,354.9)	

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. FINANCIAL INSTRUMENTS (Continued)

41.2 Interest rate risk (Continued)

41.2.2 Interest rate risk exposure (Continued)

		Repricing Brackets					Total	
In RM million	Note	Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	More than 4 years	Amount	Weighted average effective interest rate %
Company								
2014								
Interest bearing financial assets								
Fixed rate instruments								
Amounts due from subsidiaries	20	2,980.8	-	-	-	-	2,980.8	*3.86*
		2,980.8	-	-	-	-	2,980.8	
Floating rate instruments								
Cash and bank balances		39.8	-	-	-	-	39.8	*1.38*
		39.8	-	-	-	-	39.8	
Total assets repricing		3,020.6	-	-	-	-	3,020.6	
Interest bearing financial liabilities								
Fixed rate instruments								
Amounts due to subsidiaries	20	1,856.2	-	539.5	-	480.1	2,875.8	*3.69*
		1,856.2	-	539.5	-	480.1	2,875.8	
Floating rate instruments								
Term loans	34.1	1,918.7	-	-	-	-	1,918.7	*3.12*
		1,918.7	-	-	-	-	1,918.7	
Total liabilities repricing		3,774.9	-	539.5	-	480.1	4,794.5	
Net repricing gap		(754.3)	-	(539.5)	-	(480.1)	(1,773.9)	

41. FINANCIAL INSTRUMENTS (Continued)

41.2 Interest rate risk (Continued)

41.2.2 Interest rate risk exposure (Continued)

		Repricing Brackets					Total	
In RM million	Note	Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	More than 4 years	Amount	Weighted average effective interest rate %
Company								
2013								
Interest bearing financial assets								
Fixed rate instruments								
Deposits with financial institutions	29	40.4	-	-	-	-	40.4	*1.40*
Amounts due from subsidiaries	20	3,068.6	-	-	-	-	3,068.6	*3.76*
		3,109.0	-	-	-	-	3,109.0	
Floating rate instruments								
Cash and bank balances		7.7	-	-	-	-	7.7	*2.31*
		7.7	-	-	-	-	7.7	
Total assets repricing		3,116.7	-	-	-	-	3,116.7	
Interest bearing financial liabilities								
Fixed rate instruments								
Amounts due to subsidiaries	20	348.4	-	-	537.6	2,065.3	2,951.3	*4.18*
		348.4	-	-	537.6	2,065.3	2,951.3	
Floating rate instruments								
Term loans	34.1	1,901.0	-	-	-	-	1,901.0	*3.12*
		1,901.0	-	-	-	-	1,901.0	
Total liabilities repricing		2,249.4	-	-	537.6	2,065.3	4,852.3	
Net repricing gap		867.3	-	-	(537.6)	(2,065.3)	(1,735.6)	

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. FINANCIAL INSTRUMENTS (Continued)

41.2 Interest rate risk (Continued)

41.2.2 Interest rate risk exposure (Continued)

The interest rate swap contracts of the Group and the Company are as follows:

Group
2014

i. Interest rate swaps to swap notional principal amount of USD600 million from floating interest rate to fixed interest rate to hedge against interest rate fluctuations. The effective period for these interest rate swaps is from October 2010 to October 2017.

ii. Interest rate swap to swap notional principal amount of USD74 million from floating interest rate to fixed interest rate to hedge against interest rate fluctuations. The effective period for this interest rate swap is from December 2011 to December 2016.

2013

i. Interest rate swaps to swap notional principal amount of USD600 million from floating interest rate to fixed interest rate to hedge against interest rate fluctuations. The effective period for these interest rate swaps is from October 2010 to October 2017.

ii. Interest rate swap to swap notional principal amount of USD74 million from floating interest rate to fixed interest rate to hedge against interest rate fluctuations. The effective period for this interest rate swap is from December 2011 to December 2016.

Company
2014

i. Interest rate swaps to swap notional principal amount of USD600 million from floating interest rate to fixed interest rate to hedge against interest rate fluctuations. The effective period for these interest rate swaps is from October 2010 to October 2017.

2013

i. Interest rate swaps to swap notional principal amount of USD600 million from floating interest rate to fixed interest rate to hedge against interest rate fluctuations. The effective period for these interest rate swaps is from October 2010 to October 2017.

41.2.3 Sensitivity analysis

Sensitivity analysis on interest rate is applied on floating rate financial instruments only, as the carrying amount of fixed rate financial instruments are measured at amortised cost.

A 50 basis points increase or decrease in interest rates would have equally decreased or increased the profits for the Group and the Company by approximately RM0.7 million (2013 – RM1.9 million) and RM0.2 million (2013 – nil) respectively.

41. FINANCIAL INSTRUMENTS (Continued)

41.3 Price fluctuation risk

The Group's plantation and resource-based manufacturing segments are inversely exposed to price fluctuation risk on sales and purchases of vegetable oil commodities. These two (2) operating segments enter into commodity future contracts with the objective of managing and hedging their respective exposures to price volatility in the commodity markets.

The Group's objective on price risk management is to limit the Group's exposure to fluctuations in market prices and to achieve expected margins on revenue.

41.3.1 Risk management approach

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

The Group's commodity price risk management activities are integrated with its commodity sales and marketing activities, which is centralised at the corporate level. The operation is governed by formalised policies and procedures of which an outline is extracted below:

i. Forward sales commitment is limited to certain forward periods (generally two (2) – five (5) months, depending on product type);

ii. Volume that can be committed to forward sales is limited to a certain percentage of forecast production (generally not exceeding 70% of monthly production, depending on product type);

iii. Forward contracts can only be incepted with pre-approved counter-parties. (Limits on volume and forward period are further established for each counter-party);

iv. Commodity futures can only be traded by authorised officers with established volume limits; and

v. Each portfolio (by product category and legal entity) is subject to further limits on net volume exposure, payment exposure and net mark-to-market fair value ("MTM FV") loss limit (that serves as trigger for intervention).

Trade positions are compiled daily, and mark-to-market fair value is reviewed weekly. An exposure report on the Group's total long-short position (of all physical contracts, futures contracts and uncommitted inventory) with mark-to-market fair value is produced monthly for executive oversight.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. FINANCIAL INSTRUMENTS (Continued)

41.3 Price fluctuation risk (Continued)

41.3.2 Price risk exposure

Detailed in the table below is a summary of the Group's financial instruments subject to price risk along with their contract values and mark-to-market fair value on closing, plus fair value recognised over the financial year.

	Contract and Notional value			Fair value attributed to price changes at period closing		
In RM million	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
Group						
2014						
Commodity based						
Forward sales contracts	**(765.9)**	**-**	**(765.9)**	**13.1**	**-**	**13.1**
Forward purchase contracts	**886.5**	**-**	**886.5**	**(11.2)**	**-**	**(11.2)**
Commodity derivatives	**185.9**	**-**	**185.9**	**(3.3)**	**-**	**(3.3)**
Equity based						
Other investments	**43.2**	**-**	**43.2**	**80.7**	**-**	**80.7**
				79.3	**-**	**79.3**
2013						
Commodity based						
Forward sales contracts	(910.9)	-	(910.9)	30.8	-	30.8
Forward purchase contracts	951.9	-	951.9	(13.5)	-	(13.5)
Commodity derivatives	112.8	-	112.8	(0.7)	-	(0.7)
Equity based						
Other investments	47.4	-	47.4	72.6	-	72.6
				89.2	-	89.2
Company						
2014						
Equity based						
Other investments	**4.6**	**-**	**4.6**	**4.5**	**-**	**4.5**
				4.5	**-**	**4.5**
2013						
Equity based						
Other investments	9.2	-	9.2	6.5	-	6.5
				6.5	-	6.5

41. FINANCIAL INSTRUMENTS (Continued)

41.3 Price fluctuation risk (Continued)

41.3.3 Sensitivity analysis

The Group's exposure to price volatility was derived from palm products and other investment. If the price changes by 7.5%, profit or loss for the Group and the Company would have equally increased or decreased by approximately RM29.0 million (2013 – RM16.8 million) and RM0.3 million (2013 – RM0.5 million) respectively.

41.4 Credit risk

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

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

The Group's objective on credit risk management is to avoid significant exposure to any individual customer or counter party and to minimise concentration of credit risk.

41.4.1 Risk management approach

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

The Group's credit risk varies with the different classes of counter-parties as outlined below:

i. Plantation and resource-based manufacturing

Most of the upstream sales are intragroup to downstream "resource-based manufacturing". Upstream sales to external parties are mainly payment on delivery and/or secured with trade-financing documentation. Resource-based manufacturing sales are mostly to external parties with credit terms ranging from 30 to 90 days – and across global markets of varying sovereign risk. The Group also engages in forwards sales (and forward procurement of feedstock). Such forward contracts may have positive fair valuation giving rise to counter-party default risk.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. FINANCIAL INSTRUMENTS (Continued)

41.4 Credit risk (Continued)

41.4.1 Risk management approach (Continued)

i. Plantation and resource-based manufacturing (Continued)

Policies and procedures

a) Customers are assessed for credit and sovereign nation risks (where applicable) on both quantitative and qualitative elements prior to the approval of credit exposure and limits. In this regard, external credit rating services such as Standard & Poor's or Dun & Bradstreet are used. Where customers are approved for forward physical contracts, limits on contractual forward periods and value are established. Regular reviews are made;

b) Credit risk authority is decentralised to the respective entities' credit committee – but supervised centrally at the corporate level; and

c) Credit exposure is monitored on limits and ageing, managed and reviewed periodically. Customers with emerging credit problems are identified early and remedial actions are taken promptly to minimise further exposure and to restore past due status.

Collateral and credit enhancement

In general, a combination of:

a) Corporate guarantee may be required for globe-wide credit facilities for multinational corporations;

b) Cash deposits/advance may be required for certain customers or orders;

c) Transactional documentation (i.e. Letter of Credit or Cash against Document) for export sales; and

d) Credit insurance coverage (up to certain established limits) for downstream Oleochemical and Specialty Fats' credit sales – leaving some credit exposure on declined coverage and those beyond approved limits.

ii. Financial institutions and Exchanges

The Group places its working capital and surplus funds in current account, money market, and time-deposits with banks; and in security papers and investment trusts managed by licensed institutions. The Group also enters into financial derivative contracts with licensed financial institutions, and in commodity futures contracts with licensed Exchanges for hedging purposes. Beyond the minimal deposit guarantee offered by certain sovereign nation's deposit insurance schemes, the Group is exposed to a degree of counter-parties' credit risk in times of severe economic or financial crisis.

41. FINANCIAL INSTRUMENTS (Continued)

41.4 Credit risk (Continued)

41.4.1 Risk management approach (Continued)

ii. Financial institutions and Exchanges (Continued)

Policies and procedures

a) Funds are placed only with licensed financial institutions with credit rating of "A- and above". Similar requirement is enforced on counter-parties for financial derivatives in addition to the mandatory International Swaps and Derivatives Association master agreements;

b) Funds placements are centrally monitored, and where applicable are spread out based on location needs; and

c) Commodity futures are incepted only with main licensed Exchanges.

Collateral and credit enhancement

In general, a combination of:

a) National deposit insurance; and

b) Fidelity guarantee

In general, all business units in the Group have a comprehensive policy that governs the need for formal credit rating system and evaluation on counter parties prior to any contractual arrangement that would result in credit risk exposure. Besides exposure amount, credit risk is also measured and monitored by way of credit quality segregation, past due ageing analysis, and limits breach alerts. Reviews on credit impairment needs are made quarterly based on objective evidence of loss events.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. FINANCIAL INSTRUMENTS (Continued)

41.4 Credit risk (Continued)

41.4.2 Credit risk exposures and concentration

The Group's credit risks are mainly on financial assets relating to trade receivables, cash deposits, and securities placement and investments as summarised in the table below for both the Group and Company level.

In RM million	Note	Maximum exposure	Collateral and enhancement obtained	Net exposure to credit risk	Collateral or credit enhancement obtained
Group					
2014					
Financial assets					
Cash and bank balances		**350.9**	-	**350.9**	(i) Fidelity guarantee and cash-in-transit insurance cover; and (ii) Banks' limited guarantee of deposits
Deposits with financial institutions	29	**186.8**	-	**186.8**	
Trade and other receivables, excluded deposits and prepayments		**996.8**	**369.2**	**627.6**	Letter of credit and credit insurance
Other investments	27	**80.7**	-	**80.7**	
Short term funds	28	**3,450.0**	-	**3,450.0**	
Amounts due from associates		**0.4**	-	**0.4**	
Derivative assets	23	**136.5**	-	**136.5**	
		5,202.1	**369.2**	**4,832.9**	

41. FINANCIAL INSTRUMENTS (Continued)

41.4 Credit risk (Continued)

41.4.2 Credit risk exposures and concentration (Continued)

In RM million	Note	Maximum exposure	Collateral and enhancement obtained	Net exposure to credit risk	Collateral or credit enhancement obtained
Group					
2013					
Financial assets					
Cash and bank balances		878.9	-	878.9	(i) Fidelity guarantee and cash-in-transit insurance cover; and (ii) Banks' limited guarantee of deposits
Deposits with financial institutions	29	264.1	-	264.1	
Trade and other receivables, excluded deposits and prepayments		1,002.7	322.5	680.2	Letter of credit and credit insurance
Other investments	27	72.6	-	72.6	
Short term funds	28	1,826.4	-	1,826.4	
Amounts due from associates		0.5	-	0.5	
Derivative assets	23	104.6	-	104.6	
		4,149.8	322.5	3,827.3	

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. FINANCIAL INSTRUMENTS (Continued)

41.4 Credit risk (Continued)

41.4.2 Credit risk exposures and concentration (Continued)

In RM million	Note	Maximum exposure	Collateral and enhancement obtained	Net exposure to credit risk	Collateral or credit enhancement obtained
Company					
2014					
Financial assets					
Cash and bank balances		**39.8**	**-**	**39.8**	
Other investments	27	**4.5**	**-**	**4.5**	
Amounts due from subsidiaries	20	**2,980.8**	**-**	**2,980.8**	
		3,025.1	**-**	**3,025.1**	
Company					
2013					
Financial assets					
Cash and bank balances		7.7	-	7.7	
Deposits with financial institutions	29	40.4	-	40.4	
Trade and other receivables, excluded deposits and prepayments		1.5	-	1.5	
Other investments	27	6.5	-	6.5	
Amounts due from subsidiaries	20	3,068.6	-	3,068.6	
		3,124.7	-	3,124.7	

41. FINANCIAL INSTRUMENTS (Continued)

41.4 Credit risk (Continued)

41.4.2 Credit risk exposures and concentration (Continued)

The table below outlines the credit quality analysis of the Group's and the Company's financial assets together with the impairment charge for the year.

	Neither past due nor impaired							
In RM million	Strong	Medium	Weak	Renegotiated	Past due but not impaired	Total	Impairment charged in reporting period	Impairment at end of reporting period
Group								
2014								
Cash and bank balances	350.9	-	-	-	-	350.9	-	-
Deposits with financial institutions	186.8	-	-	-	-	186.8	-	-
Trade and other receivables, excluded deposits and prepayments	724.3	155.8	0.8	-	115.9	996.8	0.6	11.8
Other investments	74.2	6.5	-	-	-	80.7	-	-
Short term funds	3,450.0	-	-	-	-	3,450.0	-	-
Amounts due from associates	0.4	-	-	-	-	0.4	-	-
Derivative assets	136.5	-	-	-	-	136.5	-	-
	4,923.1	162.3	0.8	-	115.9	5,202.1	0.6	11.8

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. FINANCIAL INSTRUMENTS (Continued)

41.4 Credit risk (Continued)

41.4.2 Credit risk exposures and concentration (Continued)

	Neither past due nor impaired							
In RM million	Strong	Medium	Weak	Renegotiated	Past due but not impaired	Total	Impairment charged in reporting period	Impairment at end of reporting period
Group								
2013								
Cash and bank balances	878.9	-	-	-	-	878.9	-	-
Deposits with financial institutions	264.1	-	-	-	-	264.1	-	-
Trade and other receivables, excluded deposits and prepayments	667.9	139.3	50.3	-	145.2	1,002.7	9.2	11.4
Other investments	66.4	6.2	-	-	-	72.6	-	-
Short term funds	1,826.4	-	-	-	-	1,826.4	-	-
Amounts due from associates	0.5	-	-	-	-	0.5	-	-
Derivative assets	104.6	-	-	-	-	104.6	-	-
	3,808.8	145.5	50.3	-	145.2	4,149.8	9.2	11.4

41. FINANCIAL INSTRUMENTS (Continued)

41.4 Credit risk (Continued)

41.4.2 Credit risk exposures and concentration (Continued)

In RM million	Neither past due nor impaired			Renegotiated	Past due but not impaired	Total	Impairment charged in reporting period	Impairment at end of reporting period
	Strong	Medium	Weak					
Company								
2014								
Cash and bank balances	**39.8**	**-**	**-**	**-**	**-**	**39.8**	**-**	**-**
Other investments	**4.5**	**-**	**-**	**-**	**-**	**4.5**	**-**	**-**
Amounts due from subsidiaries	**2,980.8**	**-**	**-**	**-**	**-**	**2,980.8**	**-**	**1.5**
	3,025.1	**-**	**-**	**-**	**-**	**3,025.1**	**-**	**1.5**
2013								
Cash and bank balances	7.7	-	-	-	-	7.7	-	-
Deposits with financial institutions	40.4	-	-	-	-	40.4	-	-
Trade and other receivables, excluded deposits and prepayments	1.5	-	-	-	-	1.5	-	-
Other investments	6.5	-	-	-	-	6.5	-	-
Amounts due from subsidiaries	3,068.6	-	-	-	-	3,068.6	-	5.9
	3,124.7	-	-	-	-	3,124.7	-	5.9

Credit quality is analysed into the categories of Strong, Medium and Weak, whereby:
Strong = Strong financial standing, low probability of default
Medium = Low to moderate risk of default
Weak = Weak financial standing, history of past due

From the above table, more than 90% in value of the Group's financial assets are of "strong" credit quality, with only the "receivables" class having past due and impairment. Besides the objective evidence of loss events, it is also the Group's policy to provide impairment for any amount past due in ageing brackets above 120 days unless supported by valid reasons. The following table provides an ageing analysis of past due but not impaired alongside with the rationale for deferment of impairment on those past due above 120 days.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. FINANCIAL INSTRUMENTS (Continued)

41.4 Credit risk (Continued)

41.4.2 Credit risk exposures and concentration (Continued)

In RM million	Past due but not impaired 1 – 30 days	31 – 60 days	61 – 90 days	91 – 120 days	>120 days	Total	Estimated fair values of collateral and credit enhancement held
Group							
2014							
Trade receivables	**78.5**	**2.1**	**-**	**-**	**35.1**	**115.7**	**34.8**
Other receivables	**0.2**	**-**	**-**	**-**	**-**	**0.2**	**-**
	78.7	**2.1**	**-**	**-**	**35.1**	**115.9**	**34.8**
2013							
Trade receivables	119.8	24.6	0.1	0.5	-	145.0	27.6
Other receivables	0.1	0.1	-	-	-	0.2	-
	119.9	24.7	0.1	0.5	-	145.2	27.6

Receivables of the Group that are past due but not impaired are merely represented by reputable organisations.

The amount past due with ageing brackets above 120 days are from active corporate clients with healthy business relationship for whom there are no recent histories of default and there are no concerns on the credit worthiness of the counter parties and the recoverability of these debts.

It is the Group's policy to monitor the financial standing of these receivables on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The credit risk concentration of the Group is mainly in the "receivables" class, except for deposits and prepayments, and this is further analysed below to reveal the credit risk concentration by geographic location and business segment.

	Plantation		Resource-based manufacturing		Others		Total	
In RM million	Amount	%	Amount	%	Amount	%	Amount	%
Group								
2014								
Malaysia	**31.2**	***36***	**154.7**	***17***	**6.7**	***100***	**192.6**	***19***
Europe	**0.2**	**-**	**369.8**	***41***	**-**	**-**	**370.0**	***37***
Asia (excluding Malaysia)	**55.6**	***64***	**181.0**	***20***	**-**	**-**	**236.6**	***24***
Others	**0.5**	**-**	**197.1**	***22***	**-**	**-**	**197.6**	***20***
	87.5	***100***	**902.6**	***100***	**6.7**	***100***	**996.8**	***100***

41. FINANCIAL INSTRUMENTS (Continued)

41.4 Credit risk (Continued)

41.4.2 Credit risk exposures and concentration (Continued)

In RM million	Plantation		Resource-based manufacturing		Others		Total	
	Amount	%	Amount	%	Amount	%	Amount	%
Group								
2013								
Malaysia	19.9	*52*	121.6	*13*	8.5	*100*	150.0	*15*
Europe	-	-	414.5	*43*	-	-	414.5	*41*
Asia (excluding Malaysia)	18.2	*48*	224.0	*23*	-	-	242.2	*24*
Others	-	-	196.0	*21*	-	-	196.0	*20*
	38.1	*100*	956.1	*100*	8.5	*100*	1,002.7	*100*

In RM million	Plantation		Others		Total	
	Amount	%	Amount	%	Amount	%
Company						
2014						
Malaysia	**483.5**	***70***	**1,829.2**	***80***	**2,312.7**	***78***
Asia (excluding Malaysia)	**209.4**	***30***	**0.2**	**-**	**209.6**	***7***
Central and Eastern Europe	**-**	**-**	**458.5**	***20***	**458.5**	***15***
	692.9	***100***	**2,287.9**	***100***	**2,980.8**	***100***
2013						
Malaysia	358.1	*63*	1,901.5	*76*	2,259.6	*73*
Asia (excluding Malaysia)	209.6	*37*	0.1	-	209.7	*7*
Central and Eastern Europe	-	-	600.8	*24*	600.8	*20*
	567.7	*100*	2,502.4	*100*	3,070.1	*100*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. FINANCIAL INSTRUMENTS (Continued)

41.5 Liquidity and cash flow risk

Liquidity or cash flow risk arises when financial resources are insufficient to meet financial obligations as and when they fall due, or have to be met at excessive cost. The Group's liquidity risk includes non-financial instruments and forward contract obligations.

The Group's liquidity risk management objective is to ensure that all foreseeable funding commitments can be met as and when due and in a cost-effective manner.

41.5.1 Risk management approach

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

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

The Group manages its liquidity risk with a combination of the following methods:

i. Maintain a balanced contractual maturity profile of financial assets to meet financial liabilities (particularly on near and immediate term maturity);

ii. Maintain a diversified range of funding sources with adequate back-up facilities;

iii. Maintain debt financing and servicing plan; and

iv. Maintain medium to long term cash flow planning incorporating funding positions and requirements of all its subsidiaries.

As the Group's policy, all business units conform to the following processes in ensuring its liquidity profiles are balanced and that all its obligations can be met when due:

i. Perform annual cash flow budgeting and medium term cash flow planning, in which the timing of operational cash flows and its resulting surplus or deficit is reasonably determined. (Such aggregation allows for an overview of the Group's forecasted cash flow and liquidity position, which in-turn facilitates further consolidated cash flow planning);

ii. Manage contingent liquidity commitment and exposures;

iii. Monitor liquidity ratios against internal thresholds;

iv. Manage working capital for efficient use of tied-in funds and optimise cash conversion cycle; and

v. Manage concentration and maturity profile of both financial and non-financial liabilities.

41. FINANCIAL INSTRUMENTS (Continued)

41.5 Liquidity and cash flow risk (Continued)

41.5.2 Liquidity risk exposure

The following table details the maturity profile of the Group's and the Company's financial liabilities at the end of the financial year based on contractual undiscounted repayment obligations.

In RM million	Less than 1 year	1 - 2 years	2 - 3 years	3 - 4 years	More than 4 years	Total
Group						
2014						
Financial liabilities						
Trade and other payables	**736.8**	**-**	**-**	**-**	**-**	**736.8**
Borrowings	**2,456.9**	**481.4**	**1,540.5**	**481.5**	**2,590.8**	**7,551.1**
Amounts due to associates	**73.8**	**-**	**-**	**-**	**-**	**73.8**
Derivative liabilities – net settlement	**58.1**	**-**	**4.4**	**40.4**	**-**	**102.9**
	3,325.6	**481.4**	**1,544.9**	**521.9**	**2,590.8**	**8,464.6**
2013						
Financial liabilities						
Trade and other payables	691.8	-	-	-	-	691.8
Borrowings	219.4	2,068.9	477.4	1,527.8	3,065.0	7,358.5
Amounts due to associates	45.5	-	-	-	-	45.5
Derivative liabilities – net settlement	96.3	-	-	3.1	52.8	152.2
	1,053.0	2,068.9	477.4	1,530.9	3,117.8	8,248.0
Company						
2014						
Financial liabilities						
Trade and other payables	**122.8**	**-**	**-**	**-**	**-**	**122.8**
Borrowings	**481.4**	**481.4**	**481.4**	**481.5**	**-**	**1,925.7**
Amounts due to subsidiaries	**1,856.2**	**-**	**539.5**	**-**	**480.1**	**2,875.8**
Derivative liabilities – net settlement	**22.1**	**-**	**-**	**40.4**	**-**	**62.5**
	2,482.5	**481.4**	**1,020.9**	**521.9**	**480.1**	**4,986.8**
2013						
Financial liabilities						
Trade and other payables	80.2	-	-	-	-	80.2
Borrowings	-	477.4	477.4	477.4	477.6	1,909.8
Amounts due to subsidiaries	348.4	1,589.1	-	537.6	476.2	2,951.3
Derivative liabilities – net settlement	-	-	-	-	52.8	52.8
	428.6	2,066.5	477.4	1,015.0	1,006.6	4,994.1

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. FINANCIAL INSTRUMENTS (Continued)

41.5 Liquidity and cash flow risk (Continued)

41.5.2 Liquidity risk exposure (Continued)

i. The Group and the Company have ample liquidity to meet its financial liabilities and obligations maturing in the next twelve (12) months;

ii. Financial liabilities contractual maturity periods exceeding twelve (12) months are within comfortable levels, and should be well covered by its annual free cash flow to be generated from its operations; and

iii. Liquidity risk concentration is evident in maturity bucket financial year 2015 and financial year 2017 onwards, where the Group and the Company's borrowing commitments are due.

41.6 Fair values

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value of financial instruments carried at fair value			
	Hierarchy of the underlying variable input used in measuring fair valuation			
In RM million	Level 1	Level 2	Level 3	Total
Group				
2014				
Derivatives				
Forward foreign exchange contracts	4.7	-	-	4.7
Commodity forward contracts	1.9	-	-	1.9
Commodity futures	(3.3)	-	-	(3.3)
Cross currency swap contract	74.1	-	-	74.1
Interest rate swap contracts	(43.8)	-	-	(43.8)
Equity based				
Other investments	74.2	-	6.5	80.7
Short term funds	3,450.0	-	-	3,450.0
	3,557.8	-	6.5	3,564.3

41. FINANCIAL INSTRUMENTS (Continued)

41.6 Fair values (Continued)

Fair value hierarchy (Continued)

In RM million	Fair value of financial instruments carried at fair value Hierarchy of the underlying variable input used in measuring fair valuation Level 1	Level 2	Level 3	Total
Group				
2013				
Derivatives				
Forward foreign exchange contracts	(53.6)	-	-	(53.6)
Commodity forward contracts	17.3	-	-	17.3
Commodity futures	(0.7)	-	-	(0.7)
Cross currency swap contract	45.3	-	-	45.3
Interest rate swap contracts	(55.9)	-	-	(55.9)
Equity based				
Other investments	66.4	-	6.2	72.6
Short term funds	1,826.4	-	-	1,826.4
	1,845.2	-	6.2	1,851.4

There were no transfers between all 3 levels of the fair value hierarchy during the financial year.

In RM million	Fair value of financial instruments carried at fair value Hierarchy of the underlying variable input used in measuring fair valuation Level 1	Level 2	Level 3	Total
Company				
2014				
Derivatives				
Forward foreign exchange contracts	**(22.1)**	**-**	**-**	**(22.1)**
Interest rate swap contracts	**(40.4)**	**-**	**-**	**(40.4)**
Equity based				
Other investments	**4.5**	**-**	**-**	**4.5**
	(58.0)	**-**	**-**	**(58.0)**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. FINANCIAL INSTRUMENTS (Continued)

41.6 Fair values (Continued)

Fair value hierarchy (Continued)

	Fair value of financial instruments carried at fair value			
	Hierarchy of the underlying variable input used in measuring fair valuation			
In RM million	Level 1	Level 2	Level 3	Total
Company				
2013				
Derivatives				
Interest rate swap contracts	(52.8)	-	-	(52.8)
Equity based				
Other investments	6.5	-	-	6.5
	(46.3)	-	-	(46.3)

There were no transfers between all three (3) levels of the fair value hierarchy during the financial year.

The fair value measurement in Level 3 is based on the Group's share of net assets of the investees. There are no alternative assumptions that would result in changes in the amount determined and the management believes that its estimates of fair value are appropriate.

Reconciliation of fair value measurements of Level 3 financial instruments

The Group carries unquoted equity shares as financial assets at fair value through profit or loss classified in Level 3 within the fair value hierarchy.

	Group	
In RM million	2014	2013
Financial assets designated at fair value through profit or loss		
At beginning of financial year	**6.2**	6.3
Total gain/(loss) recognised in profit or loss	**0.3**	(0.1)
At end of financial year	**6.5**	6.2

41. FINANCIAL INSTRUMENTS (Continued)

41.6 Fair values (Continued)

Fair value hierarchy (Continued)

The carrying amounts of financial assets and financial liabilities, which are not carried at fair values, would approximate their fair values as at the end of the financial year. This is due to the relatively short term nature of the financial instruments or there is no significant difference between the historical interest rate at the point when liabilities were undertaken and the current prevailing market interest rate.

The following methods and assumptions were used to estimate the fair values of financial instruments:

i. The carrying amounts of financial assets and liabilities maturing within twelve (12) months approximate fair values due to the relatively short term maturity of these financial instruments.

ii. The fair values of quoted investments are their quoted market prices at the end of the financial year. The fair values of unquoted investments are estimated based on a valuation approach by reference to the Group's share of net assets of the investees based on the latest available financial statements of the investees.

iii. The fair values of the Group's borrowings are estimated using discounted cash flow analysis, based on current incremental lending rates for similar types of lending and borrowing arrangements and of the same remaining maturities.

iv. The fair values of derivative financial instruments are the estimated amounts that the Group would expect to pay or receive on the termination of the outstanding positions as at the end of the financial year arising from such contracts. They are determined by reference to the difference between the contracted rate and the forward rate as at the end of the financial year applied to a contract of similar amount and maturity profile.

41.7 Classification of financial instruments

The financial assets and liabilities are classified into the following categories after initial recognition for the purpose of subsequent measurement:

In RM million	Loan and receivables	Fair value through profit or loss	Available for sale	Held to maturity	Total
Group					
Financial assets					
2014					
Trade and other receivables, net of deposits and prepayments	996.8	-	-	-	996.8
Amounts due from associates	0.4	-	-	-	0.4
Derivative assets	-	136.5	-	-	136.5
Other investments	-	80.7	-	-	80.7
Short term funds	-	3,450.0	-	-	3,450.0
Deposits with financial institutions	186.8	-	-	-	186.8
Cash and bank balances	350.9	-	-	-	350.9
	1,534.9	3,667.2	-	-	5,202.1

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. FINANCIAL INSTRUMENTS (Continued)

41.7 Classification of financial instruments (Continued)

The financial assets and liabilities are classified into the following categories after initial recognition for the purpose of subsequent measurement (Continued):

In RM million	Loan and receivables	Fair value through profit or loss	Available for sale	Held to maturity	Total
Group					
Financial assets					
2013					
Trade and other receivables, net of deposits and prepayments	1,002.7	-	-	-	1,002.7
Amounts due from associates	0.5	-	-	-	0.5
Derivative assets	-	104.6	-	-	104.6
Other investments	-	72.6	-	-	72.6
Short term funds	-	1,826.4	-	-	1,826.4
Deposits with financial institutions	264.1	-	-	-	264.1
Cash and bank balances	878.9	-	-	-	878.9
	2,146.2	2,003.6	-	-	4,149.8

In RM million	Other financial liabilities	Fair value through profit or loss	Total
Group			
Financial liabilities			
2014			
Borrowings	**7,523.5**	**-**	**7,523.5**
Trade and other payables	**736.8**	**-**	**736.8**
Amounts due to associates	**73.8**	**-**	**73.8**
Derivative liabilities	**-**	**102.9**	**102.9**
	8,334.1	**102.9**	**8,437.0**
2013			
Borrowings	7,324.3	-	7,324.3
Trade and other payables	691.8	-	691.8
Amounts due to associates	45.5	-	45.5
Derivative liabilities	-	152.2	152.2
	8,061.6	152.2	8,213.8

41. FINANCIAL INSTRUMENTS (Continued)

41.7 Classification of financial instruments (Continued)

The financial assets and liabilities are classified into the following categories after initial recognition for the purpose of subsequent measurement (Continued):

In RM million	Loan and receivables	Fair value through profit or loss	Available for sale	Held to maturity	Total
Company					
Financial assets					
2014					
Amounts due from subsidiaries	**2,980.8**	**-**	**-**	**-**	**2,980.8**
Other investments	**-**	**4.5**	**-**	**-**	**4.5**
Cash and bank balances	**39.8**	**-**	**-**	**-**	**39.8**
	3,020.6	**4.5**	**-**	**-**	**3,025.1**
2013					
Trade and other receivables, net of deposits and prepayments	1.5	-	-	-	1.5
Amounts due from subsidiaries	3,068.6	-	-	-	3,068.6
Other investments	-	6.5	-	-	6.5
Deposits with financial institutions	40.4	-	-	-	40.4
Cash and bank balances	7.7	-	-	-	7.7
	3,118.2	6.5	-	-	3,124.7

In RM million	Other financial liabilities	Fair value through profit or loss	Total
Company			
Financial liabilities			
2014			
Borrowings	**1,918.7**	**-**	**1,918.7**
Trade and other payables	**122.8**	**-**	**122.8**
Amounts due to subsidiaries	**2,875.8**	**-**	**2,875.8**
Derivative liabilities	**-**	**62.5**	**62.5**
	4,917.3	**62.5**	**4,979.8**
2013			
Borrowings	1,901.0	-	1,901.0
Trade and other payables	80.2	-	80.2
Amounts due to subsidiaries	2,951.3	-	2,951.3
Derivative liabilities	-	52.8	52.8
	4,932.5	52.8	4,985.3

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

42. COMMITMENTS

42.1 Capital Commitments

	Group		Company	
In RM million	**2014**	**2013**	**2014**	**2013**
Authorised capital expenditure not provided for in the financial statements				
– Contracted				
Additions of property, plant and equipment	**82.9**	81.6	**-**	1.6
Construction in progress	**69.0**	3.1	**-**	-
– Not contracted				
Additions of property, plant and equipment	**195.0**	195.6	**-**	6.9
New planting	**14.1**	2.6	**-**	1.7

42.2 Operating Lease Commitments

42.2.1 The Group as lessee

The Group has entered into the following non-cancellable operating lease agreements:

i. lease of a parcel of land for a lease period of fifty (50) years with a renewal term of sixteen (16) years, which covers a net area of 9,605 acres for cultivation of oil palm;

ii. lease of a parcel of land for a lease period of sixty (60) years, which covers a net area of 7,932 acres for cultivation of oil palm;

iii. lease of storage tank for a lease period of one (1) year with a renewal term of one (1) year;

iv. lease of a piece of land for a lease period of twenty-two (22) years which cover a net area of 5,663 square meters for bulking installation; and

v. lease of a piece of land for a lease period of twenty-two (22) years which cover a net area of 13,400 square meters for bulk cargo terminal.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at end of the financial year but not recognised as liabilities are as follows:

	Group	
In RM million	**2014**	**2013**
Not later than 1 year	**17.0**	4.2
Later than 1 year and not later than 5 years	**17.8**	9.7
Later than 5 years	**107.3**	108.8
	142.1	122.7

42. COMMITMENTS (Continued)

42.2 Operating Lease Commitments (Continued)

42.2.2 The Group as lessor

The minimum lease payments receivable under non-cancellable operating leases contracted for as at end of the financial year but not recognised as receivables are as follows:

	Group	
In RM million	2014	2013
Not later than 1 year	**0.4**	0.4
Later than 1 year and not later than 5 years	**0.2**	0.5
	0.6	0.9

43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

43.1 Completion of Demerger Exercise

On 14 May 2013, the Company proposed to demerge the property development, property investment and other property related businesses of the Group to create two (2) separate and independent listed entities with distinct businesses ("Demerger Exercise"); namely IOI Properties Group Berhad, to hold the property development, property investment and other property related businesses of the Group; whilst the Company continues to hold the remaining existing businesses of the Group. This Demerger Exercise was completed on 13 January 2014.

Following the demerger, IOI Properties Group Berhad ceased to be a subsidiary of the Company.

43.2 Acquisition and Take-over Offer to acquire all shares in Unico-Desa Plantations Berhad

On 2 October 2013, IOI Plantation Sdn Bhd ("IOI Plant"), a wholly owned subsidiary of the Company acquired 339 million ordinary shares of RM0.25 each in Unico-Desa Plantations Berhad ("Unico")("Unico Shares") representing approximately 39.55% of the issued and paid-up share capital of Unico for a total consideration of RM396.6 million.

With the above acquisition, IOI Plant's shareholdings in Unico has exceeded 33% of the voting shares in Unico. IOI Plant has therefore extended a conditional take-over offer to acquire all the remaining Unico Shares not already held by IOI Plant amounting to 518,110,000 Unico Shares ("Offer Shares"), representing approximately 60.45% of the issued and paid up share capital of Unico (excluding 2,890,000 treasury shares), at a cash offer price of RM1.17 per Offer Share ("Offer"), pursuant to Section 218(2) of the Capital Market and Services Act, 2007 ("CMSA") and Section 9(1) Part III of the Malaysian Code on Take-Overs and Mergers, 2010.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Continued)

43.2 Acquisition and Take-over Offer to acquire all shares in Unico-Desa Plantations Berhad (Continued)

On 11 November 2013, IOI Plant has obtained control of Unico, holding 76.64% of voting shares in Unico after receiving valid acceptances for 310,937,171 Offer Shares. Unico has since become a subsidiary of the Group.

Subsequent to Unico becoming a subsidiary of the Group on 11 November 2013, IOI Plant continued to receive acceptances of the Offer, resulted IOI Plant holding 94.06% of the voting shares of Unico on 11 December 2013. Following that, IOI Plant has invoked Section 222 of the CMSA to compulsorily acquire the remaining Offer Shares for which valid acceptance has not been received.

On 21 February 2014, IOI Plant completed the acquisition of 100% equity interest in Unico.

44. SEGMENTAL INFORMATION

The Group has two (2) reportable operating segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

Plantation	Cultivation of oil palm and rubber and processing of palm oil
Resource-based manufacturing	Manufacturing of oleochemicals, specialty oils and fats, palm oil refinery and palm kernel crushing
Other operations	Other operations which are not sizable to be reported separately

The Group's chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Segment assets exclude tax assets and assets used primarily for corporate purposes.

Segment liabilities exclude tax liabilities and, loans and borrowings that are managed under centralised treasury function.

Details are provided in the reconciliations from segment assets and liabilities to the Group position.

44. SEGMENTAL INFORMATION (Continued)

In RM million	Plantation	Resource-based manufacturing	Other operations	Total Continuing operations	Discontinued operations	Adjustment*	Total
2014							
Revenue							
Segment revenue	2,203.6	11,584.9	65.3	13,853.8	768.1	(14.7)	14,607.2
Result							
Operating profit	1,085.9	760.1	70.0	1,916.0	338.7	-	2,254.7
Share of results of associates	99.8	28.0	-	127.8	1.5	-	129.3
Share of results of joint ventures	-	(0.8)	-	(0.8)	31.0	-	30.2
Segment results	1,185.7	787.3	70.0	2,043.0	371.2	-	2,414.2
Assets							
Operating assets	4,901.3	5,787.6	77.5	10,766.4	-	-	10,766.4
Interest in associates	705.1	181.7	-	886.8	-	-	886.8
Interest in a joint venture	-	33.0	-	33.0	-	-	33.0
Segment assets	5,606.4	6,002.3	77.5	11,686.2	-	-	11,686.2
Liabilities							
Segment liabilities	407.7	616.4	55.6	1,079.7	-	-	1,079.7
Other Information							
Capital expenditure	123.8	169.3	0.7	293.8	174.7	-	468.5
Depreciation and amortisation	62.6	163.0	1.2	226.8	-	-	226.8
Non-cash items other than depreciation and amortisation	54.3	148.4	29.9	232.6	1.3	-	233.9

Note:

* *Inter-operations sales within continuing operations and discontinued operations.*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

44. SEGMENTAL INFORMATION (Continued)

In RM million	Plantation	Resource-based manufacturing	Other operations	Total Continuing operations	Discontinued operations	Adjustment*	Total
2013 (Restated)							
Revenue							
Segment revenue	2,001.7	11,984.7	71.0	14,057.4	1,355.0	(37.0)	15,375.4
Result							
Operating profit	979.6	579.8	60.8	1,620.2	664.4	-	2,284.6
Fair value gain on investment properties	-	-	0.4	0.4	161.3	-	161.7
	979.6	579.8	61.2	1,620.6	825.7	-	2,446.3
Share of results of associates	76.0	28.2	-	104.2	6.9	-	111.1
Share of results of joint ventures	-	(0.2)	-	(0.2)	82.5	-	82.3
Segment results	1,055.6	607.8	61.2	1,724.6	915.1	-	2,639.7
Assets							
Operating assets	3,570.9	5,462.2	469.7	9,502.8	7,248.0	-	16,750.8
Interest in associates	614.8	182.5	-	797.3	73.6	-	870.9
Interest in joint ventures	-	8.8	-	8.8	3,677.3	-	3,686.1
Segment assets	4,185.7	5,653.5	469.7	10,308.9	10,998.9	-	21,307.8
Liabilities							
Segment liabilities	317.8	613.5	55.6	986.9	628.8	-	1,615.7
Other Information							
Capital expenditure	93.5	114.9	21.7	230.1	780.4	-	1,010.5
Depreciation and amortisation	57.6	173.4	1.6	232.6	18.3	-	250.9
Non-cash items other than depreciation and amortisation	33.0	164.4	33.8	231.2	39.7	-	270.9

Note:
* *Inter-operations sales within continuing operations and discontinued operations.*

44. SEGMENTAL INFORMATION (Continued)

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities to the Group's corresponding amounts are as follows:

In RM million	2014 Continuing operations	2014 Discontinued operations	2014 Adjustment*	2014 Total	2013 Continuing operations (Restated)	2013 Discontinued operations	2013 Adjustment*	2013 Total (Restated)
Group								
Revenue								
Segment revenue	**13,853.8**	**768.1**	**(14.7)**	**14,607.2**	14,057.4	1,355.0	(37.0)	15,375.4
Inter-segment sales	**(1,943.2)**	**-**	**-**	**(1,943.2)**	(1,858.9)	-	-	(1,858.9)
Total revenue	**11,910.6**	**768.1**	**(14.7)**	**12,664.0**	12,198.5	1,355.0	(37.0)	13,516.5
Profit or loss								
Segment results	**2,043.0**	**371.2**	**-**	**2,414.2**	1,724.6	915.1	-	2,639.7
Translation (loss)/gain on foreign currency denominated borrowings	**(40.3)**	**-**	**-**	**(40.3)**	191.4	-	-	191.4
Translation gain/(loss) on foreign currency denominated cash and cash equivalents	**5.9**	**-**	**-**	**5.9**	(30.9)	-	-	(30.9)
Unallocated fair value gain on derivative financial instruments	**18.3**	**-**	**-**	**18.3**	9.0	-	-	9.0
Unallocated fair value gain/(loss) on financial assets	**10.9**	**-**	**-**	**10.9**	(1.0)	-	-	(1.0)
Other unallocated corporate expenses	**(132.4)**	**-**	**-**	**(132.4)**	(70.1)	-	-	(70.1)
Profit before interest and taxation	**1,905.4**	**371.2**	**-**	**2,276.6**	1,823.0	915.1	-	2,738.1
Interest income	**47.8**	**17.1**	**(29.1)**	**35.8**	59.6	33.7	(39.9)	53.4
Finance costs	**(282.4)**	**(22.8)**	**29.1**	**(276.1)**	(279.1)	(41.2)	39.9	(280.4)
Profit before taxation	**1,670.8**	**365.5**	**-**	**2,036.3**	1,603.5	907.6	-	2,511.1
Taxation	**(408.4)**	**(125.4)**	**-**	**(533.8)**	(320.2)	(192.7)	-	(512.9)
	1,262.4	**240.1**	**-**	**1,502.5**	1,283.3	714.9	-	1,998.2
Gain arising from the Demerger Exercise	**-**	**1,887.2**	**-**	**1,887.2**	-	-	-	-
Profit for the financial year	**1,262.4**	**2,127.3**	**-**	**3,389.7**	1,283.3	714.9	-	1,998.2

Note:

* *Inter-operations transactions within continuing operations and discontinued operations.*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

44. SEGMENTAL INFORMATION (Continued)

	2014			2013		
In RM million	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Group						
Assets						
Segment assets	**11,686.2**	-	**11,686.2**	10,308.9	10,998.9	21,307.8
Unallocated corporate assets	**3,645.4**	-	**3,645.4**	2,324.0	274.9	2,598.9
Total assets	**15,331.6**	-	**15,331.6**	12,632.9	11,273.8	23,906.7
Liabilities						
Segment liabilities	**1,079.7**	-	**1,079.7**	986.9	628.8	1,615.7
Unallocated corporate liabilities	**8,018.8**	-	**8,018.8**	7,749.2	611.3	8,360.5
Total liabilities	**9,098.5**	-	**9,098.5**	8,736.1	1,240.1	9,976.2

Geographical Segments

The Group's major businesses operate in the following principal geographical areas:

Malaysia	Cultivation of oil palm and processing of palm oil Manufacturing of oleochemicals, palm oil refinery and palm kernel crushing Manufacturing and supply of specialty oils and fats
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

In RM million	Malaysia	Europe	North America	Asia	Others	Consolidated
Group						
2014						
Revenue from external customers by location of customers	**3,737.6**	**4,137.3**	**1,427.5**	**2,933.2**	**428.4**	**12,664.0**
Segment assets by location of assets	**8,204.9**	**2,054.3**	**805.7**	**602.5**	**18.8**	**11,686.2**
Capital expenditure by location of assets	**370.4**	**10.3**	**30.8**	**57.0**	**-**	**468.5**
2013						
Revenue from external customers by location of customers	3,137.4	4,137.3	1,557.0	4,076.5	608.3	13,516.5
Segment assets by location of assets	13,817.1	1,795.2	771.6	4,878.0	45.9	21,307.8
Capital expenditure by location of assets	689.4	9.6	38.8	272.5	0.2	1,010.5

There is no single external customer that the revenue generated from exceeded 10% of the Group's revenue.

45. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The subsidiaries, associates and joint ventures, incorporated in Malaysia except otherwise stated, are as follows:

Name of Company	Effective Group Interest 2014	Effective Group Interest 2013	Principal Activities
Direct Subsidiaries			
Plantation			
B. A. Plantations Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and investment holding
Cantawan Oil Palms Sdn Bhd @	**100.0%**	100.0%	Dormant
Fruitful Plantations Sdn Bhd @	**100.0%**	100.0%	Dormant
Hill Land Sdn Bhd @	**100.0%**	100.0%	Dormant
Ladang Asas Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Ladang Cantawan (Sabah) Sdn Berhad	**100.0%**	100.0%	Cultivation of oil palm
Laksana Kemas Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Mayvin (Sabah) Sdn Bhd	**100.0%**	100.0%	Investment holding
Meriteam Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Morisem Plantation Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Morisem (Sabah) Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Permodalan Plantations Sdn Bhd	**70.0%**	70.0%	Cultivation of oil palm
Pine Capital Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and investment holding
PR Enterprise Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Priceland Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Right Purpose Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and soft wood timber
Safima Plantations Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Sakilan Desa Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Sri Cantawan Sdn Bhd @	**100.0%**	100.0%	Dormant
Terusan Baru Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Dynamic Plantations Berhad	**100.0%**	100.0%	Cultivation of oil palm and processing of palm oil
Halusah Ladang Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and processing of palm oil
Ladang Sabah Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and processing of palm oil
Mayvin Incorporated Sdn Bhd	**100.0%**	100.0%	Processing of palm oil and investment holding
Morisem Palm Oil Mill Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and processing of palm oil
Perusahaan Mekassar (M) Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and processing of palm oil

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

45. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

Name of Company	Effective Group Interest 2014	Effective Group Interest 2013	Principal Activities
Direct Subsidiaries (Continued)			
Plantation (Continued)			
Syarikat Pukin Ladang Kelapa Sawit Sdn Berhad	**100.0%**	100.0%	Cultivation of oil palm and processing of palm oil
Syarimo Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm, processing of palm oil and investment holding
IOI Commodity Trading Sdn Bhd	**100.0%**	100.0%	Trading of palm oil commodities
Future Growth Sdn Bhd	**100.0%**	100.0%	Dormant
Morisem Consolidated Sdn Bhd	**100.0%**	100.0%	Investment holding
Morisem Sdn Bhd	**100.0%**	100.0%	Dormant
Lynwood Capital Resources Pte Ltd * *(Incorporated in Singapore)*	**100.0%**	100.0%	Investment holding
Oakridge Investments Pte Ltd * *(Incorporated in Singapore)*	**100.0%**	100.0%	Investment holding
Oleander Capital Resources Pte Ltd * *(Incorporated in Singapore)*	**100.0%**	100.0%	Investment holding
Zonec Plus Sdn Bhd	**100.0%**	100.0%	Dormant
IOI Palm Biotech Sdn Bhd	**100.0%**	100.0%	Commercialisation of high quality clonal ramets through tissue culturing process and its biotechnology related research and development activities
IOI Plantation Sdn Bhd	**100.0%**	-	Cultivation of plantation produce
Palmco Plantations (Sabah) Sdn Bhd * [1]	**100.0%**	100.0%	Cultivation of oil palm
Palmco Properties Sdn Bhd * [1]	**100.0%**	100.0%	Cultivation of oil palm
Pamol Plantations Sdn Bhd * [1]	**100.0%**	100.0%	Cultivation of oil palm, processing of palm oil and investment holding
Unipamol Malaysia Sdn Bhd * [1]	**100.0%**	100.0%	Dormant
Resource-based Manufacturing			
IOI Bio-Energy Sdn Bhd	**100.0%**	100.0%	Producing and supplying palm-based renewable energy
IOI Edible Oils Sdn Bhd	**100.0%**	100.0%	Investment holding and palm oil trading and refinery
IOI Speciality Fats Sdn Bhd	**100.0%**	100.0%	Palm oil refinery
IOI Loders Croklaan Procurement Company Sdn Bhd	**100.0%**	100.0%	Commodities trading and international procurement of palm oil

45. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

Name of Company	Effective Group Interest 2014	2013	Principal Activities
Direct Subsidiaries (Continued)			
Resource-based Manufacturing (Continued)			
IOI Oleochemical Industries Berhad *	**100.0%**	100.0%	Investment holding
Loders Croklaan Group B. V. # *(Incorporated in The Netherlands)*	**100.0%**	100.0%	Investment holding
IOI Lipid Enzymtec Sdn Bhd	**100.0%**	100.0%	Manufacturing of specialty fats by applying enzyme technology
IOI Edible Oils (HK) Limited # *(Incorporated in Hong Kong)*	**100.0%**	100.0%	Investment holding
Non-Segment			
IOI Palm Products Sdn Bhd	**100.0%**	100.0%	Dormant
IOI Capital (L) Berhad *(Incorporated in the Federal Territory of Labuan)*	**100.0%**	100.0%	Dormant
IOI Investment (L) Berhad *(Incorporated in the Federal Territory of Labuan)*	**100.0%**	100.0%	Issuance of Exchangeable Bonds
IOI Ventures (L) Berhad *(Incorporated in the Federal Territory of Labuan)*	**100.0%**	100.0%	Issuance of Guaranteed Notes
IOI Resources (L) Berhad *(Incorporated in the Federal Territory of Labuan)*	**100.0%**	100.0%	Dormant
IOI Corporation N. V. * *(Incorporated in The Netherlands Antilles)*	**100.0%**	100.0%	Investment holding
Swee Lam Estates (Malaya) Sdn Berhad *(In the process of striking-off under Section 308 of the Companies Act, 1965)*	**100.0%**	100.0%	Investment holding
Jasasinar Multimedia Sdn Bhd *(In liquidation)*	**94.0%**	94.0%	Dormant
IOI Biofuel Sdn Bhd	**100.0%**	100.0%	Embark in renewable energy project
IOI Pulp & Paper Sdn Bhd	**100.0%**	100.0%	Dormant
IOI Management Sdn Bhd	**100.0%**	100.0%	Provision of treasury management services to its related companies
IOI Plantation Services Sdn Bhd	**100.0%**	100.0%	Provision of management services
IOI Corporate Services Sdn Bhd	**65.0%**	100.0%	Provision of management services
Kayangan Heights Sdn Bhd	**60.0%**	60.0%	Property development
Rapat Jaya Sendirian Berhad	**100.0%**	100.0%	Property development, property investment and cultivation of plantation produce
Kean Ko Sdn Berhad	**100.0%**	100.0%	Investment holding

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

45. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

Name of Company	Effective Group Interest 2014	Effective Group Interest 2013	Principal Activities
Direct Subsidiaries (Continued)			
Discontinued Operations			
Bukit Kelang Development Sdn Bhd	-	100.0%	Property development and cultivation of plantation produce
IOI City Mall Sdn Bhd *(Formerly known as Dreammont Development Sdn Bhd)*	-	100.0%	Property development, property investment and property management
Nice Skyline Sdn Bhd	-	99.9%	Property development and investment holding
Eng Hup Industries Sdn Berhad	-	100.0%	Property development and property investment
IOI Properties Berhad	-	99.8%	Property development, property investment and investment holding
IOI Consolidated (Singapore) Pte Ltd # *(Incorporated in Singapore)*	-	100.0%	Investment holding
IOI City Holdings Sdn Bhd	-	100.0%	Investment holding and property investment
IOI Properties Group Berhad	-	100.0%	Investment holding
Resort Villa Development Sdn Bhd	-	100.0%	Property investment and hotel and hospitality services
Resort Villa Golf Course Berhad	-	100.0%	Development and management of a golf club
Resort Villa Golf Course Development Sdn Bhd	-	100.0%	Hotel and hospitality services
Indirect Subsidiaries			
Plantation			
Subsidiary of B. A. Plantations Sdn Bhd			
Kesan Jadi Sdn Bhd @	**100.0%**	100.0%	Dormant
Subsidiaries of Mayvin (Sabah) Sdn Bhd			
Deramakot Plantations Sdn Bhd @	**100.0%**	100.0%	Dormant
Ladang Mayvin Sdn Bhd @	**100.0%**	100.0%	Dormant
Mowtas Plantations Sdn Bhd @	**100.0%**	100.0%	Dormant
Sri Mayvin Plantation Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm

45. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

Name of Company	Effective Group Interest 2014	Effective Group Interest 2013	Principal Activities
Indirect Subsidiaries (Continued)			
Plantation (Continued)			
Subsidiaries of Pine Capital Sdn Bhd			
Ladang Tebu Batu Putih Sdn Bhd @	**100.0%**	100.0%	Dormant
Luminous Aspect Sdn Bhd @	**100.0%**	100.0%	Dormant
Priceland Plantation Sdn Bhd @	**100.0%**	100.0%	Dormant
Sayang Segama Sdn Bhd @	**100.0%**	100.0%	Dormant
Sri Vagas Sdn Bhd @	**100.0%**	100.0%	Dormant
Sri Yongdankong Sdn Bhd @	**100.0%**	100.0%	Dormant
Subsidiaries of Mayvin Incorporated Sdn Bhd			
Gamore Corporation Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Vantage Wealth Sdn Bhd @	**100.0%**	100.0%	Dormant
Subsidiaries of Syarimo Sdn Bhd			
Agroplex (Sabah) Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Bilprice Development Sdn Bhd @	**100.0%**	100.0%	Dormant
Erat Manis Sdn Bhd @	**100.0%**	100.0%	Dormant
Hidayat Rakyat Sdn Bhd @	**100.0%**	100.0%	Dormant
Hidayat Ria Sdn Bhd @	**100.0%**	100.0%	Dormant
Kunimas Sdn Bhd @	**100.0%**	100.0%	Dormant
Lokoh Sdn Bhd @	**100.0%**	100.0%	Dormant
Maxgrand Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Mewahandal Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Muara Julang Sdn Bhd @	**100.0%**	100.0%	Dormant
Pricescore Enterprise Sdn Bhd @	**100.0%**	100.0%	Dormant
Pujian Harum Sdn Bhd @	**100.0%**	100.0%	Dormant
Syarikat Best Cocoa Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Unikhas Corporation Sdn Bhd @	**100.0%**	100.0%	Dormant
Very Good Estate Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Fastscope Development Sdn Bhd	**100.0%**	100.0%	Cultivation of soft wood timber
Subsidiary of Pamol Plantations Sdn Bhd			
Pamol Estates (Sabah) Sdn Bhd *	**70.0%**	70.0%	Cultivation of oil palm, processing of palm oil and investment holding

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

45. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

Name of Company	Effective Group Interest 2014	Effective Group Interest 2013	Principal Activities
Indirect Subsidiaries (Continued)			
Plantation (Continued)			
Subsidiary of Pamol Estates (Sabah) Sdn Bhd			
Milik Berganda Sdn Bhd *	**70.0%**	70.0%	Cultivation of oil palm
Subsidiaries of Oleander Capital Resources Pte Ltd			
PT Berkat Agro Sawitindo * *(Incorporated in Republic of Indonesia)*	**67.0%**	67.0%	Investment holding
PT Sawit Nabati Agro * *(Incorporated in Republic of Indonesia)*	**67.0%**	67.0%	Investment holding
Subsidiaries of PT Sawit Nabati Agro			
PT Ketapang Sawit Lestari * *(Incorporated in Republic of Indonesia)*	**67.0%**	67.0%	Pre-operating
PT Bumi Sawit Sejahtera * *(Incorporated in Republic of Indonesia)*	**67.0%**	67.0%	Cultivation of oil palm
PT Berkat Nabati Sejahtera * *(Incorporated in Republic of Indonesia)*	**67.0%**	67.0%	Cultivation of oil palm
PT Sukses Karya Sawit * *(Incorporated in Republic of Indonesia)*	**67.0%**	67.0%	Cultivation of oil palm
Subsidiaries of IOI Plantation Sdn Bhd			
IOI Pelita Plantation Sdn Bhd [2]	**70.0%**	70.0%	Cultivation of oil palm
Unico-Desa Plantations Berhad	**100.0%**	-	Cultivation of oil palm, processing of palm oil and investment holding
Subsidiaries of Unico-Desa Plantations Berhad			
Unico Plantations Sdn Bhd	**100.0%**	-	Cultivation of oil palm and investment holding
Korop Holdings Sdn Bhd	**100.0%**	-	Cultivation of oil palm
Builtec Agricultural & Development Sdn Bhd	**100.0%**	-	Cultivation of oil palm
Zutaland Development Sdn Bhd	**100.0%**	-	Cultivation of oil palm
Basic Plantation (S) Sdn Bhd	**100.0%**	-	Cultivation of oil palm
Gelodar Sdn Bhd	**100.0%**	-	Cultivation of oil palm
Golden Focus Sdn Bhd	**100.0%**	-	Cultivation of oil palm

45. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

Name of Company	Effective Group Interest 2014	Effective Group Interest 2013	Principal Activities
Indirect Subsidiaries (Continued)			
Plantation (Continued)			
Subsidiaries of Unico Plantations Sdn Bhd			
Fasgro Plantation Sdn Bhd	**100.0%**	-	Cultivation of oil palm
Segaco Plantation Sdn Bhd	**100.0%**	-	Cultivation of oil palm
Supercrop Plantation Sdn Bhd	**100.0%**	-	Cultivation of oil palm
Topcrop Plantation Sdn Bhd	**100.0%**	-	Cultivation of oil palm
Tutico Plantation Sdn Bhd	**100.0%**	-	Cultivation of oil palm
Syarikat Zuba Sdn Bhd	**100.0%**	-	Cultivation of oil palm
Unico Oil Mill Sdn Bhd	**100.0%**	-	Processing of palm oil
Resource-based Manufacturing			
Subsidiary of IOI Edible Oils Sdn Bhd			
IOI Jeti Sdn Bhd	**100.0%**	100.0%	Dormant
Subsidiaries of IOI Oleochemical Industries Berhad			
Acidchem International Sdn Bhd *	**100.0%**	100.0%	Manufacture and sale of fatty acids and glycerine and other related products
Derichem (M) Sdn Bhd *	**100.0%**	100.0%	Manufacture and sale of soap noodles
Esterchem (M) Sdn Bhd *	**100.0%**	100.0%	Dormant
Stabilchem (M) Sdn Bhd *	**100.0%**	100.0%	Dormant
Palmco Oil Mill Sendirian Berhad *	**100.0%**	100.0%	Sales of palm kernel oil and trading in commodities
IOI Pan-Century Edible Oils Sdn Bhd [3] *(Formerly known as Pan-Century Edible Oils Sdn Bhd)*	**100.0%**	100.0%	Refining and processing of crude palm oil and glycerine products
IOI Pan-Century Oleochemicals Sdn Bhd [3] *(Formerly known as Pan-Century Oleochemicals Sdn Bhd)*	**100.0%**	100.0%	Manufacturing of oleochemical products and soap noodle
Subsidiaries of Acidchem International Sdn Bhd			
Acidchem (USA) Inc * *(Incorporated in United States of America)*	**100.0%**	100.0%	Trading in fatty acids and glycerine
IOI Oleo (Europe) ApS * *(Incorporated in Denmark)*	**100.0%**	100.0%	Carrying out registration of oleochemical products of European Union registration, trading and distribution of oleochemical products

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

45. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

Name of Company	Effective Group Interest 2014	Effective Group Interest 2013	Principal Activities
Indirect Subsidiaries (Continued)			
Resource-based Manufacturing (Continued)			
Subsidiary of IOI Edible Oils (HK) Limited			
IOI (Xiamen) Edible Oils Co., Ltd *(Incorporated in the People's Republic of China)*	**100.0%**	100.0%	Dormant
Subsidiaries of Loders Croklaan Group B. V.			
Loders Croklaan B. V. # *(Incorporated in The Netherlands)*	**100.0%**	100.0%	Manufacturing of specialty oils and fats
Loders Croklaan Canada Inc. # *(Incorporated in Canada)*	**100.0%**	100.0%	Manufacturing of specialty oils and fats
Loders Croklaan USA B. V. # *(Incorporated in The Netherlands)*	**100.0%**	100.0%	Investment holding
Loders Croklaan For Oils S.A.E. # *(Incorporated in Egypt)*	**100.0%**	100.0%	Production of emulsified raw materials and semi finished goods on oils and fats
IOI-Loders Croklaan Oils B. V. # *(Incorporated in The Netherlands)*	**100.0%**	100.0%	Palm oil refinery
Loders Croklaan (Shanghai) Trading Co. Ltd # *(Incorporated in the People's Republic of China)*	**100.0%**	100.0%	Trading of specialty oils and fats products
IOI Loders Croklaan Oils Sdn Bhd	**100.0%**	100.0%	Refining and sale of palm oil and related products
Loders Croklaan Ghana Limited * *(Incorporated in Ghana)*	**100.0%**	100.0%	Procurement and development of raw material for specialty fats application
Loders Croklaan Malaysia Sdn Bhd	**100.0%**	100.0%	Investment holding
Loders Croklaan Latin America Comercio De Gorduras e Oleos Vegetais Ltda * *(Incorporated in Brazil)*	**100.0%**	100.0%	Commission-based agent for the import of specialty fats for the food industry
Loders Croklaan Nutrition B. V. # *(Incorporated in the Netherlands)*	**100.0%**	100.0%	Dormant
Loders Croklaan Burkina Faso S.A.R.L.* *(Incorporated in the West Africa)*	**100.0%**	100.0%	Wholesale procurement and trading of agricultural products particularly shea nuts and shea butter
Subsidiary of Loders Croklaan USA B. V.			
Loders Croklaan USA LLC # *(Incorporated in United States of America)*	**100.0%**	100.0%	Manufacturing of specialty oils and fats

45. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

Name of Company	Effective Group Interest 2014	2013	Principal Activities
Indirect Subsidiaries (Continued)			
Resource-based Manufacturing (Continued)			
Subsidiaries of Loders Croklaan For Oils S. A. E.			
IOI Specialty Fats For Trade Limited Liability Company # *(Incorporated in Egypt)*	**99.0%**	99.0%	Trading of specialty fats
Loders Croklaan for Trading & Distribution LLC *(Incorporated in Egypt)* *(In liquidation)*	**100.0%**	100.0%	Dormant
Subsidiary of IOI Loders Croklaan Oils Sdn Bhd			
Loders Croklaan (Asia) Sdn Bhd	**100.0%**	100.0%	Dormant
Subsidiary of Loders Croklaan Malaysia Sdn Bhd			
Lipid Nutrition Trading (Beijing) Co. Ltd * *(Incorporated in the People's Republic of China)* *(In liquidation)*	**100.0%**	100.0%	Dormant
Non-Segment			
Subsidiary of Kean Ko Sdn Berhad			
Seremban Enterprise Corporation Berhad *(Dissolved)*	**-**	58.4%	Property development and provision of property maintenance service
Subsidiaries of IOI Oleochemical Industries Berhad			
Pamol Bintang Sdn Bhd *	**100.0%**	100.0%	Dormant
Palmco Jaya Sendirian Berhad *	**100.0%**	100.0%	Bulk cargo warehousing
Palmco Management Services Sdn Bhd *	**100.0%**	100.0%	Dormant
Care Security Services Sdn Bhd *	**100.0%**	100.0%	Management of collection of service charges
Performance Chemicals (M) Sdn Bhd *	**100.0%**	100.0%	Dormant
Palmina Sendirian Berhad *	**100.0%**	100.0%	Dormant
Palmco Plantations Sendirian Berhad *	**100.0%**	100.0%	Dormant
Direct Consolidated Sdn Bhd *	**100.0%**	100.0%	Dormant
Quantum Green Sdn Bhd *	**100.0%**	100.0%	Provision of management services
Acidchem (Sabah) Sdn Bhd *	**100.0%**	100.0%	Dormant
Palmco International (HK) Limited * *(Incorporated in Hong Kong)*	**100.0%**	100.0%	Investment holding

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

45. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

Name of Company	Effective Group Interest 2014	Effective Group Interest 2013	Principal Activities
Indirect Subsidiaries (Continued)			
Non-Segment (Continued)			
Subsidiaries of Palmco International (HK) Limited			
Palmco Engineering Limited * *(Incorporated in Hong Kong)*	**100.0%**	100.0%	Investment holding
Acidchem (Singapore) Pte Ltd * *(Incorporated in Singapore)*	**100.0%**	100.0%	Dormant
Subsidiary of Palmco Engineering Limited			
Tianjin Palmco Oil And Fats Co. Ltd * *(Incorporated in the People's Republic of China)*	**100.0%**	100.0%	Dormant
Subsidiary of Kayangan Heights Sdn Bhd			
Common Portfolio Sdn Bhd	**60.0%**	60.0%	Provision of property maintenance services
Discontinued Operations			
Subsidiary of Nice Skyline Sdn Bhd			
Jurang Teguh Sdn Bhd	-	99.9%	General contractors
Subsidiaries of IOI Properties Berhad			
Cahaya Kota Development Sdn Bhd	-	99.8%	Property development, property investment and investment holding
Flora Development Sdn Bhd	-	99.8%	Property development and property investment
Kumpulan Mayang Sdn Bhd	-	99.8%	Property development
Pine Properties Sdn Bhd	-	99.8%	Property development and property investment
Dynamic Management Sdn Bhd	-	99.8%	Property development, investment holding and provision of management services
Commercial Wings Sdn Bhd	-	99.8%	Property investment
Property Skyline Sdn Bhd	-	89.8%	Provision of management services and investment holding
IOI Land Singapore Pte Ltd # *(Incorporated in Singapore)*	-	99.8%	Investment holding
Flora Horizon Sdn Bhd	-	98.3%	Property development and cultivation of plantation produce
Pilihan Teraju Sdn Bhd	-	99.8%	Property development and property investment

45. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

Name of Company	Effective Group Interest 2014	2013	Principal Activities
Indirect Subsidiaries (Continued)			
Discontinued Operations (Continued)			
Subsidiaries of IOI Properties Berhad (Continued)			
Hartawan Development Sdn Bhd	-	99.8%	Property development and cultivation of plantation produce
Jutawan Development Sdn Bhd	-	79.8%	Property development and property investment
Paska Development Sdn Bhd	-	99.8%	Property development and property investment
Multi Wealth (Singapore) Pte Ltd # *(Incorporated in Singapore)*	-	99.8%	Investment holding
IOI Properties (Singapore) Pte Ltd # *(Incorporated in Singapore)*	-	99.8%	Property investment and investment holding
IOI Landscape Services Sdn Bhd	-	99.8%	Landscape services, sale of ornamental plants and turfing grass
Palmy Max Limited # *(Incorporated in Hong Kong)*	-	99.8%	Investment holding
Speed Modulation Sdn Bhd	-	99.8%	Property investment
IOI PFCC Hotel Sdn Bhd	-	99.8%	Property development, hotel and hospitality services
IOI Medini Sdn Bhd	-	99.8%	Property development and property investment
Knowledge Vision Sdn Bhd	-	99.8%	Property development and property investment
IOI Mulberry Sdn Bhd	-	99.8%	Property development and property investment
Future Link Properties Pte Ltd # *(Incorporated in Singapore)*	-	99.8%	Property investment, property development and investment holding
Subsidiaries of Cahaya Kota Development Sdn Bhd			
IOI Building Services Sdn Bhd	-	99.8%	Building maintenance services
Lush Development Sdn Bhd	-	99.8%	Property development
Riang Takzim Sdn Bhd	-	99.8%	Investment holding
Tanda Bestari Development Sdn Bhd	-	99.8%	Property development

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

45. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

Name of Company	Effective Group Interest 2014	Effective Group Interest 2013	Principal Activities
Indirect Subsidiaries (Continued)			
Discontinued Operations (Continued)			
Subsidiaries of Dynamic Management Sdn Bhd			
Paksi Teguh Sdn Bhd	-	99.8%	General contractors
Pilihan Megah Sdn Bhd	-	99.8%	Property development, property investment, investment holding and provision of management services
Legend Advance Sdn Bhd	-	69.8%	Property development and property investment
Subsidiary of Multi Wealth (Singapore) Pte Ltd.			
Clementi Development Pte Ltd # *(Incorporated in Singapore)*	-	87.8%	Property development
Subsidiaries of Property Skyline Sdn Bhd			
Nice Frontier Sdn Bhd	-	92.3%	Property development, property investment and cultivation of plantation produce
Property Village Berhad	-	80.8%	Property development, golf club and recreational services and investment holding
Wealthy Growth Sdn Bhd	-	89.8%	Property development
Trilink Pyramid Sdn Bhd	-	89.8%	Property development
Subsidiary of Property Village Berhad			
Baycrest Sdn Bhd	-	80.8%	General contractors
Subsidiaries of IOI City Holdings Sdn Bhd			
IOI City Hotel Sdn Bhd	-	100.0%	Property investment, property development, hotel and hospitality services
IOI City Tower One Sdn Bhd	-	100.0%	Property investment, property development and property management
IOI City Park Sdn Bhd	-	100.0%	Car park operator and provision of car park management services
IOI City Tower Two Sdn Bhd	-	100.0%	Property investment, property development and property management

45. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

Name of Company	Effective Group Interest 2014	Effective Group Interest 2013	Principal Activities
Indirect Subsidiaries (Continued)			
Discontinued Operations (Continued)			
Subsidiaries of IOI Oleochemical Industries Berhad			
Palmex Industries Sdn Berhad *	-	100.0%	Property development
PMX Bina Sdn Bhd *	-	100.0%	General contractors
Subsidiaries of Palmy Max Limited			
IOI (Xiamen) Properties Co. Ltd *(Incorporated in the People's Republic of China)*	-	99.8%	Property development, management of hotel, shopping mall and commercial properties
Prime Joy Investments Limited *(Incorporated in Hong Kong)*	-	99.8%	Investment holding
Subsidiary of Prime Joy Investments Limited			
Xiamen Double Prosperous Real Estate Development Co. Ltd *(Incorporated in the People's Republic of China)*	-	99.8%	Property development and property management services

Notes:

[1] *Plantation subsidiaries previously held by IOI Oleochemical Industries Berhad which have been transferred to the Company in the financial year ended 30 June 2014 pursuant to the Internal Restructuring.*

[2] *Plantation subsidiary previously held by the Company which has been transferred to IOI Plantation Sdn Bhd in the financial year ended 30 June 2014 pursuant to the Internal Restructuring.*

[3] *Resource-based manufacturing subsidiaries previously held by the Company which have been transferred to IOI Olechemical Industries Berhad in the financial year ended 30 June 2014 pursuant to the Internal Restructuring.*

* *Subsidiaries not audited by BDO.*

[#] *Subsidiaries audited by member firms of BDO International.*

[@] *These subsidiaries ceased operations with effect from December 2009 following the completion of the restructuring exercise within the plantation division, which involved intra-group sales and purchases of land and plantation development expenditure in their present condition at market values.*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

45. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

Name of Company	Effective Group Interest 2014	2013	Principal Activities
Associates			
Plantation			
Reka Halus Sdn Bhd	**30.0%**	30.0%	Cultivation of oil palm and processing of palm oil
Asssociate of Lynwood Capital Resources Pte Ltd and Oakridge Investments Pte Ltd			
Bumitama Agri Ltd *(Incorporated in Singapore)*	**31.4%**	31.2%	Investment holding
Resource-based Manufacturing			
Associates of IOI Oleochemical Industries Berhad			
Fatty Chemical (Malaysia) Sdn Bhd	**30.0%**	30.0%	Manufacturing of fatty alcohol, methyl esters and refined glycerine
Kao Plasticizer (Malaysia) Sdn Bhd	**30.0%**	30.0%	Manufacturing of plasticizer and other chemical products
Peter Greven Asia Sdn Bhd	**40.0%**	40.0%	Manufacturing and sale of alkaline and metal soaps
Malaysia Pakistan Venture Sdn Bhd	**25.0%**	25.0%	Investment holding
Discontinued Operations			
Associate of IOI Properties Berhad			
Continental Estates Sdn Bhd	-	24.1%	Property development and cultivation of plantation produce
Joint Ventures			
Resource-based Manufacturing			
Adeka Foods (Asia) Sdn Bhd	**40.0%**	40.0%	Dormant
Discontinued Operations			
Joint venture of IOI Properties Berhad			
PJ Midtown Development Sdn Bhd	-	49.9%	Property development
Joint venture of IOI Land Singapore Pte Ltd			
Seaview (Sentosa) Pte Ltd *(Incorporated in Singapore)*	-	49.9%	Property development
Joint venture of IOI Properties (Singapore) Pte Ltd			
Pinnacle (Sentosa) Pte Ltd *(Incorporated in Singapore)*	-	64.9%	Property development

45. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

Name of Company	Effective Group Interest 2014	Effective Group Interest 2013	Principal Activities
Joint Ventures (Continued)			
Discontinued Operations (Continued)			
Joint venture of Multi Wealth (Singapore) Pte Ltd			
Mergui Development Pte Ltd *(Incorporated in Singapore)*	-	59.9%	Property development
Joint venture of IOI Consolidated (Singapore) Pte Ltd			
Scottsdale Properties Pte Ltd *(Incorporated in Singapore)*	-	49.9%	Investment holding

46. COMPARATIVES

Group

Prior to the adoption of the new FRS 119, the Group recognised the actuarial gains and losses as income or expenses if the net cumulative unrecognised actuarial gains and losses exceed 10% of the defined benefit obligation. With the adoption of new FRS 119, all actuarial gains and losses are recognised in Other Comprehensive Income.

In accordance with the transitional provisions for the new FRS 119, the above changes in accounting policy have been accounted for retrospectively. The effect arising from the adoption of the standard are summarised as follows:

In RM million	As previously reported	Effect of adopting FRS 119	As restated
As at 1 July 2012			
Statement of financial position			
Deferred tax assets	71.1	7.0	**78.1**
Other long term liabilities	147.3	27.9	**175.2**
Retained earnings	10,197.5	(20.9)	**10,176.6**
As at 30 June 2013			
Statement of financial position			
Deferred tax assets	57.3	5.0	**62.3**
Other long term liabilities	18.0	26.5	**44.5**
Retained earnings	11,179.9	(21.5)	**11,158.4**
For the financial year ended 30 June 2013			
Statements of profit or loss			
Operating profit	1,714.7	4.3	**1,719.0**
Taxation	319.5	0.7	**320.2**
Statements of comprehensive income			
Actuarial loss on defined benefit obligation	-	4.2	**4.2**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

46. COMPARATIVES (Continued)

Company

Pursuant to the Internal Restructuring as stated in Note 13.2, the results of the discontinued operations were presented on a single line in the statements of profit or loss for presentation purposes under FRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*. Statements of profit or loss comparatives for financial year ended 30 June 2013 have been re-presented accordingly.

The effects of the reclassifications are as follows:

In RM million	As previously reported	Results from discontinued operations	Adjustment	As re-presented
2013				
Revenue	1,350.1	(289.9)	-	**1,060.2**
Cost of sales	(119.8)	117.1	-	**(2.7)**
Gross profit	1,230.3	(172.8)	-	**1,057.5**
Other operating income	142.7	(53.6)	-	**89.1**
Marketing and selling expenses	(0.4)	0.4	-	**-**
Administration expenses	(83.8)	29.0	-	**(54.8)**
Other operating expenses	(30.5)	12.8	-	**(17.7)**
Profit before interest and taxation	1,258.3	(184.2)	-	**1,074.1**
Interest income	111.3	(13.8)	13.2	**110.7**
Finance costs	(200.7)	30.0	(13.2)	**(183.9)**
Profit before taxation	1,168.9	(168.0)	-	**1,000.9**
Taxation	14.5	(1.2)	-	**13.3**
Profit after taxation	1,183.4	(169.2)	-	**1,014.2**

47. AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 30 June 2014 were authorised for issue by the Board of Directors on 3 September 2014.

48. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of the financial year are analysed as follows:

In RM million	Group 2014	Group 2013 (Restated)	Company 2014	Company 2013
Total retained profits of the Company and its subsidiaries				
Realised	**10,266.2**	12,484.0	**5,233.1**	4,052.7
Unrealised	**105.6**	909.5	**171.8**	161.7
	10,371.8	13,393.5	**5,404.9**	4,214.4
Total share of retained profits from associates				
Realised	**265.3**	190.9	**-**	-
Unrealised	**124.5**	115.6	**-**	-
Total share of accumulated losses from joint ventures				
Realised	**(1.0)**	(37.6)	**-**	-
Unrealised	**-**	(20.2)	**-**	-
	10,760.6	13,642.2	**5,404.9**	4,214.4
Less: Consolidation adjustments	**(4,854.0)**	(2,483.8)	**-**	-
	5,906.6	11,158.4	**5,404.9**	4,214.4

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 115 to 274 have been drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2014 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 48 to the financial statements on page 275 has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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
Chief Executive Officer

Putrajaya
3 September 2014

STATUTORY DECLARATION

I, Wong Tack Wee, 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 115 to 275 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	)	**Wong Tack Wee**
at Puchong, Selangor Darul Ehsan	)	
this 3 September 2014	)	

Before me

Cheong Lak Hoong
Commissioner for Oaths
No. B232

INDEPENDENT AUDITORS' REPORT

To The Members Of IOI Corporation Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of IOI Corporation Berhad, which comprise the statements of financial position as at 30 June 2014 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 115 to 274.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or errors.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2014 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the audited subsidiaries of which we have not acted as auditors, which are indicated in Note 45 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 48 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF : 0206
Chartered Accountants

Ooi Thiam Poh
2495/01/16 (J)
Chartered Accountant

Kuala Lumpur
3 September 2014

GROUP PROPERTIES

A. PLANTATION ESTATES

Location	Tenure	Area (Hectare)	Crop Planted	Factory/ Mill	Year of Acquisition	Net Carrying Amount as at 30 June 2014 RM million
Pahang Darul Makmur						
Bukit Dinding Estate, Bentong	Freehold	1,573	OP	-	1983	21.8
Pukin Estate, Pekan Rompin	Leasehold expiring 2071, 2074, 2077	2,437	OP	1	1985	43.6
Mekassar Estate, Pekan Rompin	Leasehold expiring 2075	1,216	OP	-	1985	19.4
Detas Estate, Pekan	Leasehold expiring 2081	2,301	OP	-	1989	25.7
Bukit Leelau Estate, Pekan	Leasehold expiring 2088	2,096	OP	1	1989	22.4
Merchong Estate, Pekan	Leasehold expiring 2075	1,952	OP	-	1990	28.3
Leepang A Estate, Rompin	Leasehold expiring 2065	2,404	OP	-	2000	20.7
Laukin A Estate, Rompin	Leasehold expiring 2065	1,620	OP	-	2000	12.4
Shahzan IOI Estate 1, Rompin	Leasehold expiring 2062	1,563	OP	-	2002	13.3
Shahzan IOI Estate 2, Rompin	Leasehold expiring 2062	1,641	OP	-	2002	12.7
Negeri Sembilan Darul Khusus						
Regent Estate, Tampin	Freehold	2,301	OP	-	1990	40.9
Bahau Estate, Kuala Pilah	Freehold	2,578	OP	-	1990	45.7
Kuala Jelei Estate, Kuala Pilah	Freehold	679	OP	-	1990	12.6
Johor Darul Takzim						
Gomali Estate, Segamat	Freehold	2,554	OP R	1	1990	60.6
Paya Lang Estate, Segamat	Freehold	2,446	OP R	-	1990	46.8
Tambang Estate, Segamat	Freehold	2,011	OP	-	1990	41.0
Bukit Serampang Estate, Tangkak	Freehold	2,564	OP	-	1990	47.8
Kahang Estate, Kluang	Leasehold expiring 2082	2,420	OP	-	1990	34.4
Sagil Estate, Tangkak	Freehold	2,547	OP	-	1990	46.8
Segamat Estate, Segamat	Freehold	1,354	OP	-	1990	28.2
Pamol Plantations Estate, Kluang	Freehold	8,070	OP	1	2003	274.4
Sabah						
Morisem 1 Estate, Kinabatangan	Leasehold expiring 2080	2,032	OP	-	1993	28.6
Morisem 2 Estate, Kinabatangan	Leasehold expiring 2038, 2087, 2090	2,042	OP	-	1993-2009	26.9
Morisem 3 Estate, Kinabatangan	Leasehold expiring 2087, 2088	2,014	OP	-	1993	27.3
Morisem 4 Estate, Kinabatangan	Leasehold expiring 2089	2,023	OP	-	1993	25.9
Morisem 5 Estate, Kinabatangan	Leasehold expiring 2078	1,878	OP	-	1993	21.3
Baturong 1-3 Estate, Kunak	Leasehold expiring 2081	7,485	OP	1	1991	66.1
Halusah Estate, Lahad Datu	Leasehold expiring 2076, 2078	813	OP	-	1991	0.5

GROUP PROPERTIES (Cont'd)

A. PLANTATION ESTATES (Continued)

Location	Tenure	Area (Hectare)	Crop Planted	Factory/ Mill	Year of Acquisition	Net Carrying Amount as at 30 June 2014 RM million
Sabah (Continued)						
Syarimo 1-9 Estate, Kinabatangan	Leasehold expiring 2035, 2077-2097, 2963-2990	18,417	OP	1	1985-2000	242.2
Permodalan Estate, Kinabatangan	Leasehold expiring 2078	8,094	OP	-	1995	107.4
Laukin Estate, Sugut	Leasehold expiring 2077	2,128	OP	-	1996	31.6
Sakilan Estate, Sandakan	Leasehold expiring 2887	2,296	OP	1	1996	49.6
Ladang Sabah, Labuk-Sugut	Leasehold expiring 2077, 2082, 2087, 2089	12,228	OP	1	1998-2003	285.8
Cantawan Estate, Lahad Datu	Leasehold expiring 2061, 2066, 2078-2080	1,452	OP	-	1998	31.9
Tas Estate, Kinabatangan	Leasehold expiring 2077	1,209	OP	-	1998	28.3
Tangkulap Estate, Labuk-Sugut	Leasehold expiring 2080-2086	2,277	OP	-	2001	64.8
Bimbingan Estate, Labuk-Sugut	Leasehold expiring 2083	3,893	OP	-	2001	89.5
Pamol Plantations Estate, Labuk-Sugut	Leasehold expiring 2037, 2081, 2097	1,793	OP	-	2003-2007	45.6
Pamol Estate, Labuk-Sugut	Leasehold expiring 2888	8,186	OP	1	2003	192.9
Milik Berganda Estate, Labuk-Sugut	Leasehold expiring 2090	5,269	OP	-	2003	99.5
Linbar 1-2 Estate, Kinabatangan	Leasehold expiring 2081	4,840	OP	-	2003	121.8
Mayvin 1-2 Estate, Labuk-Sugut	Leasehold expiring 2079-2081, 2090, 2092	3,423	OP	1	2003	96.8
Mayvin 5-6 Estate, Kinabatangan	Leasehold expiring 2082	3,602	OP	-	2003	104.4
Leepang 1-5 Estate, Kinabatangan	Leasehold expiring 2030-2039, 2078-2102	10,031	OP	2	2003-2009	304.7
Unico 1-5 Estate, Kinabatangan	Leasehold expiring 2081-2101	11,396	OP	1	2013	813.8
Unico 6 Estate, Lahad Datu	Leasehold expiring 2074, 2077-2079	2,264	OP	1	2013	209.1
Sarawak						
Sejap Estate, Baram	Leasehold expiring 2058	4,960	OP	-	2002	57.3
Tegai Estate, Baram	Leasehold expiring 2067, 2095	4,038	OP	-	2002	40.5

OP Oil palm
R Rubber

B. INVESTMENT PROPERTIES

Location	Tenure	Land Area	Net Lettable Area	Usage	Age of Building (Year)	Year of Revaluation	Net Carrying Amount as at 30 June 2014 RM million
No. 7, Jalan Kenari 5 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan	Freehold	465 sq m	1,650 sq m	1 unit 3½ storey shop office	19	2014	7.0
No. 12 Jalan Anggerik Mokara 31/62 Kota Kemuning Seksyen 31 Shah Alam Selangor Darul Ehsan	Freehold	362 sq m	307 sq m	1½ storey terrace factory lot	16	2014	1.3

C. INDUSTRIAL PROPERTIES

Location	Tenure	Land Area	Usage	Age of Building (Year)	Year of Acquisition	Net Carrying Amount as at 30 June 2014 RM million
Country lease 075365632, 075376279 075376260 & 075469340 Sg Mowtas and Batu Sapi Sandakan Sabah	Leasehold expiring 2039, 2042, 2044	22 hectares	Palm oil refinery and palm based renewable energy	17	1995	108.5
Lorong Perusahaan Satu Prai Industrial Complex 13600 Prai Penang	Leasehold expiring between 2035-2071	176,169 sq m	Offices and factory sites Factory site	35 13	2001	44.0 8.0
Palmco Jaya Warehouse Bulk Cargo Terminal 13600 Prai Penang	Leasehold expiring 2025	13,400 sq m	Bulk cargo terminal	40	2001	0.2
Deep Water Wharves 12100 Butterworth Penang	Leasehold expiring 2015	5,663 sq m	Bulking installation	40	2001	-
Plot 1-2-4, A7-6 TEDA 300457 Tianjin The People's Republic of China	Leasehold expiring 2024	34,375 sq m	Offices and factory sites	25	2001	-

GROUP PROPERTIES (Cont'd)

C. INDUSTRIAL PROPERTIES (Continued)

Location	Tenure	Land Area	Usage	Age of Building (Year)	Year of Acquisition	Net Carrying Amount as at 30 June 2014 RM million
Loders Croklaan Hogeweg 1, 1520 Wormerveer The Netherlands	Freehold	6 hectares	Specialty oils and fats manufacturing facilities	23-44	2002	112.6
Durkee Road 24708 W Channahon Illinois United States	Freehold	36 hectares	Specialty oils and fats manufacturing facilities	12-44	2002	67.2
Antarcticaweg 191 Harbour 8228 3199 KA Maasvlakte Rotterdam The Netherlands	Leasehold expiring 2029	15 hectares	Palm oil refinery and specialty oils and fats manufacturing facilities	9-13	2004	251.1
195 Belfield Rd. Rexdale, Ontario M9W-1G8 Canada	Leasehold expiring 2023	1,022 sq m	Specialty oils and fats manufacturing facilities	38	2002	9.7
Industrial Park III Lots 15 & 16 Jundiai Brazil	Freehold	12,031 sq m	Vacant land	-	2010	5.1
PT 110296 & 216213 Jalan Pekeliling HS(D) 160988 PTD 89217 Mukim Plentong Pasir Gudang Johor Bahru Johor Darul Takzim	Leasehold expiring 2037, 2041, 2052	14.4 hectares	Factory complex and vacant industrial land	24-33	2005	152.3
PT 17368, Jalan Pekeliling PT 101373 & PT 80565, Jalan Timah PT 101367, Jalan Tembaga Pasir Gudang, Johor Bahru Johor Darul Takzim	Leasehold expiring 2038, 2047, 2051	11.6 hectares	Factory complex	27	2007	37.7

D. OTHER PROPERTIES

Location	Tenure	Land/Built Up Area	Usage	Age of Building (Year)	Year of Acquisition	Net Carrying Amount as at 30 June 2014 RM million
HS(D) 45890 PT 9427 Mukim Petaling Selangor Darul Ehsan	Freehold	1,803 sq m	Petrol station land	-	1992	-
Lot 40476 & 40480 Daerah Wilayah Persekutuan Kuala Lumpur	Freehold	3,018 sq m	Bungalow plots	-	1992	2.0
Geran 1341, Lot 12040 Mukim of Tangkak Johor Darul Takzim	Freehold	2 hectares	Vacant land	-	1998	0.1
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	34	2005	0.4
Country lease 115310926 Jalan Segama Lahad Datu Sabah	Leasehold expiring 2932	1 hectare	Regional office	13	1993	0.6
Country lease 115325534 New Wharf Road Lahad Datu Sabah	Leasehold expiring 2914	2 hectares	Vacant land	-	1993	1.7
Country lease 115325543, 116179269 New Wharf Road Lahad Datu Sabah	Leasehold expiring 2057, 2914	5 hectares	Vacant land	-	1993	3.0
302-H, Jalan Relau Desaria, 11900 Sg Ara Penang	Freehold	167 sq m	Shoplot	19	2001	0.2
Tissue Culture Laboratory IOI Resort 62502 Putrajaya	Freehold	1 hectare	Research analysis	-	1990	2.0

GROUP PROPERTIES (Cont'd)

D. OTHER PROPERTIES (Continued)

Location	Tenure	Land/Built Up Area	Usage	Age of Building (Year)	Year of Acquisition	Net Carrying Amount as at 30 June 2014 RM million
Lot 51665 Mukim Plentong Pasir Gudang, Johor Bahru Johor Darul Takzim	Leasehold expiring 2043	2,968 sq m	Vacant land	-	2009	0.4
Lot 8165, Mukim 12 Sg Ara Estate Penang	Freehold	1,799 sq m	Future development land	-	2001	0.2
Lots 429, 432 & 434 Bukit Sebukor Bukit Baru, Melaka Tengah Melaka	Freehold	19 hectares	Future development land	-	1990	1.2
PTD 2637 Lot 2630 Mukim Gemas, Segamat Johor Darul Takzim	Freehold	20 hectares	Future development land	-	2003	3.0
Lot 3015 Grant 186 Mukim Sabai, Bentong Pahang Darul Makmur	Freehold	86 hectares	Future development land	-	1983	14.0

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Fifth Annual General Meeting (**"AGM"**) of the Company will be held at Putrajaya Ballroom I (Level 3), Putrajaya Marriott Hotel, IOI Resort, 62502 Putrajaya, Malaysia on Wednesday, 29 October 2014 at 10:00 am for the following purposes:

AGENDA

1 To receive the Audited Financial Statements for the financial year ended 30 June 2014 and the Reports of the Directors and Auditors thereon. **Please refer to Note A**

2 To re-elect the following Directors retiring by rotation pursuant to Article 101 of the Company's Articles of Association:

(i) Lee Yeow Seng **Resolution 1**

(ii) Lee Cheng Leang **Resolution 2**

(Please refer to Note B)

3 To consider and if thought fit, to pass the following as an Ordinary Resolution in accordance with Section 129 of the Companies Act, 1965:

"THAT Tan Sri Dato' Lee Shin Cheng, a Director retiring pursuant to Section 129(6) of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." **Resolution 3**

(Please refer to Note C)

4 To consider and if thought fit, to pass the following as Ordinary Resolutions:

(i) "THAT the payment of Directors' fees of RM874,001 for the financial year ended 30 June 2014 to be divided among the Directors in such manner as the Directors may determine, be and is hereby approved." **Resolution 4**

(ii) "THAT the payment of Directors' fees of RM935,000 for the financial year ending 30 June 2015 payable quarterly in arrears after each month of completed service of the Directors during the financial year, to be divided among the Directors in such manner as the Directors may determine, be and is hereby approved." **Resolution 5**

(Please refer to Note D)

5 To re-appoint Messrs BDO, the retiring auditors for the financial year ending 30 June 2015 and to authorise the Directors to fix their remuneration. **Resolution 6**

(Please refer to Note E)

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 for the listing of and quotation for the additional shares so issued." **Resolution 7**

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

6.2 Proposed Renewal of Existing Share Buy-Back Authority

"THAT subject to compliance with applicable laws, regulations and the approval of all relevant authorities, approval be and is hereby given to the Company to utilise up to the aggregate of the Company's latest audited retained earnings and share premium account, to purchase, from time to time during the validity of the approval and authority under this resolution, such number of ordinary shares of nominal value RM0.10 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad (**"Bursa Securities"**) upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased and/or held by the Company pursuant to this resolution does not exceed ten percent (10%) of the issued and paid-up ordinary share capital of the Company at the time of purchase (**"Proposed Purchase"**);

THAT at the discretion of the Directors of the Company, the shares of the Company to be purchased are to be cancelled and/or retained as treasury shares and distributed as dividends or resold on Bursa Securities and/or cancelled;

THAT the Directors of the Company be and are hereby empowered generally to do all acts and things to give effect to the Proposed Purchase with full powers to assent to any condition, modification, revaluation, variation and/or amendment (if any) as may be imposed by the relevant authorities and/or do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company;

AND THAT such authority shall commence immediately upon passing of this resolution until:

(i) the conclusion of the next Annual General Meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed either unconditionally or subject to conditions;

(ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or

(iii) revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting,

whichever is the earlier but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities or any other relevant authorities." **Resolution 8**

6.3 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transaction of a Revenue or Trading Nature

"THAT subject always to the provisions of the Companies Act, 1965 (**"the Act"**), the Memorandum and Articles of Association of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad or other regulatory authorities, approval be and is hereby given to the Company and/or 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 3 October 2014 (**"Shareholders' Mandate"**) subject to the following:

(i) the transactions are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

(ii) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year.

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 Act *(but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act)*; or

(iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier,

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Shareholders' Mandate." **Resolution 9**

7 To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

By Order of the Board,

Chee Ban Tuck
Secretary (MIA 24078)

Putrajaya
3 October 2014

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Notes:

1 A member may appoint any person to be his proxy and there shall be no restriction as to the qualification of the proxy. 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 Subject to Note 4 below, 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 and only one (1) of those proxies is entitled to vote on show of hands.

4 Where a member of the company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of Section 25A(1) of the SICDA.

5 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.

6 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.

7 Only members whose names appear in the Record of Depositors as at **21 October 2014** shall be eligible to attend the AGM or appoint proxy to attend and vote on his behalf.

8 **Note A**

This Agenda item is meant for discussion only as under the provision of Section 169(1) of the Companies Act, 1965, the audited financial statements do not require a formal approval of the shareholders. Hence, this resolution will not put forward for voting.

9 **Note B**

Lee Yeow Seng and Lee Cheng Leang are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at this AGM.

The Nominating and Remuneration Committee and Board have conducted an assessment on the performance of the Directors who are seeking re-election at this AGM of the Company and are satisfied that they have complied with criteria applied by the Company.

10 **Note C**

The re-appointment of Tan Sri Dato' Lee Shin Cheng who has attained the age of 70 years, as Director of the Company to hold office until the conclusion of the next AGM, shall take effect if the Ordinary Resolution 3 is passed by a majority of not less than three-fourths (3/4) of such members as being entitled to vote in person or by proxy at this AGM of which not less than 21 days' notice has been given.

11 **Note D**

The Board has reviewed the Directors' fees after taking into account fee levels and trends for similar positions in the market and time commitment required from the Directors. The payment of Directors' fees for the financial year ending 30 June 2015 shall be payable quarterly in arrears after each month of completed service of the Directors during the financial year.

12 **Note E**

The Audit and Risk Management Committee and the Board have considered the re-appointment of Messrs BDO as Auditors of the Company and collectively agreed that Messrs BDO has met the relevant criteria prescribed by Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

13 Explanatory Notes on Special Businesses

i Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965

Ordinary resolution 7 is to seek a renewal of the general mandate which was approved at the 44th Annual General Meeting of the Company held on 19 October 2013 and which will lapse at the conclusion of the forthcoming Annual General Meeting to be held on 29 October 2014.

The general mandate, if approved, will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for the purpose of funding future investment project(s) and acquisition(s) and for strategic reasons. In order to eliminate any delay and costs in convening a general meeting to specifically approve such issuance of shares, it is considered appropriate that the Directors be empowered, as proposed under the ordinary resolution 8, to allot and issue shares in the Company up to an amount not exceeding in total ten percent (10%) of the issued share capital of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The Company did not issue any new shares pursuant to Section 132D of the Companies Act, 1965 under the general mandate which was approved at the 44th Annual General Meeting of the Company.

ii Proposed Renewal of Existing Share Buy-Back Authority

Ordinary resolution 8, if passed, will empower the Company to purchase up to ten percent (10%) of the issued and paid-up ordinary share capital of the Company through Bursa Malaysia Securities Berhad. This authority unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Please refer to explanatory information in the Circular to Shareholders dated 3 October 2014.

iii Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transaction of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

Ordinary resolution 9 is to seek approval from the shareholders for renewal of the shareholders' mandate granted by the shareholders of the Company at the previous Annual General Meeting held on 19 October 2013 and new shareholders' mandate for additional recurrent related party transaction of a revenue or trading nature. The Proposed 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 3 October 2014.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

(i) Details of individuals who are standing for election as Directors (excluding Directors standing for a re-election)

No individual is seeking election as a Director at the forthcoming Forty-Fifth Annual General Meeting of the Company.

(ii) 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:

- Lee Yeow Seng
- Lee Cheng Leang

(b) The Director seeking for re-appointment under Section 129 of the Companies Act, 1965 is as follows:

- Tan Sri Dato' Lee Shin Cheng

The profiles of the above-named Directors are set out in the section entitled "Profile of Directors" on pages 60 to 65 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 99 of the Annual Report.

SHAREHOLDERS' INFORMATION

as at 29 August 2014

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	:	26,910

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No. of Holders	Total Holdings	%
1 – 99	3,130	29,308	0.00
100 – 1,000	5,162	4,010,120	0.06
1,001 – 10,000	13,661	53,375,649	0.84
10,001 – 100,000	4,041	108,139,259	1.70
100,001 – 318,026,983	910	2,876,366,206	45.22
318,026,984 and above	6	3,318,619,153	52.18
Total	**26,910**	**6,360,539,695**	**100.00**

LIST OF TOP 30 SHAREHOLDERS

(without aggregating securities from different securities accounts belonging to the same person)

	Name	No. of shares held	%
1.	Vertical Capacity Sdn Bhd	801,300,000	12.60
2.	Vertical Capacity Sdn Bhd	601,765,500	9.46
3.	Vertical Capacity Sdn Bhd	557,400,000	8.76
4.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	546,008,973	8.58
5.	Vertical Capacity Sdn Bhd	437,144,680	6.87
6.	CIMB Group Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Vertical Capacity Sdn Bhd*	375,000,000	5.90
7.	Cartaban Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for Bank J. Safra Sarasin Ltd, Singapore Branch (BSCSG) (AC Client Frgn)*	228,645,900	3.60
8.	AmanahRaya Trustees Berhad *Skim Amanah Saham Bumiputera*	225,204,500	3.54
9.	Kumpulan Wang Persaraan (Diperbadankan)	124,995,200	1.97
10.	Annhow Holdings Sdn Bhd	123,372,300	1.94

SHAREHOLDERS' INFORMATION
as at 29 August 2014

LIST OF TOP 30 SHAREHOLDERS (Continued)
(without aggregating securities from different securities accounts belonging to the same person)

	Name	No. of shares held	%
11.	Cartaban Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for State Street Bank & Trust Company*	89,323,580	1.40
12.	AmanahRaya Trustees Berhad *Amanah Saham Malaysia*	84,597,800	1.33
13.	AmanahRaya Trustees Berhad *Amanah Saham Wawasan 2020*	70,141,767	1.10
14.	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Vertical Capacity Sdn Bhd*	70,000,000	1.10
15.	HSBC Nominees (Asing) Sdn Bhd *BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund*	69,679,678	1.10
16.	HSBC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Vertical Capacity Sdn Bhd*	58,000,000	0.91
17.	Cartaban Nominees (Tempatan) Sdn Bhd *Exempt Authorised Nominee for Eastspring Investments Berhad*	57,495,347	0.90
18.	Cartaban Nominees (Tempatan) Sdn Bhd *Exempt Authorised Nominee for Bank J. Safra Sarasin Ltd, Singapore Branch (BSCSG) (AC Client Local)*	54,000,000	0.85
19.	Cartaban Nominees (Asing) Sdn Bhd *GIC Private Limited for Government of Singapore*	47,638,021	0.75
20.	AmanahRaya Trustees Berhad *Amanah Saham Didik*	46,849,100	0.74

LIST OF TOP 30 SHAREHOLDERS (Continued)
(without aggregating securities from different securities accounts belonging to the same person)

	Name	No. of shares held	%
21.	HSBC Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for JPMorgan Chase Bank, National Association (U.S.A.)*	38,225,860	0.60
22.	Maybank Nominees (Tempatan) Sdn Bhd *Maybank Trustees Berhad for Public Ittikal Fund*	38,000,000	0.60
23.	Citigroup Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for UBS AG Singapore (Foreign)*	37,348,700	0.59
24.	HSBC Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for JPMorgan Chase Bank, National Association (U.A.E.)*	36,100,026	0.57
25.	Malaysia Nominees (Tempatan) Sendirian Berhad *Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)*	33,879,313	0.53
26.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Vertical Capacity Sdn Bhd*	33,000,000	0.52
27.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Rickoh Holdings Sdn Bhd*	32,500,000	0.51
28.	AmanahRaya Trustees Berhad *Public Islamic Dividend Fund*	31,852,133	0.50
29.	AMSEC Nominees (Tempatan) Sdn Bhd *AmTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)*	31,388,617	0.49
30.	AmanahRaya Trustees Berhad *Public Islamic Select Enterprises Fund*	25,947,333	0.41
	Total	**5,006,804,328**	**78.72**

SHAREHOLDERS' INFORMATION
as at 29 August 2014

SUBSTANTIAL SHAREHOLDERS
(Based on the Register of Substantial Shareholders)

Name of shareholders	No. of ordinary shares held			
	Direct	%	Indirect	%
Tan Sri Dato' Lee Shin Cheng	66,986,300	1.05	*2,946,130,980	46.32
Puan Sri Datin Hoong May Kuan	-	-	**3,013,117,280	47.37
Dato' Lee Yeow Chor	8,340,400	0.13	***2,933,610,180	46.12
Lee Yeow Seng	4,180,400	0.07	***2,933,610,180	46.12
Vertical Capacity Sdn Bhd	2,933,610,180	46.12	-	-
Progressive Holdings Sdn Bhd	-	-	#2,933,610,180	46.12
Employees Provident Fund Board	563,581,659	8.86	-	-

Notes:

* *Deemed interested by virtue of his interests in Progressive Holdings Sdn Bhd ("PH"), which in turn holds 100% equity interest in Vertical Capacity Sdn Bhd ("VC") and shares held by his sons, Dato' Lee Yeow Chor and Lee Yeow Seng.*

** *Deemed interested by virtue of her interests and the interests of her spouse, Tan Sri Dato' Lee Shin Cheng and her sons, Dato' Lee Yeow Chor and Lee Yeow Seng in PH, which in turn holds 100% equity interest in VC and shares held by Tan Sri Dato' Lee Shin Cheng, Dato' Lee Yeow Chor and Lee Yeow Seng.*

*** *Deemed interested by virtue of his interest in PH, which in turn holds 100% equity interest in VC.*

\# *Deemed interested by virtue of its interest in VC, the wholly-owned subsidiary.*

IOI CORPORATION BERHAD (Company No. 9027-W)
(Incorporated in Malaysia)

IOI GROUP

PROXY FORM

(Please use block letters)

I/We ____

NRIC/Co. No. ______________________ Mobile Phone No. ______________________

of ____

being a member(s) of **IOI Corporation Berhad**, hereby appoint ____

____

NRIC/Co. No. ____

of ____

____

and/or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the **Forty-Fifth Annual General Meeting** ("AGM") of the Company to be held at **Putrajaya Ballroom I (Level 3), Putrajaya Marriott Hotel, IOI Resort, 62502 Putrajaya, Malaysia** on **Wednesday, 29 October 2014** at **10:00 am** or any adjournment thereof.

The proportion of my/our holding to be represented by my/our proxy/proxies are as follows:

First proxy "A" : % No. of Shares Held : ______________

Second proxy "B" : ________ % CDS A/C No. : ______________

100%

In case of a vote taken by a show of hands, *First Proxy "A"/*Second Proxy "B" shall vote on my/our behalf.

My/our proxy/proxies shall vote as follows:
(Please indicate with an "✗" or "✓" in the space provided as to how you wish your votes to be cast. If you do not do so, the proxy/proxies will vote, or abstain from voting on the resolutions as he/they may think fit).

No.	Ordinary Resolutions	First Proxy "A"		Second Proxy "B"	
		For	Against	For	Against
1.	To re-elect Lee Yeow Seng as a Director				
2.	To re-elect Lee Cheng Leang as a Director				
3.	To re-appoint Tan Sri Dato' Lee Shin Cheng pursuant to Section 129(6) of the Companies Act, 1965				
4.	To approve Directors' Fees for the financial year ended 30 June 2014				
5.	To approve Directors' Fees for the financial year ending 30 June 2015				
6.	To re-appoint Messrs BDO as Auditors and to authorise the Directors to fix their remuneration				
7.	To authorise the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965				
8.	To approve the proposed renewal of existing share buy-back authority				
9.	To approve the proposed renewal of shareholders' mandate and proposed new shareholders' mandate for recurrent related party transaction(s) of a revenue or trading nature				

Dated this ________ day of ________________ 2014

____
Signature of Shareholder/Common Seal

** Delete if inapplicable.*

Notes:

1 *A member may appoint any person to be his proxy and there shall be no restriction as to the qualification of the proxy. 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 *Subject to Note 4 below, 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 and only one (1) of those proxies is entitled to vote on show of hands.*

4 *Where a member of the company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of Section 25A(1) of the SICDA.*

5 *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.*

6 *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.*

7 *Only members whose names appear in the Record of Depositors as at **21 October 2014** shall be eligible to attend the AGM or appoint proxy to attend and vote on his behalf.*

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Stamp

The Company Secretary

IOI CORPORATION BERHAD

Two IOI Square
IOI Resort
62502 Putrajaya
Malaysia

2nd fold here

IOI CORPORATION BERHAD (9027-W)
Two IOI Square, IOI Resort, 62502 Putrajaya, Malaysia

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