IOI GROUP

ANNUAL REPORT **2015**

Sustainable Progress

Staying on track of its goals, IOI Corporation Berhad ("IOIC") continues to sustain its progress as a fully-integrated palm oil producer in the industry. Through focus and commitment, we are advancing to the forefront of industry practices and performance in every aspect of our business. Our core values fortify our resilience as we respond to change with agility with a cost-effective mindset and in constant pursuit of excellence.

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

OUR RESULTS

PROFIT BEFORE INTEREST AND TAXATION

RM**1.46** billion

2014 – RM1.93 billion

GROSS DIVIDEND PER SHARE

90.0%

2014 – 200.0%

MARKET CAPITALISATION

RM**25.66** billion

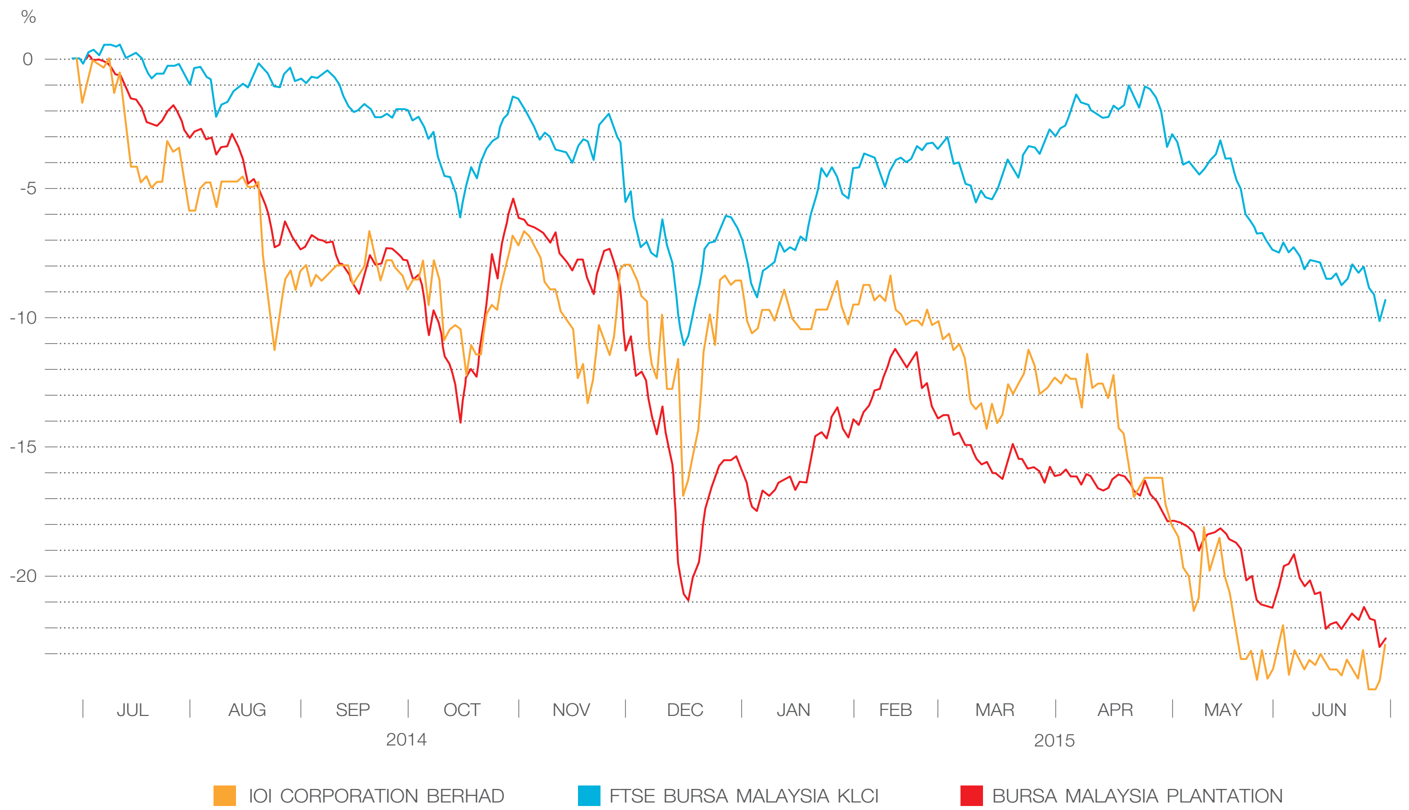
2014 – RM33.37 billion

SHARE PRICE

RM**4.06**

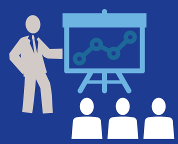
2014 – RM5.25

KEY INDICATORS



In RM million unless otherwise stated	2015	2014	2013	2012	2011
FINANCIAL					
Profit before interest and taxation	**1,460.5**	1,927.4	1,622.6	2,821.3	2,820.2
Profit attributable to owners of the parent	**168.1**	3,373.0	1,973.7	1,797.4	2,224.6
Equity attributable to owners of the parent	**5,059.1**	6,036.8	13,650.5	12,607.0	11,983.7
Return on average shareholders' equity (%)	**3.03**	34.27	15.03	14.62	19.56
Basic earnings per share (sen)	**2.64**	52.93	30.88	28.09	34.78
Gross dividend per share (%)	**90.0**	200.0	155.0	155.0	170.0
PLANTATION					
FFB production (MT)	**3,542,222**	3,506,706	3,408,935	3,185,878	3,295,473
Total oil palm area (Ha)	**178,768**	174,061	160,626	157,752	157,045
MANUFACTURING					
OLEOCHEMICAL					
Plant utilisation (%)	**85**	84	80	77	82
Sales (MT)	**586,076**	583,555	561,001	624,542	618,960
REFINERY					
Plant utilisation (%)	**66**	68	70	77	72
Sales (MT)	**2,591,197**	2,706,786	3,052,027	2,919,543	2,640,091
SPECIALTY OILS AND FATS					
Plant utilisation (%)	**52**	50	56	88	92
Sales (MT)	**773,767**	735,099	734,691	665,785	492,432

46th Annual General Meeting



IOI CORPORATION BERHAD (9027-W)

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

Date : Tuesday, 27 October 2015

Time : 10:00 am

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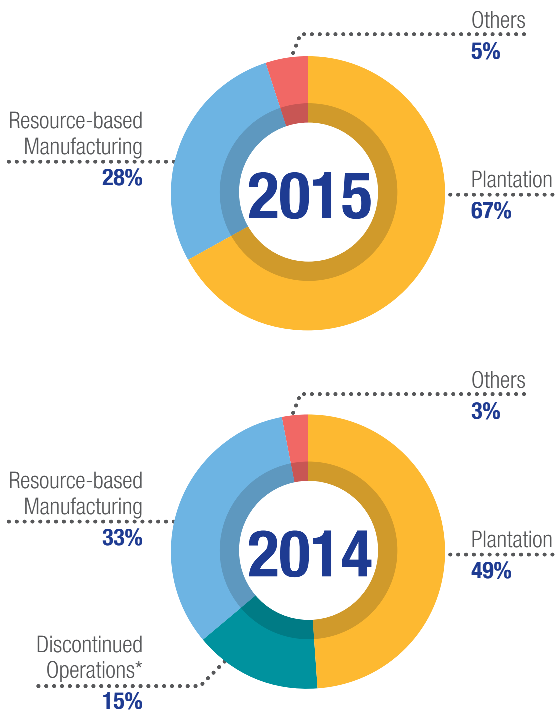
CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS OF IOI CORPORATION BERHAD, I AM PLEASED TO PRESENT TO YOU THE ANNUAL REPORT OF THE COMPANY AND THE GROUP FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 ("FY2015").

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 Note 13.1 to the financial statements.*

OPERATING ENVIRONMENT

The global economy had a soft start during the early part of 2015, especially in most developing economies and oil exporting countries; but is expected to reach a moderate growth of 3.5% in 2015, a slight improvement of 0.1 percentage point over last year. The Gross Domestic Product ("GDP") of China, the world's No. 2 economy, has slowed down to 7% growth after two decades of strong growth. Most economies are facing tough challenges in 2015 due to the new era of low crude oil and commodity prices, the looming prospect of higher borrowing costs and lately, the competitive devaluing of currencies.

TAN SRI DATO' LEE SHIN CHENG
Executive Chairman

On the local front, the Malaysian economy posted a reasonable GDP growth of 5.3% per annum during the first half of 2015. GDP growth for the second quarter was 4.9% despite the implementation of Goods and Services Tax ("GST") in April 2015.

During the financial year under review, the foreign currency exchange ("FX") markets experienced the highest volatility since the financial crisis in 2008. The likelihood of a Greek exit from the Eurozone and its possible contagion effect created turmoil in the FX markets. The recovery of the United States' ("US") economy and the call for normalisation of US interest rates by the US Federal Reserve ("Fed"), have pushed the US Dollar to higher levels against most major currencies. As for the Ringgit's value, it has been weakening since the beginning of FY2015 and has crossed the psychologically important 3.80 level in July 2015. In addition, China's recent Yuan devaluation has sent shock waves into the Asian currency markets. As a result of all the above, the Ringgit became Asia's worst performing currency since 1998, and traded above the Dollar/Ringgit 4.2 exchange level recently.

As for the crude palm oil ("CPO") price, it has been hovering between RM2,000/MT and RM2,400/MT during the most part of FY2015. The CPO price was very much capped by a record high soybean production. However, the higher B15 biodiesel mandate and the increase in biodiesel subsidy in Indonesia have helped to support the CPO prices during the financial year under review.

As for the palm oil downstream division, the palm oil refining sub-segment was affected by compressed refining and fractionation margins mainly due to increased refining capacity in Indonesia and Malaysia. The Malaysian oleochemical sub-segment also faced some challenges such as loss of Generalised System of Preferences ("GSP") status in Europe and the additional oleochemical capacity in Indonesia.

REVIEW OF RESULTS

The Group's Profit Before Tax ("PBT") from its continuing operations for FY2015 was RM457.0 million as compared to RM1,670.8 million reported for FY2014. The decrease in PBT was mainly due to net foreign currency translation loss of RM735.3 million (FY2014 – loss of RM22.0 million) on foreign currency denominated borrowings. Excluding the net foreign currency translation loss, the underlying PBT of RM1,192.3 million for FY2015 was 30% lower than the underlying PBT of RM1,692.8 million for FY2014, which was due mainly to lower segmental profit from both plantation and resource-based manufacturing divisions.

The plantation division reported a lower operating profit of RM1,005.9 million for FY2015 which was 15% lower than RM1,185.7 million reported for FY2014. The lower profit for FY2015 was due mainly to lower CPO price realised of which the average CPO price realised for FY2015 was RM2,221/MT as compared to RM2,509/MT for FY2014.

CHAIRMAN'S STATEMENT (Cont'd)

As a global leader, IOI continues to rely on its vast experience to pursue cost efficiency and higher productivity in its plantation operations.

As for our resource-based manufacturing division, it reported an operating profit of RM420.4 million for FY2015 as compared to RM787.3 million for FY2014, which was 47% lower than the same period last year. The lower profit was due mainly to unrealised fair value loss in foreign currency forward exchange contracts arising from weaker Ringgit amounting to RM119.0 million (FY2014 – gain of RM79.8 million). The forward exchange contracts were entered into as a hedge to protect the Ringgit denominated margin of the resource-based manufacturing's business. Excluding the unrealised fair value loss/gain in foreign currency forward exchange contracts for both FY2015 and FY2014 respectively, the underlying operating profit for our resource-based manufacturing's division of RM539.4 million for FY2015 was 24% lower than the underlying profit of RM707.5 million for FY2014. This was mainly due to lower margin from the oleochemical and refining sub-segments as well as lower sales volume from the refining sub-segment.

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

FY2015 marks the beginning of a new chapter in IOI Corporation Berhad, where the Group now stays focused on the palm oil based business following the successful completion of the demerger exercise of its property business.

On the specialty oils and fats sub-segment, IOI Loders Croklaan, on 23 June 2015 entered into a joint venture ("JV") agreement with an Irish-listed conglomerate, Kerry Group Plc, to develop and market its nutrition lipid Betapol® business. Kerry Group is a food and ingredients company with more than 30 years of experience in the infant nutrition space. Headquartered in Ireland, Kerry Group has extensive global market reach and offers world-class infant nutritional products and innovative solutions to their customers. We trust the aforementioned JV will greatly enhance the product offering of Betapol® and further monetise our Betapol® business. The aforesaid JV is now pending approval from the anti-trust commission in Europe.

On 9 September 2015, the IOI Oleochemicals Group entered into a conditional asset purchase agreement with Cremer Oleo GmbH & Co KG to acquire Cremer's entire oleochemicals manufacturing business in Germany for a total purchase consideration of €89.4 million or RM433.3 million. The aforesaid acquisition will enable us to expand into higher margin pharmaceutical, cosmetics, food and performance chemicals markets worldwide. The location of the production facilities is regarded as strategic as they are situated at the centre of the European Union Region, which give close proximity to key markets in Western Europe and emerging ones in Eastern Europe.

BUSINESS DEVELOPMENTS

On the plantation front, one of the Group's strategic initiatives is to be self-reliant in the supply of CPO feedstock to our downstream oleochemical and specialty oils and fats businesses. At present, the Group produces approximately 800,000 metric tons of CPO per year and this quantity is not sufficient for our own use as feedstock to our downstream business. In this respect, the Group will continue to seek suitable plantation landbank to increase its planted acreage.

As for our plantation operations in Indonesia, our subsidiary group, PT Sawit Nabati Agro ("SNA Group"), has to date planted 20,000 hectares of oil palm trees, out of which 7,600 hectares are already mature. SNA Group has planned another 3,000 hectares of new oil palm planting in FY2016.

In addition, SNA Group has commissioned its first palm oil mill in Kalimantan, Indonesia, which has a capacity of 60 MT (scalable to 90 MT) of FFB per hour in February 2015. SNA Group is expected to contribute positively to the overall Group's plantation results in two years' time.

As for Bumitama Agri Ltd ("BAL"), the Group continues to support its associate company to grow and expand their oil palm plantation business in Indonesia. BAL has approximately 155,000 hectares of planted oil palm areas including approximately 40,000 hectares under the plasma (smallholders) scheme and operates 10 CPO mills with a total processing capacity of 3.4 million tons of FFB per annum. The average age of the oil palm trees is only about seven years which gives a lot of potential for yield increases in the coming years.

On the downstream oleochemical sub-segment, the Group has recently commissioned its RM130 million fatty ester plant in Prai, Penang. The new ester plant, which caters for the food and pharmaceutical segment, provides an additional 20,000 MT capacity for the oleochemical business. The Group's target is to ramp up its capacity within the next three years of operations.

IOI's pilot biogas plant in Johor marks its progressive renewable energy plan to have all mills in Malaysia equipped with methane capturing facilities by 2020.

Precision and efficiency are among the notable factors that spur IOI to grow from strength to strength in a challenging operating environment.

On the specialty oils and fats sub-segment, as part of the strategy to expand our geographical footprint, the Group is in the midst of constructing its specialty oils and fats plant in Xiamen, the Republic of China. This new plant will be able to produce up to 100,000 tons (scalable to 200,000 tons) of specialty oils and fats products including the nutrition lipid Betapol®; and will cater for the growing affluent market in China. The plant is expected to be commissioned sometime in the first quarter of FY2017.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY

IOI has embraced the values of sustainability and corporate responsibility ("CR") since the early days of its plantation operations. These sustainability values have now been embedded in its core values, policy statements and work practices across its global operations.

This year, the Group's sustainability journey marked another key milestone following the introduction of its Sustainability Policy Statement. As defined in the aforesaid statement, the Group adopts a responsible stance towards "no deforestation and protection of peat areas", commits to fostering a sustainability culture in the Group, upholds human and community rights, and promotes a safe, healthy and harmonious working environment for all employees.

CHAIRMAN'S STATEMENT (Cont'd)

During the previous financial year, IOI, in collaboration with several major companies in the palm oil industry, committed to the Sustainable Palm Oil Manifesto ("SPOM"), which aims to enhance sustainability commitments in its supply chain operations starting from the cultivation of oil palm trees to the processing of palm oil in its factories across the globe. The SPOM group is undertaking a major study on the definition of High Carbon Stock ("HCS") areas and the result of the study is expected around end of this year.

During the year, in our specialty oils and fats sub-segment, IOI Loders Croklaan implemented a sourcing system that provides a traceable, transparent and sustainable palm oil supply chain. This is to ensure that palm oil purchased and later used for processing into specialty oil end products are traceable down to specific originating mills or supply bases.

In addition to the above, the Group's sustainability endeavours also extend to having its oil palm milling operations achieve lower greenhouse gas emissions through its methane capture project. To date, the Group has constructed methane gas capturing plants for power generation and conversion into compressed natural gas in two of its mills in Malaysia. 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.

Besides driving sustainable profit growth and returns for the shareholders, the Group also undertakes many CR activities. These CR activities are carried out mainly through Yayasan Tan Sri Lee Shin Cheng ("Yayasan TSLSC"), a charitable foundation funded by the Group. To date, Yayasan TSLSC has contributed over RM33 million to various schools, hospitals, welfare homes and charitable organisations, and has given scholarships and grants to hundreds of schools and students.

With the removal of partially hydrogenated oils (PHOs), IOI Loders Croklaan's expertise is fundamental in assisting its partners to formulate trans fat free applications.

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

DIVIDENDS AND CAPITAL MANAGEMENT

During the year under review, two interim dividends totalling 9.0 sen per ordinary share amounting to a total payout of approximately RM570.8 million were declared. The dividends were declared out of the total net cash of RM1,357.5 million generated from operating activities for FY2015. The aforesaid total dividend payout represented approximately 42% of the Group's net cash flow generated from operating activities.

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

During the year, the Company bought back 42,978,200 ordinary shares of the Company from the open market at an average price of RM4.17 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 2015, stood at RM1.79 billion.

PROSPECTS

The global economy is generally growing at a moderate pace in 2015. We expect to see some improvements in major economies like USA and Europe. China's economic growth will likely slow down but the effect will be cushioned by adjustments in their monetary and fiscal policies. The Malaysian economy will continue to grow at a moderate pace and mainly supported by domestic demand.

As for the outlook of CPO price, it will largely be dependent on the output of soybean crops in US and Latin America. El Nino 2015 is currently underway and is expected to persist through the early part of 2016. El Nino can have a significant impact on the output of agriculture products and will help to counter the current weak CPO sentiment caused by the soft soybean prices and moderate the expected amount of palm oil production in the coming months.

The Group will continue to rely on its many years of experience to pursue cost efficiency and higher productivity in its plantation operations. It will leverage on its sustainability record and integrated business model with its downstream operations to extract more value add for its CPO and palm kernel produce. The Group also expects positive growth prospects from its plantation associate, BAL and SNA Group in Indonesia.

IOI Loders Croklaan Americas' Channahon plant doubled its capacity to meet the growing demand for trans fat free products in North America.

In the resource-based manufacturing division, the Group expects its specialty oils and fats sub-segment to perform well given the geographical spread of its operations especially in the US and Europe. The impending ban of trans fats in America will help our US operations increase the sale of palm-based alternatives there.

Our oleochemical sub-segment will also perform satisfactorily with the lower palm kernel raw material price and higher glycerine price. The recently commissioned fatty ester plant should contribute positively to the sub-segment's performance.

The volatility of Dollar/Ringgit exchange rate will impact the non-cash flow forex translation gain/loss arising from our medium to long dated US Dollar denominated borrowings.

Although the operating environment in Malaysia and the Asian region has become challenging, the Group expects its overall operating performance for FY2016 to be satisfactory.

ACKNOWLEDGEMENTS

On behalf of the Board, I wish to take this opportunity to welcome the appointment of Tan Sri Peter Chin Fah Kui to the Board of Directors as the Senior Independent Director effective 1 December 2014. Tan Sri Peter Chin had held many important ministerial appointments in the Malaysian Federal Government and Sarawak State Government, and his last position was the Minister of Energy, Green Technology and Water for Malaysia.

Despite a challenging year with low CPO price and compressed refining margin recorded during most parts of FY2015, the Group managed to record an overall satisfactory performance. 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.

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.

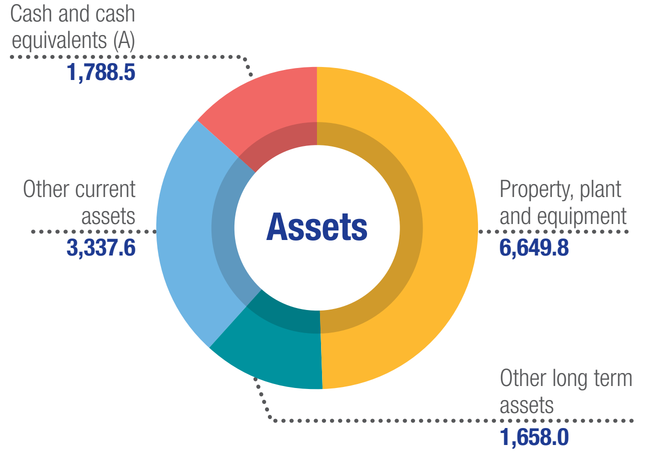
Thank you.

TAN SRI DATO' LEE SHIN CHENG
Executive Chairman

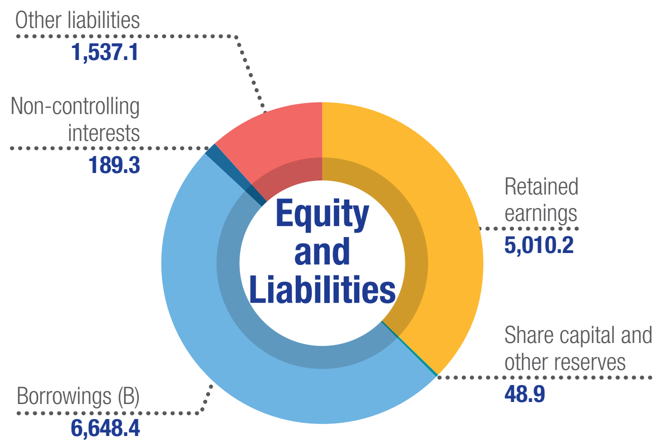
GROUP FINANCIAL OVERVIEW

CASH FLOW FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015
RM million

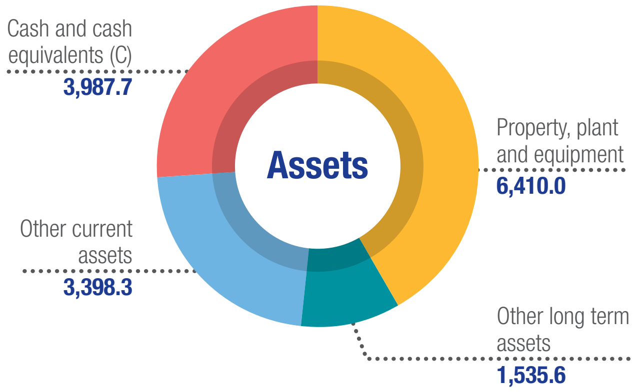
Net operating cash flow	1,357.5
Capital expenditure, net of disposal	(412.5)
Free cash flow from operation	945.0
Dividends received from investments	134.8
Proceeds from issuance of shares	29.2
Payment for other investments, net of proceeds from disposal of investments	(25.4)
Share repurchase by the Company	(179.2)
Finance costs paid	(314.1)
Dividend payments	
– Shareholders of the Company	(1,049.3)
– Shareholders of subsidiaries	(9.8)
Cash outflow in net borrowings	(468.8)
Transaction cost of borrowings	5.1
Accretion of borrowings	(6.3)
Loss on repayment of term loan	(8.1)
Net increase in net borrowings	(478.1)
Net borrowings as at 30 June 2014	(3,535.8)
Translation difference	(846.0)
Net borrowings as at 30 June 2015	(4,859.9)



STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015
RM million



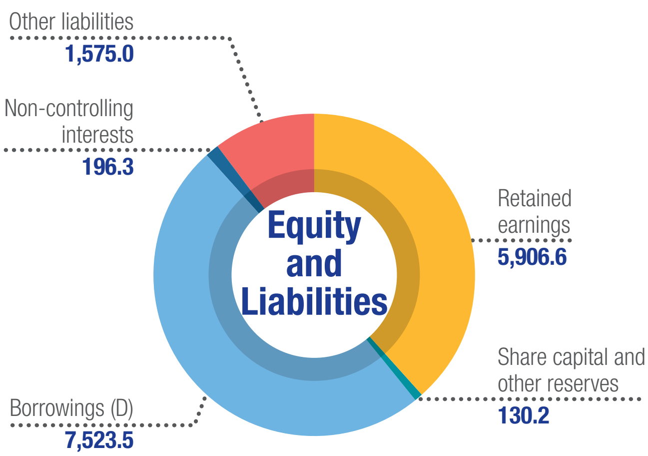
NET BORROWINGS = (B) - (A) = RM4,859.9 MILLION
NET GEARING = 96%



STATEMENT OF FINANCIAL POSITION AS AT

30 JUNE 2014

RM million



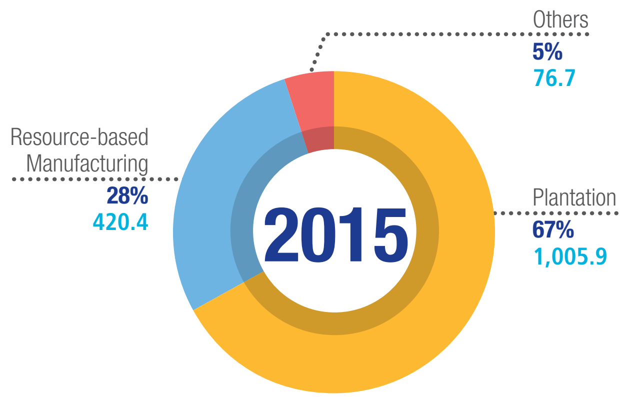
NET BORROWINGS = (D) - (C) = RM3,535.8 MILLION
NET GEARING = 59%

RETAINED EARNINGS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015
RM million

Segment results	1,503.0
Unallocated corporate expenses	(42.5)
Profit before interest and taxation	1,460.5
Net foreign currency translation loss on foreign currency denominated borrowings	(735.3)
Net interest expenses	(268.2)
Profit before taxation	457.0
Taxation	(284.6)
Profit for the financial year	172.4
Other comprehensive loss	
Actuarial loss on defined benefit obligation	(15.2)
Total comprehensive income	157.2
Less: Attributable to non-controlling interests	(4.3)
Total comprehensive income attributable to owners of the parent	152.9
Dividends paid	(1,049.3)
Retained earnings for the financial year	(896.4)
Retained earnings as at 30 June 2014	5,906.6
Retained earnings as at 30 June 2015	5,010.2

CONTRIBUTION TO SEGMENT RESULTS

RM million



Segment Results: RM1,503.0 million

GROUP PERFORMANCE HIGHLIGHTS

In RM million unless otherwise stated	2015	2014	% +/(-)
FINANCIAL PERFORMANCE			
Revenue	**11,621.0**	11,910.6	(2)
Profit before interest and taxation	**1,460.5**	1,927.4	(24)
Profit before taxation	**457.0**	1,670.8	(73)
Net operating profit after taxation ("NOPAT")	**383.6**	1,709.6	(78)
Net profit attributable to owners of the parent	**168.1**	3,373.0	(95)
Average shareholders' equity	**5,548.0**	9,843.7	(44)
Average capital employed	**13,297.8**	18,322.9	(27)
Operating margin (%)	**11.59**	15.12	(23)
Return on average shareholders' equity (%)	**3.03**	34.27	(91)
Return on average capital employed (%)	**2.88**	9.33	(69)
Basic earnings per share (sen)	**2.64**	52.93	(95)
Dividend per share – gross (sen)	**9.0**	20.0	(55)
Net assets per share (sen)	**80**	95	(16)
Dividend cover (number of times)	**0.29**	2.65	(89)
Interest cover (number of times)	**2.62**	6.92	(62)
PLANTATION PERFORMANCE			
FFB production (MT)	**3,542,222**	3,506,706	1
Yield per mature hectare (MT)	**23.99**	24.00	-
Mill production (MT)			
Crude palm oil	**781,625**	751,536	4
Palm kernel	**187,718**	186,450	1
Oil extraction rate (%)			
Crude palm oil	**21.49**	21.21	1
Palm kernel	**5.16**	5.26	(2)
Average selling price (RM/MT)			
Crude palm oil	**2,221**	2,509	(11)
Palm kernel	**1,551**	1,709	(9)
Operating profit (RM/mature hectare)	**6,497**	7,947	(18)
MANUFACTURING PERFORMANCE			
OLEOCHEMICAL			
Plant utilisation (%)	**85**	84	1
Sales (MT)	**586,076**	583,555	-
REFINERY			
Plant utilisation (%)	**66**	68	(3)
Sales (MT)	**2,591,197**	2,706,786	(4)
SPECIALTY OILS AND FATS			
Plant utilisation (%)	**52**	50	4
Sales (MT)	**773,767**	735,099	5

GROUP QUARTERLY RESULTS

In RM million unless otherwise stated	1st Quarter	%	2nd Quarter	%	3rd Quarter	%	4th Quarter	%	2015	%
Revenue	3,020.9	26	2,881.5	25	2,776.6	24	2,942.0	25	11,621.0	100
Operating profit	365.9	27	400.9	30	275.8	20	304.6	23	1,347.2	100
Share of results of associates	22.0	18	40.1	34	25.9	22	31.1	26	119.1	100
Share of results of a joint venture	(0.5)	9	(1.2)	21	(2.8)	48	(1.3)	22	(5.8)	100
Profit before interest and taxation	387.4	27	439.8	30	298.9	20	334.4	23	1,460.5	100
Interest income	3.0	22	3.6	27	4.1	31	2.7	20	13.4	100
Finance costs	(69.9)	25	(75.2)	27	(79.5)	28	(57.0)	20	(281.6)	100
Net foreign currency translation loss on foreign currency denominated borrowings	(52.2)	7	(273.6)	37	(332.7)	45	(76.8)	11	(735.3)	100
Profit/(loss) before taxation	268.3	59	94.6	21	(109.2)	(24)	203.3	44	457.0	100
Taxation	(87.7)	31	(69.0)	24	(80.3)	28	(47.6)	17	(284.6)	100
Profit/(loss) after taxation	180.6	105	25.6	15	(189.5)	(110)	155.7	90	172.4	100
Attributable to:										
Owners of the parent	176.7	105	19.6	12	(188.0)	(112)	159.7	95	168.1	100
Non-controlling interests	3.9	90	6.0	139	(1.5)	(36)	(4.0)	(93)	4.3	100
	180.6	105	25.6	15	(189.5)	(110)	155.7	90	172.4	100
Earnings/(loss) per share (sen)										
Basic	2.78		0.31		(2.95)		2.52		2.64	
Diluted	2.77		0.31		(2.95)		2.51		2.64	
Profit before interest and taxation on segmental basis										
Plantation	281.0	28	297.3	30	191.8	19	235.8	23	1,005.9	100
Resource-based manufacturing	108.8	26	109.6	26	102.9	24	99.1	24	420.4	100
Other operations	27.3	36	24.3	32	18.6	24	6.5	8	76.7	100
	417.1	28	431.2	28	313.3	21	341.4	23	1,503.0	100
Unallocated corporate (expenses)/income	(29.7)	70	8.6	(20)	(14.4)	34	(7.0)	16	(42.5)	100
Profit before interest and taxation	387.4	27	439.8	30	298.9	20	334.4	23	1,460.5	100

FINANCIAL CALENDAR

FINANCIAL YEAR END **30 JUNE 2015**

ANNOUNCEMENT OF RESULTS

1st Quarter	17 November 2014
2nd Quarter	13 February 2015
3rd Quarter	14 May 2015
4th Quarter	24 August 2015
Notice of Annual General Meeting	1 October 2015
Annual General Meeting	27 October 2015

PAYMENT OF DIVIDENDS

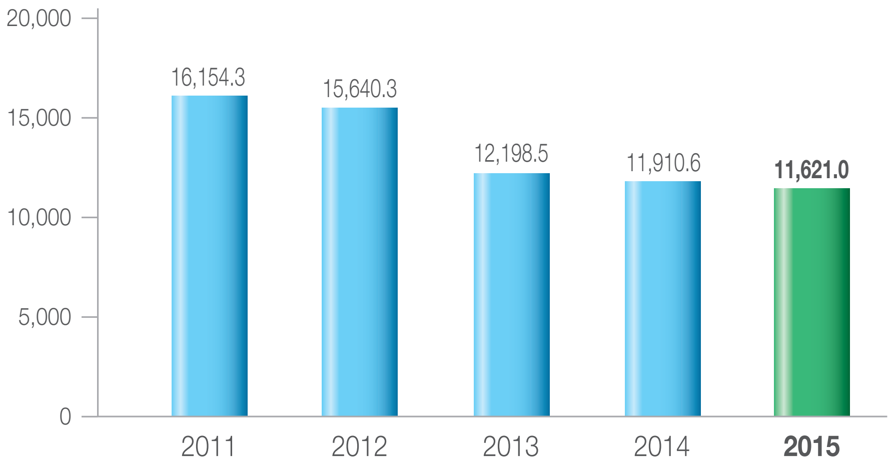
1st Interim	
Declaration	13 February 2015
Entitlement	5 March 2015
Payment	13 March 2015
2nd Interim	
Declaration	24 August 2015
Entitlement	10 September 2015
Payment	18 September 2015

FIVE-YEAR FINANCIAL HIGHLIGHTS

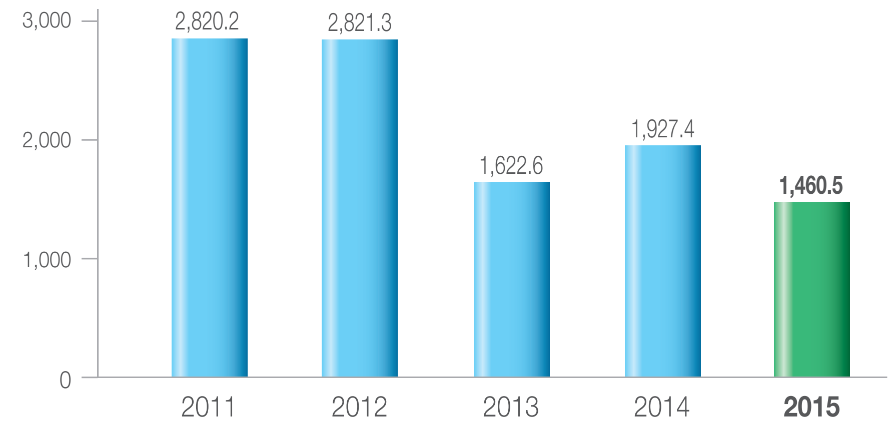
In RM million unless otherwise stated	2015	2014	2013	2012	2011
RESULTS					
Revenue	11,621.0	11,910.6	12,198.5	15,640.3	16,154.3
Profit before interest and taxation	1,460.5	1,927.4	1,622.6	2,821.3	2,820.2
Net foreign currency translation (loss)/gain on foreign currency denominated borrowings	(735.3)	(22.0)	200.4	(290.4)	168.5
Net interest expenses	(268.2)	(234.6)	(219.5)	(141.3)	(122.8)
Profit before taxation	457.0	1,670.8	1,603.5	2,389.6	2,865.9
Taxation	(284.6)	(408.4)	(320.2)	(553.1)	(573.7)
Profit for the financial year from continuing operations	172.4	1,262.4	1,283.3	1,836.5	2,292.2
Profit for the financial year from discontinued operations	–	2,127.3	714.9	–	–
Profit for the financial year	172.4	3,389.7	1,998.2	1,836.5	2,292.2
Attributable to:					
Owners of the parent	168.1	3,373.0	1,973.7	1,797.4	2,224.6
Non-controlling interests	4.3	16.7	24.5	39.1	67.6
ASSETS [1]					
Property, plant and equipment	6,649.8	6,410.0	5,928.6	5,713.7	5,677.5
Prepaid lease payments	32.5	30.1	129.2	29.6	30.0
Land held for property development	–	–	1,843.9	1,858.9	834.5
Investment properties	7.7	8.3	1,949.2	1,326.7	1,062.5
Associates	939.1	886.9	870.9	817.1	668.1
Joint ventures	35.2	33.0	3,686.1	3,483.1	3,099.1
Other assets	643.5	577.3	652.1	657.1	585.5
	8,307.8	7,945.6	15,060.0	13,886.2	11,957.2
Current assets	5,126.1	7,386.0	8,846.7	9,185.6	7,703.1
	13,433.9	15,331.6	23,906.7	23,071.8	19,660.3
EQUITY AND LIABILITIES [1]					
Share capital	645.9	645.0	643.4	642.7	641.6
Reserves	4,413.2	5,391.8	13,007.1	11,964.3	11,342.1
	5,059.1	6,036.8	13,650.5	12,607.0	11,983.7
Non-controlling interests	189.3	196.3	280.0	288.0	262.2
Total equity	5,248.4	6,233.1	13,930.5	12,895.0	12,245.9
Non-current liabilities	6,320.2	5,601.7	8,307.4	7,974.3	5,126.4
Current liabilities	1,865.3	3,496.8	1,668.8	2,202.5	2,288.0
Total liabilities	8,185.5	9,098.5	9,976.2	10,176.8	7,414.4
	13,433.9	15,331.6	23,906.7	23,071.8	19,660.3
Net operating profit after tax ("NOPAT")	383.6	1,709.6	2,208.4	1,979.9	2,419.7
Average shareholders' equity	5,548.0	9,843.7	13,128.8	12,295.3	11,373.8
Average capital employed [2]	13,297.8	18,322.9	22,010.4	19,881.6	17,234.5
FINANCIAL STATISTICS					
Basic earnings per share (sen)	2.64	52.93	30.88	28.09	34.78
Gross dividend per share (sen)	9.0	20.0	15.5	15.5	17.0
Net assets per share (sen)	80	95	214	197	187
Return on average shareholders' equity (%)	3.03	34.27	15.03	14.62	19.56
Return on average capital employed (%)	2.88	9.33	10.03	9.96	14.04
Net debt/Equity (%) [3]	96.06	58.57	32.35	29.83	21.80

[1] *The Assets and Liabilities of FY2013 include respective Assets and Liabilities of the Discontinued Operations as disclosed in Note 13.1 to the financial statements.*
[2] *Average capital employed comprises shareholders' equity, non-controlling interests, long term liabilities, short term borrowings and deferred taxation.*
[3] *Net debt represents total bank borrowings less short term funds, deposits with financial institutions and cash and bank balances.*

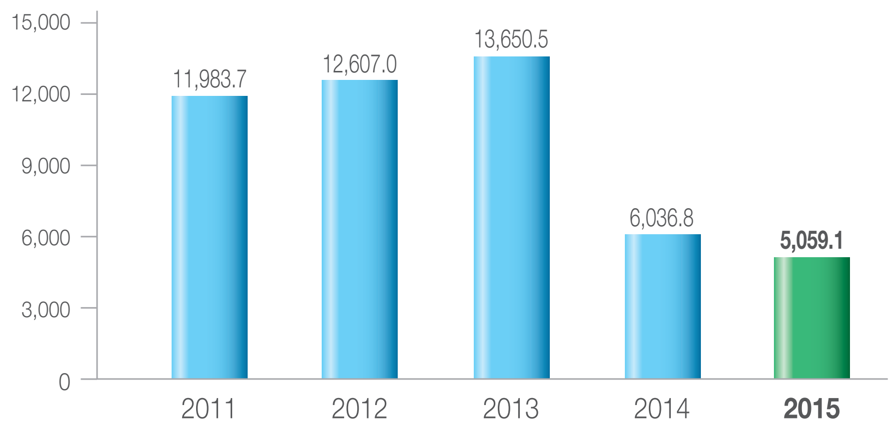
REVENUE
RM million



PROFIT BEFORE INTEREST AND TAXATION
RM million



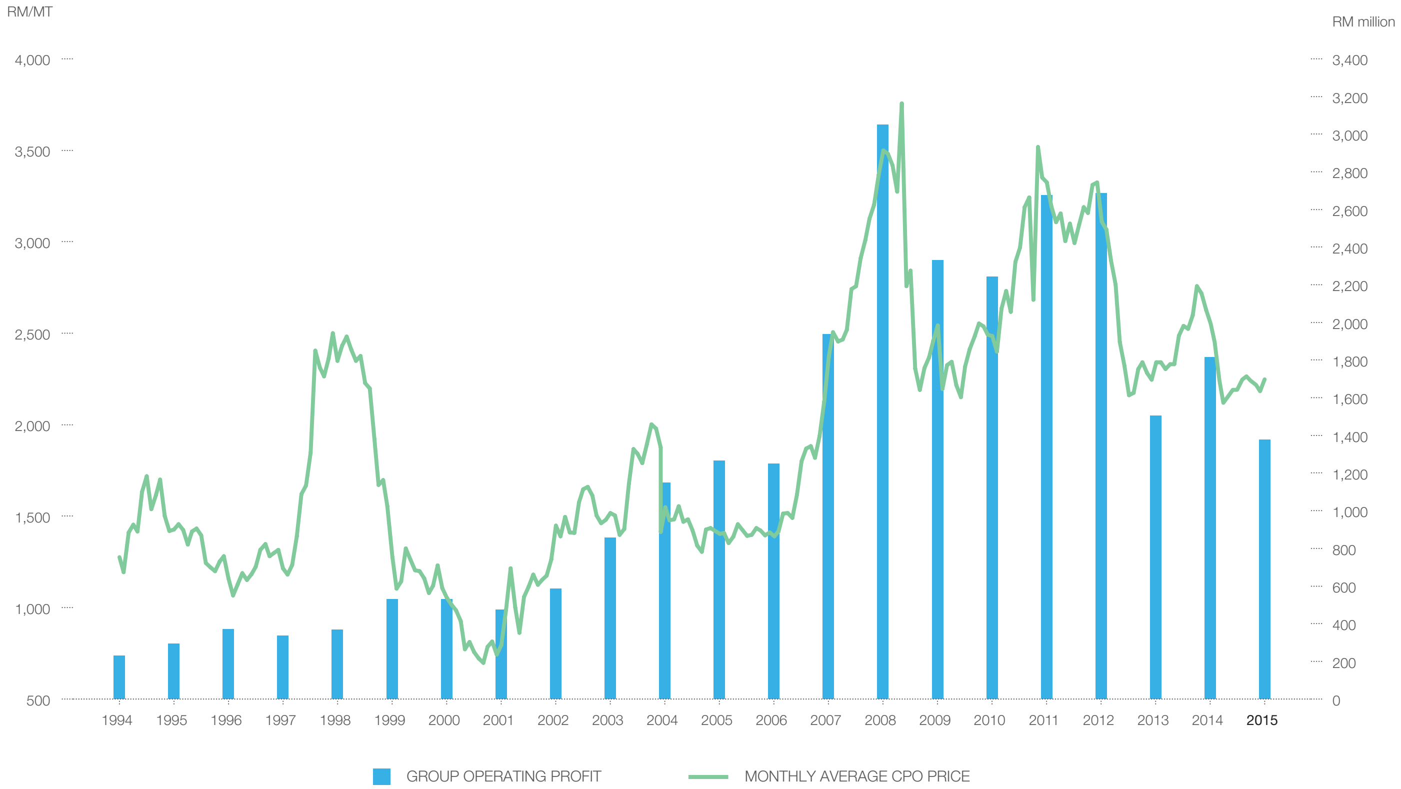
SHAREHOLDERS' EQUITY
RM million



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

		2015	2014	Change %
Profit before interest and taxation ("PBIT")	RM million	**1,460.5**	1,927.4	(24)
Pre-tax earnings	RM million	**457.0**	1,670.8	(73)
Net earnings	RM million	**168.1**	3,373.0	(95)
Return on average shareholders' equity ("ROE")	%	**3.03**	34.27	(91)
Return on average capital employed ("ROCE")	%	**2.88**	9.33	(69)
Net operating profit after taxation ("NOPAT")	RM million	**383.6**	1,709.6	(78)
Total returns to shareholders				
– Capital appreciation (per RM0.10 share)	RM	**(1.19)**	0.78[1]	(253)
– Gross dividend (per RM0.10 share)	sen	**9.0**	20.0	(55)
Net cash flow generated from operation	RM million	**1,357.5**	1,669.2	(19)
Net gearing	%	**96.1**	58.6	64

[1] *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 FY2015 versus FY2014 are best compared and explained at three levels, mainly, PBIT, Pre-tax and Net Earnings, as different factors affected the changes between the two fiscal years at the respective levels.
- Looking at **PBIT**, contributions from the segments are as follows:

	2015 RM million	Mix %	2014 RM million	Mix %	Change %
Plantation	**1,005.9**	**69**	1,185.7	62	(15)
Resource-based manufacturing	**420.4**	**29**	787.3	41	(47)
Palm oil – Total	**1,426.3**	**98**	1,973.0	103	(28)
Others including unallocated corporate income/(expenses)	**34.2**	**2**	(45.6)	(3)	175
Group's PBIT	**1,460.5**	**100**	1,927.4	100	(24)

- Plantation segment's PBIT decreased by 15% to RM1,005.9 million, due mainly to lower CPO price realised.
- The resource-based manufacturing segment's PBIT decreased by 47% to RM420.4 million. The decrease in profit is due mainly to unrealised fair value loss in foreign currency forward exchange contracts arising from weaker Ringgit amounting to RM119.0 million (FY2014 – gain of RM79.8 million), lower margin from the oleochemical and the refinery sub-segments, and lower sales volume from the refinery sub-segment.
- The improvement of results for other segment, including unallocated corporate income and expenses is mainly due to increase of dividend income from short term funds as well as decrease of corporate expenses.
- **Pre-tax Earnings** decreased by 73% over the last financial year. Apart from the decrease in PBIT as explained in the foregoing paragraphs, the decrease is also due to higher net foreign currency translation loss on foreign currency denominated borrowings amounting to RM735.3 million (FY2014 – RM22.0 million).
- At the **Net Earnings level**, profit attributable to owners of the parent decreased by 95% to RM168.1 million. In addition to the higher net foreign currency translation loss on foreign currency denominated borrowings, the decrease of the net earnings is also due mainly to the absence of RM1.89 billion one-off gain arising from the demerger of the property business recognised in FY2014.
- With the decrease of net earnings, the Group recorded a **ROE** of 3.03% for FY2015 based on an average shareholders' equity of RM5.55 billion (FY2014 – RM9.84 billion), as compared to 34.27% recorded in the previous financial year.
- The **ROCE** decreased to 2.88% for FY2015, down from 9.33% for FY2014. 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)

The equity reduction for purpose of capital management includes the following:

	2015 RM million	2014 RM million
Cash dividend	**570.8**	1,270.9
Share buy-back	**179.2**	205.3
Total equity repayments	**750.0**	1,476.2

- The Group generated an **Operating Cash Flow** of RM1,357.5 million for FY2015 against RM1,669.2 million for the previous financial year. Similarly, **Free Cash Flow** decreased from RM1,341.2 million to RM945.0 million due mainly to decrease in operating profit.
- For FY2015, the Group spent a total of RM461.5 million (FY2014 – RM334.2 million) for **Capital Expenditure ("Capex")**.
- The Group's **Shareholders' Equity** as at 30 June 2015 stood at RM5.1 billion, a decrease of RM0.9 billion or 15% over the previous financial year. The decrease was mainly due to total dividend payment of RM1.1 billion during the financial year, offset by net earnings of RM0.2 billion.
- The Group's **Net Interest Cover** was 2.6 times (FY2014 – 6.9 times).

RETURNS TO SHAREHOLDERS

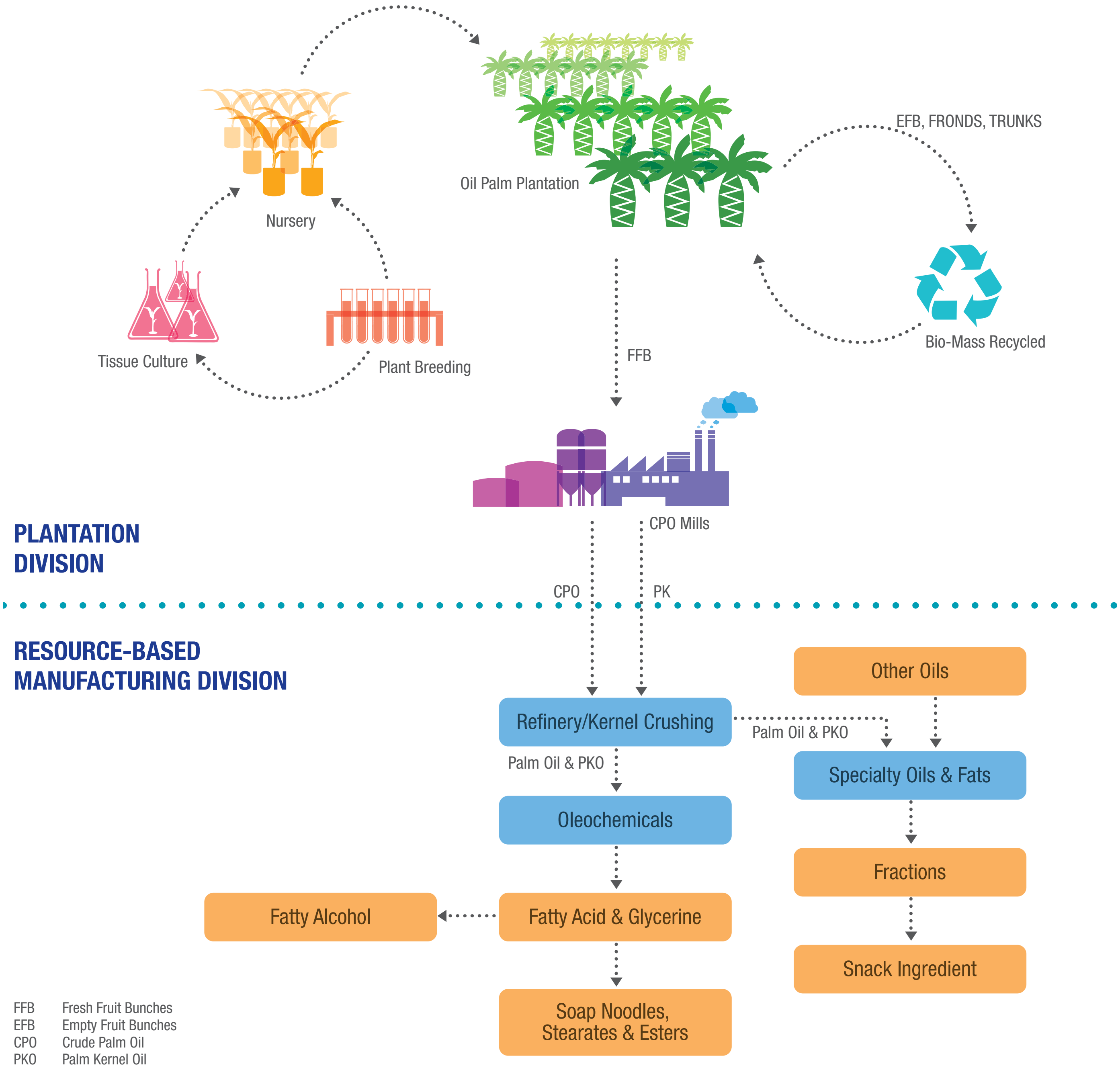
Two interim cash dividends totalling 9.0 sen per ordinary share amounting to a total payout of RM570.8 million were declared for FY2015.

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 2015, 76,000 IOIC Shares worth RM308,560 based on IOIC Share price of RM4.06 and 44,333 IOI Properties Group Berhad Shares ("IOIPG Shares") worth RM82,017 based on IOIPG Share price of RM1.85. 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 19.2% for each of the 35 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 2015 stood at RM1.79 billion.

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 2015, approximately 91% (FY2014 – 88%) of our plantation revenue of RM2.0 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:



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

PLANTATION

Making progress by sustaining success

IOI's good plantation management practices, advances in agronomy science and ongoing sustainability pursuits are among the key drivers that steer the Group's growth as a global leader and efficient producer in the oil palm industry. By continuing to enhance these strengths and optimise available resources, we are sustaining our foundation of success and pursuing new milestones to forge ahead in the industry.

Total Planted Area*

179,822 hectares

Total Estates

90

99% estates' planted area planted with oil palm

15 palm oil mills with an annual milling capacity **4.75** million tonnes of FFB

Plantation is the core business of the Group which contributes between 60% and 70% to the Group's earnings. The Group is engaged in cultivation of oil palm and processing of palm oil with operations in the full spectrum of the palm oil value chain from the upstream activities of seed breeding and planting to crop oil extraction to the downstream resource-based manufacturing activities. With 90 estates in Malaysia and Indonesia, IOI continues its growth by sustaining the efficiency and productivity of its operations.

** Excludes area owned by associate companies.*

The Buffalo-Assisted Harvesting method is employed in IOI's estates.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Group Business Review – Plantation

As at 30 June 2015, the Group's total planted area owned by subsidiary and associate companies stood at 179,822 hectares and 114,198 hectares respectively. Approximately 99% of the planted area owned by subsidiary companies are planted with oil palm.

Continuous research is conducted at the Tissue Culture Laboratory for high-yielding clonal palms.

The Group has 90 estates and the total oil palm planted area as at the end of the financial year under review stood at 178,768 hectares. Approximately 64% of the Group's oil palm plantation holdings are in East Malaysia, 25% in Peninsular Malaysia and the remaining 11% in Indonesia. The Group's plantation produce are principally processed by its 15 palm oil mills with an annual milling capacity of approximately 4,750,000 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.

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.

IOI's 15 palm oil mills are strategically located close to its estates.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont'd)

Group Business Review – Plantation

PLANTATION STATISTICS

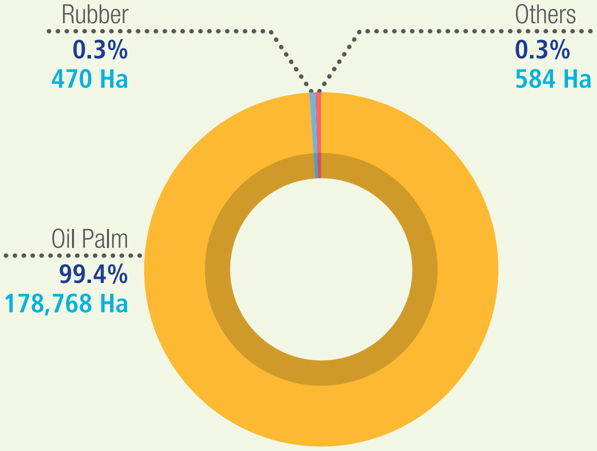
Crop Statement

	2015	2014	2013	2012	2011
OIL PALM					
Average mature area harvested (hectare)	**147,661**	146,126	139,379	137,455	139,072
FFB production (tonne)	**3,542,222**	3,506,706	3,408,935	3,185,878	3,295,473
Yield per mature hectare (tonne)	**23.99**	24.00	24.46	23.18	23.70
Mill production (tonne)					
Crude palm oil	**781,625**	751,536	708,028	668,177	686,917
Palm kernel	**187,718**	186,450	179,115	164,235	165,701
Oil extraction rate (%)					
Crude palm oil	**21.49**	21.21	20.84	20.95	20.88
Palm kernel	**5.16**	5.26	5.27	5.15	5.04
Average selling price (RM/tonne)					
Crude palm oil	**2,221**	2,509	2,433	3,135	2,945
Palm kernel	**1,551**	1,709	1,241	1,912	2,241
Operating profit (RM/mature hectare)	**6,497**	7,947	7,398	11,023	11,075

Area Statement

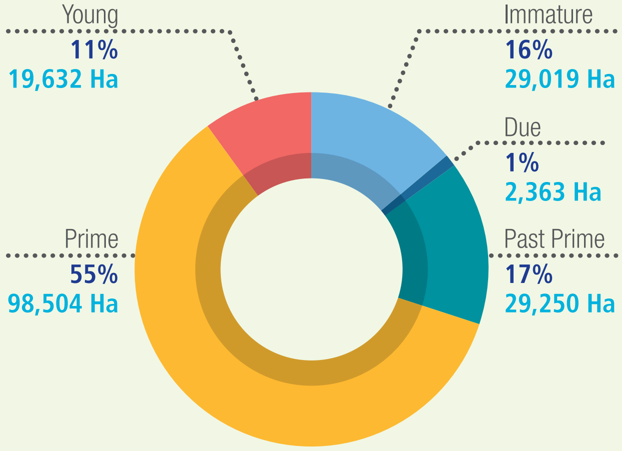
IN HECTARES	2015	2014	2013	2012	2011
OIL PALM					
Mature	**149,749**	150,482	142,075	138,892	139,582
Immature	**29,019**	23,579	18,551	18,860	17,463
	178,768	174,061	160,626	157,752	157,045
RUBBER					
Immature	**470**	465	495	496	496
	470	465	495	496	496
Others	**584**	605	633	633	633
Total planted area	**179,822**	175,131	161,754	158,881	158,174
Nursery	**143**	144	114	129	126
Estate under development	**8,235**	13,241	2,303	2,454	3,801
Housing projects	**–**	–	1,242	1,242	1,242
Labour lines, building sites and infrastructure	**18,718**	18,605	17,794	17,294	16,631
Total area	**206,918**	207,121	183,207	180,000	179,974

Crop Mix



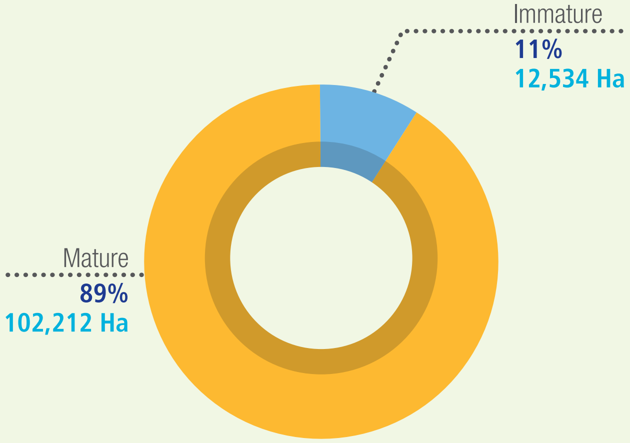
Total Planted Area – 179,822 Ha

Oil Palm Hectarage by Age

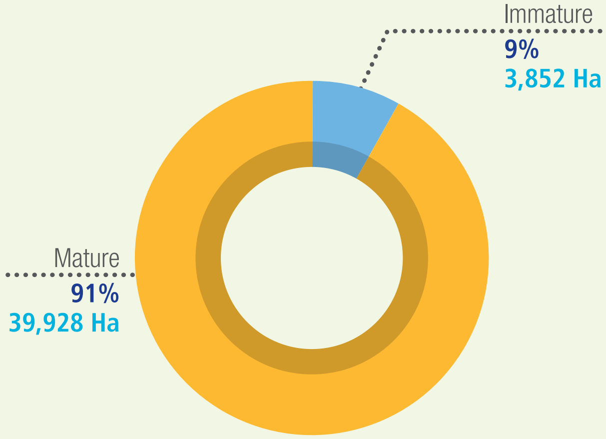


Total Oil Palm Planted Area – 178,768 Ha

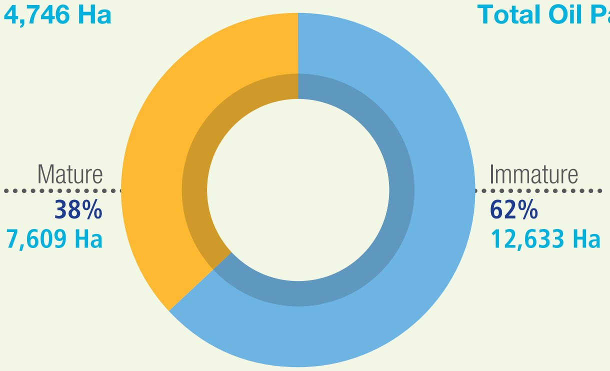
Oil Palm Hectarage by Region



East Malaysia – 64%
Total Oil Palm Area – 114,746 Ha



Peninsular Malaysia – 25%
Total Oil Palm Area – 43,780 Ha

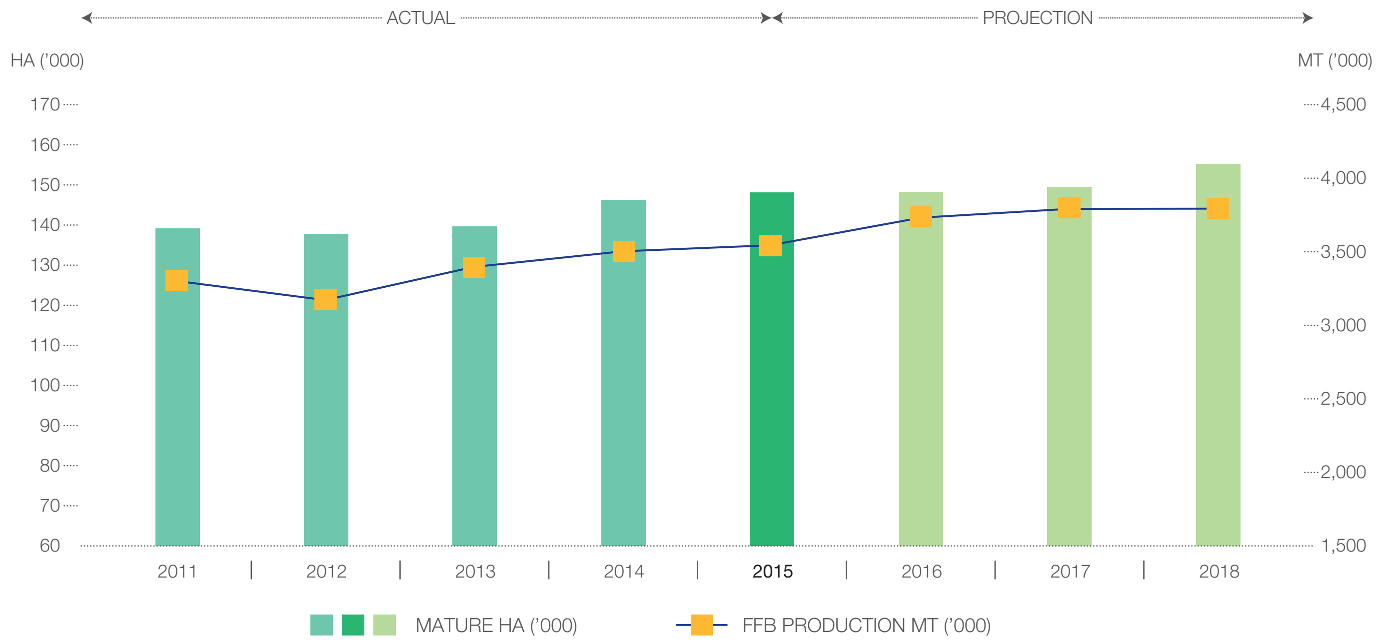


Indonesia – 11%
Total Oil Palm Area – 20,242 Ha

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont'd)

Group Business Review – Plantation

MATURE OIL PALM AREA/FFB PRODUCTION



FFB are transported to the mills efficiently after harvesting.

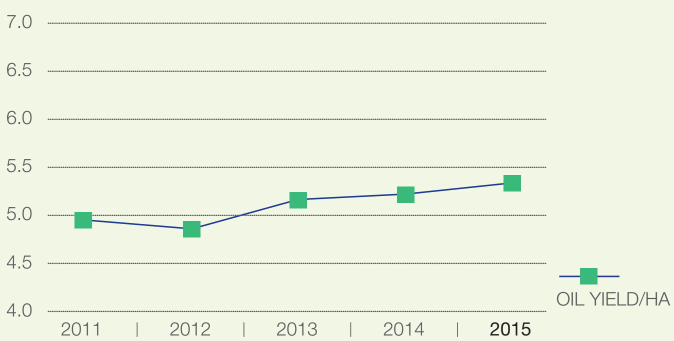
Harvesting of FFB is done at an optimum time for good yields.

OPERATIONS REVIEW

For the financial year under review, the Group's estates produced a total of 3.542 million MT of FFB which is about 1% higher than the previous year mainly due to increase in average mature hectares.

The FFB yield has lowered slightly to 23.99 MT as compared to 24.00 MT per mature hectare in the previous year. However, an improved oil extraction rate of 21.49% (FY2014 – 21.21%), helped to improve our crude palm oil ("CPO") yield in Malaysia to 5.33 MT from 5.22 MT per hectare in FY2014.

OIL YIELD PER MATURE HECTARE



The Group's best performing estate was Meliau Estate in Sabah which achieved a yield of 6.55 MT of CPO per hectare for FY2015.

For FY2015, the Group's plantation division reported a lower profit of RM1,005.9 million as compared to RM1,185.7 million for FY2014. The lower profit reported is mainly due to lower CPO price realised. Average CPO price realised for FY2015 was RM2,221/MT as compared to RM2,509/MT for FY2014.

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

	FY2015 RM'000	FY2014 RM'000
MPOB cess	**10,067**	9,771
Windfall profit levy	**–**	2,034
Sabah sales tax	**89,822**	98,632
	99,889	110,437

Operating profit per mature hectare of oil palm decreased to RM6,497 per hectare for the financial year under review as compared to RM7,947 per hectare for the previous financial year.

For capital expenditure, the division spent a total of RM191.0 million for FY2015 as compared to RM155.9 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, RM95.4 million was charged out to the income statement for FY2015 compared to RM71.9 million for the previous financial year.

For FY2015, we have replanted 6,620 hectares of oil palm with our own high yielding material which includes clonal palms. Going forward, we will replant 6,000 to 9,000 hectares per year. As for new planting activities in Indonesia, we have planted 20,242 hectares to date and we target to plant about 3,000 hectares per year in the next three years.

OUTLOOK & PROSPECTS

CPO prices continued to trend lower and bottomed at around RM2,000/MT in August 2015. However, we foresee palm oil prices to pick up as demand is holding well and the prospect of a severe El Nino lasting until early next year has dampened expectation of an increase in crop production. 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

Sustaining strengths and efficiencies through cutting-edge capabilities

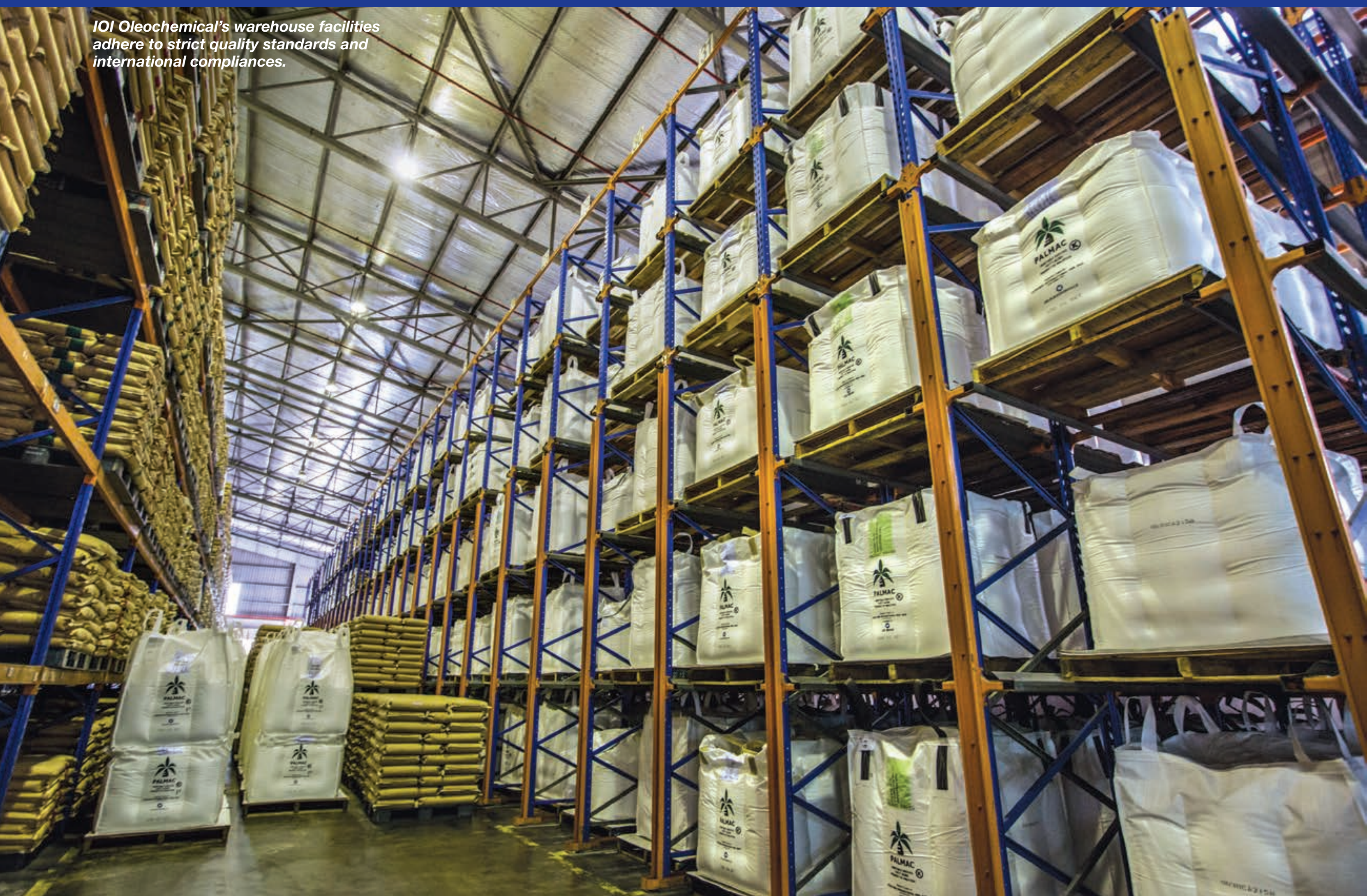
As a global leader in specialty oils and fats, and a leading vegetable-based oleochemical producer, IOI is constantly honing its capabilities and striving for productivity improvement to deliver added value to its customers worldwide. By continuing our commitment towards R&D and innovation, we are sustaining our enduring resilience and increasing our market presence globally.

11 manufacturing facilities

Combined annual refining capacity of **3.3** million MT

Export to **85** countries worldwide

The Group's global resource-based manufacturing business fortifies its integrated palm value chain. It consists of downstream activities such as refining of crude palm oil, and the processing of refined palm oil and palm kernel oil into oleochemicals and specialty oils and fats products. Its manufacturing facilities in Malaysia, the Netherlands, USA and Canada are well-equipped to meet the needs of its customers worldwide.



IOI Oleochemical's warehouse facilities adhere to strict quality standards and international compliances.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Group Business Review – Resource-Based Manufacturing

REFINING

The Group 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.

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.

To closely monitor IOI Edible Oils' activities at the jetty, a CCTV has been installed.

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.

Refined glycerine is placed in drums in a GMP (good manufacturing practice) environment at IOI Oleochemical's manufacturing plant.

The oleochemical products are exported to more than 60 countries worldwide mainly to Japan, China and Europe. 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 Oleochemical Industries Berhad. With a combined total capacity of 740,000 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 IOI Esterchem (M) Sdn Bhd (formerly known as Esterchem (M) Sdn Bhd), has commenced its fatty ester production in the last quarter of the financial year.

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 certified and accredited by globally recognised bodies in various areas of quality and international standards compliance. In the course of our relentless effort to attain excellence in quality, environmental protection, and occupational health and safety, we have won numerous prestigious awards as we consistently deliver superior products through our distinguished brands which satisfy our customers' needs.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont'd)

Group Business Review – Resource-Based Manufacturing

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 history dating back to 1890, when the Loder family started their business 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

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

- **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
- **2015** – Construction commences on new plant in Xiamen, the People's Republic of China
- **2015** – IOI Loders Croklaan enters into an agreement with Kerry Group to form a joint venture* for the development and marketing of Betapol®

The acquisition of the previously leased Canada facility marks the confidence in IOI Loders Croklaan Canada's growth potential.

**The joint venture is subject to competition approval; parties expect to conclude the agreement once the necessary approval has been granted.*

A smooth production flow increases operational effectiveness and improved productivity.

At Creative Studios, food manufacturers learn the way to remove PHOs (partially hydrogenated oils) from their products without sacrificing taste, quality and texture.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont'd)

Group Business Review – Resource-Based Manufacturing

OPERATIONS REVIEW

The resource-based manufacturing division reported a profit of RM420.4 million in FY2015 which is 47% lower than the reported profit of RM787.3 million in FY2014. The lower profit is due mainly to unrealised fair value loss in foreign currency forward exchange contracts arising from weaker Ringgit amounting to RM119.0 million (FY2014 – gain of RM79.8 million). The forward exchange contracts were entered into as a hedge to protect the Ringgit denominated margin of the manufacturing business.

Excluding the unrealised fair value loss/gain in foreign currency forward exchange contracts for both FY2015 and FY2014 respectively, the underlying profit for the resource-based manufacturing division of RM539.4 million for FY2015 is 24% lower than the underlying profit of RM707.5 million for FY2014. This is mainly due to lower margin from the oleochemical and refining sub-segments as well as lower sales volume from the refining sub-segment.

For the financial year, the primary refining sub-segment in Malaysia suffered from persistent negative margins which greatly impacted our bottom line. Export of Malaysian palm oil products declined due to lower demand from major importing countries and loss of market share to more competitively-priced Indonesian origin processed palm oil products. Low crude oil prices removed the safety net that palm has been enjoying when the demand for discretionary biodiesel blending vanished. Other factors that contributed to lower refining utilisation rate were zero export duty for crude palm oil ("CPO") from October 2014 to June 2015 with the exception of April 2015. Prospects of bigger supplies from

Quality and safety are top priorities as IOI responds to changing market demands.

The use of automatic robotic arm to stack packed cartons at IOI Loders Croklaan Asia ensures increased production efficiency.

Sampling from the pilot perfector at IOI Loders Croklaan Asia is performed with meticulous care to check the shortening texture.

rival vegoils, another record US soybean crops; and strong CPO output after an anticipated El Nino weather in Asia which did not materialise in end-2014, interplayed to keep palm oil prices confined to the most narrow trading range we have seen since 2004/2005.

The oleochemical sub-segment faced various challenges during the year. The graduation of Malaysia from the Generalised System of Preferences, or GSP status, in Europe on 1 January 2014 has resulted in intense competition of our fatty acid sales into the region. The generally sluggish demand for glycerine and the additional production from the biodiesel industries in Indonesia and South America during the first half of FY2015 have suppressed the overall oleochemical margin.

In addition, the changing demands of our key customers compel us to respond promptly to ensure saleability of the products is at a healthy margin on a full portfolio basis. Despite these challenges, the overall performance of the oleochemical sub-segment recorded a reasonably strong performance in FY2015. This was made possible by focusing more on segments of the businesses that gave overall better returns as we respond promptly to the changing market conditions and continue to expand our customer base.

In FY2015, the specialty oils and fats sub-segment showed further improvements in earnings for the third successive year 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 specialty oils and fats sub-segment was once again able to generate record cash flows to the Group.

OUTLOOK & PROSPECTS

For the upcoming year, we expect the current challenging factors faced by the refining sub-segment in Malaysia to continue, albeit with less intensity as the margins are showing some improvement.

As for the oleochemical sub-segment, the inflationary impact from the implementation of the Goods and Services Tax in April 2015 and the anticipated hike in the natural gas price in July 2015 are expected to increase the overall operating cost of the business. These factors, coupled with the introduction of Indonesian export levy in July 2015 (on palm-related products but not on oleochemical products), will impact pricing in most markets. However, the stronger US Dollars against the Ringgit will increase the margins from the sales which are mostly priced in US Dollars. Overall, we believe that our continuous effort to strive for operational excellence and improved productivity as well as our embarkation into the new fatty esters production, coupled with the lower palm kernel raw material cost and higher glycerine price, will enable us to sustain our profitability.

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 with this in mind, IOI Loders Croklaan has launched its "Vision 2025" programme which outlines the unit's aspirations to double its business within 10 years. Vision 2025 anticipates a number of strategic moves by IOI Loders Croklaan, examples of which are the construction of a new plant in Xiamen, the People's Republic of China (completion in 2016), and the agreement this year to form a joint venture* with Kerry Group for the development and marketing of the Betapol® business.

IOI Loders Croklaan's Vision 2025 includes key initiatives such as Sustainable Growth and Customer Satisfaction to spur it to greater heights.

**The joint venture is subject to competition approval; parties expect to conclude the agreement once the necessary approval has been granted.*

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.

We have made great strides and continued progress on our sustainability certification endeavours even as we continue to reinforce our good agricultural practices and sustainability measures in all our divisions while increasing our community development initiatives.

2014 was a remarkable year in IOI's sustainability journey following the announcement of its commitment to its 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 commits to foster a culture of sustainability in the Group. With this policy, IOI also aims to uphold and respect human and community rights while striving to promote a safe, healthy and harmonious working environment for all employees. The policy has been well received and adopted by the Group's subsidiary companies which have made good progress in its implementation.

Together with several stakeholders in the palm oil industry, we have also committed to the Sustainable Palm Oil Manifesto ("SPOM"). SPOM aims to build upon the signatories' existing sustainability commitments to the Roundtable on Sustainable Palm Oil's ("RSPO") principles and criteria with three specific objectives:

- Build traceable and transparent supply chains.
- Accelerate the journey to no deforestation through the conservation of High Carbon Stock ("HCS") forests and the protection of peat areas regardless of depth.
- Increase the focus on driving beneficial economic change and to ensure a positive social impact on people and communities.

A key component of the SPOM is a joint study spearheaded by the signatories which defines what constitutes HCS forests, and establishes HCS thresholds that take into account environmental, socio-economic and political factors, as well as other practical considerations in developing and emerging economies where oil palm is cultivated.

Legume cover crops are established immediately after planting to minimise nutrient loss and control soil erosion.

SUSTAINABLE BUSINESS PRACTICES

IOI believes that the sustainability of the Group's business is interdependent with the sustainability aspects of the ecosystem surrounding its operations. For years, the Group has been following a number of principles and criteria that were later codified by the RSPO with excellent success.

The key sustainability focus is to safeguard the environment by increasing production without increasing land footprint. IOI 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 6.55 MT per hectare this year. The Group's oil yield of 5.33 MT per hectare is significantly higher than the industry average of 3.84 MT per hectare per year. To spur other estates into achieving high yields, the corporate target has been set at 6 MT per hectare per annum.

The high-yielding oil palm clones are developed through years of 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.

In recent years, IOI Palm Biotech has produced over 800,000 high-yielding clonal palms from the laboratory per year. Substantial areas of more than 18,000 hectares of the Group's plantations planted with the high-yielding clonal palms have shown great increase in oil extraction rates ("OER") and oil yields from the fresh fruit bunches ("FFB") produced. Recent OER evaluation tests showed OER of more than 27% achieved in oil mill, with FFB crops harvested from pure stands of clonal planting from commercial fields planted between 2004 and 2009. More areas, higher than the current clonal hectarage, are expected to be replanted with these high-yielding clonal palms to further boost the productivity of the estates.

Precision technology tools such as GPS, GIS, Unmanned Aerial Vehicle ("UAV") and satellite imagery are becoming widely used in IOI plantations to help design, map and manage estate fields as efficiently as possible.

Cutting-edge research facilitates the development of high-yielding clonal palms with desirable traits.

Buffaloes are used wherever practical instead of fuel-powered vehicles to reduce undesirable emissions.

The efficient use of land through high productivity reduces fertiliser and pesticide use, and improves energy efficiency that results in lower greenhouse gas ("GHG") emissions which in turn reduces the impact of climate change and delivers 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 mitigate GHG emissions commonly associated with land clearing and to return organic matter to the soil. Independent Social and Environmental Impact Assessment(s) ("SEIA"), calculation of GHG emissions from land use change due to new developments, peat mappings as well as HCS and 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. To reduce the impact of possible soil degradation, 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 for the slow release of organic nutrients through decomposition while conserving soil moisture, minimising soil erosion and degradation, and improving soil structure.

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

SUSTAINABILITY AND CORPORATE RESPONSIBILITY (Cont'd)

IOI practises integrated pest management to minimise use of chemicals by relying on biological and cultural practices. 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 proven effective in controlling rat populations in estates.

LCC are established in estates during replanting to suppress the growth of noxious weeds that can 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.

Buffaloes are used wherever practical instead of mechanised machines for infield collection of FFB, thereby minimising carbon footprint. Biomass by-products are recycled from the mills in the form of EFB, palm kernel shells and fibres as energy source to fuel mills thereby minimising usage of fossil fuel. Through these environmental-friendly practices, the Group is able to lower the amount of GHG emissions and pollutants produced from its daily operations.

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. Currently, 12 of IOI's 14 palm oil mills in Malaysia have been successfully RSPO-certified while the remaining two mills acquired from Unico-Desa Plantation Bhd ("Unico-Desa") in 2013 will undergo their RSPO certification in 2018.

To ensure transparency and traceability of our supply chain, IOI's operating units and supply chain units in Malaysia and overseas have all successfully obtained the RSPO Supply Chain Certification.

IOI has continued to push its sustainability standards further by voluntarily pursuing and becoming the first recipient 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.

ISCC Certification

In addition to the RSPO certification, the Group is also diligently implementing 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 out of 14 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 the newly-acquired Unico-Desa are anticipated to be both RSPO- and ISCC-certified by 2018.

TRACEABLE AND TRANSPARENT SUPPLY CHAIN

Food manufacturers and retailers have 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 pledges to make its palm oil supply chain sustainable in a visible and transparent manner.

IOI Loders Croklaan ("IOILC") has implemented sustainable palm oil sourcing practices that will build a traceable, transparent and sustainable palm oil supply chain. In line with the Group's Sustainability Policy Statement, IOILC will ensure that palm oil purchased for downstream processing can be traced to a specific group of originating mills and is compliant with IOILC's new and strengthened Sustainable Palm Oil Policy which was introduced in November 2014. The key commitments in this policy are:

- Accelerate the journey to no deforestation through the conservation of HCS forests, HCV areas and the protection of peat areas regardless of depth.
- Build a traceable and transparent supply chain.
- Respect the rights of employees in the palm oil industry, indigenous peoples and local communities.
- Increase the focus on driving beneficial economic change and ensure a positive social impact on people and communities.

In February 2015, IOILC signed a partnership with Proforest. The objective of this partnership is to conduct a robust risk assessment of IOILC's supplying mills and their supply base and to engage with selected suppliers to verify compliance with IOILC's Sustainable Palm Oil Policy.

To further increase the transparency of its palm oil supply chain, IOILC has developed a 3-step approach to:

1. Know the origin of the oil:

a) Direct sourcing (IOI mills and 3rd party mills sourced via IOI):
   - Palm Oil: 100% traceable to mill level (65% of total volume sourced)
   - Palm Kernel Oil: 85% traceable to mill level (82% of total volume sourced)

b) Indirect sourcing (3rd party mills sourced via 3rd party suppliers):
   - Palm Oil: 83% traceable to mill level (35% of total volume sourced)
   - Palm Kernel Oil: 42% traceable to mill level (18% of total volume sourced)

c) The total sourcing (direct and indirect combined) is:
   - Palm Oil: 94% traceable to mill level
   - Palm Kernel Oil: 77% traceable to mill level

2. Prioritise the supplying mills

To ensure that the oil IOILC sources is responsibly produced, a desktop risk analysis (remote sensing techniques) was conducted on suppliers to see whether they are operating in a high or low sensitive area. Based on the analysis, 30 mills have been classified as high priority. A classification of high priority signifies the respective mill operates in a highly sensitive area but it does not necessarily signify high risk.

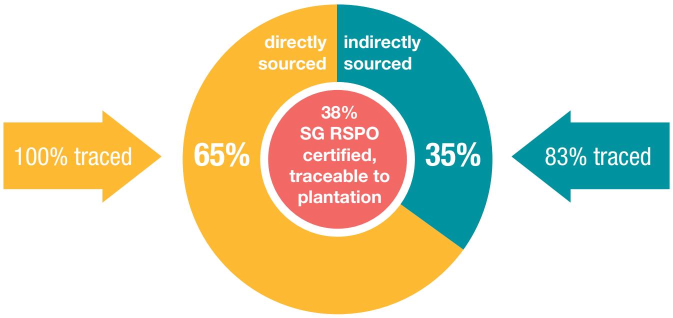
3. Execute the on-site mill verification programme

To further verify supplier compliance with its policy, IOILC agreed to form an in-house mill verification team. Thus far, the team has conducted five mill assessments. Assessments of 10 additional mills, in partnership with Proforest, are scheduled to begin in June 2015.

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 Main Balance ("MB") and Segregated ("SG") products. IOILC Europe achieved a major milestone by reaching the 1,000,000 ton mark of imported CSPO in November 2014.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY (Cont'd)

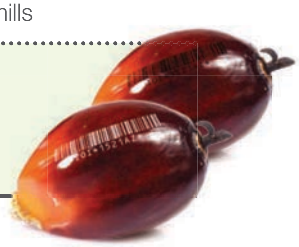


94% of our palm oil sourced is traced to mill level

As of today, approximately 51% of the palm oil volumes imported in Europe by IOILC are CSPO volumes (38% at IOILC group level). 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.

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.

PARAMETER	STATUS AS PER 1 JULY 2015	GOAL
Traceability Palm Oil	94% mill level (100% for direct sourcing) 38% plantation level (SG RSPO certified)	100% mill level by June 2015 100% plantation level by June 2018
Traceability Palm Kernel Oil	77% mill level (85% for direct sourcing) 17% plantation level (SG RSPO certified)	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	High priority mills selected 5 mill assessments completed	Minimum of 10 mill assessments per year Prioritise supplying mills on basis of remote sensing techniques Conduct on-site assessment of high priority mills
SG RSPO certified or equivalent sourced by IOILC	51% IOILC Europe 12% IOILC Americas 0% IOILC Asia	100% for IOILC Europe by December 2016 100% for IOILC Americas by December 2018 100% for IOILC Asia by December 2020 **Subject to market demand**



IOI's biomass co-gen power plant uses kernel shells and EFB to generate steam and electricity.

GREEN ENERGY AND WASTE MANAGEMENT

IOI's plantation operations produce a vast amount of biomass by-products, some of which are used to generate steam and electricity for mill processing. In addition, IOI has a 15 MW Biomass Co-Gen Power Plant in its refinery complex at Sandakan, Sabah that uses kernel shells and EFB from its own mills to satisfy almost all the steam and electricity requirements of the complex.

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"). These two biogas plants, located in Pukin Palm Oil Mill in Johor and Ladang Sabah Palm Oil Mill in Sabah, are expected to contribute an estimated GHG reduction of 120,000 MT of CO_2/year. With a third biogas capturing plant in the pipeline, IOI expects a further GHG reduction of 70,000 MT of CO_2/year. By 2020, we expect to have our 14 mills in Malaysia to be equipped with methane capturing or methane avoidance facilities.

IOI's second biogas plant in Ladang Sabah Palm Oil Mill is a source of green energy.

In the Group's downstream operation, IOI Oleochemicals ("IOI Oleo") has also embarked on green energy by harvesting solar energy for electricity generation. Since obtaining the grant from the Sustainable Energy Development Authority ("SEDA") for 0.5 MW generation with a feed-in tariff ("FiT") that commenced on 31 December 2013, IOI Oleo's solar energy panels, installed on warehouse rooftops, have generated about 707,779 KWh electricity and savings of 422 MT of CO_2 which is equivalent to the need to plant 1.4 million sq m of forest.

IOI Oleo's latest RM30 million investment into the installation of a 6.5 MW co-generation system is expected to boost total energy efficiency to above 90% as opposed to conventional power generation systems and other co-generation systems that are capable of only 39% and 75 – 85% respectively. Upon its commissioning in Prai in September 2015, this combined heat and power system can be further upgraded to an efficient trigeneration system that enables the simultaneous production of electricity, heat and chilled water. This green initiative is estimated to cut energy costs by at least 40% while significantly greening the environment by reducing emissions of harmful gasses such as CO_2, nitrogen and sulphur oxides.

IOI Oleo's solar energy panels in Prai yielded savings equivalent to the need to plant 1.4 million sq m of forest.

Using less energy and cooling water, IOI Loders Croklaan Europe's deodoriser in Wormerveer contributes to growth and sustainability targets.

Meanwhile, IOI Oleo in Johor Bahru has displayed equal enthusiasm in driving green initiatives through its non-polluting 12 MT/day steam biogas boiler that uses anaerobic digesters of effluent treatment plant for tank farm heating. The CO_2 emission reduction is estimated to be 454 MT. Furthermore, the installation of thermos compressors for tank farm heating has also enabled savings of 480 MT of CO_2/year.

Over in IOILC, processing plants are operating under the guiding principle of "Reduce, Reuse, Recycle" 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.

Under the "Reduce" principle, IOILC Europe's Wormerveer refinery has made considerable energy savings since the unveiling of its deodoriser that uses only half of the energy compared to its predecessor. Proactive methods initiated in both Wormerveer and Rotterdam to improve heat recovery and refining under milder conditions have led to increased production while successfully garnering a total of 6,500 MT lesser CO_2.

In line with IOILC's "Reuse" principle, an intensive programme was initiated in 2014 to reuse the processing water of IOILC's Wormerveer refinery. The resulting 6% water savings have laid the groundwork for an ongoing plan to commission a pure water factory in the Wormerveer refinery by June 2015 which aims to reuse 60% of its processing water. The principle of "Recycle" is also seen in IOILC's collaboration with several partners in the setting up of a recycling facility to use bleaching earth as biofuel and construction materials.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY (Cont'd)

Apart from these existing green initiatives, the Group continually engages in various green efforts and invests in other green technology such as new milling and production technology to reduce effluent and pollutant output, wastewater treatment facility to minimise impact to the environment.

ENVIRONMENTAL CONSERVATION

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.

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 since the first half of 2014.

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

MARKETPLACE

IOI 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, IOI has also established secure whistleblowing channels to help its stakeholders or employees raise concern on any observed conduct found to be inconsistent with IOI's general standards and business ethics. 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.

To communicate its continuous sustainability efforts to the marketplace, IOILC recently organised its first webinar (web-based seminar) to engage with its customers on the future steps towards a traceable and sustainable palm oil supply chain while revealing the company's various sustainable activities. The successful webinar in February 2015 was followed by IOILC's transparent effort to reach a wider audience via the online social networking service Twitter.

IOI Oleo actively participates and takes the lead in RSPO discussions.

IOILC's customers are kept informed and updated on IOILC's progressive works that include IOILC's recent Sustainability Update 2014 and regular sustainability progress updates posted on IOILC's website (www.ioiloders.com).

The effort to extend sustainability compliance to the entire palm oil supply chain is also undertaken by IOI Oleo 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 Oleo has been actively promoting awareness through publications in the AOMG website and presentations to agents, distributors, customers and certification bodies worldwide. IOI Oleo's active participation includes the 2nd Oleochemical Conference in Jakarta, 3rd Asian ICIS Conference in Kuala Lumpur and the RSPO Trade and Traceability Standing Committee ("T&T SC") meetings culminating in the subsequent endorsement of the new RSPO Supply Chain Certification Systems ("SCCS") and Standard 2014. Going forward, IOI Oleo will continue to review the RSPO Rules for Physical Transition of Oleochemicals and Derivatives 2015 ahead of the RSPO RT13 in Bangkok in November 2015.

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 input of new and productive ways to steer the Group to achieve a more successful and sustainable business model.

COMMUNITY

Human Capital Development

IOI believes that education is an integral component in empowering and enlightening the young to become leaders of tomorrow. The Group's community outreach programmes which centre on education, 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 RM33 million to various schools, hospitals, welfare homes and charitable bodies, and has given scholarships and grants to hundreds of schools and students.

a) Scholarship Awards

Scholarships and career opportunities are awarded to academically outstanding students pursuing full-time undergraduate studies relating to the Group's business nature. Yayasan TSLSC deems it 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 230 students with more than RM4.5 million 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 800 students from over 200 schools in Peninsular Malaysia and Sabah. To date, the total sponsorship amounts to more than RM3 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 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 primary and secondary schools in or near the Group's oil palm estates in Sabah have been adopted. From time to time, financial assistance is also extended to improve and upgrade their school buildings.

Yayasan TSLSC reaches out to the community by supporting relief programmes for those affected by natural disasters.

HUMANA learning centres provide a learning opportunity for children of foreign plantation workers who are unable to enrol into national schools.

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 are active in their extra-curricular activities. More than RM497,000 worth of cash prizes have been given to over 1,000 young achievers since its inception.

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 RM2 million and to date, IOI has built 21 HUMANA learning centres in Sabah that benefit about 2,400 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 include bringing cheer to residents at old folks' homes and organising outdoor teambuilding sessions for children from orphanages. The Group's numerous CR efforts are highlighted in the "Corporate Responsibility" section.

CONCLUSION

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

CORPORATE RESPONSIBILITY

Social Contributions

2014

22 NOVEMBER

Yayasan Tan Sri Lee Shin Cheng ("Yayasan TSLSC") awarded RM831,500 to 18 scholarship recipients in recognition of their excellent academic and extra-curricular achievements.

13 DECEMBER

Yayasan TSLSC brought Christmas joy to more than 30 children in Rumah Keluarga Kami, Kajang. The meaningful visit included KFC lunch treat, fun activities and a handover of RM8,000 cash contribution and household provisions.

31 DECEMBER

Throughout 2014, IOI Loders Croklaan Europe participated in several events ranging from running and cycling to skating. The total amount collected for each kilometre that an employee of IOILC completed was €2984.50 which was donated to the "Move for MS" foundation.

2015

13 JANUARY

IOI Oleochemical Industries Bhd ("IOI Oleo") in Prai commemorated the annual Safety, Health and Environment ("SHE") Month 2015 with a series of SHE-related programmes to cultivate a safety culture in the workplace.

23 JANUARY

Yayasan TSLSC sponsored the three-day "Intervarsity Talent Achievers Challenge" ("ITAC") which saw 80 varsity students participating in presentations and quiz challenges to emerge as overall top achievers.

24 JANUARY

A total of 160 volunteers from IOI Group packed 70,000 meals in less than two hours at the "IOI-Stop Hunger Now's Meal Packaging Event" held at IOI City Mall. The packed nutritious meals were distributed to flood victims at the East Coast states by Malaysian Red Crescent Society ("MRCS") and Kelantan Foundation for the Disabled ("YOKUK Foundation").

CORPORATE RESPONSIBILITY (Cont'd)
Social Contributions

2015

28 JANUARY

Yayasan TSLSC sponsored 330 students from 169 primary and secondary schools nationwide under its annual Student Adoption Programme with contributions amounting to RM404,276.

20 MARCH

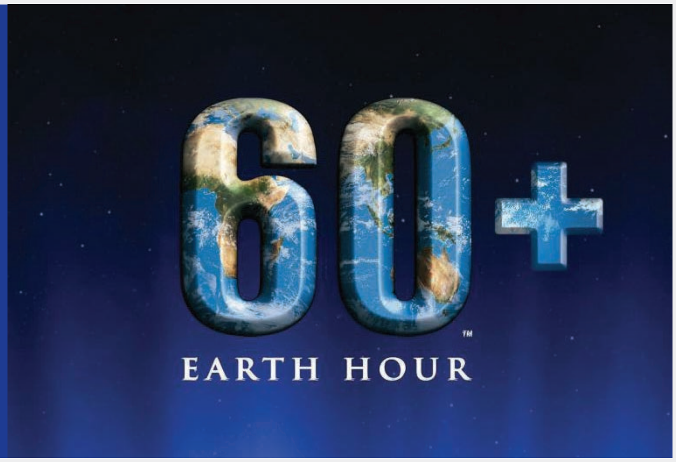
IOI Pan-Century Oleochemicals ("IOI Pan-Cen") held a housekeeping day to clean up the Fractionation (refinery), Main Plant (fatty acid), Warehouse Area (soap noodles) and surrounding areas. The *gotong-royong* activity was officiated by IOI Pan-Cen Chief Operating Officer Mr Gurdev Singh.

25 MARCH

IOI Loders Croklaan, a global shea butter supplier, partnered with The Hershey Company to fund the construction of three warehouses in Northern Ghana that will improve incomes for women shea farmers and positively impact their livelihoods.

28 MARCH

In conjunction with Earth Hour 2015, 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.



01 APRIL

A "100 Days Safety Cultivating Campaign" was initiated at IOI Loders Croklaan Asia to raise safety, health and environment awareness among the employees.

21 MAY

IOI Loders Croklaan Americas ("IOILC Americas") donated US$2,000 for the Red Nose Day, a campaign organised to raise money for children and young people living in poverty. All the staff, including visitors to the Creative Studio, wore red clown noses to show their support.

CORPORATE RESPONSIBILITY (Cont'd)
Social Contributions

2015

22 MAY

Sixteen employees from IOILC Americas participated in the annual "Caring Day" dedicated to serve local communities. The volunteers provided landscaping services to the Will Grundy Medical Clinic.

13 JUNE

Seventy residents from Rumah Amal Limpahan Kasih and Rumah Juara from Puchong were taken on a fun outing to IOI City Mall courtesy of Yayasan TSLSC, where they enjoyed various indoor games at District21 and watched "Jurassic World" in the cinema.

20 JUNE

A total of 75 students received the Young Achievers' Awards from Yayasan TSLSC plus cash prizes, plaques and certificates worth RM33,400 in recognition of their excellent results in public examinations and active participation in extra-curricular activities.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

DATO' LEE YEOW CHOR
DSAP
Chief Executive Officer

LEE YEOW SENG
Non-Independent Non-Executive Director

LEE CHENG LEANG
Executive Director

TAN SRI PETER CHIN FAH KUI
PSM, SSAP, PGBK, PBS, ABS
(Appointed on 1 December 2014)
Senior Independent Non-Executive Director

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

CHEAH TEK KUANG
JP
Independent Non-Executive Director

LIM TUANG OOI
AMN
Non-Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

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

TAN SRI PETER CHIN FAH KUI*
PSM, SSAP, PGBK, PBS, ABS
(Appointed on 1 December 2014)

CHEAH TEK KUANG*
JP

NOMINATING AND REMUNERATION COMMITTEE

TAN SRI PETER CHIN FAH KUI*
PSM, SSAP, PGBK, PBS, ABS
(Appointed on 1 December 2014)
Chairman

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

CHEAH TEK KUANG*
JP

** Independent Non-Executive Directors*

EXECUTIVE SHARE OPTION SCHEME COMMITTEE

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

DATO' LEE YEOW CHOR
DSAP

LEE YEOW SENG

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
Level 8
BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Tel +60 3 2616 2888
Fax +60 3 2616 2970

REGISTRAR

Tricor Investor Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel +60 3 2783 9299
Fax +60 3 2783 9222

LEGAL FORM AND DOMICILE

Public Limited Liability Company
Incorporated and Domiciled in Malaysia

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

STOCK CODE

1961

WEBSITES

www.ioigroup.com
www.ioioleo.com
www.ioiloders.com

EMAIL ADDRESS

corp@ioigroup.com

1 **TAN SRI DATO' LEE SHIN CHENG**
Executive Chairman

2 **DATO' LEE YEOW CHOR**
Chief Executive Officer

3 **LEE CHENG LEANG**
Executive Director

1 2
3

BOARD *of* DIRECTORS

4 5

6

7

8

4 LEE YEOW SENG
Non-Independent Non-Executive Director

5 TAN SRI PETER CHIN FAH KUI
Senior Independent Non-Executive Director

6 DATUK KAROWNAKARAN @ KARUNAKARAN A/L RAMASAMY
Independent Non-Executive Director

7 CHEAH TEK KUANG
Independent Non-Executive Director

8 LIM TUANG OOI
Non-Independent Non-Executive Director

PROFILE *of* DIRECTORS

TAN SRI DATO' LEE SHIN CHENG
Executive Chairman
Malaysian, Age 76

DATO' LEE YEOW CHOR
Chief Executive Officer
Malaysian, Age 49

TAN SRI DATO' LEE SHIN CHENG was first appointed to the Board on 21 July 1981.

He is 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. In recognition of Tan Sri Lee's leadership efforts and qualities in Malaysian palm oil industry, he was awarded the Palm Oil Industry Leadership Award ("PILA") in September 2015 by Malaysian Palm Oil Council ("MPOC"). Tan Sri Lee was a Council Member of the East Coast Economic Region Development Council ("ECERDC") for the Government from 2008 to 2014.

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.

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

He attended seven (7) out of the eight (8) Board Meetings held during the financial year ended 30 June 2015.

DATO' LEE YEOW CHOR was first appointed to the Board on 25 April 1996 and was appointed as Chief Executive Officer of the Group on 8 January 2014. He is responsible for setting the strategic directions and ensuring the optimal performance of 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 the Malaysian 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-Executive Director on the Boards of IOI Properties Group Berhad and Bumitama Agri Ltd respectively. He is also a Trustee of Yayasan Tan Sri Lee Shin Cheng, the charitable arm of the IOI Group.

Dato' Lee has been the Chairman of the Malaysian Palm Oil Council ("MPOC") since 2009 and also serves as a Council Member in the Malaysian Palm Oil Association ("MPOA") since 2002. In March 2015, Dato' Lee was appointed as a Director on the Board of Bank Negara, the Central Bank of Malaysia.

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 as its Secretary-General from 2002 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 eight (8) Board Meetings held during the financial year ended 30 June 2015.

PROFILE *of* DIRECTORS (Cont'd)

LEE CHENG LEANG
Executive Director
Malaysian, Age 67

LEE YEOW SENG
Non-Independent Non-Executive Director
Malaysian, Age 37

TAN SRI PETER CHIN FAH KUI
Senior Independent Non-Executive Director
Malaysian, Age 70

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 continues to make a strong contribution to the Board.

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

He attended all the eight (8) Board Meetings held during the financial year ended 30 June 2015.

LEE YEOW SENG was first appointed to the Board on 3 June 2008. Since joining the IOI Group, he had been actively involved in corporate affairs and general management within 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 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 six (6) out of the eight (8) Board Meetings held during the financial year ended 30 June 2015.

TAN SRI PETER CHIN FAH KUI was first appointed to the Board on 1 December 2014. He is a barrister from Gray's Inn, London.

Tan Sri Peter Chin had held various senior appointments in the Malaysian Government Administration from 1986 until his retirement in May 2013 including the positions of Federal Minister, Federal Deputy Minister and Federal Parliament Secretary for the Ministry of Energy, Green Technology and Water, Ministry of Plantation Industries and Commodities, Ministry of Housing and Local Government, Ministry of Science, Technology and the Environment and Ministry of Welfare Services respectively.

Tan Sri Peter Chin was the Chairman for Miri Municipal Council in 1984 and Member of Parliament for Lambir and Miri constituencies in Sarawak from 1986 to 2013. Tan Sri Peter Chin has been the Special Advisor to Malaysia Green Technology Corporation ("MGTC") since November 2013 and was appointed as the Chairman of MGTC on 7 April 2015.

Tan Sri Peter Chin is the Chairman of the Nominating and Remuneration Committee as well as member of the Audit and Risk Management Committee of the Company. He is also a Trustee of Yayasan Tan Sri Lee Shin Cheng.

He attended all the four (4) Board Meetings held after his appointment during the financial year ended 30 June 2015.

PROFILE *of* DIRECTORS (Cont'd)

DATUK KAROWNAKARAN @ KARUNAKARAN A/L RAMASAMY
Independent Non-Executive Director
Malaysian, Age 65

CHEAH TEK KUANG
Independent Non-Executive Director
Malaysian, Age 68

LIM TUANG OOI
Non-Independent Non-Executive Director
Malaysian, Age 53

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 the Chairman of the Audit and Risk Management Committee as well as member of the Nominating and Remuneration Committee of the Company. He is the Chairman of Integrated Logistics Berhad and a Director of Malayan Banking 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 seven (7) out of the eight (8) Board Meetings held during the financial year ended 30 June 2015.

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 on 1 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, Eco World International Berhad (now known as Eco World International Sdn Bhd) and MOL Global, Inc. 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] and a Governor of Yayasan Bursa Malaysia. He had served as an Independent Non-Executive Director of Bursa Malaysia Berhad (2004 – 2012).

He attended seven (7) out of the eight (8) Board Meetings held during the financial year ended 30 June 2015.

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 32 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 eight (8) Board Meetings held during the financial year ended 30 June 2015.

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

Chief Financial Officer
KEVIN WONG TACK WEE

Group Legal Counsel
FARAH SUHANAH AHMAD SARJI

Company Secretary/
Assistant General Manager,
Corporate Finance
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, Lahad Datu
RAGUPATHY A/L SELVARAJ

General Manager, Sandakan
SUDHAKARAN A/L NOTTATH BHASKARAN

General Manager, Indonesia
GOH HOCK SIN

COMMODITIES MARKETING

General Manager,
Commodities Marketing
LIM JIT UEI

OLEOCHEMICALS

Executive Director
TAN KEAN HUA

Chief Operating Officer, Johor
GURDEV SINGH A/L DARSHAN SINGH

Senior General Manager, Penang
LAI CHOON WAH

General Manager, Johor
SIA CHIENG HO

SPECIALTY OILS AND FATS

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

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 Plantations

Crude Palm Oil Mills

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

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

GLOBAL PRESENCE

Plantation & Mill

Resource-based Manufacturing

Sales/Procurement/Regional Office

NORTH AMERICA	
1	Channahon, USA
2	Toronto, CANADA
3	New Jersey, USA

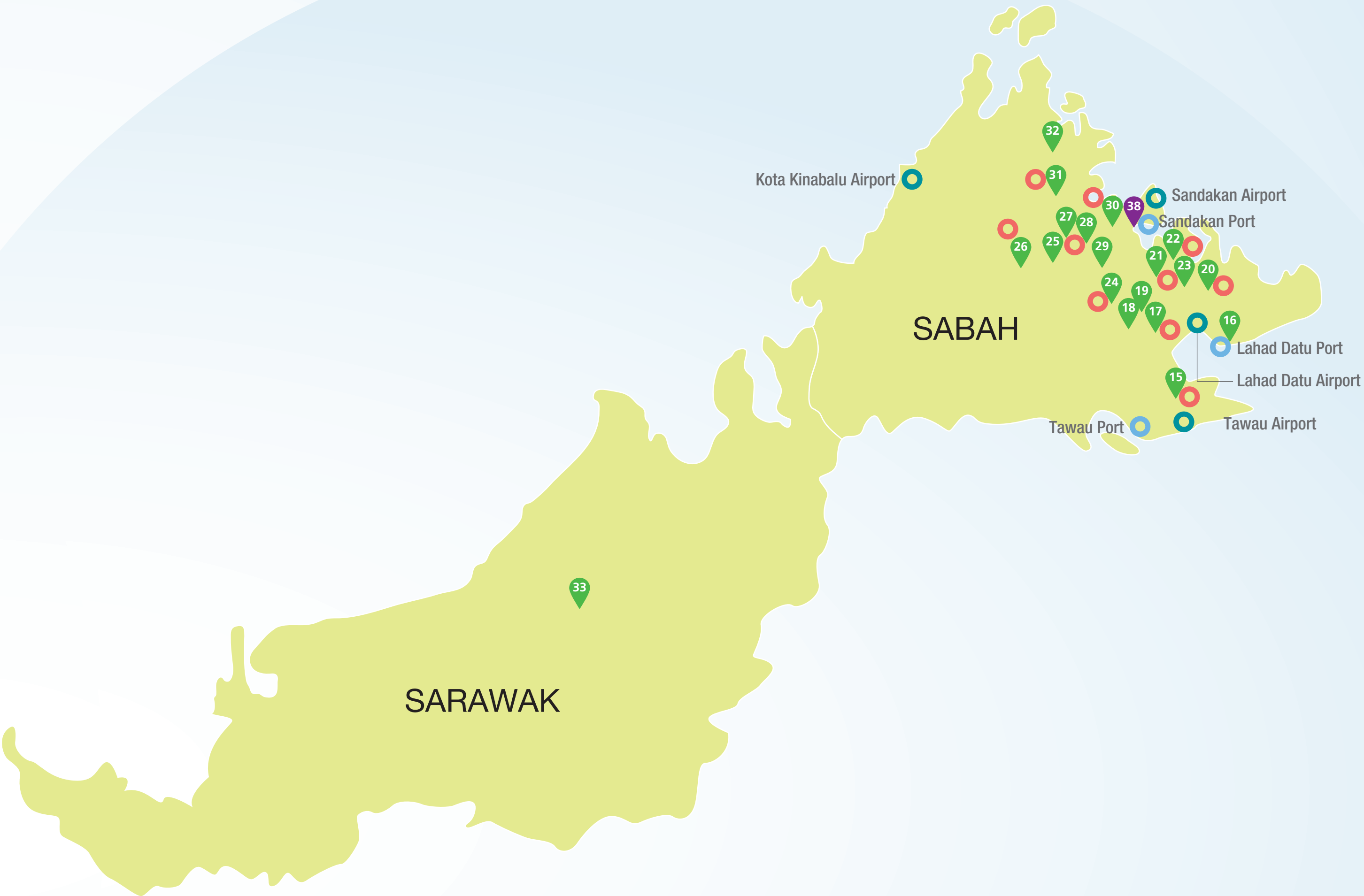
SOUTH AMERICA	
4	Sao Paulo, BRAZIL

AFRICA	
5	Cairo, EGYPT
6	Tema, GHANA
7	Bobo Dioulasso, BURKINA FASO

EUROPE	
8	Rotterdam, THE NETHERLANDS
9	Wormerveer, THE NETHERLANDS
10	Milan, ITALY
11	Warsaw, POLAND
12	Moscow, RUSSIA
13	Dublin, IRELAND

ASIA	
14	Shanghai, CHINA
15	MALAYSIA
16	Kalimantan, INDONESIA
17	Xiamen, CHINA

LOCATION OF OPERATIONS IN MALAYSIA



PLANTATION (PENINSULAR)

1 Bukit Dinding Estate
2 Detas Estate
3 Bukit Leelau Estate
4 Leepang A Estate & Laukin A Estate
5 Mekassar Estate & Merchong 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

PLANTATION (EAST MALAYSIA)

15 Baturong Estate
16 Cantawan Estate
17 Unico 6 Estate
18 Halusah Estate
19 Tas Estate
20 Unico 1-5 Estates
21 Morisem 1-5 Estates
22 Leepang 1-5 Estates
23 Permodalan Estate
24 Syarimo 1-9 Estates
25 Bimbingan Estate
26 Mayvin Estate & Tangkulap Estate
27 Laukin Estate
28 Ladang Sabah Estates, IOI Lab & Sandakan Regional Office
29 Linbar Estates
30 Sakilan Estate
31 Pamol Sabah Estates
32 Sugut Estate
33 Sejap Estate & Tegai Estate

RESOURCE-BASED MANUFACTURING

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

CORPORATE CALENDAR

2014

12 JULY

The Plantation Industries and Commodities Minister and delegates visited IOI Pan-Century Oleochemicals ("IOI Pan-Cen") and IOI Loders Croklaan Asia in Johor. A familiarisation tour of the sites' various production facilities was conducted with the aim of enhancing downstream growth.

25 JULY

IOI Pan-Cen unveiled a RM13.5 million new beading plant to accommodate the increasing market demand and quality of bead products as well as to modernise the existing beading facilities.

02 SEPTEMBER

IOI Loders Croklaan ("IOILC") and Unilever signed a global partnership to drive efficiencies, and increase capacity and quality of specialty oils and fats as well as commodity oils.

08 SEPTEMBER

Adeka Foods (Asia) Sdn Bhd, a RM45 million joint venture between IOI Corporation Berhad ("IOIC") and Japan's Adeka Corporation, opened its doors in Johor to manufacture and sell processed oil products such as premium margarine and shortenings to Southeast Asia and other countries.

Photo credit to Berita Harian.

19 SEPTEMBER

IOI Loders Croklaan Americas ("IOILC Americas") celebrated a safety record of over 10 months with no recorded incidents or lost-time cases in its Channahon plant in 2014.

02 OCTOBER

IOILC Americas received the Safe Quality Foods ("SQF") Level 3 Certification after scoring an "Excellent" rating of 97%. The accomplishment covers the entire Channahon facility, including the full production, warehouse, pilot plant and Creative Studio.

NSF International Food Safety LLC
789 North Dixboro Road, Ann Arbor, Michigan 48105

Certificate of Registration

This is to certify that The Quality Management System of

IOI Loders Croklaan Americas

24708 West Durkee Rd Channahon Illinois 60410 United States

is registered as meeting the requirements of the:

SQF Edition 7.2

LEVEL 3 : Comprehensive Food Safety and Quality Management System

Registration Schedule:

Scope of Registration (Food Sector Categories)	Product
21 Oils, fats and the manufacture of oil or fat-based spreads	Edible fats & oils

Authorized by: Robert Prevendar, Director, Food Safety Certification

Issuing Officer: Tom Chestnut, Vice President, Food Safety Certification

Date of Issue:	Oct 02, 2014
Date of Expiry:	Nov 12, 2015
Facility End Date:	Aug 29, 2014
Next Audit Date:	Aug 29, 2015
Certificate Number:	640613

CORPORATE CALENDAR (Cont'd)

2014

17 OCTOBER

IOI Loders Croklaan Canada announced the acquisition of its previously-leased Rexdale facility and forthcoming expansion project.

04 NOVEMBER

IOILC agreed to sign a global supply agreement for another three years with Mondelēz International in support of the latter's growing global snacking business.

14 NOVEMBER

IOILC reinforced its commitment to support a sustainable and transparent palm oil supply chain with the new and strengthened "Sustainable Palm Oil Policy".

30 NOVEMBER

IOI Loders Croklaan Europe uploaded its millionth ton of segregated RSPO ("Roundtable on Sustainable Palm Oil")-certified palm oil and continues to be one of the frontrunners in the supply of sustainable palm oil.

10 DECEMBER

IOI Pan-Cen won two Gold Awards (Community Awareness & Emergency Response; and Employee Health & Safety Codes) and two Silver Awards (Distribution; and Process Safety Codes) in the 11th Chemical Industries Council of Malaysia ("CICM") Responsible Care Awards 2014/2015.

Meanwhile, Acidchem International Sdn Bhd, a subsidiary of IOI Oleochemical Industries Bhd ("IOI Oleo"), garnered a Gold Award (Employee Health & Safety Code) and three Silver Awards (Distribution; Community Awareness & Emergency Response; and Process Safety Codes).

30 DECEMBER

Pamol Plantations Sdn Bhd was awarded the Best Employer 2014 by Kumpulan Wang Simpanan Pekerja/ Employees Provident Fund ("KWSP") in Kluang. The plantation is the employer for employees of Mamor Estate, Pamol Barat Estate, Pamol Timur Estate, Unijaya Estate, Pamol Kluang Palm Oil Mill and Pamol Research Kluang.

CORPORATE CALENDAR (Cont'd)

2015

20 MARCH

IOIC came in fifth in the Best Managed Public Companies category and ranked fourth in the Best Corporate Governance category at the Finance Asia's 15th annual Asia's Best Companies poll which determined best-performing companies in the region from investors' perspective.

02 MAY

IOIC's second biogas plant was successfully commissioned in Ladang Sabah Palm Oil Mill, Sabah to mitigate greenhouse gas emissions. With a covered steel digester tank system, it is capable of replacing the current diesel-generated power and generating 1.5 MW power for the mill, offices and housing complex.

23 JUNE

IOILC has entered into an agreement to subscribe for a 50% equity interest in LCK Nutrition Ltd for the formation of a joint venture* with a subsidiary of Kerry Group Plc to develop and market the nutrition lipid Betapol® business.

*The joint venture is subject to competition approval; parties expect to conclude the agreement once the necessary approval has been granted.

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 2015.

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

A MEMBERS

The Committee consists of three (3) following members, who each satisfy the "independence" requirements contained in the Listing Requirements of Bursa Malaysia. The profile of each member of the Committee is set out in the Profile of Directors section:

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

Tan Sri Peter Chin Fah Kui
Member
Senior Independent Non-Executive Director

Cheah Tek Kuang
Member
Independent Non-Executive Director

B SUMMARY KEY SCOPE OF RESPONSIBILITIES

The Committee operates under a written Committee's Terms of Reference containing provisions that address requirements imposed by Bursa Malaysia. That Terms of Reference is posted on the Corporate Governance section of the Company's website at www.ioigroup.com.

The Terms of Reference prescribes the Committee's oversight of financial compliance matters in addition to a number of other responsibilities that the Committee performs. Those key responsibilities include, among others:

- Overseeing the financial reporting process and integrity of the Group's financial statements
- Evaluating the independence of external auditors
- Evaluating the performance and process of the Company's internal audit function and external auditors
- Overseeing the Group's system of disclosure controls and system of internal controls that management and the Board have established
- Assessing the Company's practices, processes and effectiveness of risk management
- Reviewing conflict of interest situations and related party transactions of the Group

C ACTIVITIES

The Committee report provides an overview of the work that the Committee carried out during the period, including the significant issues considered in relation to the financial statements and how the Committee assessed the effectiveness of the external auditors.

The Committee has a responsibility to oversee the Group's internal control and risk management systems. The Committee continues to monitor and review the effectiveness of the Group's internal control and risk management systems with the support of Group Internal Audit and Risk Management function.

The Committee has an annual work plan, developed from its Terms of Reference, with standing items that the Committee considers at each meeting, in addition to any matters that arise during the year. The main matters that the Committee considered during the year are described below:

1. Financial statements and reporting

The Committee monitored the financial reporting processes for the Group, which included reviewing reports from, and discussing these with, management and the external auditors, BDO. The Board and the Committee have reviewed the unaudited quarterly financial results and audited financial statements. As part of the year-end reporting process the Committee reviewed external auditors' reports on internal controls, tax matters impacting the Group, accounting and reporting matters as well as recommendations in respect of control weaknesses noted in the course of their audit.

2. Going concern assessment

The Committee and the Board reviewed the going concern basis for preparing the Group's consolidated financial statements, including the assumptions underlying the going concern statement and the period of assessment. The Committee's assessment was based on reports by management and took note of the principal risks and uncertainties, the existing financial position, the Group's financial resources, and the expectations for future performance and capital expenditure.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

3. Internal audit

The Internal Audit provides independent and objective assurance and advisory services designed to add value and improve the operations of the Group. Its scope encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the Group's governance, risk management and internal control processes in relation to the Group's defined goals and objectives. The Committee approved the internal audit function's charter, which sets out its role, scope, accountability and authority.

The Head of Group Internal Audit and Risk Management reports functionally to the Committee, and the Committee reviewed and approved the annual Internal Audit plan and budget for activities to be undertaken during 2015/2016. The Committee also reviewed the adequacy of the scope, functions, competency and resources of the internal audit function during the 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.

92 audit assignments were completed during the financial year on various operating units of the Group covering plantation, manufacturing 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 Committee reviewed 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.

The tasks, responsibilities, and goals of the Committee and internal auditing are closely intertwined in many ways. Certainly, as the magnitude of the "corporate accountability" issue increases, so does the significance of the internal auditing and audit committee relationship. The Committee has a private session (without management presence) with Head of Group Internal Audit and Risk Management in assuring that the mechanisms for corporate accountability are in place and functioning.

The total costs incurred for the internal audit function of the Group for the financial year ended 30 June 2015 was RM3,173,589 (2014: RM2,933,000).

4. Risk review

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.

An annual review of the effectiveness of risk management and internal control processes was carried out by the Committee. The Committee focused its review on the Company's risk mitigation and controls and the strategic and organisation-wide risks facing the Group. Review and assess the risk management activities and risk review reports of the Group, are 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 Questionnaires on Control and Regulations.

The details relating to risk management are reported separately under "Statement on Risk Management and Internal Control" on pages 090 to 092.

5. Assessing the effectiveness of external audit process

The Committee places great importance on ensuring that there are high standards of quality and effectiveness in the external audit carried out by BDO. Audit quality is reviewed by the Committee throughout the year and includes reviewing and approving the annual audit plan to ensure that it is consistent with the scope of the audit engagement. In reviewing the audit plan, the Committee discussed the significant and elevated risk areas identified by BDO most likely to give rise to a material financial reporting error or those that are perceived to be of higher risk and requiring additional audit emphasis. The Committee also considered the audit scope and materiality threshold.

The Committee met with BDO at various stages during the audit process, including without management present, to discuss their remit and any issues arising from the audit. The Committee concluded that the effectiveness of the external audit process remains strong.

6. Auditors' re-appointment review

The Committee considered the reappointment of BDO. This review took into account the following factors:

(i) Auditors effectiveness

The Committee met with management, including without the auditors present, to hear their views on the effectiveness of the external auditors. The criteria for assessing the effectiveness of the audit included the robustness of the audit, the quality of the audit delivery and the quality of the people and service. The Committee concluded that the performance of BDO remained effective.

(ii) Independence and objectivity

The Committee considered the safeguards in place to protect the external auditors' independence. BDO follows the provisions of the By-Laws on Professional Independence of the Malaysian Institute of Accountants and its own ethical guidelines, and reported to the Committee that it had considered its independence in relation to the audit and confirmed to the Committee that it complies with professional requirements and that its objectivity is not compromised. The Committee took this into account when considering the auditors' independence and concluded that BDO remained independent and objective in relation to the audit.

(iii) Non-audit work carried out by the external auditors

To help protect auditors' objectivity and independence, the provision of any non-audit services provided by the external auditors requires prior approval, as set out in the table below:

Approval thresholds for non-audit work	Approver
Below RM200,000 per engagement	CFO
Above RM200,000 and up to RM500,000 per engagement	CEO
Greater than RM500,000 per engagement, or if the value of non-audit fees to audit fees reaches a ratio of 1:2 as a result of a new engagement, regardless of value	Committee

Certain types of non-audit service are of sufficiently low risk as not to require the prior approval of the Committee, such as "audit-related services" including the review of interim financial information. The prohibited services are those that have the potential to conflict directly with the auditors' role, such as the preparation of the Company's financial statements.

The total of non-audit fees and audit fees paid to BDO during the period is set out in Note 11 to the consolidated financial statements.

The Committee was satisfied that the quantum of the non-audit fees relative to the audit fees (being 29.5% of the audit fees) together with the other measures taken by the Company and the auditors meant that the auditors' independence from the Group was not compromised.

(iv) Audit fees

The Committee was satisfied that the level of audit fees payable to BDO in respect of the audit services provided (being RM1,077,000 for 2015) [2014: RM911,000] was appropriate and that an effective audit could be conducted for such a fee. The existing authority for the Directors (including the Committee) to determine the current remuneration of the external auditors is derived from the shareholders' approval granted at the Company's Annual General Meeting in 2014.

Recommendation to reappoint

Following its consideration, the Committee recommended to the Board the reappointment of BDO as external auditors. The Board has accepted this recommendation and a resolution for its reappointment for a further year will be put to the shareholders at the AGM.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

7. Other matters considered by the Committee

The Committee also:

(i) reviewed whistleblowing activities to monitor the actions taken by the Group in respect of whistleblowing reports received.

(ii) reviewed the Group's compliance with the relevant provisions set out under the Malaysian Code on Corporate Governance 2012 for the purpose of preparing the "Statement on Corporate Governance" and "Statement on Risk Management and Internal Control" pursuant to the Listing Requirements of Bursa Malaysia.

(iii) reviewed the Circular to Shareholders on the proposed renewal of shareholders' mandate and proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature.

(iv) reviewed the internal audit report relating to existing related party transactions annually.

D ATTENDANCE

Number of Meetings and Details of Attendance

Seven (7) meetings were held during the financial year ended 30 June 2015. The attendance record of each member was as follows:

Members	Total Number of Meetings	Number of Meetings Attended
Datuk Karownakaran @ Karunakaran a/l Ramasamy	7	6
Tan Sri Peter Chin Fah Kui *(Appointed on 1 December 2014)*	3	3
Cheah Tek Kuang	7	6
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor *(Retired on 29 October 2014)*	3	3

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 Karownakaran @ Karunakaran a/l Ramasamy	3	3
Tan Sri Peter Chin Fah Kui	3	3
Cheah Tek Kuang	3	2

E ANNUAL REVIEW AND PERFORMANCE EVALUATION

The Committee reviewed its Terms of Reference during the financial year ended 30 June 2014. Based on that review, no changes to the Terms of Reference were necessary. Also, as required by its Terms of Reference, the Committee conducted an annual performance evaluation in an effort to continuously improve its processes.

The Committee's responsibility is to monitor and review the processes performed by management and external auditors. It is not the Committee's duty or responsibility to conduct auditing or accounting reviews or procedures. The Committee members are not employees of the Company. Therefore, the Committee has relied, without Independent verification, on management's representation that the financial statements have been prepared with integrity and objectivity and in conformity with approved accounting principles generally accepted in Malaysia and on the representations of external auditors included in its reports on the Company's financial statements and internal control over financial reporting.

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

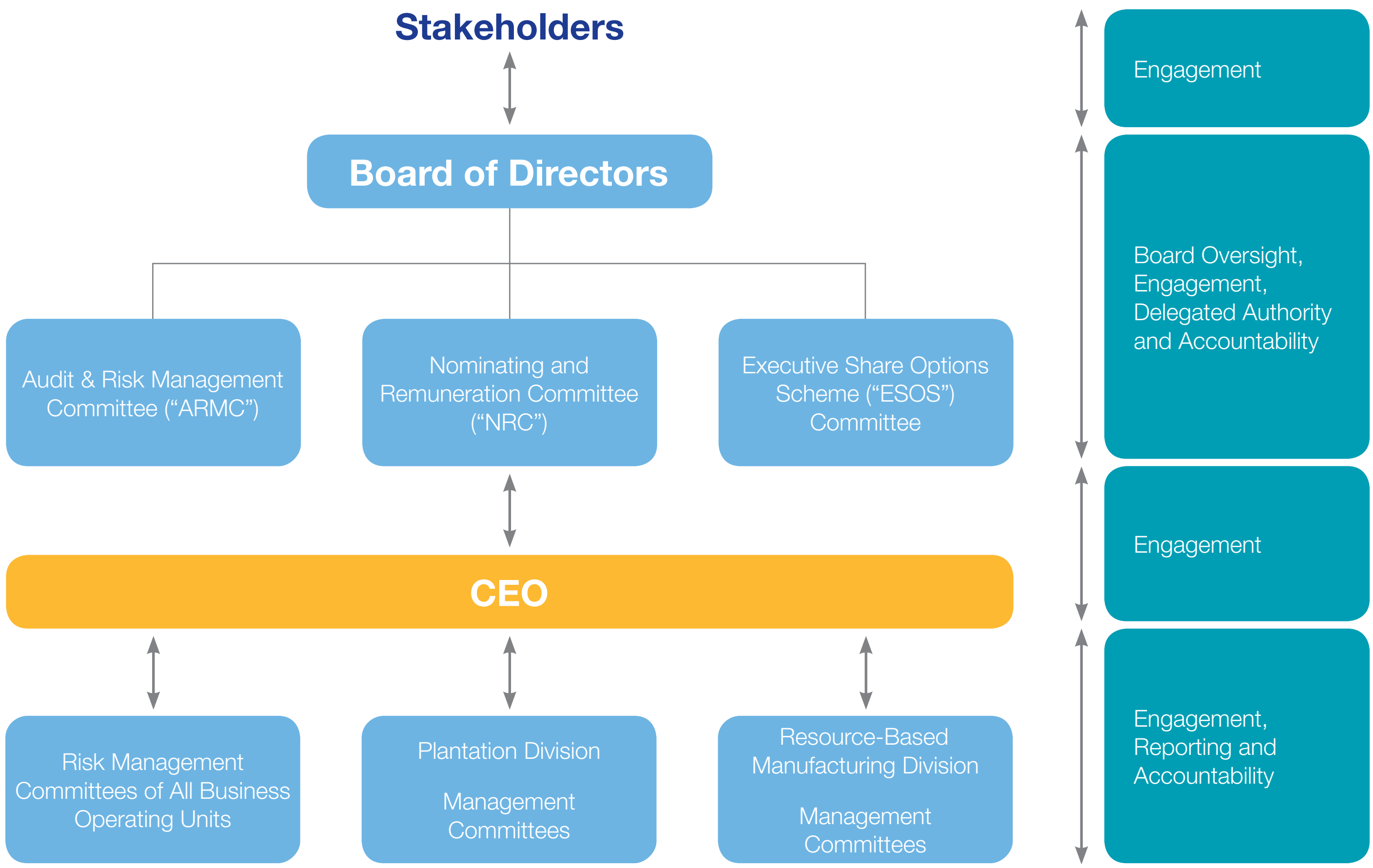
This Statement sets out the principles features of IOI Group's corporate governance framework and main governance practices. At IOI Group, we continue to practice a governance framework that goes beyond an interest in governance for its own sake or the need to simply comply with regulatory requirements. In the same of spirit, we do not see governance is just a matter for the Board of Directors (the "Board"). Good governance is also the responsibility of senior management.

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 Board is pleased to present this Statement and explain how the Group has applied the principles and recommendations set out in the Malaysian Code on Corporate Governance 2012 ("the Code"). The diagram below describes the governance framework at IOI Group. It shows interaction between the stakeholders and the Board, demonstrates how the Board Committee structure facilitates the interaction between the Board and the Chief Executive Officer ("CEO") and illustrates the flow of delegation from stakeholders. We have process in place to ensure the delegation flows through the Board and its committees to the CEO and management committees and into the organisation. At the same time, accountability flows back upwards from the Company to stakeholders.

GOVERNANCE FRAMEWORK



STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

The Group 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 3.4 The positions of Chairman and 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 Executive Chairman is Tan Sri Dato' Lee Shin Cheng and the role of 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 our 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 was satisfied that notwithstanding Tan Sri Lee's executive chairmanship, he has continued to discharge his duties effectively and has shown tremendous commitment and had played an integral role in the stewardship of IOI 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 Mr Lee Yeow Seng and Mr Lim Tuang Ooi. Mr Lim Tuang Ooi, a representative of Employees Provident Fund Board ("EPF") 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 9.34% as at 28 August 2015, 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.

Recommendation 1.1

The Board should establish clear functions reserved for the Board and those delegated to management

The Board takes full responsibility for the oversight and overall performance of the Company and of the Group. The Board 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 reserves full decision-making powers, amongst others, on the following matters (save to the extent that the Board resolves that determination and/or approval of any such matter shall be delegated to the committees of the Board or management):

a) Conflict of interest issues relating to a substantial shareholder or a Director;

b) Material acquisitions and disposals of undertakings and properties not in the ordinary course of business;

c) Material investments in capital projects;

d) Annual budgets (including major capital commitments);

e) Material corporate or financial exercise/restructuring; and

f) Declaration of dividend and Directors' fees.

The Board is free to alter the matters reserved for its decision, subject to the limitations imposed by the Articles of Association and the law.

To ensure the effective discharge of Board's function and responsibilities, the Board delegates some of the Board authorities and discretion to the CEO, Executive Directors as well as the properly constituted Board Committees.

The Executive Chairman leads the Board and is responsible for the effective performance of the Board. As Executive Chairman, he also oversees the day-to-day operations to ensure the smooth and effective running of the Group.

The CEO implements the policies, strategies and decisions adopted by the Board. All Board authorities conferred on the management is delegated through the CEO and this will be considered as the CEO's authority and accountability as far as the Board is concerned.

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 enabled the Group to have leadership positions in its chosen industries. The head of each division is responsible for supporting the CEO and assisting the CEO in implementing and running the Group's day-to-day business.

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.

Recommendation 1.2

The Board should establish clear roles and responsibilities in discharging its fiduciary and leadership functions

The duties and responsibilities of the Board are clearly spelt out in the Board Charter. To facilitate the discharge of this responsibility and oversight role, the Board is assisted by a number of Board Committees to which the Board has delegated certain key matters.

The Board Committees namely, the ARMC, the NRC and the ESOS Committee, all collectively referred to hereafter as the "Committees" are entrusted with specific responsibilities to oversee the Group's affairs, in accordance with their respective clear written terms of reference. All terms of reference of the Committees are approved by the Board and reviewed periodically to ensure their continued relevance. At each meeting, the Chairmen of the Committees report to the Board on the key issues deliberated and outcome of the Committees meetings. Minutes of the Committees meetings will also be presented to the Board for notation and endorsement.

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".

The Board assumes, amongst others, the following significant responsibilities:

a) reviewing and adopting strategic plans for the Group, including monitoring the implementation of the strategic plan by management;

b) overseeing the conduct of the Group's businesses and the performance of management to determine whether its businesses are being properly managed;

c) identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;

d) ensuring all candidates appointed to the Board are of sufficient calibre, including having in place a process to provide for the orderly succession of the members of the Board and diversity (including gender diversity);

e) overseeing the development and implementation of an investor relations programme and shareholder communications policy; and

f) reviewing the adequacy and integrity of the Group's internal control and management information systems.

Recommendation 1.3

The Board should formalise ethical standards through a code of conduct and ensure its compliance

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 Company's Code of Business Conduct and Ethics sets forth the standard of conduct required for all officers, managers and employees of the Group. It covers all aspect of the Group's business operations, such as fairness, work environment and employment, environment, safety, health and security, company assets and information, dealing with conflict of interest, communicating with the public, financial accounting and reporting accuracy and etc.

In discharging its responsibilities, the Board is guided by Code of Ethics for Directors. Directors are expected to conduct themselves with the highest ethical standards and corporate governance.

The Group communicates the Code of Ethics for Directors and Code of Business Conduct and Ethics to all Directors and employees upon their appointment/employment.

In addition, IOI Group encourages its employees to raise genuine concerns about possible improprieties in matters of financial reporting, compliance, suspected violations of IOI 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.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

The Whistleblowing 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) Email to whistleblowing@ioigroup.com or complete an online whistleblowing form on the IOI Group website, http://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 Head of Business/Operating Unit, or its Head of Human Resource

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	Email Address
Chairman of ARMC	Datuk Karownakaran @ Karunakaran a/l Ramasamy	karownakaran@ioigroup.com
Acting Head of Group Internal Audit & Risk Management	Ling Kea Ang	ling.kea.ang@ioigroup.com
Executive Chairman	Tan Sri Dato' Lee Shin Cheng	sclee@ioigroup.com
CEO	Dato' Lee Yeow Chor	lee.yeow.chor@ioigroup.com
Group Plantation Director	Dato' Foong Lai Choong	foong.lai.choong@ioigroup.com
Executive Director, Oleochemicals	Tan Kean Hua	tankeanhua@ioioleo.com

The Code of Ethics, Code of Business Conduct and Ethics and Whistleblowing Policy can be viewed on our website.

Recommendation 1.4

The Board should ensure that the Company's strategies promote sustainability

The Board is cognizant of the importance of business sustainability and, in conducting the Group's business, the impact on the environment, social and governance is taken into consideration. The Group embraces the values of sustainability and corporate responsibility since the early days and embedded them into the core value, policy statements and work practices across its global operations.

IOI 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 standards-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 International Sustainability & Carbon Certification ("ISCC").

Various Sustainability Policies of the Group have been formulated and documented. Sustainability strategies are also encapsulated in IOI's Vision and Mission and forms part of Sustainability and Corporate Social Responsibility Statement which can be found in this Annual Report.

Recommendation 1.5

The Board should have procedures to allow its members access to information and advice

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.

From time to time and where necessary, the Directors, whether as a group or individually, with the consent of the Chairman, 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.

Recommendation 1.6

The Board should ensure it is supported by a suitably qualified and competent Company Secretary

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

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 charged with 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.

Recommendation 1.7

The Board should formalise, periodically review and make public its Board Charter

The Board adopts the Board Charter to outline the manner in which its constitutional powers and responsibilities of the Board will be exercised and discharged, having regard to principles of good corporate governance, international best practice and applicable laws.

The Board Charter is established to provide guidance and clarity for the Board's roles and responsibilities as well as the powers between the Board and the management, the different committees established by the Board, between the Executive Chairman, CEO, Executive Directors and Independent Non-Executive Directors.

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 and 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
- Code of Business Conduct and Ethics

The Board will review the Board Charter every two (2) years and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices. Any updates to the principles and practices set out in this Charter will be made available on the Company's website.

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.

Recommendation 2.1

The Board should establish a Nominating Committee which comprises exclusively of Non-Executive Directors, a majority of whom must be independent

The NRC of the Board comprises exclusively three (3) Independent Non-Executive Directors as follows:

NRC Members	Designation
Tan Sri Peter Chin Fah Kui	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

The NRC is responsible to review and recommend the appropriate remuneration policies applicable to Directors and CEO, the appointment and evaluation of the performance of the Directors and Board Committees. The full term of reference of NRC is available on our website.

The main activities of the NRC were as follows:

1. Reviewed the Executive Directors' remunerations and Directors' Fees;
2. Performance evaluation of the Board, various Board Committees and key officer(s) of the Company;
3. Evaluation of Directors seeking re-election and re-appointment at the forthcoming Annual General Meeting ("AGM") prior to their endorsement by the Board;
4. Deliberated on the gender diversity of boardroom prior to the new appointment of Director; and
5. Reviewed and recommended the appointment of Tan Sri Peter Chin Fah Kui as Senior Independent Non-Executive Director.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

Recommendation 2.2

The Nominating Committee should develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors

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, where necessary, meets with the shortlisted candidates to assess their suitability before formally considering and recommending them for appointment to the Board.

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 performance of Chief Financial Officer and other key executives is reviewed yearly by the CEO.

Board Evaluation Criteria

The Board evaluation comprises Performance Evaluation of the Board and various Board Committees, Director's Peer Evaluation and Independent Directors' Self-Assessment.

The assessment of the Board is based on four (4) main areas relating to Board structure, Board operations, Board and Chairman's roles and responsibilities and Board Committees' role and responsibilities.

For Director's Peer Evaluation, the assessment criteria include abilities and competencies, calibre and personality, technical knowledge, 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.

The criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Group and his involvement in any significant transaction with the Group.

During the year under review, the Board conducted an internally facilitated Board assessment. Directors provide anonymous feedback on their peers' performance and individual performance contributions to the Board. The review supported the Board's decision to endorse all retiring Directors standing for re-election.

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 re-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 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 retire by rotation due for re-election pursuant to Article 101 of the Articles at the forthcoming Forty-Sixth AGM are Dato' Lee Yeow Chor and Mr Cheah Tek Kuang. The profiles of the Directors who are due for re-election are set out on pages 055 and 059.

The Directors who are due for retirement and re-appointment in accordance to Section 129 of the Companies Act, 1965 at the forthcoming Forty-Sixth AGM are Tan Sri Dato' Lee Shin Cheng and Tan Sri Peter Chin Fah Kui. Their profiles are set out on pages 055 and 057.

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 fulfill 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. Nevertheless, the Board is endeavouring to have a women board member in the near future.

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
20-29	2,013	32.48	1,398	32.30	615	32.91
30-39	1,603	25.87	1,094	25.28	509	27.23
40-49	1,358	21.91	911	21.05	447	23.92
50-59	1,061	17.12	789	18.23	272	14.55
60-69	159	2.57	133	3.07	26	1.39
70 & above	3	0.05	3	0.07	–	–
Grand Total	**6,197**	**100.00**	**4,328**	**100.00**	**1,869**	**100.00**

70% **30%**

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)	335	272	81.19	63	18.81
Directors on the Board of the Company	8	8	100.0	–	–

In management position **81%** **19%**

Recommendation 2.3

The Board should establish formal and transparent remuneration policies and procedures to attract and retain Directors

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 and meeting allowance for each Board meeting that they attend. The level of remuneration of Non-Executive Directors reflects their experience and level of responsibility undertaken by them. Hence, 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. The components of the Executive Director's remuneration are structured to link rewards to corporate and individual performance.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

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 2015 are as follows:

1. Aggregate remuneration of Directors (including former Director) 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	315	7,154	5,277	58	1,503	317	14,624
Non-Executive Directors	608	–	–	–	–	40	648

2. Number of Directors (including former Director) 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	–	1
RM100,001 to RM150,000	–	4
RM150,001 to RM450,000	–	–
RM450,001 to RM500,000	1	–
RM500,001 to RM4,650,000	–	–
RM4,650,001 to RM4,700,000	1	–
RM4,700,001 to RM9,450,000	–	–
RM9,450,001 to RM9,500,000	1	–

For financial year ended 30 June 2015, none of the Directors was offered share options under the Company's ESOS.

The Board is mindful of 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.

Recommendation 3.1

The Board should undertake an assessment of its Independent Directors annually

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 requires 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, Mr 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.

A brief profile of each Director is presented on pages 054 to 059 of the Annual Report, and the Notice of AGM for Directors proposed for re-election and re-appointment at the 2015 AGM. Currently, no alternate Directors have been appointed in respect of any of the Directors.

The Board with the assistance of 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, Tan Sri Peter Chin Fah Kui 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 8900 and email: peter.chin@ioigroup.com

Recommendation 3.2

The tenure of an Independent Director should not exceed a cumulative term of nine years. Upon completion of the 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

Recommendation 3.3

The Board must justify and seek shareholders' approval in the event if retains as an Independent Director, a person who has served in that capacity for more than nine (9) years

The Board has adopted a letter of appointment that contains the terms on which Non-Executive Directors will be appointed. The letter of appointment clearly defines role of Directors, including among others, the expectations in terms of independence participation, time commitment and continuous improvement.

The tenure of new Independent Non-Executive Director (namely, Tan Sri Peter Chin Fah Kui) of the Company has been set for five (5) years. Currently, the office tenure of other existing Independent Non-Executive Directors is still less than five (5) years. The Board is mindful of the compliance of the Recommendations 3.2 and 3.3 of the Code. The Board also believes that each of them has retained independence of character and judgement and has not formed associations with management that might compromise their ability to exercise independent judgement or act in the best interests of IOI Group.

PRINCIPLE 4: FOSTER COMMITMENT

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

Recommendation 4.1

The Board should set out expectations on time commitment for its members and protocols for accepting new directorships

The Board is satisfied with the level of time commitment by each of the Directors toward 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.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

Eight (8) Board meetings were held during the financial year ended 30 June 2015. 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	8	7
Dato' Lee Yeow Chor	8	8
Lee Cheng Leang	8	8
Non-Executive Directors		
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor (retired on 29 October 2014)	3	3
Tan Sri Peter Chin Fah Kui (appointed on 1 December 2014)	4	4
Datuk Karownakaran @ Karunakaran a/l Ramasamy	8	7
Lee Yeow Seng	8	6
Cheah Tek Kuang	8	7
Lim Tuang Ooi	8	8

The Directors are required to disclose and update their directorships and shareholdings in other companies as and when necessary. The Directors are also expected to comply with Paragraph 15.06 of the Main Market Listing Requirements of Bursa Securities on the maximum number of five (5) directorships they can hold in public listed companies to ensure that all Directors are able to commit sufficient time for the Company.

To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated to them before the beginning of every financial year. It provides the schedules dates for meetings of the Board and Board Committees as well as the AGM.

Recommendation 4.2

The Board should ensure its members have access to appropriate continuing education programmes

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 ("MAP") as specified by Bursa Securities. Tan Sri Peter Chin Fah Kui, being a new Director appointed on 1 December 2014, had attended and completed the MAP within the timeframe granted 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	HSBC Forum in Malaysia: China Globalising; RMB Rising	12 August 2014
	18th China International Fair for Investment & Trade	8 September 2014
	Malaysia Current Economic Development & Financial Position by Prime Minister	20 January 2015
	Special Session on National Blue Ocean Strategy ("NBOS")	27 January 2015
	Reach & Remind Friends of the Industry Seminar 2015 and Dialogue with the Minister of Plantation Industries and Commodities Malaysia	12 February 2015
	BOAO Forum for Asia: Energy, Resources and Sustainable Development Conference	11 June 2015
	"One Belt and One Road" Malaysia-China Economic Conference and Business Matching	29 June 2015

Dato' Lee Yeow Chor	4th International Palm Oil Sustainability Conference ("IPOS")	19 August 2014 to 20 August 2014
	Innovating Malaysia Conference	28 August 2014 to 29 August 2014
	Palm Oil Trade Seminar, Shanghai	15 September 2014 to 16 September 2014
	Palm Oil Trade Seminar, Kuala Lumpur	28 October 2014 to 29 October 2014
	Family Business Network ("FBN") Family Retreat	30 October 2014 to 1 November 2014
	Strength Based Leadership Workshop for Managers	26 January 2015 to 27 January 2015
	Palm & Lauric Oil Price Outlook Conference	3 March 2015 to 4 March 2015
	Palm Oil Trade Show at Seoul, Korea	27 April 2015 to 28 April 2015
Lee Yeow Seng	HSBC Forum in Malaysia: China Globalising; RMB Rising	12 August 2014
	FBN Family Retreat	30 October 2014 to 1 November 2014
Lee Cheng Leang	Governance, Director Duties and Regulatory Updates Seminar 2015	25 February 2015
Tan Sri Peter Chin Fah Kui	Mandatory Accreditation Programme ("MAP") For Directors of Public Listed Companies	17 December 2014 to 18 December 2014
	Lead the Change – Getting Women on Boards: Official Launching of 30% Club Malaysia	8 May 2015

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

Datuk Karownakaran @ Karunakaran a/l Ramasamy	Maybank Group Annual Risk Workshop	22 July 2014
	Bursa Malaysia Berhad's In-House Training: Environmental, Social & Governance ("ESG") Index	19 August 2014
	Anti-Money Laundering/Counter Financing of Terrorism ("AML/CFT") Refresher by Asian Institute of Chartered Bankers	28 October 2014
	Maybank Group Guru Series: Emerging Risk Surrounding the Financial Risk Industry	6 November 2014
	Bursa Malaysia Berhad's Board Development Program: Peeking into the Future	7 December 2014
	ASEAN Capital Market: CAP10 ASEAN CEO Summit 2015	12 February 2015
	Audit Committee Conference 2015: Rising to New Challenges	24 March 2015
	Invest Malaysia 2015	23 April 2015
	Financial Institutions Directors' Education ("FIDE") Forum: Board's Strategic Leadership – Innovation & Growth in Uncertain Times	21 May 2015

Cheah Tek Kuang	Roundtable Discussion on Financial Reporting	7 August 2014
	FIDE Forum: Board Strategic Leadership in Managing Cybersecurity Risk in Financial Institutions	27 August 2014
	Program Leadership Series	12 November 2014
	Goods and Services Tax ("GST") and Personal Data Protection Act 2010 ("PDPA") by PricewaterhouseCoopers	27 November 2014
	6th Annual Nuclear Power Asia Conference and Exhibition 2015 by World Nuclear Association	27 January 2015 to 28 January 2015
	FIDE Forum: Financial Services in Turbulent Times – A Dialogue with Tan Sri Lin See-Yan	5 February 2015
	Governance, Director Duties and Regulatory Updates Seminar 2015	25 February 2015
	Audit Committee Conference 2015	24 March 2015
	Invest Malaysia 2015	23 April 2015 to 24 April 2015
	FIDE Forum: Invitation To Industry Consultation Session – 2015 Non-Executive Directors' Remuneration Study	6 May 2015
	Securities Commission's Invitation to the Audit Oversight Board – Conversation with Audit Committees	7 May 2015
	Yayasan Tun Ismail Public Lecture Series 2015	12 May 2015
	FIDE Forum: Impact of the New Accounting Standard on Banks – What Directors should be aware of	5 June 2015
	Enhancing Mindfulness and Emotional Intelligence in Life Workshop	25 June 2015

Lim Tuang Ooi		
	EPF Risk Management Seminar 2014	7 August 2014
	EPF International Seminar 2014 – Demographic Changes: Recognising The Challenges And Opportunities	8 September 2014
	EPF Investment Seminar 2014	1 November 2014
	Management of Managers by Michigan Ross School of Business, Hong Kong	3 November 2014 to 7 November 2014
	Talent Management and Sponsorship Programme	4 December 2014
	EPF Management Conference 2015	25 March 2015 to 28 March 2015
	EPF Strategy Workshop	8 April 2015
	Balanced Scorecard Facilitation for EPF Head of Departments	30 April 2015
	International Social Security Conference	19 May 2015 to 20 May 2015
	EPF Wellness Workshop	26 May 2015 to 27 May 2015

PRINCIPLES 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

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

Recommendation 5.1

The Audit Committee should ensure financial statements comply with applicable financial reporting standards

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 in overseeing and governing the Group's financial reporting processes and the quality of its financial reporting.

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 2015.

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.

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 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.

Recommendation 5.2

The Audit Committee should have policies and procedures to assess the suitability and independence of external auditors

The policy and procedure to access the suitability and independence of external auditors can be viewed on our website.

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.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

The Board maintains a transparent and professional relationship with the Group's external auditors. The criteria for the external auditors assessment include quality of services, sufficiency of resources, communication and interaction, audit planning, independence, objectivity and professional skepticism. 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 2015 was RM304,000 (2014: RM2,111,000). Additional disclosures on non-statutory audit fees can be found in ARMC Report.

The Board has considered the non-audit services provided during the year by the auditors and are 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.

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

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

Recommendation 6.1

The Board should establish a sound framework to manage risks

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.

Recommendation 6.2

The Board should establish an internal audit function which reports directly to the Audit Committee

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 function comprises a dedicated in-house team of qualified professionals based in Putrajaya, Sabah and Penang. The internal audit function is independent of management and has full access of all IOI Group's entities, records and personnel.

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.

Recommendation 7.1

The Board should ensure the Company has appropriate corporate disclosure policies and procedures

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 IOI 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 IOI 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.

Recommendation 7.2

The Board should encourage the Company to leverage on information technology for effective dissemination of information

The Company's website is the key communication channel for the Company to reach its shareholders and general public. The Investor Relations section enhances the investor relations function by including all announcements made by the Company, financial results, annual reports, corporate presentation, financial calendar as well as enquiries. The shareholders and general public may direct their enquiries on the Company via "Enquiries" and the Company's Investor Relations team will endeavor to reply to these queries in the shortest possible time.

There is also a section focusing on corporate governance and outlined in that section are the Company's Board Charter, Code of Ethics for Directors, Code of Business Conduct and Ethics, Statement on Corporate Governance, Statement on Risk Management and Internal Control, Whistleblowing Policy and various corporate governance initiatives.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

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

Recommendation 8.1

The Board should take reasonable steps to encourage shareholder participation at general meetings

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 2015 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.

Recommendation 8.2

The Board should encourage poll voting

The Company provides for separate resolutions at general meetings on each substantial issue. Pursuant to the Articles 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).

At the commencement of every general meeting, the Chairman informs shareholders of their right to demand a poll vote in accordance with the Articles.

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 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.

Recommendation 8.3

The Board should promote effective communication and proactive engagements with shareholders

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 a 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 AGM is the principal forum for dialogue with shareholders, who are given the opportunity to enquire and seek clarification on the operations and financial performance of the Group. In addition, 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; 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 47 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 Paragraph 15.26(b) of 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.

ROLES AND RESPONSIBILITIES

Board of Directors

The Board of Directors (the "Board") 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.

Audit and Risk Management Committee

The Audit and Risk Management Committee is established by the Board, and governed by clearly defined terms of reference and authority for areas within their scope. The Audit and Risk Management Committee ("ARMC") maintains risk and audit oversight within the Group.

Corporate Risk Management Department

The Group has established the Corporate Risk Management ("CRM") Department to assist the Board and ARMC in discharging their risk management responsibilities. Amongst others the CRM is responsible for assisting in development of risk management framework, policies, processes and procedures; maintaining the risk register for the Group; monitoring operating unit's compliance with Group's policies and procedures; monitoring and reporting of the key risks as identified by the Management and facilitate the bi-annual risk review.

Internal Audit Department

The Internal Audit Department ("IAD") reports directly to the ARMC. The activities of the IAD are guided by Internal Audit Charter and Annual Audit Plan that are approved by the ARMC. The Internal Audit function monitors compliance with the Group's policies and procedures and applicable laws and regulations, and provides independent and objective 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 ARMC, with periodic follow-up reviews of the implementation of corrective action plans.

RISK MANAGEMENT FRAMEWORK

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 and also in line with ISO 31000, Risk Management – Principles and Guidelines (which is a standard relating to risk management codified by the International Organisation for Standardisation. 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.

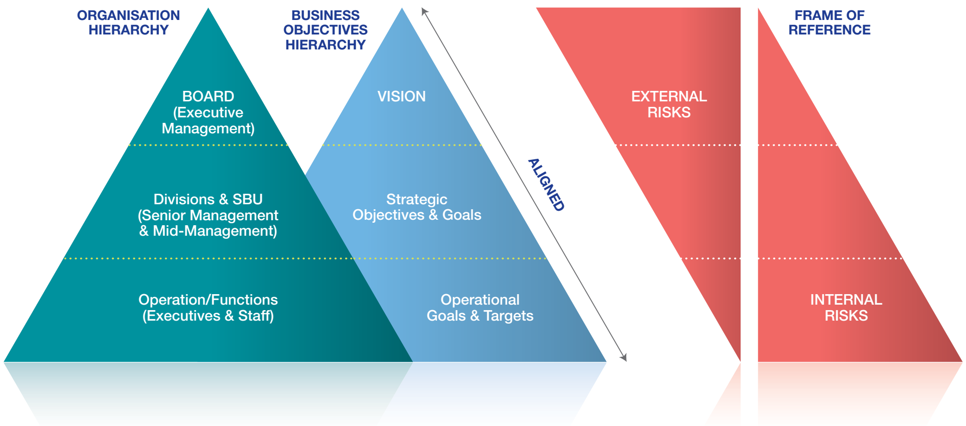
ii) Risk Management as a collective responsibility

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, ARMC, 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 40 to the financial statements on pages 205 to 238.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Group's Core Values

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 and goals.

Code of Business Conduct and Ethics

The Group communicates the Code of Business Conduct and Ethics to its employees upon their employment. 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.

Whistleblowing Policy

A whistleblowing policy is established to provide appropriate communication and feedback channels which facilitate whistleblowing in a transparent and confidential manner to enable employees and stakeholders to raise genuine concerns about possible improprieties, improper conduct or other malpractices within the Group in an appropriate way.

Internal Control Systems

The Group manages its risks by implementing various internal control mechanisms. The key elements of the internal control systems are as follows:

- The Group has an organisational structure that is aligned with its business and operational requirements, with clearly defined lines of responsibility and authority levels. Authority limits for acquisition and disposal of assets, awarding of contracts and approving operating expenditures are established.

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

- The Group has in place a well-established and documented business processes which are aligned with the strategic business objectives and goals. Policies and procedures and also rules relating to the delegation and segregation of duties have been established for key business processes. The Group's policies and procedures are reviewed and revised periodically to meet changing business and operational needs and regulatory requirements.

- 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. Management and financial reports are generated regularly to facilitate the Board and the Group's Management in performing financial and operating reviews of the various operating units.

- 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.

- Key result areas and key performance indicators are established and aligned with the strategic business objectives and goals and are monitored on an ongoing basis.

- Regular management ("EXCO") and operation meetings are conducted by senior management which comprises the Chief Executive Officer ("CEO") and divisional heads.

- Board meetings are held at least once in a quarter with a formal agenda on matters for discussion. The Board is kept updated on the Group's activities and operations on a timely and regular basis.

RISK 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 ARMC.

- Bi-annual risk reviews compiled by the respective units' Risk Management Committees, and annual presentation to and discussion with the ARMC, the Board, internal auditors, and external auditors.

- Operating units' CEO/Chief Financial Officer's ("CFO") Internal Control Certification and Assessment disclosure.

- Operating units' response to the Questionnaires on Control and Regulations.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, 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 2015. 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 CEO and CFO 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 dated 2 September 2015.

STATEMENT OF DIRECTORS' INTERESTS

In the Company and its related corporations as at 28 August 2015
(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	1.06	2,954,367,480[1]	46.83
Dato' Lee Yeow Chor	9,000,400	0.14	2,937,625,180[2]	46.57
Lee Yeow Seng	4,180,400	0.07	2,937,530,180[3]	46.57
Lee Cheng Leang	400,000	0.01	–	–
Tan Sri Peter Chin Fah Kui	–	–	–	–
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 Mr 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 under 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*

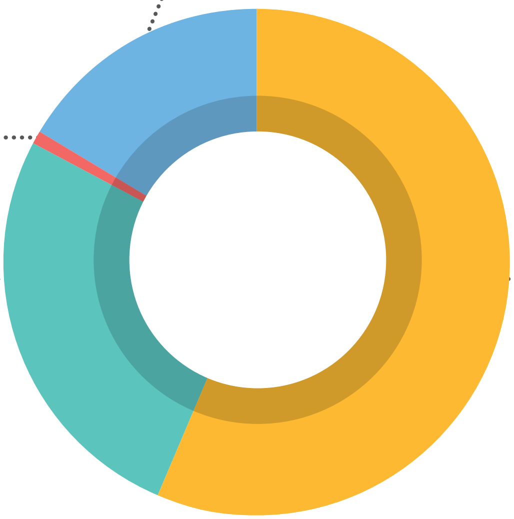
4 *Interest in the Company held by his spouse, Ooi Siew Cheng pursuant to Section 134(12) of the Companies Act, 1965*

* *Negligible*

OTHER INFORMATION

COMPOSITION OF SHAREHOLDERS

as at 28 August 2015



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 2015 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 2015 are as follows:

Transacting Parties	Type of Recurrent Related Party Transactions	Interested Directors/ Major Shareholders and Persons Connected	Value of Transactions RM million
Nice Frontier Sdn Bhd **("NFSB")** (1)	Purchase of Fresh fruit bunches **("FFB")** by Pamol Plantations Sdn Bhd **("PPSB")** (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) • Lee Cheng Leang **("LCL")** (8) • Lee Yoke Ling **("LY Ling")** (9) • Lee Yoke Har **("LY Har")** (9) • Lee Yoke Hean **("LY Hean")** (9) • Lee Yoke Hui **("LY Hui")** (9)	13.6

Transacting Parties	Type of Recurrent Related Party Transactions	Interested Directors/ Major Shareholders and Persons Connected	Value of Transactions RM million
Continental Estates Sdn Bhd **("CESB")** (1)	Purchase of FFB by Dynamic Plantations Berhad **("DPB")** (1)	• VCSB (10) • PHSB (11) • Tan Sri Lee (12) • Puan Sri Lee (5) • Dato' Lee (13) • LYS (14) • LCL (8) • LY Ling (9) • LY Har (9) • LY Hean (9) • LY Hui (9)	16.2

Notes:

1 Details of the transacting parties

Name of Company	Effective Equity (%)	Principal Activities
NFSB, a subsidiary of IOI Properties Group Berhad **("IOIPG")**	Not applicable	Property development, cultivation of plantation produce and property investment
PPSB, a subsidiary of IOIC	100.00	Cultivation of oil palm, processing of palm oil and investment holding
CESB, an associate company of IOIPG	Not applicable	Property development and operation of oil palm estate
DPB, a subsidiary of IOIC	100.00	Cultivation of oil palm and processing of palm oil

2 VCSB, a wholly-owned subsidiary of PHSB, is a Major Shareholder of IOIC and IOIPG and a deemed Major Shareholder of NFSB and PPSB

3 PHSB, the holding company of VCSB, is a deemed Major Shareholder of IOIC, IOIPG, NFSB and PPSB

4 Tan Sri Lee is the Executive Chairman and a deemed Major Shareholder of both IOIC and IOIPG. Tan Sri Lee is also a Director of PPSB

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

6 Dato' Lee is the Chief Executive Officer of IOIC and a Director of IOIPG and a deemed Major Shareholder of both IOIC and IOIPG. 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 LYS. Dato' Lee is also a Director of PPSB

7 LYS is a Director of IOIC and the Chief Executive Officer of IOIPG and a deemed Major Shareholder of both IOIC and IOIPG. 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

8 LCL is a Director of IOIC and a person connected to Tan Sri Lee as he is the brother of Tan Sri Lee

9 LY Ling, LY Har, LY Hean and LY Hui are persons connected to Tan Sri Lee as they are the daughters of both Tan Sri Lee and Puan Sri Lee and the sisters of Dato' Lee and LYS

10 VCSB, a wholly-owned subsidiary of PHSB, is a Major Shareholder of IOIC and IOIPG and a deemed Major Shareholder of DPB

OTHER INFORMATION (Cont'd)

11 PHSB, the holding company of VCSB, is a deemed Major Shareholder of IOIC, IOIPG and DPB

12 Tan Sri Lee is the Executive Chairman and a deemed Major Shareholder of both IOIC and IOIPG

13 Dato' Lee is the Chief Executive Officer of IOIC and a Director of IOIPG and a deemed Major Shareholder of both IOIC and IOIPG. 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 LYS. Dato' Lee is also a Director of both CESB and DPB

14 LYS is a Director of IOIC and the Chief Executive Officer of IOIPG and a deemed Major Shareholder of both IOIC and IOIPG. 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

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 2015, 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 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries, associates and joint ventures are set out in Note 43 to the financial statements.

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

FINANCIAL RESULTS

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

In RM million	Group	Company
Profit before taxation	457.0	397.0
Taxation	(284.6)	10.4
Profit for the financial year	172.4	407.4
Attributable to:		
Owners of the parent	168.1	407.4
Non-controlling interests	4.3	-
	172.4	407.4

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 2014	
Second interim single tier dividend of 12.0 sen per ordinary share, paid on 25 July 2014	763.0
In respect of the financial year ended 30 June 2015	
First interim single tier dividend of 4.5 sen per ordinary share, paid on 13 March 2015	286.3
	1,049.3

The Directors declared a second interim single tier dividend of 45% or 4.5 sen per ordinary share, amounting to RM284.5 million in respect of the financial year ended 30 June 2015. The dividend is payable on 18 September 2015 to shareholders whose names appear in the Record of Depositors and Register of Members of the Company at the close of business on 10 September 2015.

No final dividend has been recommended for the financial year ended 30 June 2015.

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	2,612,100
3.49	3,553,400
4.17	2,752,500

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.

TREASURY SHARES

The shareholders of the Company, by an ordinary 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 29 October 2014.

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 42,978,200 ordinary shares of RM0.10 each of its issued shares from the open market. The average price paid for the ordinary shares repurchased was RM4.17 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 2015.

At the end of the financial year, the number of ordinary shares in issue after deducting treasury shares is 6,321,362,495 ordinary shares of RM0.10 each.

DIRECTORS' REPORT (Cont'd)

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)")

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

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

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.

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.

DIRECTORS' REPORT (Cont'd)

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

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 2014**	**Exercised**	**Lapsed**	**As at 30 June 2015**
2.03	12 January 2006	12,643,000	(2,612,100)	(3,754,400)	6,276,500
3.49	2 April 2007	13,092,800	(3,553,400)	(940,800)	8,598,600
4.17	6 July 2010	6,906,400	(2,752,500)	(2,735,900)	1,418,000
Total		32,642,200	(8,918,000)	(7,431,100)	16,293,100

USD500 MILLION 5.25% GUARANTEED NOTES DUE 2015 ("GUARANTEED NOTES")

On 16 March 2005, the Company's wholly-owned subsidiary, IOI Ventures (L) Berhad ("IOI Ventures"), a company incorporated in the Federal Territory of Labuan under the Labuan Companies Act, 1990, issued a 10-year USD500 million Guaranteed Notes at an issue price of 99.294% (the "Guaranteed Notes"). The Guaranteed Notes were listed on the Singapore Exchange Securities Trading Limited and the Labuan International Financial Exchange. The Guaranteed Notes carried an interest rate of 5.25% per annum payable semi-annually in arrears on 16 March and 16 September commencing 16 March 2005 and has matured on 16 March 2015. The Guaranteed Notes were unconditionally and irrevocably guaranteed by the Company.

IOI Ventures had on the maturity date of the Guaranteed Notes, 16 March 2015, redeemed and settled in full the outstanding Guaranteed Notes of USD488,955,786 (being principal of USD476,449,000 and interest of USD12,506,786). Following from the redemption, the Guaranteed Notes ceased to be quoted on the Singapore Exchange Securities Trading Limited and the Labuan International Financial Exchange Inc.

RESERVES AND PROVISIONS

There were no material transfers to and from reserves or provisions during the financial year.

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 Cheng Leang
Lee Yeow Seng
Tan Sri Peter Chin Fah Kui *(Appointed on 1 December 2014)*
Datuk Karownakaran @ Karunakaran a/l Ramasamy
Cheah Tek Kuang
Lim Tuang Ooi
Datuk Hj Mohd Khalil b Dato' Hj Mohd Noor *(Retired on 29 October 2014)*

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

Tan Sri Dato' Lee Shin Cheng and Tan Sri Peter Chin Fah Kui who have attained the age of seventy (70), retire in accordance with Section 129(2) of the Companies Act, 1965 in Malaysia at the forthcoming Annual General Meeting. The Directors recommend that they 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.

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 are as follows:

	As at 1 July 2014	Acquired	Disposed	As at 30 June 2015
Direct Interests				
The Company				
No. of ordinary shares of RM0.10 each				
Tan Sri Dato' Lee Shin Cheng	66,576,300	410,000 [1]	-	66,986,300
Dato' Lee Yeow Chor	8,340,400	660,000	-	9,000,400
Lee Yeow Seng	3,517,900	662,500 [2]	-	4,180,400
Lee Cheng Leang	400,000	-	-	400,000
Indirect Interests				
The Company				
No. of ordinary shares of RM0.10 each				
Tan Sri Dato' Lee Shin Cheng	2,934,164,380	20,613,100 [3]	(410,000) [1]	2,954,367,480
Dato' Lee Yeow Chor	2,920,530,680	17,094,500	-	2,937,625,180
Lee Yeow Seng	2,920,435,680	17,094,500	-	2,937,530,180
Cheah Tek Kuang	12,000	-	-	12,000

Notes:
1 *Transfer of 410,000 shares from his daughter.*
2 *Exercise of 662,500 share options under ESOS.*
3 *Includes the exercise of 2,858,600 share options under ESOS by his children.*

DIRECTORS' REPORT (Cont'd)

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 are as follows:

		No. of options over ordinary shares		
	Option price *RM*	As at 1 July 2014	Exercised	As at 30 June 2015
Direct Interests				
Lee Yeow Seng	4.17	662,500	(662,500)	-
Indirect Interests				
Tan Sri Dato' Lee Shin Cheng	2.03	1,640,100	(1,264,300)	375,800
Tan Sri Dato' Lee Shin Cheng	3.49	884,000	(768,800)	115,200
Tan Sri Dato' Lee Shin Cheng	4.17	825,500	(825,500)	-

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 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, Tan Sri Peter Chin Fah Kui, 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 38 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.

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 no known bad debts need to be 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 necessitate the writing off of bad debts or render 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; 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.

DIRECTORS' REPORT (Cont'd)

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. adopt 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 2015.

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 Karownakaran @ Karunakaran a/l Ramasamy (Chairman) *(Appointed on 1 December 2014)*
Tan Sri Peter Chin Fah Kui *(Appointed on 1 December 2014)*
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:

Tan Sri Peter Chin Fah Kui (Chairman) *(Appointed on 1 December 2014)*
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 dated 2 September 2015:

Tan Sri Dato' Lee Shin Cheng
Executive Chairman

Dato' Lee Yeow Chor
Chief Executive Officer

STATEMENTS OF PROFIT OR LOSS

For The Financial Year Ended 30 June 2015

		Group		Company	
In RM million	Note	2015	2014	2015	2014
Continuing operations					
Revenue	6	**11,621.0**	11,910.6	**866.7**	2,508.9
Cost of sales		**(9,261.9)**	(9,226.5)	**(2.7)**	(8.2)
Gross profit		**2,359.1**	2,684.1	**864.0**	2,500.7
Other operating income	7	**637.0**	415.2	**144.8**	22.6
Marketing and selling expenses		**(249.5)**	(218.9)	**-**	-
Administration expenses		**(449.5)**	(482.6)	**(17.4)**	(131.3)
Other operating expenses	8	**(949.9)**	(597.4)	**(396.3)**	(22.5)
Operating profit		**1,347.2**	1,800.4	**595.1**	2,369.5
Share of results of associates		**119.1**	127.8	**-**	-
Share of results of a joint venture	22.1	**(5.8)**	(0.8)	**-**	-
Profit before interest and taxation		**1,460.5**	1,927.4	**595.1**	2,369.5
Interest income	9	**13.4**	47.8	**66.2**	90.1
Finance costs	10	**(281.6)**	(282.4)	**(176.8)**	(193.8)
Net foreign currency translation loss on foreign currency denominated borrowings		**(735.3)**	(22.0)	**(87.5)**	(25.6)
Profit before taxation	11	**457.0**	1,670.8	**397.0**	2,240.2
Taxation	12	**(284.6)**	(408.4)	**10.4**	(2.8)
Profit for the financial year from continuing operations		**172.4**	1,262.4	**407.4**	2,237.4
Discontinued operations					
Profit for the financial year from discontinued operations, net of tax	13.3	**-**	2,127.3	**-**	7,567.6
Profit for the financial year		**172.4**	3,389.7	**407.4**	9,805.0
Attributable to owners of the parent					
From continuing operations		**168.1**	1,254.6	**407.4**	2,237.4
From discontinued operations		**-**	2,118.4	**-**	7,567.6
		168.1	3,373.0	**407.4**	9,805.0
Attributable to non-controlling interests		**4.3**	16.7	**-**	-
		172.4	3,389.7	**407.4**	9,805.0

The notes on pages 118 to 255 form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS (Cont'd)

For The Financial Year Ended 30 June 2015

In sen	Note	Group 2015	Group 2014	Company 2015	Company 2014
Earnings per ordinary share attributable to owners of the parent	14				
Basic earnings per share					
From continuing operations		**2.64**	19.69		
From discontinued operations		**-**	33.24		
		2.64	52.93		
Diluted earnings per share					
From continuing operations		**2.64**	19.64		
From discontinued operations		**-**	33.16		
		2.64	52.80		
Gross dividend per ordinary share of RM0.10 each	15				
First interim single tier dividend		**4.5**	8.0	**4.5**	8.0
Second interim single tier dividend		**4.5**	12.0	**4.5**	12.0
Total		**9.0**	20.0	**9.0**	20.0

The notes on pages 118 to 255 form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 30 June 2015

In RM million	Group 2015	Group 2014	Company 2015	Company 2014
Profit for the financial year	**172.4**	3,389.7	**407.4**	9,805.0
Other comprehensive (loss)/income that will not be reclassified subsequently to profit or loss				
Actuarial (loss)/gain on defined benefit obligation	**(15.2)**	0.6	**-**	-
	(15.2)	0.6	**-**	-
Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss when specific conditions are met				
Exchange differences on translation of foreign operations	**88.2**	177.1	**-**	-
Share of other comprehensive (loss)/income of associates	**(20.9)**	7.0	**-**	-
	67.3	184.1	**-**	-
Other comprehensive income for the financial year, net of tax	**52.1**	184.7	**-**	-
Total comprehensive income for the financial year	**224.5**	3,574.4	**407.4**	9,805.0
Total comprehensive income attributable to:				
Owners of the parent	**221.7**	3,555.2	**407.4**	9,805.0
Non-controlling interests	**2.8**	19.2	**-**	-
	224.5	3,574.4	**407.4**	9,805.0

The notes on pages 118 to 255 form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
As At 30 June 2015

In RM million	Note	Group 2015	Group 2014	Company 2015	Company 2014
ASSETS					
Non-current assets					
Property, plant and equipment	16	**6,649.8**	6,410.0	**62.2**	61.7
Prepaid lease payments	17	**32.5**	30.1	**-**	-
Investment properties	18	**7.7**	8.3	**-**	-
Goodwill on consolidation	19	**458.4**	458.4	**-**	-
Investments in subsidiaries	20	**-**	-	**7,685.7**	7,557.4
Investments in associates	21	**939.1**	886.9	**20.4**	20.4
Interests in a joint venture	22	**35.2**	33.0	**42.0**	34.0
Derivative assets	23	**138.7**	75.1	**-**	-
Deferred tax assets	24	**46.4**	43.8	**-**	-
		8,307.8	7,945.6	**7,810.3**	7,673.5
Current assets					
Inventories	25	**2,083.1**	2,154.6	**-**	-
Trade and other receivables	26	**1,062.4**	1,062.7	**15.4**	15.5
Amounts due from subsidiaries	20	**-**	-	**933.2**	2,980.8
Amounts due from associates	21	**0.5**	0.4	**-**	-
Derivative assets	23	**41.1**	61.4	**-**	-
Current tax assets		**43.3**	38.5	**43.0**	33.7
Other investments	27	**107.2**	80.7	**4.2**	4.5
Short term funds	28	**1,088.9**	3,450.0	**-**	-
Deposits with financial institutions	29	**221.4**	186.8	**17.0**	-
Cash and bank balances		**478.2**	350.9	**112.9**	39.8
		5,126.1	7,386.0	**1,125.7**	3,074.3
TOTAL ASSETS		**13,433.9**	15,331.6	**8,936.0**	10,747.8

The notes on pages 118 to 255 form an integral part of the financial statements.

In RM million	Note	Group 2015	Group 2014	Company 2015	Company 2014
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	30	**645.9**	645.0	**645.9**	645.0
Reserves	31	**(597.0)**	(514.8)	**(458.4)**	(307.5)
Retained earnings	32	**5,010.2**	5,906.6	**4,763.0**	5,404.9
		5,059.1	6,036.8	**4,950.5**	5,742.4
Non-controlling interests		**189.3**	196.3	**-**	-
Total equity		**5,248.4**	6,233.1	**4,950.5**	5,742.4
LIABILITIES					
Non-current liabilities					
Borrowings	33	**5,835.9**	5,069.2	**1,696.1**	1,439.0
Derivative liabilities	23	**29.9**	44.8	**26.8**	40.4
Amounts due to subsidiaries	20	**-**	-	**1,146.0**	1,019.6
Other long term liabilities	34	**29.4**	36.3	**-**	-
Deferred tax liabilities	24	**425.0**	451.4	**-**	-
		6,320.2	5,601.7	**2,868.9**	2,499.0
Current liabilities					
Trade and other payables	35	**833.4**	866.7	**25.5**	133.0
Borrowings	33	**812.5**	2,454.3	**264.2**	479.7
Amounts due to subsidiaries	20	**-**	-	**826.9**	1,856.2
Amounts due to associates	21	**91.1**	73.8	**-**	-
Derivative liabilities	23	**123.8**	58.1	**-**	22.1
Current tax liabilities		**4.5**	43.9	**-**	15.4
		1,865.3	3,496.8	**1,116.6**	2,506.4
Total liabilities		**8,185.5**	9,098.5	**3,985.5**	5,005.4
TOTAL EQUITY AND LIABILITIES		**13,433.9**	15,331.6	**8,936.0**	10,747.8

The notes on pages 118 to 255 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2015

		Non-distributable				Distributable			
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
Group									
As at 1 July 2013	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	-	-	-	-	-	3,373.0	3,373.0	16.7	3,389.7
Actuarial gain on defined benefit obligation	-	-	-	-	-	0.6	0.6	-	0.6
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 11 (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 31.2)	-	-	-	-	(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 interests	-	-	-	-	-	-	-	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 118 to 255 form an integral part of the financial statements.

In RM million	Share capital	Share premium	Capital reserves	Other reserve	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 2014	**645.0**	**27.6**	**113.7**	**-**	**(215.1)**	**(441.0)**	**5,906.6**	**6,036.8**	**196.3**	**6,233.1**
Profit for the financial year	-	-	-	-	-	-	168.1	168.1	4.3	172.4
Actuarial loss on defined benefit obligation	-	-	-	-	-	-	(15.2)	(15.2)	-	(15.2)
Exchange differences on translation of foreign operations	-	-	-	-	89.7	-	-	89.7	(1.5)	88.2
Share of other comprehensive loss of associates	-	-	-	(3.8)	(17.1)	-	-	(20.9)	-	(20.9)
Total comprehensive (loss)/income	**-**	**-**	**-**	**(3.8)**	**72.6**	**-**	**152.9**	**221.7**	**2.8**	**224.5**
Transactions with owners										
Exercise of share options	0.9	36.8	(8.5)	-	-	-	-	29.2	-	29.2
Repurchase of shares (Note 31.2)	-	-	-	-	-	(179.2)	-	(179.2)	-	(179.2)
Liquidation of a subsidiary (Note 36.1)	-	-	(0.1)	-	-	-	-	(0.1)	-	(0.1)
Dividends paid in respect of current financial year (Note 15)	-	-	-	-	-	-	(286.3)	(286.3)	-	(286.3)
Dividends paid in respect of previous financial year (Note 15)	-	-	-	-	-	-	(763.0)	(763.0)	-	(763.0)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(9.8)	(9.8)
As at 30 June 2015	**645.9**	**64.4**	**105.1**	**(3.8)**	**(142.5)**	**(620.2)**	**5,010.2**	**5,059.1**	**189.3**	**5,248.4**

The notes on pages 118 to 255 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

For The Financial Year Ended 30 June 2015

In RM million	Share capital	Share premium (Non-distributable)	Capital reserves (Non-distributable)	Treasury shares (Non-distributable)	Retained earnings (Distributable)	Total equity
Company						
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 11 (b))	-	-	0.4	-	-	0.4
Exercise of share options	1.6	68.5	(13.9)	-	-	56.2
Repurchase of shares (Note 31.2)	-	-	-	(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
As at 1 July 2014	**645.0**	**27.6**	**105.9**	**(441.0)**	**5,404.9**	**5,742.4**
Profit for the financial year	**-**	**-**	**-**	**-**	**407.4**	**407.4**
Total comprehensive income	**-**	**-**	**-**	**-**	**407.4**	**407.4**
Transactions with owners						
Exercise of share options	**0.9**	**36.8**	**(8.5)**	**-**	**-**	**29.2**
Repurchase of shares (Note 31.2)	**-**	**-**	**-**	**(179.2)**	**-**	**(179.2)**
Dividends paid in respect of current financial year (Note 15)	**-**	**-**	**-**	**-**	**(286.3)**	**(286.3)**
Dividends paid in respect of previous financial year (Note 15)	**-**	**-**	**-**	**-**	**(763.0)**	**(763.0)**
As at 30 June 2015	**645.9**	**64.4**	**97.4**	**(620.2)**	**4,763.0**	**4,950.5**

The notes on pages 118 to 255 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 30 June 2015

In RM million	Note	Group 2015	Group 2014	Company 2015	Company 2014
Cash Flows From Operating Activities					
Profit before taxation					
From continuing operations		**457.0**	1,670.8	**397.0**	2,240.2
From discontinued operations		**-**	2,252.7	**-**	7,562.0
		457.0	3,923.5	**397.0**	9,802.2
Adjustments for:					
Net foreign currency translation loss on foreign currency denominated borrowings		**735.3**	22.0	**87.5**	25.6
Finance costs		**281.6**	276.1	**176.8**	204.6
Depreciation of property, plant and equipment	16	**232.3**	224.0	**0.5**	2.5
Net fair value loss/(gain) on derivative financial instruments		**110.8**	(61.9)	**-**	-
Net unrealised foreign currency translation loss/(gain)		**26.5**	52.2	**71.4**	(19.1)
Retirement benefits expenses	34.1	**13.8**	21.0	**-**	-
Net fair value loss/(gain) on other investments		**11.8**	(14.5)	**0.3**	(3.1)
Loss on repayment of term loan		**8.1**	-	**6.0**	-
Net inventories written down to net realisable values		**6.4**	8.8	**-**	-
Share of results of joint ventures		**5.8**	(30.2)	**-**	-
Property, plant and equipment written off	16	**3.1**	4.8	**-**	-
Amortisation of prepaid lease payments	17	**2.9**	2.8	**-**	-
Loss arising from acquisition of interest in an associate		**1.8**	4.6	**-**	-
Impairment losses on receivables		**0.6**	1.0	**-**	-
Gain on liquidation of a subsidiary	36.1	**(0.1)**	-	**-**	-
Gain on disposal of investment properties		**(0.3)**	-	**-**	-
Net gain on disposal of property, plant and equipment		**(0.5)**	(4.4)	**(0.1)**	-
Net fair value gain on investment properties	18	**(0.7)**	(1.0)	**-**	-
Impairment losses on receivables written back		**(1.2)**	(1.8)	**-**	-
Dividend income from other investments		**(2.5)**	(3.6)	**(0.1)**	(0.1)
Interest income		**(13.4)**	(35.8)	**(66.2)**	(99.5)
Gain on disposal of land from compulsory acquisition		**(43.2)**	-	**(1.8)**	-
Dividend income from short term funds		**(79.5)**	(58.1)	**-**	-
Share of results of associates		**(119.1)**	(129.3)	**-**	-
Loss on repurchase of Guaranteed Notes		**-**	2.8	**-**	-
Bad debts written off		**-**	0.9	**-**	-
Share option expenses	11(b)	**-**	0.4	**-**	0.4
Net gain on disposal of land held for property development		**-**	(1.0)	**-**	-
Gain arising from the Demerger Exercise	13.1	**-**	(1,887.2)	**-**	(5,690.2)
Dividend income from associates		**-**	-	**(3.0)**	(2.3)
Waiver of debt by a subsidiary		**-**	-	**(76.2)**	-
Dividend income from subsidiaries		**-**	-	**(857.9)**	(2,517.6)
Fair value loss on amounts due to subsidiaries		**-**	-	**-**	2.8
Gain arising from the Internal Restructuring	13.2	**-**	-	**-**	(1,766.8)
Operating profit/(loss) before working capital changes		**1,637.3**	2,316.1	**(265.8)**	(60.6)

The notes on pages 118 to 255 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS (Cont'd)

For The Financial Year Ended 30 June 2015

In RM million	Note	Group 2015	Group 2014	Company 2015	Company 2014
Cash Flows From Operating Activities (Continued)					
Operating profit/(loss) before working capital changes		**1,637.3**	2,316.1	**(265.8)**	(60.6)
Decrease/(increase) in trade receivables		**142.9**	(189.9)	**-**	0.2
Increase/(decrease) in other payables and accruals		**46.9**	181.7	**(107.5)**	54.1
Decrease/(increase) in inventories		**20.9**	(298.5)	**-**	13.8
Increase/(decrease) in trade payables		**7.5**	206.7	**-**	(9.3)
(Increase)/decrease in other receivables, deposits and prepayments		**(75.0)**	7.3	**1.4**	4.5
Increase in property development costs		**-**	(73.3)	**-**	-
Cash generated from/(used in) operations		**1,780.5**	2,150.1	**(371.9)**	2.7
Tax refunded		**1.9**	40.0	**-**	21.1
Retirement benefits paid	34.1	**(2.1)**	(1.1)	**-**	-
Retirement benefits contributed	34.1	**(36.4)**	(28.8)	**-**	-
Tax paid		**(386.4)**	(491.0)	**(14.3)**	(0.8)
Net cash from/(used in) operating activities		**1,357.5**	1,669.2	**(386.2)**	23.0
Cash Flows From Investing Activities					
Dividends received from short term funds		**79.5**	58.1	**-**	-
Dividends received from associates		**52.8**	54.5	**3.0**	2.3
Proceeds from disposal of land from compulsory acquisition		**46.8**	-	**2.1**	-
Advances from associates		**14.0**	18.1	**-**	-
Interest received		**13.6**	22.7	**1.3**	3.2
Dividends received from other investments		**2.5**	3.6	**0.1**	0.1
Proceeds from disposal of property, plant and equipment		**2.2**	6.3	**0.1**	930.3
Proceeds from disposal of investment properties		**1.6**	-	**-**	-
Additions to prepaid lease payments		**(5.0)**	(4.8)	**-**	-
Advances to joint ventures		**(8.0)**	(31.8)	**(8.0)**	(16.0)
Addition to associates		**(8.6)**	(6.3)	**-**	-
Additions to other investments		**(38.0)**	(62.1)	**-**	-
Additions to property, plant and equipment		**(456.5)**	(329.4)	**(1.3)**	(4.2)
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	**-**	-
Proceeds from disposal of land held for property development		**-**	11.9	**-**	-
Proceeds from disposal of other investments		**-**	7.9	**-**	5.1
Acquisitions of additional interest in subsidiaries		**-**	(2.6)	**-**	-
Investments in joint ventures		**-**	(22.9)	**-**	(9.0)
Deposits paid for the purchase of land		**-**	(25.9)	**-**	-

The notes on pages 118 to 255 form an integral part of the financial statements.

In RM million	Note	Group 2015	Group 2014	Company 2015	Company 2014
Cash Flows From Investing Activities (Continued)					
Additions to investment properties		**-**	(125.1)	**-**	-
Additions to land held for property development		**-**	(491.5)	**-**	-
Acquisition of subsidiaries, net of cash and cash equivalents acquired	36.2	**-**	(1,000.4)	**-**	-
Advances from/(to) subsidiaries		**-**	-	**1,242.9**	(1,815.2)
Dividends received from subsidiaries		**-**	-	**857.9**	2,512.6
Investment in subsidiaries	20.1	**-**	-	**(128.3)**	(3,123.8)
Proceeds from disposal of shares in subsidiaries		**-**	-	**-**	869.4
Net cash (used in)/from investing activities		**(303.1)**	287.6	**1,969.8**	1,229.5
Cash Flows From Financing Activities					
Drawdown of term loans		**2,229.9**	-	**1,618.7**	-
Proceeds from short term borrowings		**373.3**	215.0	**258.7**	-
Proceeds from issuance of shares		**29.2**	56.2	**29.2**	56.2
Dividends paid to non-controlling interests		**(9.8)**	(12.3)	**-**	-
Repurchase of shares	31.2	**(179.2)**	(205.3)	**(179.2)**	(205.3)
Finance costs paid		**(314.1)**	(294.7)	**(53.8)**	(60.6)
Dividends paid	15	**(1,049.3)**	(1,051.1)	**(1,049.3)**	(1,051.1)
Redemption of Guaranteed Notes		**(1,607.1)**	-	**-**	-
Repayments of term loans		**(2,729.0)**	(28.7)	**(2,117.8)**	-
Proceeds from issuance of preference shares to non-controlling interests		**-**	1.0	**-**	-
Repurchase of Guaranteed Notes		**-**	(79.4)	**-**	-
Net cash used in financing activities		**(3,256.1)**	(1,399.3)	**(1,493.5)**	(1,260.8)
Net (decrease)/increase in cash and cash equivalents		**(2,201.7)**	557.5	**90.1**	(8.3)
Cash and cash equivalents at beginning of financial year		**3,987.7**	3,410.6	**39.8**	48.1
Effect of exchange rate changes		**2.5**	19.6	**-**	-
Cash and cash equivalents at end of financial year	37	**1,788.5**	3,987.7	**129.9**	39.8

The notes on pages 118 to 255 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries, associates and joint ventures are set out in Note 43 to the financial statements.

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the provisions of the Companies Act, 1965 in Malaysia. However, Note 45 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
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 132 *Offsetting Financial Assets and Financial Liabilities*	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

There is no material impact upon adoption of the above Amendments to FRSs and IC Interpretations during the current financial year.

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

Title	Effective Date
Amendments to FRS 127 *Equity method in Separate Financial Statements*	1 January 2016
FRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 116 and FRS 138 *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
Annual Improvements to FRSs 2012 - 2014 Cycle	1 January 2016
Amendments to FRS 10, FRS 12, FRS 128 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to FRS 10 and FRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Amendments to FRS 101 *Disclosure Initiative*	1 January 2016
FRS 9 *Financial Instruments* (IFRS 9 *Financial Instruments issued by IASB in July 2014*)	1 January 2018

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

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

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 adoption of the MFRS Framework for transitioning entities (i.e. entities affected by MFRS 141 *Agriculture* and/or IC Interpretation 15 *Agreements for Construction of Real Estate*) for annual periods beginning on or after 1 January 2017. 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*

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 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*

Amendments to MFRS 10, MFRS12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*

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 101 *Disclosure Initiative*

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 127 *Equity method in Separate Financial Statements*

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

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

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):

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*
Annual Improvements to MFRSs 2009 - 2011 Cycle
Annual Improvements to MFRSs 2010 - 2012 Cycle
Annual Improvements to MFRSs 2011 - 2013 Cycle
Annual Improvements to MFRSs 2012 - 2014 Cycle
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*

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 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.

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

MFRS 141 *Agriculture* prescribes the accounting treatment, financial statements presentation, and disclosures related to most agricultural activity. It requires measurement at fair value less costs to sell from initial recognition of biological assets, except for bearer plants, up to the point of harvest, other than when fair value cannot be measured reliably 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.

Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants issued in June 2014* amended the scope of MFRS 116 *Property, Plant and Equipment* to include bearer plants related to agricultural activity, whilst MFRS 141 applies to the produce growing on those bearer plants. A bearer plant is defined as a living plant that is used in the production or supply of agriculture produce for more than one period and has a remote likelihood of being sold as agriculture produce, except for incidental scrap sales. Produce growing on bearer plants is a biological asset and shall be measured at fair value less cost to sell.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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 5.10 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 5.10 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 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 or more of the three 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 off 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 fair value 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 the 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 or more parties have joint control. The parties are bound by a contractual arrangement which gives two 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
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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.7 Investment Properties (Continued)

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.

5.8 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.

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

5.9 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.

5.10 Goodwill

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

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.11 Impairment of Non-financial Assets

The carrying amounts of assets, other than inventories, deferred tax assets, assets arising from employee benefits, investment properties, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.12 Financial Instruments

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

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.

5.12.1 Financial assets

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

i. Financial assets at fair value through profit or loss

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

Subsequent to initial recognition, financial assets classified as 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.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.12 Financial Instruments (Continued)

5.12.1 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.12 Financial Instruments (Continued)

5.12.2 Financial liabilities

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

i. Financial liabilities at fair value through profit or loss

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

Subsequent to initial recognition, financial liabilities classified as 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.

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

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.12 Financial Instruments (Continued)

5.12.2 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.

5.12.3 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.12 Financial Instruments (Continued)

5.12.4 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.

5.13 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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.14 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.

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.

5.15 Contingent Liabilities and Contingent Assets

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

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

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair values at the acquisition dates.

5.16 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.

5.16.1 Commodities, other products and services

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

5.16.2 Dividend income

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

5.16.3 Rental income

Rental income from investment properties is recognised based on the accruals basis.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.16 Revenue Recognition (Continued)

5.16.4 Interest income

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

5.16.5 Management fees

Management fees are recognised when services are rendered.

5.17 Employee Benefits

5.17.1 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.

5.17.2 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 or more factors such as age and years of service.

5.17.2.1 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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.17 Employee Benefits (Continued)

5.17.2 Retirement benefits (Continued)

5.17.2.2 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.

Remeasurement 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. Remeasurements 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.17 Employee Benefits (Continued)

5.17.3 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.

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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.18 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.

5.18.1 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.

5.18.2 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.19 Non-current Assets (or Disposal Groups) Held For Sale/Held For Distribution to owners and discontinued operations

5.19.1 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 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.

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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.19 Non-current Assets (or Disposal Groups) Held For Sale/Held For Distribution to owners and discontinued operations (Continued)

5.19.2 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.

5.20 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.

5.21 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

5.21 Operating Segments (Continued)

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.

5.22 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.

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	2015	2014	2015	2014
Sales of plantation produce and related products	**185.8**	260.4	**5.7**	8.8
Resource-based manufacturing	**11,337.8**	11,584.9	**-**	-
Dividends income	**82.0**	59.8	**861.0**	2,500.1
Others	**15.4**	5.5	**-**	-
	11,621.0	11,910.6	**866.7**	2,508.9

7. OTHER OPERATING INCOME

	Group		Company	
In RM million	2015	2014	2015	2014
Fair value gain of investment properties	**0.7**	1.0	**-**	-
Fair value gain on derivative financial instruments	**31.8**	129.5	**-**	-
Fair value gain on other investments	**0.2**	15.9	**-**	3.1
Fair value gain on short term funds	**6.8**	11.6	**-**	-
Waiver of debt by a subsidiary	**-**	-	**76.2**	-
Gain on disposal of land from compulsory acquisition	**43.2**	-	**1.8**	-
Gain on disposal of property, plant and equipment	**0.8**	4.4	**0.1**	-
Gain on disposal of investment properties	**0.3**	-	**-**	-
Gain on liquidation of a subsidiary	**0.1**	-	**-**	-
Realised fair value gain on derivative financial instruments	**189.8**	166.5	**-**	-
Foreign currency translation gain				
- Realised	**122.5**	44.2	**-**	-
- Unrealised	**198.1**	14.5	**61.3**	19.2
Others	**42.7**	27.6	**5.4**	0.3
	637.0	415.2	**144.8**	22.6

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. OTHER OPERATING EXPENSES

In RM million	Group 2015	Group 2014	Company 2015	Company 2014
Depreciation of property, plant and equipment	**70.3**	85.8	**0.5**	0.4
Fair value loss on derivative financial instruments	**142.6**	67.6	**-**	-
Fair value loss on other investments	**12.0**	1.4	**0.3**	-
Fair value loss on short term funds	**3.1**	0.3	**-**	-
Impairment losses on receivables	**0.6**	0.6	**-**	-
Loss on repayment on term loan	**8.1**	-	**6.0**	-
Loss on repurchase of Guaranteed Notes	**-**	2.8	**-**	-
Loss arising from acquisition of interest in an associate	**1.8**	4.6	**-**	-
Loss on disposal of property, plant and equipment	**0.3**	0.1	**-**	-
Property, plant and equipment written off	**3.1**	4.8	**-**	-
Realised fair value loss on derivative financial instruments	**279.9**	165.4	**-**	-
Foreign currency translation loss				
- Realised	**78.8**	88.9	**249.5**	1.3
- Unrealised	**224.6**	66.7	**132.7**	0.1
Rental expenses	**13.9**	11.6	**-**	-
Fair value loss on amounts due to subsidiaries	**-**	-	**-**	2.8
Replanting expenditure	**78.8**	56.8	**0.5**	0.5
Research and development expenses	**4.9**	9.0	**-**	-
Others	**27.1**	31.0	**6.8**	17.4
	949.9	597.4	**396.3**	22.5

9. INTEREST INCOME

In RM million	Group 2015	Group 2014	Company 2015	Company 2014
Short term deposits	**13.4**	18.7	**0.9**	3.1
Subsidiaries	**-**	-	**65.3**	78.0
Discontinued operations	**-**	28.8	**-**	8.8
Others	**-**	0.3	**-**	0.2
	13.4	47.8	**66.2**	90.1

10. FINANCE COSTS

In RM million	Group 2015	Group 2014	Company 2015	Company 2014
Interest expenses				
Term loans	**96.4**	111.8	**46.4**	60.6
Guaranteed Notes	**62.4**	84.6	**-**	-
Notes	**93.3**	85.2	**-**	-
Short term loans	**6.3**	5.1	**-**	-
Subsidiaries	**-**	-	**121.1**	122.6
Associates	**5.7**	-	**-**	-
Discontinued operations	**-**	0.3	**-**	8.7
Others	**6.4**	3.0	**1.9**	1.9
	270.5	290.0	**169.4**	193.8
Profit payment on Islamic financing	**11.3**	-	**7.4**	-
Total finance costs	**281.8**	290.0	**176.8**	193.8
Less: Interest capitalised (Note 16)	**(0.2)**	(7.6)	**-**	-
Net finance costs	**281.6**	282.4	**176.8**	193.8

11. PROFIT BEFORE TAXATION

In RM million	Group 2015	Group 2014	Company 2015	Company 2014
a) Other than those disclosed in Note 7 and Note 8, profit before taxation has been arrived at after charging:				
Amortisation of prepaid lease payments (Note 17)	**2.9**	2.8	**-**	-
Auditors' remuneration				
BDO and affiliates				
Statutory audit	**1.1**	0.9	**0.1**	0.1
Non-statutory audit				
– tax compliance and advisory services	**0.3**	0.3	**-**	-
Member firms of BDO International				
Statutory audit	**1.2**	1.1	**-**	-
Non-statutory audit				
– tax compliance and advisory services	**-**	0.4	**-**	-
Other auditors				
Statutory audit	**0.5**	0.7	**-**	-
Depreciation of property, plant and equipment	**232.3**	224.0	**0.5**	0.5
Retirement benefits expenses (Note 34.1)	**13.8**	21.0	**-**	-
Net foreign currency translation loss on foreign currency denominated borrowings	**735.3**	22.0	**87.5**	25.6
Hire of plant and machinery	**9.5**	8.3	**-**	-
Inventories written down to net realisable values	**10.7**	12.5	**-**	-
Lease of land	**1.6**	1.5	**-**	-
Rental of premises	**2.9**	1.7	**-**	-
Research and development expenses	**13.6**	9.0	**-**	-
Share option expenses (Note 11(b))	**-**	0.4	**-**	0.4

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

11. PROFIT BEFORE TAXATION (Continued)

In RM million	Group 2015	Group 2014	Company 2015	Company 2014
and crediting:				
Reversal of inventories written down to net realisable values	**4.3**	3.7	**-**	-
Gross dividends received from:				
– short term funds quoted in Malaysia	**79.5**	56.2	**-**	-
– other quoted investments in Malaysia	**1.7**	1.3	**0.1**	0.1
– other unquoted investments in Malaysia	**0.8**	2.3	**-**	-
– unquoted subsidiaries	**-**	-	**857.9**	2,497.7
– unquoted associates	**-**	-	**3.0**	2.3
Impairment losses on receivables written back	**1.2**	0.2	**-**	-
Rental income from:				
– investment properties	**0.4**	0.3	**-**	-
– plant and machinery	**0.1**	3.6	**-**	-
– others	**1.6**	2.1	**-**	-

Cost of inventories of the Group recognised as an expense during the financial year amounted to RM4,548.4 million (2014 - RM5,121.0 million).

b) Employee information

The employee benefits costs are as follows:

In RM million	Group 2015	Group 2014	Company 2015	Company 2014
Wages, salaries and others	**809.8**	853.7	**12.5**	110.2
Post employment benefits	**25.9**	32.9	**1.5**	13.2
Retirement benefits expenses (Note 34.1)	**13.8**	21.0	**-**	-
Share option expenses	**-**	0.4	**-**	0.4
	849.5	908.0	**14.0**	123.8

12. TAXATION

In RM million	Group 2015	Group 2014	Company 2015	Company 2014
Current year				
Malaysian income taxation	**307.5**	348.8	**7.2**	2.8
Foreign taxation	**27.1**	49.8	**-**	-
Deferred taxation	**(20.5)**	11.2	**-**	-
	314.1	409.8	**7.2**	2.8
Prior years				
Malaysian income taxation	**(19.8)**	(22.2)	**(17.6)**	-
Foreign taxation	**(0.3)**	18.7	**-**	-
Deferred taxation	**(9.4)**	2.1	**-**	-
	(29.5)	(1.4)	**(17.6)**	-
	284.6	408.4	**(10.4)**	2.8

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

%	Group 2015	Group 2014	Company 2015	Company 2014
Applicable tax rate	**25.00**	25.00	**25.00**	25.00
Tax effects in respect of:				
Non allowable expenses	**87.25**	8.02	**37.85**	3.55
Non-taxable income	**(32.70)**	(2.30)	**(7.16)**	(0.52)
Revenue expenses capitalised	**(0.04)**	(0.01)	**-**	-
Tax exempt income	**(2.76)**	(1.32)	**(54.23)**	(27.90)
Tax incentives and allowances	**(1.23)**	(0.36)	**-**	-
Utilisation of previously unrecognised tax losses and capital allowances	**(2.38)**	(3.07)	**-**	-
Deferred tax assets not recognised	**2.92**	-	**-**	-
Different tax rates in foreign jurisdiction	**1.07**	0.81	**-**	-
Share of post-tax results of associates	**(6.51)**	(1.91)	**-**	-
Share of post-tax results of joint venture	**0.32**	0.01	**-**	-
Effect of changes in tax rates on deferred tax	**(1.02)**	-	**-**	-
Other items	**(1.19)**	(0.35)	**0.37**	-
	68.73	24.52	**1.83**	0.13
Over provision in prior years	**(6.45)**	(0.08)	**(4.45)**	-
	62.28	24.44	**(2.62)**	0.13

The amount of tax savings arising from the utilisation of brought forward unutilised tax losses of the Group amounted to approximately RM10.9 million (2014 - RM51.2 million).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12. TAXATION (Continued)

Subject to agreement with the tax authorities, certain subsidiaries of the Group have unutilised tax losses of approximately RM63.0 million (2014 - RM53.0 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.

Malaysian income tax is calculated at the statutory rate of 25% (2014 - 25%) of the estimated assessable income for the year. The Malaysian income tax will reduce to 24% for year of assessment 2016, as announced in the 2015 Malaysian Budget. The computation of deferred tax as at 30 June 2015 has reflected these changes. 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 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 the 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.

13. DISCONTINUED OPERATIONS (Continued)

13.1 Demerger of property businesses (Continued)

Fair value of identifiable assets and liabilities demerged

In RM million	Group 2014
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

In RM million	Group 2014
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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. DISCONTINUED OPERATIONS (Continued)

13.3 Results of discontinued operations

The results of the discontinued operations during the previous financial year were as follows:

In RM million	Note	Group 2014	Company 2014
Revenue	13.3.1	768.1	171.8
Cost of sales		(341.0)	(59.7)
Gross profit		427.1	112.1
Other operating income		10.6	10.1
Marketing and selling expenses		(28.7)	(0.2)
Administration expenses		(42.3)	(5.5)
Other operating expenses		(28.0)	(10.2)
Operating profit from discontinued operations	13.3.2	338.7	106.3
Share of result of associate		1.5	-
Share of result of joint ventures		31.0	-
Profit before interest and taxation		371.2	106.3
Interest income		17.1	18.2
Finance costs		(22.8)	(19.5)
Profit before taxation from discontinued operations		365.5	105.0
Taxation	13.3.3	(125.4)	5.6
		240.1	110.6
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	7,567.6

13.3.1 Revenue from discontinued operations

In RM million	Group 2014	Company 2014
Sales of plantation produce and related products	14.2	151.9
Sales of development properties	636.0	-
Rental income from investment properties	55.0	-
Rendering of services	61.0	-
Dividends income	1.9	19.9
	768.1	171.8

13. DISCONTINUED OPERATIONS (Continued)

13.3 Results of discontinued operations (Continued)

13.3.2 Operating profit from discontinued operations

In RM million	Group 2014	Company 2014
Operating profit from discontinued operations has been arrived at after charging:		
Auditors' remuneration		
BDO and affiliates		
Non-statutory audit		
– tax compliance and advisory services	1.0	1.0
– others	0.4	0.4
Bad debts written off	0.9	-
Depreciation of property, plant and equipment	-	2.0
Direct operating expenses of investment properties	13.9	-
Realised foreign currency translation loss	1.5	-
Replanting expenditure	-	5.7
Research and development expenses	-	0.8
Impairment losses on receivables	0.4	-
Loss on disposal of land held for property development	0.6	-
Rental of premises	0.1	-
and crediting:		
Fair value gain on short term funds	0.3	-
Gain on disposal of land held for property development	1.6	-
Gain on disposal of property, plant and equipment	0.1	-
Impairment losses on receivables written back	1.6	-
Management fee	-	7.5
Gross dividends received from:		
– short term funds quoted in Malaysia	1.9	-
– unquoted subsidiaries	-	19.9
Rental income from:		
– investment properties	55.0	-
– rendering of services	4.3	-
– others	0.6	0.1
Realised foreign currency translation gain	1.1	0.4

Cost of inventories of the Company recognised as an expense during the previous financial year amounted to RM9.6 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

In RM million	Group 2014	Company 2014
Current year		
Malaysian income taxation	68.7	0.8
Foreign taxation	9.8	-
Deferred taxation	38.6	(6.4)
	117.1	(5.6)
Prior years		
Malaysian income taxation	8.4	-
Deferred taxation	(0.1)	-
	8.3	-
	125.4	(5.6)

13.3.4 Cash flows attributable to discontinued operations

In RM million	Group 2014	Company 2014
Net cash from/(used in) operating activities	417.0	(19.9)
Net cash (used in)/from investing activities	(783.4)	19.9
Net cash from financing activities	596.6	-
	230.2	-

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	
	2015	**2014**
In RM million		
Profit for the financial year attributable to owners of the parent		
From continuing operations	**168.1**	1,254.6
From discontinued operations	**-**	2,118.4
	168.1	3,373.0
In million		
Weighted average number of ordinary shares of RM0.10 each in issue after deducting the treasury shares	**6,357.7**	6,373.2
In sen		
Basic earnings per ordinary share		
From continuing operations	**2.64**	19.69
From discontinued operations	**-**	33.24
	2.64	52.93

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	
	2015	**2014**
In RM million		
Profit for the financial year attributable to owners of the parent		
From continuing operations	**168.1**	1,254.6
From discontinued operations	**-**	2,118.4
	168.1	3,373.0

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

	Group	
	2015	**2014**
In million		
Weighted average number of ordinary shares in issue after deducting the treasury shares	**6,357.7**	6,373.2
Adjustments for share option granted to executives of the Group	**6.1**	15.1
Adjusted weighted average number of ordinary shares for diluted earnings per ordinary share	**6,363.8**	6,388.3
In sen		
Diluted earnings per ordinary share		
From continuing operations	**2.64**	19.64
From discontinued operations	**-**	33.16
	2.64	52.80

15. DIVIDENDS

	Group and Company	
In RM million	**2015**	**2014**
Second interim single tier dividend in respect of financial year ended 30 June 2014 declared and paid of 12.0 sen per ordinary share	**763.0**	-
First interim single tier dividend in respect of financial year ended 30 June 2015 declared and paid of 4.5 sen per ordinary share	**286.3**	-
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
	1,049.3	1,051.1

15. DIVIDENDS (Continued)

The Directors declared a second interim single tier dividend of 4.5 sen per ordinary share, amounting to RM284.5 million in respect of the financial year ended 30 June 2015. The dividend is payable on 18 September 2015 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 10 September 2015.

No final dividend has been recommended for the financial year ended 30 June 2015.

16. PROPERTY, PLANT AND EQUIPMENT

Group
2015

In RM million	At beginning of financial year	Additions	Disposals	Foreign currency translation differences	Write-offs	Reclassifications	At end of financial year
At cost							
Freehold land	497.9	1.8	(2.3)	1.4	-	-	498.8
Leasehold land	1,207.4	57.6	-	0.1	-	-	1,265.1
Plantation development expenditure	2,609.5	65.6	(1.3)	8.6	-	-	2,682.4
Buildings and improvements	1,503.2	30.6	(0.2)	0.4	(2.5)	11.6	1,543.1
Plant and machinery	3,150.3	107.3	(10.1)	30.8	(9.4)	52.2	3,321.1
Motor vehicles	75.5	7.9	(2.0)	0.1	(2.4)	0.5	79.6
Furniture, fittings and equipment	175.6	11.9	-	(1.1)	(2.6)	1.9	185.7
Construction in progress	148.8	174.0	-	0.7	(1.1)	(66.2)	256.2
	9,368.2	456.7	(15.9)	41.0	(18.0)	-	9,832.0

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	159.1	14.6	-	0.2	-	173.9
Buildings and improvements	582.4	51.2	(0.1)	1.7	(1.5)	633.7
Plant and machinery	2,026.2	149.7	(8.8)	16.6	(8.6)	2,175.1
Motor vehicles	54.6	5.6	(1.7)	-	(2.2)	56.3
Furniture, fittings and equipment	135.9	11.2	-	(1.3)	(2.6)	143.2
	2,958.2	232.3	(10.6)	17.2	(14.9)	3,182.2

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company
2015

In RM million	At beginning of financial year	Additions	Disposals	At end of financial year
At cost				
Freehold land	41.3	-	(0.2)	41.1
Plantation development expenditure	19.0	0.5	(0.1)	19.4
Motor vehicles	2.6	0.8	(0.4)	3.0
Furniture, fittings and equipment	1.2	-	-	1.2
	64.1	1.3	(0.7)	64.7

In RM million	At beginning of financial year	Current year depreciation charge	Disposals	At end of financial year
Accumulated depreciation				
Motor vehicles	1.2	0.5	(0.4)	1.3
Furniture, fittings and equipment	1.2	-	-	1.2
	2.4	0.5	(0.4)	2.5

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

In RM million	Group 2015	Group 2014	Company 2015	Company 2014
Carrying amount				
Freehold land	**498.8**	497.9	**41.1**	41.3
Leasehold land	**1,091.2**	1,048.3	**-**	-
Plantation development expenditure	**2,682.4**	2,609.5	**19.4**	19.0
Buildings and improvements	**909.4**	920.8	**-**	-
Plant and machinery	**1,146.0**	1,124.1	**-**	-
Motor vehicles	**23.3**	20.9	**1.7**	1.4
Furniture, fittings and equipment	**42.5**	39.7	**-**	-
Construction in progress	**256.2**	148.8	**-**	-
	6,649.8	6,410.0	**62.2**	61.7

Included in the Group's plantation development expenditure is an amount of interest expense capitalised during the financial year amounting to RM0.2 million (2014 – RM7.6 million).

Interest is capitalised at 4.50% (2014 – 4.50% to 5.24%) 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 2015	Group 2014	Company 2015	Company 2014
Additions to property, plant and equipment	**456.7**	290.3	**1.3**	4.2
Interest capitalised	**(0.2)**	(7.6)	**-**	-
Cash payments on purchase of property, plant and equipment	**456.5**	282.7	**1.3**	4.2

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

17. PREPAID LEASE PAYMENTS

In RM million	Long term leasehold land	Short term leasehold land	Total
Group			
2015			
At cost			
At beginning of financial year	**64.2**	**4.4**	**68.6**
Additions	**3.4**	**1.6**	**5.0**
Exchange difference	**-**	**0.3**	**0.3**
At end of financial year	**67.6**	**6.3**	**73.9**
Accumulated amortisation			
At beginning of financial year	**(38.1)**	**(0.4)**	**(38.5)**
Current year amortisation	**(2.9)**	**-**	**(2.9)**
At end of financial year	**(41.0)**	**(0.4)**	**(41.4)**
Carrying amount			
At end of financial year	**26.6**	**5.9**	**32.5**
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

18. INVESTMENT PROPERTIES

In RM million	At beginning of financial year	Fair value adjustments	Disposals	At end of financial year
Group				
2015				
At fair value				
Freehold land and buildings	**8.3**	**0.7**	**(1.3)**	**7.7**
	8.3	**0.7**	**(1.3)**	**7.7**
2014				
At fair value				
Freehold land and buildings	7.3	1.0	-	8.3
	7.3	1.0	-	8.3

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19. GOODWILL ON CONSOLIDATION

	Group	
In RM million	2015	2014
At beginning of financial year	**458.4**	429.0
Acquisition of subsidiaries (Note 36.2.1)	**-**	35.5
Discontinued operations	**-**	(6.1)
At end of financial year	**458.4**	458.4

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.

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	2015	2014
Plantation	**128.5**	128.5
Resource-based manufacturing	**329.9**	329.9
	458.4	458.4

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 7.52% (2014 – 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

In RM million	Company 2015	Company 2014
At cost		
Unquoted shares in Malaysia	**6,690.3**	6,604.8
Unquoted shares outside Malaysia	**999.7**	958.2
	7,690.0	7,563.0
Less: Accumulated impairment losses	**(4.3)**	(5.6)
	7,685.7	7,557.4

Details of the subsidiaries are set out in Note 43 to the financial statements.

2015

During the financial year, the Company subscribed for shares in the following subsidiaries:

Company	Type of shares	No. of shares	Amount *RM million*
IOI Bio-Energy Sdn Bhd	Ordinary share of RM1.00 each at par value	2,342,000	2.3
	Redeemable non-cumulative preference shares of RM0.10 each at a premium of RM0.90 per share	22,500,000	22.5
Morisem Consolidated Sdn Bhd	Ordinary share of RM1.00 each at par value	3,500,000	3.5
	Redeemable non-cumulative preference shares of RM0.10 each at a premium of RM0.90 per share	28,500,000	28.5
IOI Lipid Enzymtec Sdn Bhd	Redeemable non-cumulative preference shares of RM0.10 each at a premium of RM0.90 per share	30,000,000	30.0
IOI Edible Oils (HK) Limited	Redeemable preference shares of HK$1.00 each at par value	90,713,870	41.5

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)

2014

During the previous 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 the 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.

20. SUBSIDIARIES (Continued)

20.1 Investments in subsidiaries (Continued)

20.1.2 Internal Restructuring

The Company acquired or disposed off 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 which were settled by way of cash of RM261.7 million and the balance of RM174.4 million by the issuance of the following shares in Morisem:

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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 which were settled by way of cash of RM712.9 million and the balance of RM349.8 million by the issuance of following shares in IOI Plantation:

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 had 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 36.2 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.

20. SUBSIDIARIES (Continued)

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 5.25% (2014 - 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. adopt 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 2015.

21. ASSOCIATES

21.1 Investments in associates

	Group		Company	
In RM million	**2015**	**2014**	**2015**	**2014**
At cost				
Shares quoted outside Malaysia	**423.3**	420.7	**-**	-
Unquoted shares in Malaysia	**48.0**	42.0	**20.4**	20.4
Negative goodwill recognised in prior years	**34.4**	34.4	**-**	-
	505.7	497.1	**20.4**	20.4
Share of post acquisition results and reserves	**433.4**	389.8	**-**	-
	939.1	886.9	**20.4**	20.4
At Market Value				
Shares quoted outside Malaysia	**1,531.3**	1,706.1	**-**	-

Details of the associates are set out in Note 43 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

21. ASSOCIATES (Continued)

21.2 Material associates and summary of financial information

The Group regards Bumitama Agri Ltd ("Bumitama") as a material associate. The summary of financial information of Bumitama for the year ended 31 March 2015 is summarised as follows:

	Bumitama	
In RM million	2015	2014
Assets and liabilities		
Current assets	**742.5**	856.6
Non-current assets	**3,289.4**	2,669.5
Total assets	**4,031.9**	3,526.1
Current liabilities	**953.6**	438.7
Non-current liabilities	**1,219.9**	1,411.4
Total liabilities	**(2,173.5)**	(1,850.1)
Net assets	**1,858.4**	1,676.0
Non-controlling interests	**(154.8)**	(130.2)
Net assets attributable to shareholders of Bumitama	**1,703.6**	1,545.8
Results		
Revenue	**1,623.3**	1,475.6
Profit for the financial year	**282.9**	327.2
Other comprehensive (loss)/income	**(66.7)**	21.3
Total comprehensive income	**216.2**	348.5

The information above represents the amounts in the financial statements of Bumitama and do not reflect the Group's proportionate share in those amounts.

The reconciliation of the above summarised financial information to the carrying amount of the Group's interest in Bumitama is as follows:

In RM million	2015	2014
Net assets attributable to shareholders of Bumitama	**1,703.6**	1,545.8
Proportion of ownership interest held by the Group	**31.41%**	31.35%
Group's share of net assets	**535.1**	484.7
Goodwill	**168.7**	168.7
Carrying value of Group's interest in Bumitama	**703.8**	653.4

Dividends received from Bumitama during the financial year amounted to RM22.2 million (2014 – RM17.7 million).

21. ASSOCIATES (Continued)

21.2 Material associates and summary of financial information (Continued)

The summarised financial information based on the Group's interest in the individually immaterial associates in aggregate is as follows:

In RM million	Group 2015	Group 2014
Profit for the financial year	**29.7**	31.9
Other comprehensive income	**-**	-
Total comprehensive income	**29.7**	31.9
Carrying amount	**235.3**	233.5

21.3 Amounts due from and to associates

Amounts due from and to associates represent outstanding amounts arising from agency income, purchases, advances and payments made on behalf of or by associates, which are unsecured, bear interest at rates ranging from 0% to 5.25% per annum and payable upon demand in cash and cash equivalents.

22. JOINT VENTURE

22.1 Interests in a joint venture

In RM million	Group 2015	Group 2014	Company 2015	Company 2014
Unquoted shares, at cost	**18.0**	18.0	**18.0**	18.0
Share of post acquisition results and reserves	**(6.8)**	(1.0)	**-**	-
	11.2	17.0	**18.0**	18.0
Amounts due from a joint venture	**24.0**	16.0	**24.0**	16.0
	35.2	33.0	**42.0**	34.0

Details of the joint venture are set out in Note 43 to the financial statements.

The summary of financial information of this joint venture is as follows:

In RM million	Group 2015	Group 2014
Loss for the financial year	**(5.8)**	(0.8)
Other comprehensive income	**-**	-
Total comprehensive loss	**(5.8)**	(0.8)
Carrying amount	**35.2**	33.0

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

22. JOINT VENTURE (Continued)

22.2 Capital commitment of joint venture

In RM million	Group 2015	Group 2014
Authorised capital expenditure of joint venture		
Property, plant and equipment		
– Contracted	**-**	13.2
– Non contracted	**0.2**	-

23. DERIVATIVE FINANCIAL INSTRUMENTS

In RM million	Contract/ Notional amount Net (short)/long	Fair value Financial Assets	Fair value Financial Liabilities
Group			
2015			
Forward foreign exchange contracts	**(1,651.8)**	**14.1**	**105.2**
Commodity forward contracts	**(34.1)**	**25.5**	**11.2**
Commodity futures	**52.1**	**1.5**	**7.8**
Cross currency swap contracts	**1,024.4**	**138.7**	**-**
Interest rate swap contracts	**1,977.8**	**-**	**29.5**
Total derivative financial instruments	**1,368.4**	**179.8**	**153.7**
Less: Current portion		**(41.1)**	**(123.8)**
Non-current portion		**138.7**	**29.9**
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

23. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

In RM million	Contract/ Notional amount Net long	Fair value Financial Assets	Fair value Financial Liabilities
Company			
2015			
Interest rate swap contracts	**1,698.5**	**-**	**26.8**
Total derivative financial instruments	**1,698.5**	**-**	**26.8**
Less: Current portion		**-**	**-**
Non-current portion		**-**	**26.8**
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

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 losses of RM50.8 million (2014 - gains of RM49.3 million) and fair value gain of RM35.7 million (2014 - loss of RM9.7 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 40.6 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

24. DEFERRED TAXATION

	Group		Company	
In RM million	2015	2014	2015	2014
At beginning of financial year	**407.6**	341.1	**-**	6.4
Effect of adopting FRS 119	**-**	(5.0)	**-**	-
As restated	**407.6**	336.1	**-**	6.4
Recognised in profit or loss (Note 12)				
– Current year	**(20.5)**	11.2	**-**	(6.4)
– Prior years	**(9.4)**	2.1	**-**	-
	(29.9)	13.3	**-**	(6.4)
Recognised in other comprehensive income	**(1.7)**	(0.3)	**-**	-
Acquisition of subsidiaries	**-**	55.9	**-**	-
Foreign currency translation differences	**2.6**	2.6	**-**	-
At end of financial year	**378.6**	407.6	**-**	-

Presented after appropriate offsetting as follows:

	Group		Company	
In RM million	2015	2014	2015	2014
Deferred tax liabilities	**425.0**	451.4	**-**	-
Deferred tax assets	**(46.4)**	(43.8)	**-**	-
	378.6	407.6	**-**	-

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

In RM million	Group 2015	Group 2014	Company 2015	Company 2014
At beginning of financial year	**451.4**	398.4	**-**	6.4
Recognised in profit or loss				
Temporary differences on accelerated capital allowances	**(19.8)**	(12.1)	**-**	(6.4)
Temporary differences on amortisation of fair value adjustments on business combinations	**(1.4)**	(3.2)	**-**	-
Other temporary differences	**(3.9)**	8.1	**-**	-
Effect of changes in tax rates on deferred tax	**(5.2)**	-	**-**	-
	(30.3)	(7.2)	**-**	(6.4)
Acquisition of subsidiaries	**-**	57.3	**-**	-
Foreign currency translation differences	**3.9**	2.9	**-**	-
At end of financial year	**425.0**	451.4	**-**	-

Deferred tax assets

In RM million	Group 2015	Group 2014
At beginning of financial year	**43.8**	57.3
Effect of adopting FRS119	**-**	5.0
As restated	**43.8**	62.3
Recognised in profit or loss		
Temporary differences on unutilised tax losses	**(8.2)**	(14.1)
Temporary differences on unabsorbed capital allowances	**(2.7)**	(3.1)
Retirement benefit obligation	**-**	(3.0)
Unrealised profits on inventories	**2.6**	2.5
Other deductible temporary differences	**8.4**	(2.8)
Effect of changes in tax rates on deferred tax	**(0.5)**	-
	(0.4)	(20.5)
Recognised in other comprehensive income	**1.7**	0.3
Acquisition of subsidiaries	**-**	1.4
Foreign currency translation differences	**1.3**	0.3
At end of financial year	**46.4**	43.8

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

	Group	
In RM million	2015	2014
Temporary differences on accelerated capital allowances	**281.7**	295.1
Temporary differences on prepaid lease rental	**3.1**	3.3
Temporary differences on amortisation of fair value adjustments on business combinations	**124.8**	138.3
Other taxable temporary differences	**15.4**	14.7
	425.0	451.4

Deferred tax assets

	Group	
In RM million	2015	2014
Unutilised tax losses	**3.3**	11.6
Unabsorbed capital allowances	**6.2**	8.6
Retirement benefit obligations	**2.4**	7.3
Unrealised profits on inventories	**12.5**	10.5
Other deductible temporary differences	**22.0**	5.8
	46.4	43.8

The amount of temporary differences for which no deferred tax asset has been recognised in the statement of financial position is as follow:

	Group	
In RM million	2015	2014
Unutilised tax losses	**63.0**	53.0

Deferred tax asset of certain subsidiaries has not been recognised in respect of this item as it is not probable that taxable income of the subsidiaries will be available against which the deductible temporary differences can be utilised.

25. INVENTORIES

In RM million	Group 2015	Group 2014
At cost		
Plantation produce	**51.9**	44.3
Raw materials and consumables	**1,046.2**	992.8
Nursery inventories	**26.6**	37.7
Trading inventories	**34.8**	13.7
Finished goods	**475.3**	445.8
Semi-finished goods	**253.3**	221.5
Others	**3.3**	2.4
	1,891.4	1,758.2
At net realisable value		
Raw materials and consumables	**0.7**	136.2
Semi-finished goods	**30.4**	19.6
Finished goods	**160.6**	240.6
	191.7	396.4
	2,083.1	2,154.6

26. TRADE AND OTHER RECEIVABLES

In RM million	Group 2015	Group 2014	Company 2015	Company 2014
Trade receivables (Note 26.1)	**865.0**	972.7	**-**	-
Other receivables, deposits and prepayments (Note 26.2)	**197.4**	90.0	**15.4**	15.5
	1,062.4	1,062.7	**15.4**	15.5

26.1 Trade receivables

In RM million	Group 2015	Group 2014
Trade receivables	**875.9**	984.1
Less: Impairment losses	**(10.9)**	(11.4)
	865.0	972.7

i. The normal trade credit terms granted by the Group range from 7 to 120 days. They are recognised at their original invoiced amounts, which represent their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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	
In RM million	2015	2014
At beginning of financial year	**11.4**	11.3
Charge for the financial year	**0.6**	0.4
Written back	**(1.2)**	(0.2)
Foreign currency translation differences	**0.1**	(0.1)
At end of financial year	**10.9**	11.4

26.2 Other receivables, deposits and prepayments

	Group		Company	
In RM million	2015	2014	2015	2014
Other receivables	**129.9**	50.8	**0.3**	-
Less: Impairment losses	**(0.4)**	(0.4)	**-**	-
	129.5	50.4	**0.3**	-
Deposits	**21.5**	18.0	**15.0**	14.9
Prepayments	**46.4**	21.6	**0.1**	0.6
	197.4	90.0	**15.4**	15.5

i. The reconciliation of movements in the impairment losses of other receivables is as follows:

	Group	
In RM million	2015	2014
At beginning of financial year	**0.4**	0.1
Charge for the financial year	**-**	0.2
Foreign currency translation differences	**-**	0.1
At end of financial year	**0.4**	0.4

27. OTHER INVESTMENTS

In RM million	Group 2015	Group 2014	Company 2015	Company 2014
At fair value through profit or loss				
In Malaysia				
– Quoted shares	**98.1**	69.1	**4.2**	4.5
– Quoted warrants	**-**	2.0	**-**	-
– Unquoted shares	**6.7**	6.6	**-**	-
Outside Malaysia				
– Quoted shares	**2.4**	3.0	**-**	-
	107.2	80.7	**4.2**	4.5

28. SHORT TERM FUNDS

In RM million	Group 2015	Group 2014
At fair value through profit or loss		
Investments in fixed income trust funds in Malaysia	**1,088.9**	3,450.0

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

In RM million	Group 2015	Group 2014	Company 2015	Company 2014
Deposits with licensed banks	**221.4**	186.8	**17.0**	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30. SHARE CAPITAL

	2015		2014	
	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	**6,450,377,395**	**645.0**	6,434,491,295	643.4
Issue of shares arising from the exercise of ESOS				
At RM2.03 per ordinary share	**2,612,100**	**0.3**	982,200	0.1
At RM2.44 per ordinary share	**-**	**-**	5,384,800	0.5
At RM3.49 per ordinary share	**3,553,400**	**0.3**	1,047,500	0.1
At RM4.17 per ordinary share	**2,752,500**	**0.3**	4,059,000	0.4
At RM4.19 per ordinary share	**-**	**-**	1,935,100	0.2
At RM5.00 per ordinary share	**-**	**-**	2,477,500	0.3
At end of financial year	**6,459,295,395**	**645.9**	6,450,377,395	645.0

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 6,459,295,395 (2014 - 6,450,377,395) issued and fully paid-up ordinary shares of RM0.10 each, 137,932,900 shares (2014 - 94,954,700) are held as treasury shares as disclosed in Note 31.2 to the financial statements. Accordingly, the number of ordinary shares in issue and fully paid-up after deducting treasury shares as at end of the financial year is 6,321,362,495 (2014 - 6,355,422,695) ordinary shares of RM0.10 each.

30.1 Executive Share Option Scheme

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

The salient features of the ESOS are as follows:

a) Maximum number of shares available under the ESOS

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

30. SHARE CAPITAL (Continued)

30.1 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30. SHARE CAPITAL (Continued)

30.1 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 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.

30. SHARE CAPITAL (Continued)

30.1 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**
2015						
2.03	12 January 2006	**12,643,000**	**(2,612,100)**	**(3,754,400)**	**6,276,500**	**6,276,500**
3.49	2 April 2007	**13,092,800**	**(3,553,400)**	**(940,800)**	**8,598,600**	**8,598,600**
4.17	6 July 2010	**6,906,400**	**(2,752,500)**	**(2,735,900)**	**1,418,000**	**1,418,000**
		32,642,200	**(8,918,000)**	**(7,431,100)**	**16,293,100**	**16,293,100**
Weighted average exercise price *(RM)*		**3.07**	**3.27**	**3.00**	**2.99**	**2.99**
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

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)

30. SHARE CAPITAL (Continued)

30.1 Executive Share Option Scheme (Continued)

30.1.1 Share options outstanding at the end of the reporting period

Option price RM	No. of share options	Weighted average exercise price RM	Exercisable period
2015			
2.03	**6,276,500**	**2.03**	12 January 2007 - 23 November 2015
3.49	**8,598,600**	**3.49**	2 April 2008 - 23 November 2015
4.17	**1,418,000**	**4.17**	6 July 2011 - 23 November 2015
	16,293,100	**2.99**	
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	

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

30.1.2 Share options exercised during the financial year

Option price	No. of share options exercised			Weighted average share price
RM	2.03	3.49	4.17	RM
2015				
July 2014	**1,039,500**	**1,855,500**	**2,222,000**	**5.00**
September 2014	**653,300**	**346,800**	**258,000**	**4.81**
October 2014	**154,300**	**226,000**	**9,000**	**4.88**
January 2015	**236,100**	**384,200**	**137,000**	**4.74**
February 2015	**38,200**	**122,000**	**35,000**	**4.72**
May 2015	**325,200**	**389,000**	**91,500**	**3.99**
June 2015	**165,500**	**229,900**	**-**	**4.04**
	2,612,100	**3,553,400**	**2,752,500**	**4.44**

30. SHARE CAPITAL (Continued)

30.1 Executive Share Option Scheme (Continued)

30.1.2 Share options exercised during the financial year (Continued)

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

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

31. RESERVES

	Group		Company	
In RM million	**2015**	**2014**	**2015**	**2014**
Share premium	**64.4**	27.6	**64.4**	27.6
Capital reserves (Note 31.1)	**105.1**	113.7	**97.4**	105.9
Other reserves (Note 31.4)	**(3.8)**	-	**-**	-
Foreign currency translation reserve (Note 31.3)	**(142.5)**	(215.1)	**-**	-
Treasury shares, at cost (Note 31.2)	**(620.2)**	(441.0)	**(620.2)**	(441.0)
	(597.0)	(514.8)	**(458.4)**	(307.5)

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31. RESERVES (Continued)

31.1 Capital reserves

	Group		Company	
In RM million	2015	2014	2015	2014
Net accretion in Group's share of net assets arising from shares issued by certain subsidiaries to non-controlling shareholders	**7.7**	7.8	**-**	-
Capital redemption reserves arising from the cancellation of treasury shares	**64.3**	64.3	**64.3**	64.3
Share option reserves	**33.1**	41.6	**33.1**	41.6
	105.1	113.7	**97.4**	105.9

31.2 Treasury shares

The shareholders of the Company, by an ordinary 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 29 October 2014.

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*
2015					
At beginning of financial year	**94,954,700**	**441.0**	**5.69**	**4.14**	**4.64**
Purchased during the financial year					
November 2014	**1,130,000**	**5.1**	**4.62**	**4.54**	**4.56**
April 2015	**12,158,300**	**53.5**	**4.41**	**4.37**	**4.40**
May 2015	**15,525,400**	**63.8**	**4.30**	**3.99**	**4.11**
June 2015	**14,164,500**	**56.8**	**4.10**	**3.98**	**4.01**
	42,978,200	**179.2**	**4.62**	**3.98**	**4.17**
At end of financial year	**137,932,900**	**620.2**	**5.69**	**3.98**	**4.50**

31. RESERVES (Continued)

31.2 Treasury shares (Continued)

	No. of shares	Cost *RM million*	Purchase Price* 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

* *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.

31.3 Foreign currency translation reserve

The foreign currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items, which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

31.4 Other reserves

The other reserves arising from the Group's share of associates fair value reserve.

32. 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

33. BORROWINGS

In RM million	Group 2015	Group 2014	Company 2015	Company 2014
Non-current liabilities				
Unsecured				
Term loans (Note 33.1.1)	**1,267.7**	3,637.8	**-**	1,918.7
Less: Portion due within 12 months included under short term borrowings	**-**	(479.7)	**-**	(479.7)
	1,267.7	3,158.1	**-**	1,439.0
Islamic financing facilities (Note 33.1.2)	**2,318.9**	-	**1,696.1**	-
	3,586.6	3,158.1	**1,696.1**	1,439.0
Guaranteed Notes (Note 33.2)	**-**	1,528.2	**-**	-
Less: Portion due within 12 months included under short term borrowings	**-**	(1,528.2)	**-**	-
	-	-	**-**	-
Notes (Note 33.3)	**2,249.3**	1,911.1	**-**	-
	5,835.9	5,069.2	**1,696.1**	1,439.0
Current liabilities				
Unsecured				
Trade financing (Note 33.4)	**548.3**	446.4	**-**	-
Islamic revolving credit financing facilities (Note 33.5)	**264.2**	-	**264.2**	-
Term loans - portion due within 12 months (Note 33.1.1)	**-**	479.7	**-**	479.7
	812.5	926.1	**264.2**	479.7
Guaranteed Notes (Note 33.2)	**-**	1,528.2	**-**	-
	812.5	2,454.3	**264.2**	479.7
Total borrowings	**6,648.4**	7,523.5	**1,960.3**	1,918.7

33. BORROWINGS (Continued)

33.1.1 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 (2014 - 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 (2014 - 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. This floating-rate term loan bears interest at 1.30% plus BBA-LIBOR per annum and was repayable in four (4) annual instalments of USD150.0 million each commencing 48 months from the first drawn date in January 2011. The Company has repaid USD150.0 million of the term loan and the balance of the term loan amounted to USD450.0 million was refinanced by entering into Islamic financing facilities amounted to USD450.0 million. The outstanding amount as at end of the financial year is nil (2014 - USD600.0 million).

iv. USD330.0 million term loan that was drawn down by a wholly-owned subsidiary. 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. Part of the term loan amounted to USD165.0 million was refinanced by entering into Islamic financing facility of USD165.0 million. The outstanding amount as at end of the financial year is USD165.0 million (2014 - USD330.0 million).

33.1.2 Islamic financing facilities

The Islamic financing facilities of the Group include:

Unsecured

i. Commodity Murabahah Financing Facility of USD165.0 million that was drawn down on 16 March 2015 by a wholly-owned subsidiary. The outstanding amount as at end of the financial year is USD165.0 million. The profit rate of this Islamic financing facility is 0.70% plus London Inter-Bank Offered Rate ("LIBOR") and is repayable in full on 13 December 2016.

ii. Commodity Murabahah Financing Facility of USD120.0 million that was drawn down on 5 May 2015 by the Company. The outstanding amount as at end of the financial year is USD120.0 million. The profit rate of this Islamic financing facility is 0.75% plus LIBOR and is repayable in full on 12 January 2018.

iii. Commodity Murabahah Financing Facility of USD330.0 million that was drawn down on 5 May 2015 by the Company. The outstanding amount as at end of the financial year is USD330.0 million. The profit rate of this Islamic financing facility is 0.88% plus LIBOR and is repayable in three (3) annual instalment of USD110.0 million each commencing 24 months from the first drawn date.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

33. BORROWINGS (Continued)

33.1.3 Repayment schedule

The term loans and the Islamic financing facilities are repayable by instalments of varying amounts or upon maturity over the following periods:

	Group		Company	
In RM million	**2015**	**2014**	**2015**	**2014**
Less than 1 year	**-**	479.7	**-**	479.7
1 - 2 years	**1,658.4**	479.7	**414.8**	479.7
2 - 3 years	**866.5**	1,533.7	**866.5**	479.7
3 - 4 years	**414.8**	479.6	**414.8**	479.6
4 - 5 years	**-**	-	**-**	-
More than 5 years	**646.9**	665.1	**-**	-
	3,586.6	3,637.8	**1,696.1**	1,918.7

33.2 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 Labuan Companies Act, 1990, issued a 10-year USD500 million Guaranteed Notes at an issue price of 99.294% (the "Guaranteed Notes"). The Guaranteed Notes were listed on the Singapore Exchange Securities Trading Limited and the Labuan International Financial Exchange. The Guaranteed Notes carried an interest rate of 5.25% per annum payable semi-annually in arrears on 16 March and 16 September commencing 16 March 2005 and has matured on 16 March 2015. The Guaranteed Notes were 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:

	Group	
In RM million	**2015**	**2014**
At beginning of financial year	**1,528.2**	1,589.2
Repurchase	**-**	(76.6)
Redemption	**(1,756.4)**	-
Foreign currency translation differences	**227.2**	14.3
Interest expense	**1.0**	1.3
At end of financial year	**-**	1,528.2

On 16 March 2015, the Group redeemed and settled in full the outstanding Guaranteed Notes of USD488.9 million (being principal of USD476.4 million and interest of USD12.5 million). Following from the redemption, the Guaranteed Notes ceased to be quoted on the Singapore Exchange Securities Trading Limited and the Labuan International Financial Exchange Inc.

33. BORROWINGS (Continued)

33.3 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 Labuan 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:

	Group	
In RM million	2015	2014
At beginning of financial year	**1,911.1**	1,893.8
Foreign currency translation differences	**336.5**	15.8
Interest expense	**1.7**	1.5
At end of financial year	**2,249.3**	1,911.1

33.4 Trade financing

Unsecured

Trade financing utilised during the financial year is subject to interest rates ranging from 0.50% to 4.26% (2014 - 0.50% to 3.80%) per annum.

33.5 Islamic revolving credit financing facilities

Unsecured

The Islamic revolving credit financing facilities (Commodity Murabahah Revolving Credit) is subject to profit rate ranging from 0.775% to 0.780% per annum.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

34. OTHER LONG TERM LIABILITIES

	Group	
In RM million	2015	2014
Retirement benefits (Note 34.1)	**29.4**	36.3

34.1 Retirement benefits

	Group	
In RM million	2015	2014
Present value of funded obligations	**516.8**	516.8
Fair value of plan assets	**(509.5)**	(502.2)
	7.3	14.6
Present value of unfunded obligations	**22.1**	21.7
Recognised liability for defined benefit obligations	**29.4**	36.3

Certain subsidiaries of the Company operate various defined benefit plans. The plans of the 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 2015 respectively.

Movements in the net liability recognised in the statements of financial position:

Group
2015

In RM million	Present value of funded obligations	Present value of unfunded obligations	Fair value of plan assets	Total
At beginning of financial year	**516.8**	**21.7**	**(502.2)**	**36.3**
Contributions to funded plans	**-**	**-**	**(36.4)**	**(36.4)**
Benefits paid for unfunded plans	**(12.3)**	**(1.7)**	**11.9**	**(2.1)**
Expense recognised in profit or loss (Note 11(b))	**(43.1)**	**2.1**	**54.8**	**13.8**
Actuarial loss/(gain) recognised in other comprehensive income	**58.5**	**-**	**(41.6)**	**16.9**
Foreign currency translation differences	**(3.1)**	**-**	**4.0**	**0.9**
At end of financial year	**516.8**	**22.1**	**(509.5)**	**29.4**

34. OTHER LONG TERM LIABILITIES (Continued)

34.1 Retirement benefits (Continued)

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 11(b))	31.4	1.7	(12.1)	-	-	21.0
Actuarial loss/(gain) recognised in other comprehensive income	17.6	-	(17.9)	-	-	(0.3)
Foreign currency translation differences	29.8	(1.7)	(27.1)	-	-	1.0
At end of financial year	516.8	21.7	(502.2)	-	-	36.3

Expense recognised in profit or loss:

In RM million	Group 2015	Group 2014
Current service cost	**25.2**	23.8
Interest cost	**2.0**	1.7
Expected return on plan assets	**3.0**	1.2
Past service cost	**(19.9)**	(7.3)
Other costs	**3.5**	1.6
	13.8	21.0

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

34. OTHER LONG TERM LIABILITIES (Continued)

34.1 Retirement benefits (Continued)

A summary of the combined allocation of the plan assets by major asset classes is shown below:

	Group	
%	2015	2014
Equity instruments	**38.2**	30.6
Debt instruments	**57.1**	64.9
Other	**4.7**	4.5
	100.0	100.0

Liability for defined benefit obligations

Principal actuarial assumptions used at the reporting period (expressed as weighted averages):

	Group	
%	2015	2014
Discount rate	**2.9**	3.4

Sensitivity analysis

The impact on changes of each significant actuarial assumption as at the end of the reporting period is as follows:

	Group	
In RM million	2015	2014
Discount rate increase by 0.1%	**(12.3)**	(10.1)
Discount rate decrease by 0.1%	**13.3**	13.6

35. TRADE AND OTHER PAYABLES

In RM million	Group 2015	Group 2014	Company 2015	Company 2014
Trade payables (Note 35.1)	**311.8**	373.5	**-**	-
Other payables and accruals (Note 35.2)	**521.6**	493.2	**25.5**	133.0
	833.4	866.7	**25.5**	133.0

35.1 Trade payables

Credit terms of trade payables vary from 14 to 60 days from date of invoice.

35.2 Other payables and accruals

In RM million	Group 2015	Group 2014	Company 2015	Company 2014
Other payables	**293.3**	165.8	**1.1**	0.8
Customer deposits and other deposits	**6.5**	1.7	**-**	-
Accruals	**221.8**	325.7	**24.4**	132.2
	521.6	493.2	**25.5**	133.0

36. LIQUIDATION/ACQUISITION OF SUBSIDIARIES

2015

36.1 Liquidation of a subsidiary

Jasasinar Multimedia Sdn Bhd

A subsidiary of the Company, Jasasinar Multimedia Sdn Bhd was liquidated during the financial year and the analysis of the liquidation was summarised as follows:

In RM million	Group
Group share of net liabilities	**-**
Capital reserve arose from bonus issue in prior years	**0.1**
Net proceeds from liquidation	**-**
Gain on liquidation of a subsidiary	**0.1**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36. LIQUIDATION/ACQUISITION OF SUBSIDIARIES (Continued)

2014

36.2 Acquisition of a subsidiary

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:

36.2.1 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

36. LIQUIDATION/ACQUISITION OF SUBSIDIARIES (Continued)

36.2 Acquisition of a subsidiary (Continued)

Unico-Desa Plantations Berhad (Continued)

36.2.1 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

36.2.2 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 had no material effect on the financial results of the Group for the previous financial year as Unico's contribution to the Group's revenue and Group's profit since acquisition date was 1.0% and 0.9% respectively.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the financial year comprise:

	Group		Company	
In RM million	**2015**	**2014**	**2015**	**2014**
Short term funds (Note 28)	**1,088.9**	3,450.0	**-**	-
Deposits with financial institutions (Note 29)	**221.4**	186.8	**17.0**	-
Cash and bank balances	**478.2**	350.9	**112.9**	39.8
	1,788.5	3,987.7	**129.9**	39.8

The Group has undrawn borrowing facilities of RM4,641.1 million (2014 - RM3,893.1 million) at the end of the financial year.

38. SIGNIFICANT RELATED PARTY DISCLOSURES

38.1 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 43 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 43 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.

38. SIGNIFICANT RELATED PARTY DISCLOSURES (Continued)

38.2 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	2015	2014
Group		
Associates		
Sales of oleochemical products and palm kernel oil	**524.4**	598.1
Purchases of oleochemical products	**16.5**	13.2
Purchases of palm products	**-**	8.3
Agency fees income	**-**	0.4
Rental income on storage tank	**-**	7.0
Affiliates		
Property project management services	**-**	2.4
Agency fees income	**1.4**	0.4
Purchases of palm products	**29.7**	16.5
Rental expenses	**3.9**	1.6
Company		
Subsidiaries		
Sales of palm products	**5.7**	150.3
Purchases of palm products	**2.7**	6.6
Agency fees income	**-**	0.6
Management fees	**1.1**	8.5
Interest income	**65.3**	96.1
Interest expense	**121.1**	142.1

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 2015 are disclosed in Note 20.2, Note 21.3 and Note 22.1 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38. SIGNIFICANT RELATED PARTY DISCLOSURES (Continued)

38.3 Key management personnel compensation

The remuneration of key management personnel during the financial year is as follows:

	Group		Company	
In RM million	2015	2014	2015	2014
Directors				
Fees	**0.9**	0.9	**0.9**	0.9
Remuneration	**12.8**	112.9	**12.4**	110.1
Estimated monetary value of benefits-in-kind	**0.1**	0.1	**0.1**	0.1
Total short term employee benefits	**13.8**	113.9	**13.4**	111.1
Post employment benefits	**1.5**	13.5	**1.5**	13.2
Share option expenses	**-**	0.2	**-**	0.2
	15.3	127.6	**14.9**	124.5
Other key management personnel				
Short term employee benefits	**3.1**	3.4	**-**	-
Post employment benefits	**0.3**	0.3	**-**	-
	3.4	3.7	**-**	-

Number of share options granted to the key management personnel during the financial year is as follows:

	Group	
In million	2015	2014
Executive Share Option Scheme of the Company		
At beginning of financial year	**1.2**	8.0
Exercised	**(0.7)**	(6.8)
At end of financial year	**0.5**	1.2

The share options were granted on the same terms and conditions as those granted to other employees of the Group.

39. 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 2014.

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 2015 and 30 June 2014.

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	2015	2014	2015	2014
Borrowings	**6,648.4**	7,523.5	**1,960.3**	1,918.7
Less: Cash and cash equivalents	**(1,788.5)**	(3,987.7)	**(129.9)**	(39.8)
Net debt	**4,859.9**	3,535.8	**1,830.4**	1,878.9
Equity	**5,059.1**	6,036.8	**4,950.5**	5,742.4
Gearing ratio (%)	**96.06**	58.57	**36.97**	32.72

40. 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.

40.1 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40. FINANCIAL INSTRUMENTS (Continued)

40.1 Foreign currency risk (Continued)

40.1.1 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 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 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.

40. FINANCIAL INSTRUMENTS (Continued)

40.1 Foreign currency risk (Continued)

40.1.1 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 an 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 oversight 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40. FINANCIAL INSTRUMENTS (Continued)

40.1 Foreign currency risk (Continued)

40.1.2 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										
2015										
Financial assets in foreign currencies										
Cash and bank balances	249.6	-	6.5	-	0.1	-	-	-	55.2	-
Deposits with financial institutions	2.7	-	-	-	-	-	-	-	-	-
Trade and other receivables	483.0	-	274.4	-	0.2	-	10.1	-	40.2	-
Amounts due from associates	-	-	-	-	-	-	-	-	0.4	-
Derivative assets	461.9	-	-	-	-	-	-	-	-	-
Financial liabilities in foreign currencies										
Trade and other payables	(185.9)	-	(76.3)	-	(0.3)	-	(0.1)	-	(14.7)	-
Amounts due to associates	(89.9)	-	-	-	-	-	-	-	(1.2)	-
Borrowings	(408.6)	(5,208.8)	(338.0)	-	-	-	-	(646.9)	-	-
Derivative liabilities	(317.0)	-	-	-	-	-	-	-	-	-
Currency derivatives										
Foreign currency forwards	(1,413.6)	(2.6)	(90.2)	-	0.9	-	(20.1)	-	(108.3)	-
Structured and hybrids	-	(312.5)	-	-	-	-	-	646.9	-	-
Net exposure	(1,217.8)	(5,523.9)	(223.6)	-	0.9	-	(10.1)	-	(28.4)	-

40. FINANCIAL INSTRUMENTS (Continued)

40.1 Foreign currency risk (Continued)

40.1.2 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										
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	(1,519.9)	(4,194.1)	126.3	-	19.6	(505.4)	(12.9)	-	(32.0)	-

In RM million Contract based currency	USD		EUR		SGD	
Maturity	<1 year	> 1 year	<1 year	> 1 year	<1 year	> 1 year
Company						
2015						
Financial assets in foreign currencies						
Cash and bank balances	**104.8**	**-**	**2.3**	**-**	**-**	**-**
Amounts due from subsidiaries	**49.7**	**-**	**490.6**	**-**	**-**	**-**
Financial liabilities in foreign currencies						
Borrowings	**(264.2)**	**(1,698.5)**	**-**	**-**	**-**	**-**
Amounts due to subsidiaries	**(27.7)**	**(844.0)**	**-**	**-**	**-**	**-**
Net exposure	**(137.4)**	**(2,542.5)**	**492.9**	**-**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40. FINANCIAL INSTRUMENTS (Continued)

40.1 Foreign currency risk (Continued)

40.1.2 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						
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)	(717.6)	-	-	(1.2)	-
Currency derivatives						
Foreign currency forwards	1,604.8	-	-	-	-	-
Net exposure	(171.9)	(2,161.9)	574.8	-	17.4	-

i. The Group is net short in USD by USD1.8 billion (equivalent to RM6.7 billion) (2014 – USD1.8 billion (equivalent to RM5.7 billion)) where USD1.5 billion (equivalent to RM5.5 billion) (2014 – USD1.3 billion (equivalent to RM4.2 billion)) is due beyond 12 months. This short position is expected to be met from its future revenue stream mainly denominated in USD;

ii. The foreign currency long-short mismatch between forward commodity contracts (as hedge items) and foreign currency forward derivative (as hedging instruments) is attributed to intragroup forward commodity sales and purchases that give rise to net currency exposure at the entity level. Foreign currency long-short position from forward commodity contracts of both related entities are eliminated on consolidation (but not necessarily its fair value gain or loss arising from foreign currency) 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
2015

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.

40. FINANCIAL INSTRUMENTS (Continued)

40.1 Foreign currency risk (Continued)

40.1.2 Foreign currency risk exposure (Continued)

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.

40.1.3 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 RM152.8 million (2014 - RM162.1 million) and RM44.9 million (2014 - RM44.8 million) respectively.

40.2 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.

40.2.1 Risk management approach

The Group actively reviews its debt portfolio, taking into account the nature and requirements of its businesses as well as the current business and economic environment. This strategy allows it to achieve an optimum cost of capital whilst locking in long term funding rates for long term investments.

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40. FINANCIAL INSTRUMENTS (Continued)

40.2 Interest rate risk (Continued)

40.2.2 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								
2015								
Interest bearing financial assets								
Fixed rate instruments								
Deposits with financial institutions	29	221.4	-	-	-	-	221.4	*2.81*
Short term funds	28	1,088.9	-	-	-	-	1,088.9	*3.59*
		1,310.3	-	-	-	-	1,310.3	
Floating rate instruments								
Cash and bank balances		478.2	-	-	-	-	478.2	*1.29*
		478.2	-	-	-	-	478.2	
Total assets repricing		1,788.5	-	-	-	-	1,788.5	

40. FINANCIAL INSTRUMENTS (Continued)

40.2 Interest rate risk (Continued)

40.2.2 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								
2015								
Interest bearing financial liabilities								
Fixed rate instruments								
Term loans	33.1.1	-	-	-	-	646.9	646.9	*5.36*
Notes	33.3	-	-	-	-	2,249.3	2,249.3	*4.49*
Trade financing		548.3	-	-	-	-	548.3	*0.71*
Islamic revolving credit financing facilities		264.2	-	-	-	-	264.2	*0.74*
		812.5	-	-	-	2,896.2	3,708.7	
Floating rate instruments								
Islamic financing facilities	33.1.2	2,318.9	-	-	-	-	2,318.9	*2.25*
Term loans	33.1.1	620.8	-	-	-	-	620.8	*1.69*
		2,939.7	-	-	-	-	2,939.7	
Total liabilities repricing		3,752.2	-	-	-	2,896.2	6,648.4	
Net repricing gap		(1,963.7)	-	-	-	(2,896.2)	(4,859.9)	

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40. FINANCIAL INSTRUMENTS (Continued)

40.2 Interest rate risk (Continued)

40.2.2 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 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	
Interest bearing financial liabilities								
Fixed rate instruments								
Term loans	33.1.1	-	-	-	-	665.1	665.1	*5.68*
Guaranteed notes	33.2	1,528.2	-	-	-	-	1,528.2	*5.34*
Notes	33.3	-	-	-	-	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	33.1.1	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)	

40. FINANCIAL INSTRUMENTS (Continued)

40.2 Interest rate risk (Continued)

40.2.2 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 2015								
Interest bearing financial assets								
Fixed rate instruments								
Deposits with financial institutions	29	17.0	-	-	-	-	17.0	*1.22*
Amounts due from subsidiaries	20.2	933.2	-	-	-	-	933.2	*6.31*
		950.2	-	-	-	-	950.2	
Floating rate instruments								
Cash and bank balances		112.9	-	-	-	-	112.9	*2.65*
		112.9	-	-	-	-	112.9	
Total assets repricing		1,063.1	-	-	-	-	1,063.1	
Interest bearing financial liabilities								
Fixed rate instruments								
Amounts due to subsidiaries	20.2	826.9	581.3	-	-	564.7	1,972.9	*5.13*
Islamic revolving credit financing facilities		264.2	-	-	-	-	264.2	*0.74*
		1,091.1	581.3	-	-	564.7	2,237.1	
Floating rate instruments								
Islamic financing facilities	33.1.2	1,696.1	-	-	-	-	1,696.1	*2.37*
		1,696.1	-	-	-	-	1,696.1	
Total liabilities repricing		2,787.2	581.3	-	-	564.7	3,933.2	
Net repricing gap		(1,724.1)	(581.3)	-	-	(564.7)	(2,870.1)	

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40. FINANCIAL INSTRUMENTS (Continued)

40.2 Interest rate risk (Continued)

40.2.2 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	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	20.2	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	33.1.1	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)	

40. FINANCIAL INSTRUMENTS (Continued)

40.2 Interest rate risk (Continued)

40.2.2 Interest rate risk exposure (Continued)

The interest rate swap contracts of the Group and the Company are as follows:

Group
2015

i. Interest rate swaps to swap notional principal amount of USD450.0 million (2014 - USD600.0 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 USD74.0 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.

2014

i. Interest rate swaps to swap notional principal amount of USD600.0 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 USD74.0 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
2015

i. Interest rate swaps to swap notional principal amount of USD450.0 million (2014 - USD600.0 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.

2014

i. Interest rate swaps to swap notional principal amount of USD600.0 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.

40.2.3 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 RM0.6 million (2014 - RM0.7 million) and RM0.6 million (2014 - RM0.2 million) respectively.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40. FINANCIAL INSTRUMENTS (Continued)

40.3 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.

40.3.1 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.

40. FINANCIAL INSTRUMENTS (Continued)

40.3 Price fluctuation risk (Continued)

40.3.2 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						
2015						
Commodity based						
Forward sales contracts	**(844.9)**	**-**	**(844.9)**	**17.5**	**-**	**17.5**
Forward purchase contracts	**810.8**	**-**	**810.8**	**(3.2)**	**-**	**(3.2)**
Commodity derivatives	**52.1**	**-**	**52.1**	**(6.3)**	**-**	**(6.3)**
Equity based						
Other investments	**81.5**	**-**	**81.5**	**107.2**	**-**	**107.2**
				115.2	**-**	**115.2**
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
Company						
2015						
Equity based						
Other investments	**4.6**	**-**	**4.6**	**4.2**	**-**	**4.2**
				4.2	**-**	**4.2**
2014						
Equity based						
Other investments	4.6	-	4.6	4.5	-	4.5
				4.5	-	4.5

40.3.3 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 RM9.4 million (2014 - RM29.0 million) and RM0.3 million (2014 - RM0.3 million) respectively.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40. FINANCIAL INSTRUMENTS (Continued)

40.4 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.

40.4.1 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.

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.

40. FINANCIAL INSTRUMENTS (Continued)

40.4 Credit risk (Continued)

40.4.1 Risk management approach (Continued)

i. Plantation and resource-based manufacturing (Continued)

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.

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)

40. FINANCIAL INSTRUMENTS (Continued)

40.4 Credit risk (Continued)

40.4.2 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					
2015					
Financial assets					
Cash and bank balances		**478.2**	**-**	**478.2**	(i) Fidelity guarantee and cash-in-transit insurance cover; and (ii) Banks' limited guarantee of deposits
Deposits with financial institutions	29	**221.4**	**-**	**221.4**	
Trade and other receivables, excluded deposits and prepayments		**937.3**	**387.1**	**550.2**	Letter of credit and credit insurance
Other investments	27	**107.2**	**-**	**107.2**	
Short term funds	28	**1,088.9**	**-**	**1,088.9**	
Amounts due from associates	21.3	**0.5**	**-**	**0.5**	
Derivative assets	23	**179.8**	**-**	**179.8**	
		3,013.3	**387.1**	**2,626.2**	

40. FINANCIAL INSTRUMENTS (Continued)

40.4 Credit risk (Continued)

40.4.2 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					
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	21.3	0.4	-	0.4	
Derivative assets	23	136.5	-	136.5	
		5,202.1	369.2	4,832.9	

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40. FINANCIAL INSTRUMENTS (Continued)

40.4 Credit risk (Continued)

40.4.2 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					
2015					
Financial assets					
Cash and bank balances		**112.9**	**-**	**112.9**	
Deposits with financial institutions	29	**17.0**	**-**	**17.0**	
Other receivables, excluded deposits and prepayment		**0.2**	**-**	**0.2**	
Other investments	27	**4.2**	**-**	**4.2**	
Amounts due from subsidiaries	20.2	**933.2**	**-**	**933.2**	
		1,067.5	**-**	**1,067.5**	
2014					
Financial assets					
Cash and bank balances		39.8	-	39.8	
Other investments	27	4.5	-	4.5	
Amounts due from subsidiaries	20.2	2,980.8	-	2,980.8	
		3,025.1	-	3,025.1	

40. FINANCIAL INSTRUMENTS (Continued)

40.4 Credit risk (Continued)

40.4.2 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.

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					
Group								
2015								
Cash and bank balances	478.2	-	-	-	-	478.2	-	-
Deposits with financial institutions	221.4	-	-	-	-	221.4	-	-
Trade and other receivables, excluded deposits and prepayments	598.6	225.4	7.5	-	105.8	937.3	0.6	11.3
Other investments	107.2	-	-	-	-	107.2	-	-
Short term funds	1,088.9	-	-	-	-	1,088.9	-	-
Amounts due from associates	0.5	-	-	-	-	0.5	-	-
Derivative assets	179.8	-	-	-	-	179.8	-	-
	2,674.6	225.4	7.5	-	105.8	3,013.3	0.6	11.3

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40. FINANCIAL INSTRUMENTS (Continued)

40.4 Credit risk (Continued)

40.4.2 Credit risk exposures and concentration (Continued)

In RM million	Neither past due nor impaired 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

40. FINANCIAL INSTRUMENTS (Continued)

40.4 Credit risk (Continued)

40.4.2 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								
2015								
Cash and bank balances	**112.9**	**-**	**-**	**-**	**-**	**112.9**	**-**	**-**
Deposits with financial institutions	**17.0**	**-**	**-**	**-**	**-**	**17.0**	**-**	**-**
Other receivables, excluded deposits and prepayments	**0.2**	**-**	**-**	**-**	**-**	**0.2**	**-**	**-**
Other investments	**4.2**	**-**	**-**	**-**	**-**	**4.2**	**-**	**-**
Amounts due from subsidiaries	**933.2**	**-**	**-**	**-**	**-**	**933.2**	**-**	**1.5**
	1,067.5	**-**	**-**	**-**	**-**	**1,067.5**	**-**	**1.5**
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

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 85% 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)

40. FINANCIAL INSTRUMENTS (Continued)

40.4 Credit risk (Continued)

40.4.2 Credit risk exposures and concentration (Continued)

	Past due but not impaired						
In RM million	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							
2015							
Trade receivables	**102.5**	**2.6**	**0.4**	**0.1**	**-**	**105.6**	**43.9**
Other receivables	**-**	**0.2**	**-**	**-**	**-**	**0.2**	**-**
	102.5	**2.8**	**0.4**	**0.1**	**-**	**105.8**	**43.9**
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

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.

40. FINANCIAL INSTRUMENTS (Continued)

40.4 Credit risk (Continued)

40.4.2 Credit risk exposures and concentration (Continued)

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								
2015								
Malaysia	**34.3**	***70***	**117.1**	***13***	**5.8**	***100***	**157.2**	***17***
Europe	**7.7**	***16***	**345.2**	***39***	**-**	**-**	**352.9**	***38***
Asia (excluding Malaysia)	**6.7**	***14***	**153.5**	***18***	**-**	**-**	**160.2**	***17***
Others	**-**	**-**	**267.0**	***30***	**-**	**-**	**267.0**	***28***
	48.7	***100***	**882.8**	***100***	**5.8**	***100***	**937.3**	***100***
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*

	Company			
	2015		2014	
In RM million	Amount	%	Amount	%
Malaysia	**41.8**	***5***	2,312.7	*78*
Asia (excluding Malaysia)	**355.7**	***38***	209.6	*7*
Central and Eastern Europe	**535.9**	***57***	458.5	*15*
	933.4	***100***	2,980.8	*100*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40. FINANCIAL INSTRUMENTS (Continued)

40.5 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.

40.5.1 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.

40. FINANCIAL INSTRUMENTS (Continued)

40.5 Liquidity and cash flow risk (Continued)

40.5.2 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						
2015						
Financial liabilities						
Trade and other payables	**697.6**	**-**	**-**	**-**	**-**	**697.6**
Borrowings	**812.5**	**1,660.8**	**868.1**	**415.2**	**2,911.6**	**6,668.2**
Amounts due to associates	**91.1**	**-**	**-**	**-**	**-**	**91.1**
Derivative liabilities – net settlement	**123.8**	**3.1**	**26.8**	**-**	**-**	**153.7**
	1,725.0	**1,663.9**	**894.9**	**415.2**	**2,911.6**	**7,610.6**
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
Company						
2015						
Financial liabilities						
Trade and other payables	**24.8**	**-**	**-**	**-**	**-**	**24.8**
Borrowings	**264.2**	**415.2**	**868.1**	**415.2**	**-**	**1,962.7**
Amounts due to subsidiaries	**826.9**	**581.3**	**-**	**-**	**564.7**	**1,972.9**
Derivative liabilities – net settlement	**-**	**-**	**26.8**	**-**	**-**	**26.8**
	1,115.9	**996.5**	**894.9**	**415.2**	**564.7**	**3,987.2**
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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40. FINANCIAL INSTRUMENTS (Continued)

40.5 Liquidity and cash flow risk (Continued)

40.5.2 Liquidity risk exposure (Continued)

i. The Group and the Company have ample liquidity to meet its financial liabilities and obligations maturing in the next 12 months; and

ii. Financial liabilities contractual maturity periods exceeding 12 months are within comfortable levels, and should be well covered by its annual free cash flow to be generated from its operations.

40.6 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				
2015				
Derivatives				
Forward foreign exchange contracts	-	(91.1)	-	(91.1)
Commodity forward contracts	-	14.3	-	14.3
Commodity futures	(6.3)	-	-	(6.3)
Cross currency swap contract	-	138.7	-	138.7
Interest rate swap contracts	-	(29.5)	-	(29.5)
Equity based				
Other investments	100.5	-	6.7	107.2
Short term funds	1,088.9	-	-	1,088.9
	1,183.1	32.4	6.7	1,222.2

40. FINANCIAL INSTRUMENTS (Continued)

40.6 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				
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
	3,520.9	36.9	6.5	3,564.3

There were no transfers between all three (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				
2015				
Derivatives				
Interest rate swap contracts	**-**	**(26.8)**	**-**	**(26.8)**
Equity based				
Other investments	**4.2**	**-**	**-**	**4.2**
	4.2	**(26.8)**	**-**	**(22.6)**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40. FINANCIAL INSTRUMENTS (Continued)

40.6 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				
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
	4.5	(62.5)	-	(58.0)

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	2015	2014
Financial assets designated at fair value through profit or loss		
At beginning of financial year	**6.5**	6.2
Total gain recognised in profit or loss	**0.2**	0.3
At end of financial year	**6.7**	6.5

40. FINANCIAL INSTRUMENTS (Continued)

40.6 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 value 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40. FINANCIAL INSTRUMENTS (Continued)

40.7 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					
2015					
Trade and other receivables, net of deposits and prepayments	**937.3**	**-**	**-**	**-**	**937.3**
Amounts due from associates	**0.5**	**-**	**-**	**-**	**0.5**
Derivative assets	**-**	**179.8**	**-**	**-**	**179.8**
Other investments	**-**	**107.2**	**-**	**-**	**107.2**
Short term funds	**-**	**1,088.9**	**-**	**-**	**1,088.9**
Deposits with financial institutions	**221.4**	**-**	**-**	**-**	**221.4**
Cash and bank balances	**478.2**	**-**	**-**	**-**	**478.2**
	1,637.4	**1,375.9**	**-**	**-**	**3,013.3**
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

40. FINANCIAL INSTRUMENTS (Continued)

40.7 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	Other financial liabilities	Fair value through profit or loss	Total
Group			
Financial liabilities			
2015			
Borrowings	**6,648.4**	**-**	**6,648.4**
Trade and other payables	**697.6**	**-**	**697.6**
Amounts due to associates	**91.1**	**-**	**91.1**
Derivative liabilities	**-**	**153.7**	**153.7**
	7,437.1	**153.7**	**7,590.8**
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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40. FINANCIAL INSTRUMENTS (Continued)

40.7 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					
2015					
Other receivables, net of deposits and prepayments	**0.2**	**-**	**-**	**-**	**0.2**
Amounts due from subsidiaries	**933.2**	**-**	**-**	**-**	**933.2**
Other investments	**-**	**4.2**	**-**	**-**	**4.2**
Deposits with financial institutions	**17.0**	**-**	**-**	**-**	**17.0**
Cash and bank balances	**112.9**	**-**	**-**	**-**	**112.9**
	1,063.3	**4.2**	**-**	**-**	**1,067.5**
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

In RM million	Other financial liabilities	Fair value through profit or loss	Total
Company			
Financial liabilities			
2015			
Borrowings	**1,960.3**	**-**	**1,960.3**
Trade and other payables	**24.8**	**-**	**24.8**
Amounts due to subsidiaries	**1,972.9**	**-**	**1,972.9**
Derivative liabilities	**-**	**26.8**	**26.8**
	3,958.0	**26.8**	**3,984.8**
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

41. COMMITMENTS

41.1 Capital Commitments

In RM million	Group 2015	Group 2014	Company 2015	Company 2014
Authorised capital expenditure not provided for in the financial statements				
– Contracted				
Additions of property, plant and equipment	**64.0**	82.9	**-**	-
Construction in progress	**5.0**	69.0	**-**	-
– Not contracted				
Additions of property, plant and equipment	**135.3**	195.0	**-**	-
New planting	**15.1**	14.1	**-**	-

41.2 Operating Lease Commitments

41.2.1 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 50 years with a renewal term of 16 years, which covers a net area of 9,605 acres for cultivation of oil palm;

ii. lease of a parcel of land for a lease period of 60 years, which covers a net area of 7,932 acres for cultivation of oil palm;

iii. lease of storage tank for a lease period of 1 year with a renewal term of 1 year;

iv. lease of a piece of land for a lease period of 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 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:

In RM million	Group 2015	Group 2014
Not later than 1 year	**21.7**	17.0
Later than 1 year and not later than 5 years	**47.8**	17.8
Later than 5 years	**105.5**	107.3
	175.0	142.1

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. COMMITMENTS (Continued)

41.2 Operating Lease Commitments (Continued)

41.2.2 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	2015	2014
Not later than 1 year	**0.2**	0.4
Later than 1 year and not later than 5 years	**-**	0.2
	0.2	0.6

42. 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.

42. SEGMENTAL INFORMATION (Continued)

In RM million	Plantation	Resource-based manufacturing	Other operations	Total Continuing operations	Discontinued operations	Adjustment*	Total
2015							
Revenue							
Segment revenue	2,020.3	11,337.8	97.4	13,455.5	-	-	13,455.5
Result							
Operating profit	914.9	398.1	76.7	1,389.7	-	-	1,389.7
Share of results of associates	91.0	28.1	-	119.1	-	-	119.1
Share of results of a joint venture	-	(5.8)	-	(5.8)	-	-	(5.8)
Segment results	1,005.9	420.4	76.7	1,503.0	-	-	1,503.0
Assets							
Operating assets	5,059.0	5,826.5	82.8	10,968.3	-	-	10,968.3
Interest in associates	750.3	188.8	-	939.1	-	-	939.1
Interest in a joint venture	-	35.2	-	35.2	-	-	35.2
Segment assets	5,809.3	6,050.5	82.8	11,942.6	-	-	11,942.6
Liabilities							
Segment liabilities	321.6	748.9	37.1	1,107.6	-	-	1,107.6
Other Information							
Capital expenditure	227.9	232.3	1.5	461.7	-	-	461.7
Depreciation and amortisation	68.5	165.7	1.0	235.2	-	-	235.2
Non-cash items other than depreciation and amortisation	20.8	210.5	2.6	233.9	-	-	233.9

Note:

* *Inter-operations sales within continuing operations and discontinued operations.*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

42. 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	5,787.5	77.5	10,766.3	-	-	10,766.3
Interest in associates	705.2	181.7	-	886.9	-	-	886.9
Interest in a joint venture	-	33.0	-	33.0	-	-	33.0
Segment assets	5,606.5	6,002.2	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	38.3	148.4	5.4	192.1	1.3	-	193.4

Note:
* *Inter-operations sales within continuing operations and discontinued operations.*

42. SEGMENTAL INFORMATION (Continued)

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities to the Group's corresponding amounts are as follows:

	2015				2014			
In RM million	Continuing operations	Discontinued operations	Adjustment*	Total	Continuing operations	Discontinued operations	Adjustment*	Total
Group								
Revenue								
Segment revenue	**13,455.5**	**-**	**-**	**13,455.5**	13,853.8	768.1	(14.7)	14,607.2
Inter-segment sales	**(1,834.5)**	**-**	**-**	**(1,834.5)**	(1,943.2)	-	-	(1,943.2)
Total revenue	**11,621.0**	**-**	**-**	**11,621.0**	11,910.6	768.1	(14.7)	12,664.0
Profit or loss								
Segment results	**1,503.0**	**-**	**-**	**1,503.0**	2,043.0	371.2	-	2,414.2
Unallocated corporate expenses	**(42.5)**	**-**	**-**	**(42.5)**	(115.6)	-	-	(115.6)
Profit before interest and taxation	**1,460.5**	**-**	**-**	**1,460.5**	1,927.4	371.2	-	2,298.6
Interest income	**13.4**	**-**	**-**	**13.4**	47.8	17.1	(29.1)	35.8
Finance costs	**(281.6)**	**-**	**-**	**(281.6)**	(282.4)	(22.8)	29.1	(276.1)
Net foreign currency translation loss on foreign currency denominated borrowings	**(735.3)**	**-**	**-**	**(735.3)**	(22.0)	-	-	(22.0)
Profit before taxation	**457.0**	**-**	**-**	**457.0**	1,670.8	365.5	-	2,036.3
Taxation	**(284.6)**	**-**	**-**	**(284.6)**	(408.4)	(125.4)	-	(533.8)
	172.4	**-**	**-**	**172.4**	1,262.4	240.1	-	1,502.5
Gain arising from the Demerger Exercise	**-**	**-**	**-**	**-**	-	1,887.2	-	1,887.2
Profit for the financial year	**172.4**	**-**	**-**	**172.4**	1,262.4	2,127.3	-	3,389.7

Note:
* *Inter-operations transactions within continuing operations and discontinued operations.*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

42. SEGMENTAL INFORMATION (Continued)

	2015			2014		
In RM million	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Group						
Assets						
Segment assets	**11,942.6**	**-**	**11,942.6**	11,686.2	-	11,686.2
Unallocated corporate assets	**1,491.3**	**-**	**1,491.3**	3,645.4	-	3,645.4
Total assets	**13,433.9**	**-**	**13,433.9**	15,331.6	-	15,331.6
Liabilities						
Segment liabilities	**1,107.6**	**-**	**1,107.6**	1,079.7	-	1,079.7
Unallocated corporate liabilities	**7,077.9**	**-**	**7,077.9**	8,018.8	-	8,018.8
Total liabilities	**8,185.5**	**-**	**8,185.5**	9,098.5	-	9,098.5

Geographical Segments

In RM million	Malaysia	Europe	North America	Asia	Others	Consolidated
Group						
2015						
Revenue from external customers by location of customers	**1,689.2**	**4,225.2**	**1,756.3**	**3,261.7**	**688.6**	**11,621.0**
Segment assets by location of assets	**8,410.1**	**1,726.2**	**882.3**	**815.0**	**109.0**	**11,942.6**
Capital expenditure by location of assets	**239.0**	**15.3**	**37.5**	**169.5**	**0.4**	**461.7**
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

There is no single external customer that the revenue generated from exceeded 10% of the Group's revenue.

43. 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 2015	Effective Group Interest 2014	Principal Activities
Direct Subsidiaries			
Plantation			
B. A. Plantations Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and investment holding
IOI Plantation Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and investment holding
Pine Capital Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and investment holding
Mayvin Incorporated Sdn Bhd	**100.0%**	100.0%	Processing of palm oil and investment holding
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
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
Syarikat Pukin Ladang Kelapa Sawit Sdn Berhad	**100.0%**	100.0%	Cultivation of oil palm and processing of palm oil
Pamol Plantations Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm, processing of palm oil and investment holding
Syarimo Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm, processing of palm oil and investment holding
Right Purpose Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and soft wood timber
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
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
Palmco Plantations (Sabah) Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Palmco Properties Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Permodalan Plantations Sdn Bhd	**70.0%**	70.0%	Cultivation of oil palm
PR Enterprise Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

43. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

Name of Company	Effective Group Interest 2015	Effective Group Interest 2014	Principal Activities
Direct Subsidiaries (Continued)			
Plantation (Continued)			
Priceland Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Safima Plantations Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Sakilan Desa Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Terusan Baru Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
IOI Commodity Trading Sdn Bhd	**100.0%**	100.0%	Trading of palm oil commodities
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 Services Sdn Bhd	**100.0%**	100.0%	Provision of management services
Mayvin (Sabah) Sdn Bhd	**100.0%**	100.0%	Investment holding
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
Cantawan Oil Palms Sdn Bhd	**100.0%**	100.0%	Dormant
Fruitful Plantations Sdn Bhd	**100.0%**	100.0%	Dormant
Future Growth Sdn Bhd	**100.0%**	100.0%	Dormant
Hill Land Sdn Bhd	**100.0%**	100.0%	Dormant
Morisem Sdn Bhd	**100.0%**	100.0%	Dormant
Sri Cantawan Sdn Bhd	**100.0%**	100.0%	Dormant
Unipamol Malaysia Sdn Bhd	**100.0%**	100.0%	Dormant
Zonec Plus Sdn Bhd	**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 Lipid Enzymtec Sdn Bhd	**100.0%**	100.0%	Manufacturing of specialty fats by applying enzyme technology
IOI Loders Croklaan Procurement Company Sdn Bhd	**100.0%**	100.0%	Commodities trading and international procurement of palm oil

43. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

Name of Company	Effective Group Interest 2015	2014	Principal Activities
Direct Subsidiaries (Continued)			
Resource-based Manufacturing (Continued)			
IOI Oleochemical Industries Berhad *	**100.0%**	100.0%	Investment holding
IOI Speciality Fats Sdn Bhd	**100.0%**	100.0%	Investment holding
Loders Croklaan Group B. V. # *(Incorporated in The Netherlands)*	**100.0%**	100.0%	Investment holding
IOI Edible Oils (HK) Limited # *(Incorporated in Hong Kong)*	**100.0%**	100.0%	Investment holding
Non-Segment			
IOI Biofuel Sdn Bhd	**100.0%**	100.0%	Embark in renewable energy project
IOI Management Sdn Bhd	**100.0%**	100.0%	Provision of treasury management services to its related companies
IOI Corporate Services Sdn Bhd	**65.0%**	65.0%	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
IOI Corporation N. V. * *(Incorporated in The Netherlands Antilles)*	**100.0%**	100.0%	Investment holding
Morisem Consolidated Sdn Bhd	**100.0%**	100.0%	Investment holding
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 Capital (L) Berhad *(Incorporated in the Federal Territory of Labuan)*	**100.0%**	100.0%	Dormant
IOI Resources (L) Berhad *(Incorporated in the Federal Territory of Labuan)*	**100.0%**	100.0%	Dormant
IOI Palm Products Sdn Bhd	**100.0%**	100.0%	Dormant
IOI Pulp & Paper Sdn Bhd	**100.0%**	100.0%	Dormant
Kean Ko Sdn Berhad	**100.0%**	100.0%	Dormant
Palmco Plantations Sendirian Berhad * ①	**100.0%**	100.0%	Dormant
Swee Lam Estates (Malaya) Sdn Berhad *(Dissolved)*	**-**	100.0%	Investment holding
Jasasinar Multimedia Sdn Bhd *(Dissolved)*	**-**	94.0%	Dormant

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

43. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

Name of Company	Effective Group Interest 2015	Effective Group Interest 2014	Principal Activities
Indirect Subsidiaries			
Plantation			
Subsidiary of B. A. Plantations Sdn Bhd			
Kesan Jadi Sdn Bhd	**100.0%**	100.0%	Dormant
Subsidiaries of Mayvin (Sabah) Sdn Bhd			
Sri Mayvin Plantation Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
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
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
Maxgrand Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Mewahandal Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Syarikat Best Cocoa Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Very Good Estate Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Fastscope Development Sdn Bhd	**100.0%**	100.0%	Cultivation of soft wood timber
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

43. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

Name of Company	Effective Group Interest 2015	Effective Group Interest 2014	Principal Activities
Indirect Subsidiaries (Continued)			
Plantation (Continued)			
Subsidiaries of Syarimo Sdn Bhd (Continued)			
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
Unikhas Corporation Sdn Bhd	**100.0%**	100.0%	Dormant
Subsidiary of Pamol Plantations Sdn Bhd			
Pamol Estates (Sabah) Sdn Bhd	**70.0%**	70.0%	Cultivation of oil palm, processing of palm oil and investment holding
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 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
PT Ketapang Sawit Lestari * *(Incorporated in Republic of Indonesia)*	**67.0%**	67.0%	Pre-operating
Subsidiaries of IOI Plantation Sdn Bhd			
Unico-Desa Plantations Berhad	**100.0%**	100.0%	Cultivation of oil palm, processing of palm oil and investment holding
IOI Pelita Plantation Sdn Bhd	**70.0%**	70.0%	Cultivation of oil palm

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

43. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

Name of Company	Effective Group Interest 2015	Effective Group Interest 2014	Principal Activities
Indirect Subsidiaries (Continued)			
Plantation (Continued)			
Subsidiaries of Unico-Desa Plantations Berhad			
Unico Plantations Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm and investment holding
Basic Plantation (S) Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Builtec Agricultural & Development Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Gelodar Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Golden Focus Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Korop Holdings Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Zutaland Development Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Subsidiaries of Unico Plantations Sdn Bhd			
Fasgro Plantation Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Segaco Plantation Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Supercrop Plantation Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Syarikat Zuba Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Topcrop Plantation Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Tutico Plantation Sdn Bhd	**100.0%**	100.0%	Cultivation of oil palm
Unico Oil Mill Sdn Bhd	**100.0%**	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
IOI Esterchem (M) Sdn Bhd * *(Formerly known as Esterchem (M) Sdn Bhd)*	**100.0%**	100.0%	Manufacture and sale of fatty ester and other related products
IOI 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	**100.0%**	100.0%	Manufacturing of oleochemical products and soap noodles

43. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

Name of Company	Effective Group Interest 2015	Effective Group Interest 2014	Principal Activities
Indirect Subsidiaries (Continued)			
Resource-based Manufacturing (Continued)			
Subsidiaries of IOI Oleochemical Industries Berhad (Continued)			
Palmco Oil Mill Sendirian Berhad *	**100.0%**	100.0%	Sales of palm kernel oil and trading in commodities
Stabilchem (M) Sdn Bhd *	**100.0%**	100.0%	Dormant
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
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%	Pre-operating
Subsidiaries of Loders Croklaan Group B. V.			
IOI-Loders Croklaan Oils B.V. # *(Incorporated in The Netherlands)*	**100.0%**	100.0%	Palm oil refinery
IOI Loders Croklaan Oils Sdn Bhd	**100.0%**	100.0%	Refining and sale of palm oil and related products
Loders Croklaan B. V. # *(Incorporated in The Netherlands)*	**100.0%**	100.0%	Manufacturing of specialty oils and fats
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
Loders Croklaan Canada Inc. # *(Incorporated in Canada)*	**100.0%**	100.0%	Manufacturing of specialty oils and fats
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
Loders Croklaan Ghana Limited * *(Incorporated in Ghana)*	**100.0%**	100.0%	Procurement and development of raw material for specialty fats application

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

43. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

Name of Company	Effective Group Interest 2015	Effective Group Interest 2014	Principal Activities
Indirect Subsidiaries (Continued)			
Resource-based Manufacturing (Continued)			
Subsidiaries of Loders Croklaan Group B. V. (Continued)			
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 (Shanghai) Trading Co. Ltd # *(Incorporated in the People's Republic of China)*	**100.0%**	100.0%	Trading of specialty oils and fats products
LCK Nutrition Limited *(Incorporated in the Republic of Ireland)*	**100.0%**	-	Sales, marketing, development and distribution of nutrition lipid betapol business
Loders Croklaan Malaysia Sdn Bhd	**100.0%**	100.0%	Investment holding
Loders Croklaan USA B. V. # *(Incorporated in The Netherlands)*	**100.0%**	100.0%	Investment holding
Loders Croklaan Nutrition B.V. # *(Incorporated in The Netherlands)*	**100.0%**	100.0%	Dormant
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
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)* *(Dissolved)*	**-**	100.0%	Dormant

43. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

Name of Company	Effective Group Interest 2015	Effective Group Interest 2014	Principal Activities
Indirect Subsidiaries (Continued)			
Non-Segment			
Subsidiaries of IOI Oleochemical Industries Berhad			
Care Security Services Sdn Bhd *	**100.0%**	100.0%	Management of collection of service charges
Palmco Jaya Sendirian Berhad *	**100.0%**	100.0%	Bulk cargo warehousing
Palmco International (HK) Limited * *(Incorporated in Hong Kong)*	**100.0%**	100.0%	Investment holding
Acidchem (Sabah) Sdn Bhd * *(In the process of striking-off under Section 308 of the Companies Act, 1965)*	**100.0%**	100.0%	Dormant
Direct Consolidated Sdn Bhd * *(In the process of striking-off under Section 308 of the Companies Act, 1965)*	**100.0%**	100.0%	Dormant
Palmco Management Services Sdn Bhd *	**100.0%**	100.0%	Dormant
Palmina Sendirian Berhad *	**100.0%**	100.0%	Dormant
Pamol Bintang Sdn Bhd *	**100.0%**	100.0%	Dormant
Performance Chemicals (M) Sdn Bhd *	**100.0%**	100.0%	Dormant
Quantum Green Sdn Bhd *	**100.0%**	100.0%	Dormant
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%	Dormant

Notes:

① *Plantation subsidiary previously held by IOI Oleochemical Industries Berhad which has been transferred to the Company in the financial year ended 30 June 2015.*

* *Subsidiaries not audited by BDO.*

\# *Subsidiaries audited by member firms of BDO International.*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

43. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

Name of Company	Effective Group Interest 2015	2014	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%**	31.4%	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
Joint Venture			
Resource-based Manufacturing			
Adeka Foods (Asia) Sdn Bhd	**40.0%**	40.0%	Manufacturing of margarine, shortening and fat spreads

44. AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 30 June 2015 were authorised for issue by the Board of Directors on 2 September 2015.

45. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of the financial year are analysed as follows:

	Group		Company	
In RM million	**2015**	**2014**	**2015**	**2014**
Total retained profits of the Company and its subsidiaries				
Realised	**9,355.3**	10,266.2	**4,808.0**	5,233.1
Unrealised	**(286.3)**	105.6	**(45.0)**	171.8
	9,069.0	10,371.8	**4,763.0**	5,404.9
Total share of retained profits from associates				
Realised	**324.8**	265.3	**-**	-
Unrealised	**104.8**	124.5	**-**	-
Total share of accumulated losses from joint ventures				
Realised	**(6.8)**	(1.0)	**-**	-
Unrealised	**-**	-	**-**	-
	9,491.8	10,760.6	**4,763.0**	5,404.9
Less: Consolidation adjustments	**(4,481.6)**	(4,854.0)	**-**	-
	5,010.2	5,906.6	**4,763.0**	5,404.9

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 107 to 254 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 2015 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 45 to the financial statements on page 255 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 dated 2 September 2015:

Tan Sri Dato' Lee Shin Cheng
Executive Chairman

Dato' Lee Yeow Chor
Chief Executive Officer

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 107 to 255 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 2 September 2015	)	

Before me

Ng Say Jin
Commissioner for Oaths
No. B195

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 2015 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 107 to 254.

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 2015 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 43 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.

INDEPENDENT AUDITORS' REPORT (Cont'd)

To The Members Of IOI Corporation Berhad

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 45 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
2 September 2015

GROUP PROPERTIES

A. PLANTATION ESTATES

Location	Tenure	Area (Hectare)	Crop Planted	Factory/ Mill	Year of Acquisition	Net Carrying Amount as at 30 June 2015 RM million
Pahang Darul Makmur						
Bukit Dinding Estate, Bentong	Freehold	1,573	OP	-	1983	21.9
Pukin Estate, Pekan Rompin	Leasehold expiring 2071, 2074, 2077	2,437	OP	1	1985	43.1
Mekassar Estate, Pekan Rompin	Leasehold expiring 2075	1,216	OP	-	1985	19.2
Detas Estate, Pekan	Leasehold expiring 2081	2,301	OP	-	1989	25.7
Bukit Leelau Estate, Pekan	Leasehold expiring 2088	2,096	OP	1	1989	22.1
Merchong Estate, Pekan	Leasehold expiring 2075	1,952	OP	-	1990	28.2
Leepang A Estate, Rompin	Leasehold expiring 2065	2,404	OP	-	2000	20.8
Laukin A Estate, Rompin	Leasehold expiring 2065	1,620	OP	-	2000	12.3
Shahzan IOI Estate 1, Rompin	Leasehold expiring 2062	1,563	OP	-	2002	13.2
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	41.2
Bahau Estate, Kuala Pilah	Freehold	2,578	OP	-	1990	44.8
Kuala Jelei Estate, Kuala Pilah	Freehold	679	OP	-	1990	12.6
Johor Darul Takzim						
Gomali Estate, Segamat	Freehold	2,554	OP R	1	1990	60.5
Paya Lang Estate, Segamat	Freehold	2,446	OP R	-	1990	46.9
Tambang Estate, Segamat	Freehold	2,011	OP	-	1990	40.9
Bukit Serampang Estate, Tangkak	Freehold	2,725	OP	-	1990	47.8
Kahang Estate, Kluang	Leasehold expiring 2082	2,420	OP	-	1990	34.2
Sagil Estate, Tangkak	Freehold	2,386	OP	-	1990	46.9
Segamat Estate, Segamat	Freehold	1,361	OP	-	1990	27.4
Pamol Plantations Estate, Kluang	Freehold	8,105	OP	1	2003	275.2
Sabah						
Morisem 1 Estate, Kinabatangan	Leasehold expiring 2080	2,032	OP	-	1993	29.3
Morisem 2 Estate, Kinabatangan	Leasehold expiring 2038, 2087, 2090	2,042	OP	-	1993-2009	28.8
Morisem 3 Estate, Kinabatangan	Leasehold expiring 2087, 2088	2,014	OP	-	1993	27.0
Morisem 4 Estate, Kinabatangan	Leasehold expiring 2089	2,023	OP	-	1993	27.0
Morisem 5 Estate, Kinabatangan	Leasehold expiring 2078	1,878	OP	-	1993	21.1
Baturong 1-3 Estates, Kunak	Leasehold expiring 2081	7,485	OP	1	1991	65.6
Halusah Estate, Lahad Datu	Leasehold expiring 2076, 2078	813	OP	-	1991	1.0

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 2015 RM million
Sabah (Continued)						
Syarimo 1-9 Estates, Kinabatangan	Leasehold expiring 2035, 2077-2097, 2963-2990	18,417	OP	1	1985-2000	245.3
Permodalan Estate, Kinabatangan	Leasehold expiring 2078	8,094	OP	-	1995	106.3
Laukin Estate, Sugut	Leasehold expiring 2077	2,128	OP	-	1996	31.5
Sakilan Estate, Sandakan	Leasehold expiring 2887	2,296	OP	1	1996	50.9
Ladang Sabah Estates, Labuk-Sugut	Leasehold expiring 2077, 2082, 2087, 2089	12,228	OP	1	1998-2003	291.2
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	28.7
Tangkulap Estate, Labuk-Sugut	Leasehold expiring 2080-2086	2,277	OP	-	2001	65.0
Bimbingan Estate, Labuk-Sugut	Leasehold expiring 2083	3,893	OP	-	2001	94.4
Pamol Plantations, Labuk-Sugut	Leasehold expiring 2037, 2081, 2097	1,793	OP	-	2003-2007	46.2
Pamol Estates, Labuk-Sugut	Leasehold expiring 2888	8,186	OP	1	2003	192.4
Milik Berganda Estate, Labuk-Sugut	Leasehold expiring 2090	5,269	OP	-	2003	100.5
Linbar 1-2 Estates, Kinabatangan	Leasehold expiring 2081	4,840	OP	-	2003	121.3
Mayvin 1-2 Estates, Labuk-Sugut	Leasehold expiring 2079-2081, 2090, 2092	3,423	OP	1	2003	97.7
Mayvin 5-6 Estates, Kinabatangan	Leasehold expiring 2082	3,602	OP	-	2003	107.6
Leepang 1-5 Estates, Kinabatangan	Leasehold expiring 2030-2039, 2078-2102	10,031	OP	2	2003-2009	305.4
Unico 1-5 Estates, Kinabatangan	Leasehold expiring 2081-2101	11,396	OP	1	2013	808.7
Unico 6 Estate, Lahad Datu	Leasehold expiring 2074, 2077-2079	2,264	OP	1	2013	207.7
Sarawak						
Sejap Estate, Baram	Leasehold expiring 2058	4,960	OP	-	2002	54.5
Tegai Estate, Baram	Leasehold expiring 2067, 2095	4,038	OP	-	2002	42.8

OP Oil palm
R Rubber

B. INVESTMENT PROPERTY

Location	Tenure	Land Area	Net Lettable Area	Usage	Age of Building (Year)	Year of Revaluation	Net Carrying Amount as at 30 June 2015 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	20	2015	7.7

C. INDUSTRIAL PROPERTIES

Location	Tenure	Land Area	Usage	Age of Building (Year)	Year of Acquisition	Net Carrying Amount as at 30 June 2015 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	18	1995	101.7
Lorong Perusahaan Satu Prai Industrial Complex 13600 Prai Penang	Leasehold expiring between 2035-2071	180,263 sq m	Offices and factory sites	36	2001	67.4
			Factory site	1-14		9.9
Palmco Jaya Warehouse Bulk Cargo Terminal 13600 Prai Penang	Leasehold expiring 2025	13,400 sq m	Bulk cargo terminal	41	2001	0.2
Deep Water Wharves 12100 Butterworth Penang	Leasehold expiring 2015	5,663 sq m	Bulking installation	41	2001	-
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	25-34	2005	145.8

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 2015 RM million
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	28	2007	35.5
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	26	2001	-
Durkee Road 24708 W Channahon Illinois United States	Freehold	36 hectares	Specialty oils and fats manufacturing facilities	13-45	2002	77.6
Loders Croklaan Hogeweg 1, 1520 Wormerveer The Netherlands	Freehold	6 hectares	Specialty oils and fats manufacturing facilities	24-45	2002	108.0
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	10-14	2004	234.2
195 Belfield Rd. Rexdale, Ontario M9W-1G8 Canada	Leasehold expiring 2023	1,022 sq m	Specialty oils and fats manufacturing facilities	39	2002	9.8
Industrial Park III Lots 15 & 16 Jundiai Brazil	Freehold	12,031 sq m	Vacant land	-	2010	4.2
Dusun Arang-Arang, Air Hitam Hulu Kecamatan Kendawangan Kabupaten Ketapang Kalimantan Barat, Indonesia	*	122,444 sq m	Palm oil mill	1	^	52.2
No. 101 Cangjiang Road Haicang District, Xiamen Fujian Province The People's Republic of China	Leasehold expiring 2064	160,004 sq m	Specialty oils and fats manufacturing facilities	#	2015	32.1

Notes:
** Yet to be determined.*
^ Self constructed and completed in 2015.
 # Under construction.

D. OTHER PROPERTIES

Location	Tenure	Land/Built Up Area	Usage	Age of Building (Year)	Year of Acquisition	Net Carrying Amount as at 30 June 2015 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
Tissue Culture Laboratory IOI Resort 62502 Putrajaya	Freehold	1 hectare	Research analysis	-	1990	2.2
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	35	2005	0.4
Geran 1341, Lot 12040 Mukim of Tangkak Johor Darul Takzim	Freehold	2 hectares	Vacant land	-	1998	0.1
Lot 51665 Mukim Plentong Pasir Gudang, Johor Bahru Johor Darul Takzim	Leasehold expiring 2043	2,968 sq m	Vacant land	-	2009	0.4
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
Country lease 115310926 Jalan Segama Lahad Datu Sabah	Leasehold expiring 2932	1 hectare	Regional office	14	1993	0.6

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 2015 RM million
Country lease 075349343, 075349352 Lot 34, Phase 7A Northern Ring Road Sandakan Sabah	Leasehold expiring 2882	417 sq m	3 storey shop/office	1	2015	1.3
302-H, Jalan Relau Desaria, 11900 Sg Ara Penang	Freehold	167 sq m	Shoplot	20	2001	0.2
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-Sixth Annual General Meeting (**"AGM"**) of the Company will be held at Putrajaya Ballroom I (Level 3), Putrajaya Marriott Hotel, IOI Resort City, 62502 Sepang Utara, Malaysia on Tuesday, 27 October 2015 at 10:00 am for the following purposes:

AGENDA

1 To receive the Audited Financial Statements for the financial year ended 30 June 2015 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) Dato' Lee Yeow Chor **Resolution 1**

(ii) Mr Cheah Tek Kuang **Resolution 2**

(Please refer to Note B)

3 To consider and if thought fit, to pass the following as Ordinary Resolutions in accordance with Section 129 of the Companies Act, 1965:

(i) "THAT Tan Sri Dato' Lee Shin Cheng, a Director retiring pursuant to Section 129(2) 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**

(ii) "THAT Tan Sri Peter Chin Fah Kui, a Director retiring pursuant to Section 129(2) 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 4**

(Please refer to Note B)

4 To consider and if thought fit, to pass the following as an Ordinary Resolution:

"THAT the payment of Directors' fees of RM935,000 for the financial year ending 30 June 2016 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 C)

5 To re-appoint Messrs BDO, the retiring auditors for the financial year ending 30 June 2016 and to authorise the Directors to fix their remuneration. **Resolution 6**

(Please refer to Note D)

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;

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 Transactions 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 1 October 2015 (**"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 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
1 October 2015

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 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 office of the Share Registrar, Tricor Investor Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, 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 **20 October 2015** shall be eligible to attend the AGM or appoint proxy to attend and vote on his behalf.

8 **Note A – To receive Audited Financial Statements for the financial year ended 30 June 2015**

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.

The 2015 Annual Report (which includes the Financial Report, the Directors' Report and the Independent Auditor's Report) will be presented to the meeting. Shareholders can access a copy of the 2015 Annual Report at IOI Corporation Berhad ("IOI Corp")'s website, www.ioigroup.com.

The Chairman will give shareholders an opportunity to ask questions about, and make comments on, the financial statements and reports and IOI Corp's performance.

Shareholders will also be given an opportunity to ask the representative(s) of IOI Corp's auditors, Messrs BDO, questions relevant to audit matters, including the Auditor's Report.

9 **Note B – To re-elect Directors/ To re-appoint Directors**

Dato' Lee Yeow Chor and Mr Cheah Tek Kuang are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at this AGM.

The Company's Articles of Association states that at each AGM of the Company, one-third (1/3) of the Directors or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) must retire from office, provided always that all Directors shall retire from office once at least in each three (3) years, but shall eligible for re-election.

The re-appointment of Tan Sri Dato' Lee Shin Cheng and Tan Sri Peter Chin Fah Kui who have attained the age of 70 years, as Directors of the Company to hold office until the conclusion of the next AGM, shall take effect if the Ordinary Resolutions 3 and 4 are 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.

Each of the Directors standing for re-election/re-appointment has undergone a performance evaluation and has demonstrated that he remains committed to the role and continues to be an effective and valuable member of the Board. The Board has also conducted assessment on the independence of the Independent Directors who are seeking for re-election/re-appointment and is satisfied that the Independent Directors have complied with the independence criteria applied by the Company and continue to bring independent and objective judgement to the Board deliberation.

The Board comprises eight (8) Directors, consisting of an Executive Chairman, two (2) Executive Directors and five (5) Non-Executive Directors, whose experience and expertise are derived from a range of industries and sectors providing an invaluable perspective on the Group's business. Profile details for each Director, including their career history, competencies and experience can be found on pages 054 to 059 of the 2015 Annual Report.

10 **Note C – To approve Directors' Fees**

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 2016 shall payable quarterly in arrears after each month of completed service of the Directors during the financial year.

11 **Note D – To re-appoint auditors**

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.

Messrs BDO were re-appointed as auditors at the 2014 AGM and have indicated their willingness to stand for re-appointment as auditors of the Company until the conclusion of the AGM in 2016.

12 **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 45th AGM of the Company held on 29 October 2014 and which will lapse at the conclusion of the forthcoming AGM to be held on 27 October 2015.

The general mandate, if approved, will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for the purpose of funding future investment project(s) and acquisition(s) and for strategic reasons. In order to eliminate any delay and costs in convening a general meeting to specifically approve such issuance of shares, it is considered appropriate that the Directors be empowered, as proposed under Ordinary Resolution 7, 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 AGM 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 45th AGM of the Company.

The Directors currently have no intention of issuing new shares, or of granting rights to subscribe for or to convert any security into shares, except in connection with the Company's Executive Share Option Scheme.

ii **Proposed Renewal of Existing Share Buy-Back Authority**

Ordinary Resolution 8 is to seek a renewal of the authority granted at the 45th AGM of the Company held on 29 October 2014 and which will lapse at the conclusion of the forthcoming AGM to be held on 27 October 2015. The resolution authorises the Company to make market purchases of its own ordinary shares as permitted by the Companies Act 1965.

The Board seeks authority to purchase up to 10% of the Company's issued ordinary shares (excluding any treasury shares), should market conditions and price justify such action.

The Directors only intend to use this authority to make such purchases if to do so could be expected to lead to an increase in net assets value per share for the remaining shareholders and would be in the best interests of shareholders generally, having due regard to appropriate gearing levels, alternative investment opportunities and the overall financial position of the Company. The Company bought back 42,978,200 ordinary shares of RM0.10 each during the financial year ended 30 June 2015.

Any purchases of ordinary shares would be by means of market purchases through the Bursa Malaysia Securities Berhad. Any shares purchased under this authority may either be cancelled or held as treasury shares by the Company. Treasury shares may subsequently be cancelled or sold for cash.

Please refer to explanatory information in the Circular to Shareholders dated 1 October 2015.

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 Transactions 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 45th AGM held on 29 October 2014 and new shareholders' mandate for additional recurrent related party transactions 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 AGM of the Company.

The details of the proposal are set out in the Circular to Shareholders dated 1 October 2015.

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 re-election)

No individual is seeking election as a Director at the forthcoming Forty-Sixth 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:

- Dato' Lee Yeow Chor
- Mr Cheah Tek Kuang

(b) The Directors seeking for re-appointment under Section 129 of the Companies Act, 1965 are as follows:

- Tan Sri Dato' Lee Shin Cheng
- Tan Sri Peter Chin Fah Kui

The profiles of the above-named Directors are set out in the section entitled "Profile of Directors" on pages 054 to 059 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 093 of the Annual Report.

SHAREHOLDERS' INFORMATION

as at 28 August 2015

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	:	25,661

ANALYSIS OF SHAREHOLDINGS

(Adjusted capital after netting treasury shares)

Size of holdings	No. of holders	Total holdings	%
1 – 99	3,126	29,484	0.00
100 – 1,000	4,959	3,820,297	0.06
1,001 – 10,000	12,908	50,354,068	0.80
10,001 – 100,000	3,870	102,203,902	1.62
100,001 – 315,530,653	792	2,861,806,591	45.35
315,530,654 and above	6	3,292,398,753	52.17
Total	**25,661**	**6,310,613,095**	**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	12.70
2.	Vertical Capacity Sdn Bhd	601,765,500	9.54
3.	Vertical Capacity Sdn Bhd	590,400,000	9.36
4.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	571,868,573	9.06
5.	CIMB Group Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Vertical Capacity Sdn Bhd*	405,000,000	6.42
6.	Vertical Capacity Sdn Bhd	322,064,680	5.10
7.	AmanahRaya Trustees Berhad *Skim Amanah Saham Bumiputera*	302,086,400	4.79
8.	Cartaban Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for Bank J. Safra Sarasin Ltd, Singapore Branch (BSCSG)*	224,945,900	3.56
9.	Kumpulan Wang Persaraan (Diperbadankan)	175,407,900	2.78
10.	Annhow Holdings Sdn Bhd	123,372,300	1.95

SHAREHOLDERS' INFORMATION
as at 28 August 2015

LIST OF TOP 30 SHAREHOLDERS (Continued)
(without aggregating securities from different securities accounts belonging to the same person)

	Name	No. of shares held	%
11.	AmanahRaya Trustees Berhad *Amanah Saham Wawasan 2020*	96,946,067	1.54
12.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - AmIslamic Bank Berhad for Vertical Capacity Sdn Bhd*	89,000,000	1.41
13.	AmanahRaya Trustees Berhad *Amanah Saham Malaysia*	88,693,300	1.40
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*	66,591,478	1.05
16.	Cartaban Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for State Street Bank & Trust Company*	65,359,580	1.04
17.	HSBC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Vertical Capacity Sdn Bhd*	58,000,000	0.92
18.	Cartaban Nominees (Tempatan) Sdn Bhd *Exempt Authorised Nominee for Bank J. Safra Sarasin Ltd, Singapore Branch (BSCSG)*	54,000,000	0.86
19.	HSBC Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for JPMorgan Chase Bank, National Association (U.S.A.)*	46,191,473	0.73
20.	Cartaban Nominees (Asing) Sdn Bhd *GIC Private Limited for Government of Singapore (C)*	44,621,353	0.71

LIST OF TOP 30 SHAREHOLDERS (Continued)
(without aggregating securities from different securities accounts belonging to the same person)

	Name	No. of shares held	%
21.	Cartaban Nominees (Tempatan) Sdn Bhd *Exempt Authorised Nominee for Eastspring Investments Berhad*	40,127,001	0.64
22.	Malaysia Nominees (Tempatan) Sendirian Berhad *Great Eastern Life Assurance (Malaysia) Berhad*	37,897,313	0.60
23.	Citigroup Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for UBS AG Singapore (Foreign)*	37,348,700	0.59
24.	AmanahRaya Trustees Berhad *AS 1Malaysia*	35,736,066	0.57
25.	Maybank Nominees (Tempatan) Sdn Bhd *Maybank Trustees Berhad for Public Ittikal Fund*	34,000,000	0.54
26.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Rickoh Holdings Sdn Bhd*	32,500,000	0.51
27.	Permodalan Nasional Berhad	30,018,800	0.48
28.	AmanahRaya Trustees Berhad *Amanah Saham Didik*	26,391,700	0.42
29.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Lai Ming Chun @ Lai Poh Lin*	25,550,000	0.40
30.	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Kim Heung*	24,000,000	0.38
	Total	**5,121,184,084**	**81.15**

SHAREHOLDERS' INFORMATION
as at 28 August 2015

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	1.06	*2,950,710,980	46.78
Puan Sri Datin Hoong May Kuan	-	-	**3,017,697,280	47.84
Dato' Lee Yeow Chor	9,000,400	0.14	***2,937,530,180	46.57
Lee Yeow Seng	4,180,400	0.07	***2,937,530,180	46.57
Vertical Capacity Sdn Bhd	2,937,530,180	46.57	-	-
Progressive Holdings Sdn Bhd	-	-	#2,937,530,180	46.57
Employees Provident Fund Board	591,132,259	9.37	-	-

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-Sixth Annual General Meeting** ("AGM") of the Company to be held at **Putrajaya Ballroom I (Level 3), Putrajaya Marriott Hotel, IOI Resort City, 62502 Sepang Utara, Malaysia** on **Tuesday, 27 October 2015** 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" : ______ %

100% CDS A/C No. : ______________

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 Dato' Lee Yeow Chor as a Director				
2.	To re-elect Mr Cheah Tek Kuang as a Director				
3.	To re-appoint Tan Sri Dato' Lee Shin Cheng pursuant to Section 129 of the Companies Act, 1965				
4.	To re-appoint Tan Sri Peter Chin Fah Kui pursuant to Section 129 of the Companies Act, 1965				
5.	To approve Directors' Fees for the financial year ending 30 June 2016				
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 transactions				

Dated this __________ day of ____________________ 2015

____
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 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 office of the Share Registrar, Tricor Investor Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, 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* ***20 October 2015*** *shall be eligible to attend the AGM or appoint proxy to attend and vote on his behalf.*

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Stamp

Share Registrar

TRICOR INVESTOR SERVICES SDN BHD

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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