SENIOR MANAGEMENT TEAM

Executive Chairman
TAN SRI DATO' LEE SHIN CHENG

Chief Executive Officer
LEE YEOW SENG

CORPORATE

General Manager (Finance)
BETTY LAU SUI HING

Chartered Secretary
TAN CHOONG KHIANG

PROPERTY

Property Director
TEH CHIN GUAN

Senior General Managers
LEE YOKE HAR
SIMON HENG
TAN KENG SENG

General Managers
LIM BENG YEANG
LOU FU LEONG
HO KWOK WING
IR CHOO KAY BOON
LOH CHIN YEAN
CHUNG NYUK KIONG

General Manager, The Trilinq, Singapore
LEE YEAN PIN (LI YANPING)

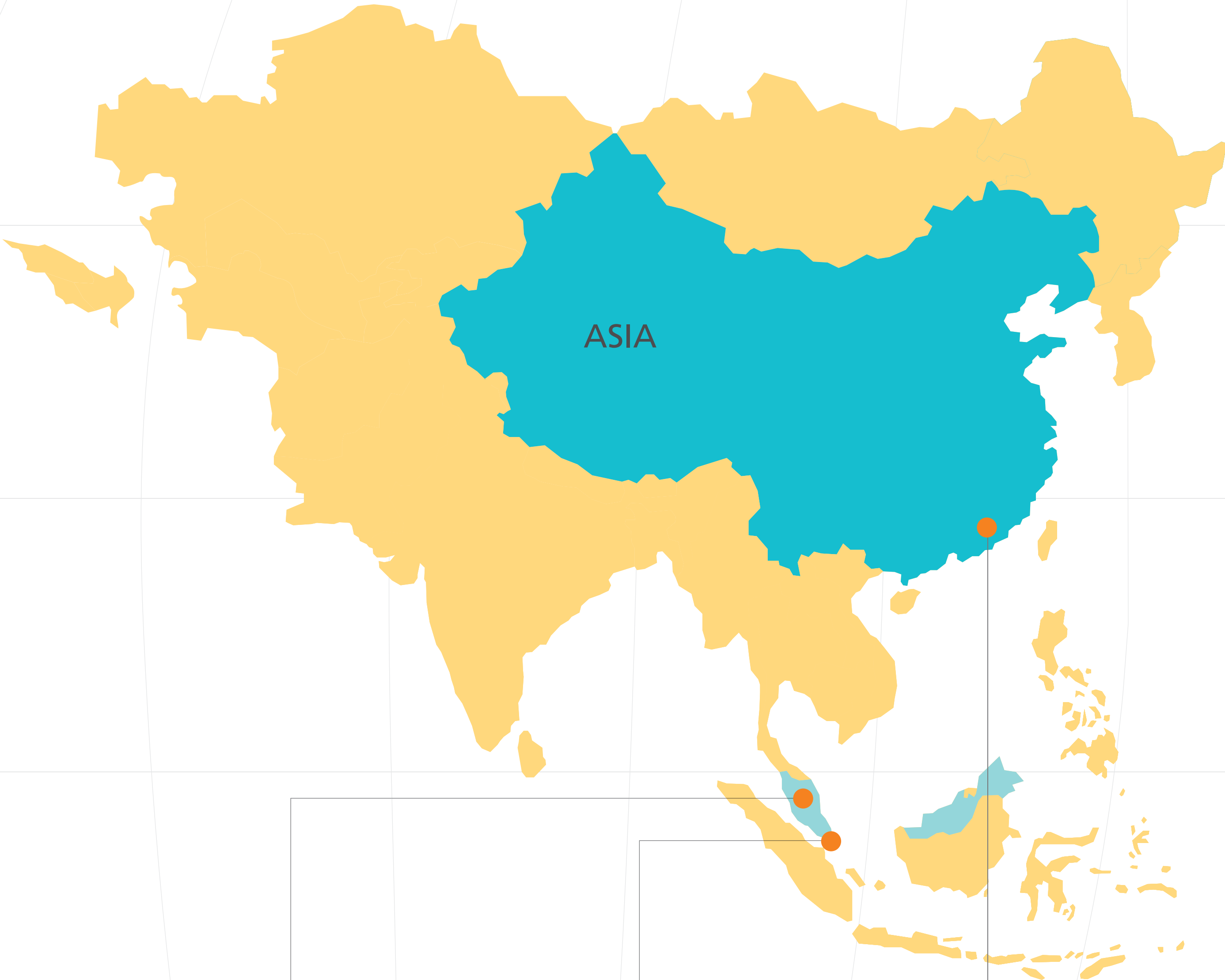
General Manager, IOI Mall Puchong
STEVEN FOO

Assistant General Manager, Xiamen, PRC
OOI WOOI YAW

HOTELS AND GOLF CLUB

General Managers
SIMON YONG
BRANDON CHIN

REGIONAL PRESENCE



Malaysia

1 Penang
2 Selangor
3 Negeri Sembilan
4 Melaka
5 Johor

Singapore

1 Cape Royale @ Sentosa Cove
2 Cityscape @ Farrer Park
3 Seascape @ Sentosa Cove
4 South Beach @ Beach Road
5 The Trilinq @ Jalan Lempeng

People's Republic of China

1 IOI Park Bay @ Xiamen
2 IOI Palm City @ Xiamen

LOCATION OF OPERATIONS IN MALAYSIA

Penang

1 Desaria, Sungai Ara
2 Teluk Kumbar, Barat Daya

Selangor

3 Bandar Puchong Jaya & Bandar Puteri Puchong
4 16 Sierra, Puchong South
5 IOI Resort City, Putrajaya
6 Bandar Puteri Bangi
7 Bandar Puteri Warisan, Sepang

Negeri Sembilan

8 Bandar IOI, Bahau

Melaka

9 IOI City, Ayer Keroh

Johor

10 Bandar Putra Segamat
11 Taman Lagenda Putra
12 Bandar Putra Kulai
13 Taman Kempas Utama
14 The Platino

CORPORATE CALENDAR

2013

11 July

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

2 August

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

6 September

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

8 November

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

8 November

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

2014

8 January

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

15 January

IOIPG listed successfully on the Main Market of Bursa Malaysia as one of the largest property companies in the country.

18 January

IOIPG held open houses at its Parc Ville and 16 Sierra show galleries to celebrate Chinese New Year with its residents and business associates. The guests were entertained by a lion dance, acrobatics, Chinese calligraphy and handicraft demonstrations, and various festive activities.

19 April

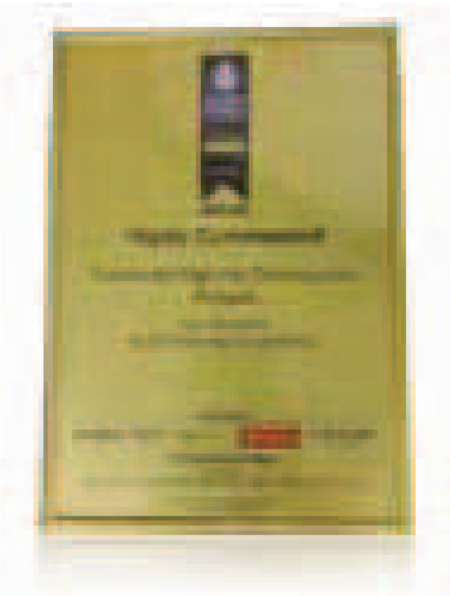
The IOI Properties Showcase 2014 which was held at IOI Mall Puchong attracted many buyers who were drawn by the value-added benefits and incentives offered for IOIPG's prime properties.

CORPORATE CALENDAR (Cont'd)

2014

9 May

Skyz Residence received the Highly Commended: Residential High-rise Development (Malaysia) award at the Asia Pacific Property Awards 2014-2015.



12 June

IOIPG signed an agreement with Starwood Hotels & Resorts Worldwide, Inc. to operate two hotels, Four Points by Sheraton Puchong and Le Meridien Putrajaya, which are expected to open end of 2014 and 2015 respectively.

13 June

IOIPG won the British Construction Industry ("BCI") Asia Top 10 Developers Award 2014 for the fourth consecutive year at the BCI Asia Awards 2014. The awards were presented to ten top property developers and architectural firms with the greatest aggregate value of projects under construction in Southeast Asia.

14 June

Palm Garden Hotel was appointed as the Smart Partner for Putrajaya Royal Floria Festival 2014, an annual international flower and garden show that ran from 14 to 22 June at Precinct 3. Besides hosting a media preview on the opening day, the hotel's accomplished chefs held cooking demonstrations and served local and international delicacies at its scenic IOI Heliconia Café.

21 June

Skyz Residence, set to be the tallest landmark in Bandar Puchong Jaya with its highest floor situated 200 metres above sea level, was launched to overwhelming response from property buyers who were impressed with the resort-styled condominium.

25 June

IOI City Mall signed a lease agreement with its anchor tenants – Tesco, HomePro Malaysia and Aeon Index Living Mall.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

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

The Committee was established on 29 May 2013 in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

A MEMBERS

Datuk Tan Kim Leong @ Tan Chong Min
Chairman
Independent Non-Executive Director

Tan Sri Ong Ka Ting
Member
Senior Independent Non-Executive Director
(Resigned on 25 August 2014)

Datuk Lee Say Tshin
Member
Independent Non-Executive Director

Dr Tan Kim Heung
Member
Independent Non-Executive Director
(Appointed on 25 August 2014)

B COMPOSITION AND TERMS OF REFERENCE

1 Membership

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

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

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

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

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

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

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

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

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

2 Objectives

The primary objectives of the Committee are to:

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

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

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

3 Authority

The Committee is authorised by the Board to:

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

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

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

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

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

4 Duties and Responsibilities

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

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

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

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

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

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

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

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

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

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

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

The review shall focus on:

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

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

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

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

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

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

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

5 **Conduct of Meetings**

Number of Meetings

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

Attendance of Meetings

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

Quorum

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

6 **Secretary to the Committee and Minutes**

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

C ACTIVITIES

During the financial year ended 30 June 2014, the Committee discharged its duties and responsibilities in accordance with its terms of reference.

The main activities undertaken by the Committee were as follows:

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

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

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

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

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

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

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

viii Review assesment of the performance of members of internal audit function.

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

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

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

Number of Meetings and Details of Attendance

Four (4) meetings were held during the financial year ended 30 June 2014. The attendance record of each member was as follows:

Members	Total Number of Meetings	Number of Meetings Attended
Datuk Tan Kim Leong @ Tan Chong Min	4	4
Tan Sri Ong Ka Ting	4	4
Datuk Lee Say Tshin	4	4

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

Members	Total Number of Meetings	Number of Meetings Attended
Datuk Tan Kim Leong @ Tan Chong Min	3	3
Tan Sri Ong Ka Ting *(Resigned on 25 August 2014)*	2	2
Datuk Lee Say Tshin	3	3
Dr Tan Kim Heung *(Appointed on 25 August 2014)*	1	1

D INTERNAL AUDIT FUNCTION

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

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

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

The total costs incurred for the internal audit function of the Group for the financial year ended 30 June 2014 was RM510,000.

E RISK MANAGEMENT

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

This is elaborated in details under a separate statement called "Statement on Risk Management and Internal Control" on pages 71 to 73.

STATEMENT ON CORPORATE GOVERNANCE

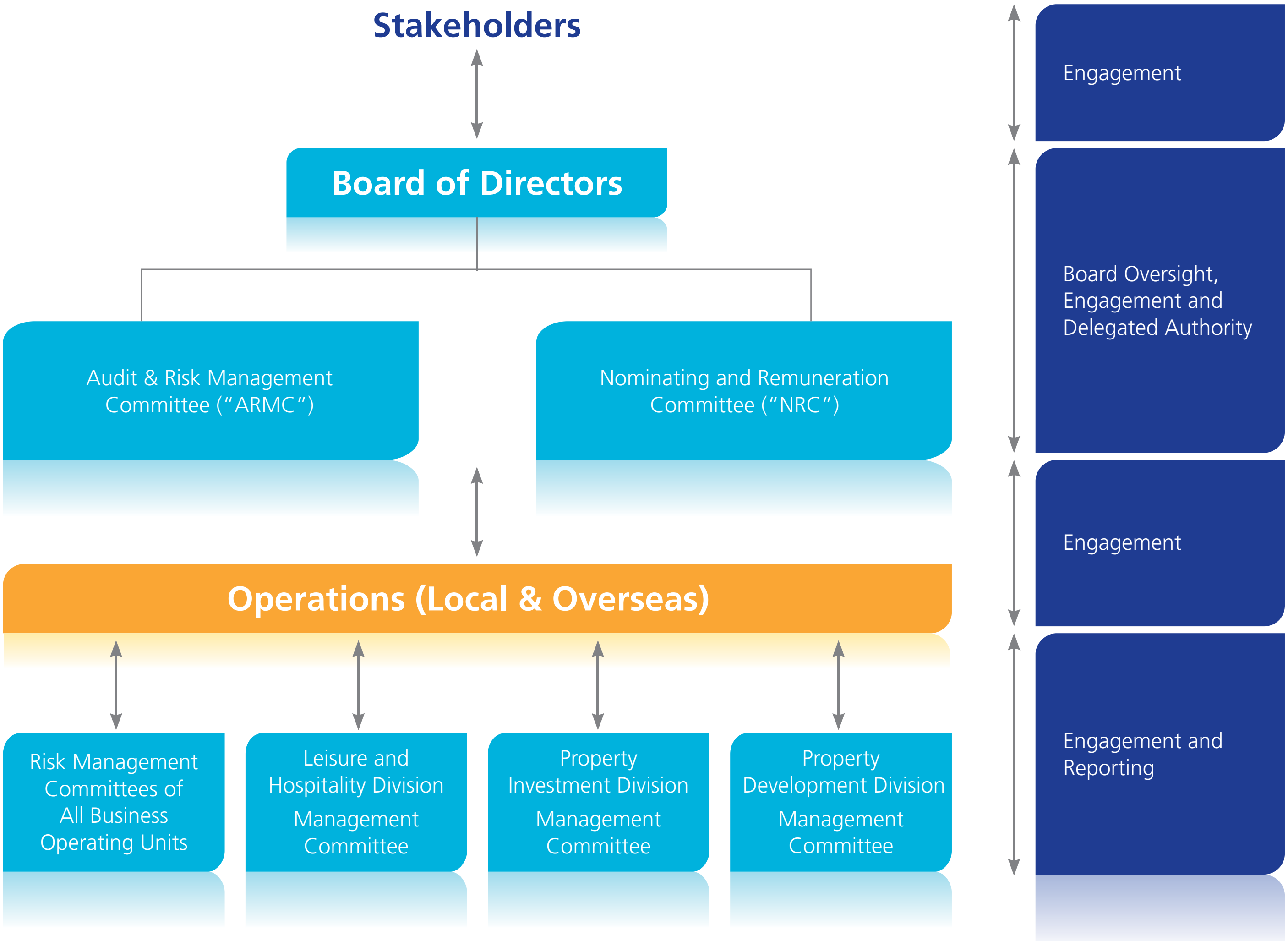
INTRODUCTION

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

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

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

GOVERNANCE FRAMEWORK



IOI Properties Group Berhad ("IOIPG") has complied with the principles and recommendations of the Code save for the following recommendation:

The Code Recommendation	Compliance	Explanation
Recommendation 3.4 The positions of Chairman and Chief Executive Officer ("CEO") should be held by different individuals, and the Chairman must be a non-executive independent member of the Board.	The departure from the Recommendation 3.4 is only limited to Non-Executive Chairman and the reasons for such departure are listed.	The Group Executive Chairman is Tan Sri Dato' Lee Shin Cheng and the role of Group CEO is fulfilled by Lee Yeow Seng. Their roles are separate and a clear division of responsibilities to distinguish between the running of the Board and the executive responsibility for running the business. Despite the Chairman is an executive member of the Board, the Board has a majority of Independent Directors and the presence of Independent Directors with distinguished records and credentials to ensure that there is independence of judgement. The NRC is satisfied that notwithstanding Tan Sri Dato' Lee's executive chairmanship, he has continued to discharge his duties effectively, shown tremendous commitment and played an integral role in the stewardship of IOI Properties Group Berhad.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

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

Roles and Principal Duties

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

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

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

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

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

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

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

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

Delegation by the Board

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

Board Composition and Balance

Presently, the Board comprises seven (7) members, of whom two (2) are Executive Directors, four (4) are Independent Non-Executive Directors and one (1) is Non-Independent Non-Executive Director. The Board composition complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") that require a minimum of two (2) Directors or one-third (1/3) of the Board, whichever is the higher, to be Independent Directors.

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

Key Information on Directors

A brief profile of each Director is presented on pages 40 to 46 of the Annual Report, and the Notice of Annual General Meeting ("AGM") for Directors proposed for re-election and re-appointment at the 2014 AGM. Currently, no alternate Directors have been appointed in respect of any of the Directors.

Code of Business Conduct and Ethics

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

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

Diversity

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

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

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

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	499	30.33	289	28.45	210	33.44
30 – 39	603	36.66	362	35.63	241	38.38
40 – 49	385	23.40	247	24.31	138	21.97
50 – 59	142	8.63	105	10.33	37	5.89
60 – 69	15	0.92	13	1.28	2	0.32
70 & above	1	0.06	1	–	–	–
Grand Total	**1,645**	**100.00**	**1,017**	**100.00**	**628**	**100.00**

Management position and Directors on the Board of IOIPG

Category	Total Headcount	Headcount of Male Employees	% of Male Employees	Headcount of Female Employees	% of Female Employees
In Management position (Manager & above)	186	129	69.35	57	30.65
Directors on the Board	7	7	100.00	–	–

Sustainability and Corporate Responsibility

Sustainability strategies are also encapsulated in the Group's Vision and Mission, and form part of Sustainability and Corporate Responsibility Statement.

The Group recognises that the pursuit of property development inevitably impacts the environment and takes steps to minimise the potentially harmful effects of such activities wherever practicable. IOIPG is therefore committed to developing in a sustainable way in tandem with environmental, economic and social considerations.

The Group has a long-standing track record of thinking through how our developments can integrate with the local community and bring direct benefits as the planning process unfolds. The Group also has a commitment to find innovative ways to enhance learning and encourage local school and business links.

The Group promotes a high level of health and safety through the following initiatives, which include among others:-

- monthly health and safety meeting;
- provision of required safety equipment to employees and guests visiting potentially hazardous sites such as those under construction;
- participation in building emergency and evacuation procedures and assistance in developing related protocols

The Group is committed to expanding its community/charity programme to enable increase engagement with, and support for, relevant and registered community or charitable organisations.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

Whistleblowing Policy

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

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

The policy is to provide an avenue for all employees of the Group and all agents, vendors, contractors, suppliers, consultants and customers of IOI Properties Group and members of public to raise concerns about any improper conduct within the Group without fear of retaliation and to offer protection for such persons (including the employees of the 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 the Group is encouraged to make disclosure by filling a prescribed Whistleblower Report Form and submit it through any of the following reporting channels:

a) E-mail to whistleblowing@ioigroup.com

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

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

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

Position	Name	Tel No.
Chairman of ARMC	Datuk Tan Kim Leong @ Tan Chong Min	+(603) 8948 8233
Head of Group Internal Audit	Frank Chin Suan Yong	+(603) 8947 8949
Executive Chairman	Tan Sri Dato' Lee Shin Cheng	
Executive Director/Chief Executive Officer	Lee Yeow Seng	
Property Director	Teh Chin Guan	
Senior General Manager (Johor properties)	Simon Heng Kwang Hock	
General Manager (Johor properties)	Lim Beng Yeang	

Company Secretary

The Company Secretary, Vincent Tan Choong Khiang, assumed his role in 2013, having had 18 years experience in corporate secretarial practice. He is a fellow member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). He is also a Council Member of MAICSA and the Deputy Chairman of the Chartered Secretaries Malaysia Committee.

The Board has direct access to the advice and services of a Company Secretary who is responsible to the Board for ensuring that all governance matters and Board procedures are followed and that applicable laws and regulations are complied with. These include obligations on Directors relating to disclosure of interests and disclosure of any conflicts of interest in transactions with the Group. The Company Secretary is also in charge of highlighting all compliance and governance issues which they feel ought to be brought to the Board's attention.

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

Independent Professional Advice

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

PRINCIPLE 2: STRENGTHEN COMPOSITION

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

Appointment to the Board and the effectiveness of the Board

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

The NRC of the Board comprises the following Directors:

1. Tan Sri Ong Ka Ting (Chairman)
2. Datuk Tan Kim Leong @ Tan Chong Min
3. Dr Tan Kim Heung

The terms of reference for the NRC is available on the Group's website, www.ioipropertiesgroup.com

A Director may be considered independent in character and judgement if he 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 of 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.

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

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

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

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

Comments from the Directors, if any, concerning the Board as a whole and the general performance of the Directors, are also presented to the Board.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

The CEO's performance is reviewed annually by the NRC and the Board. The performance of Chief Financial Officer, Property Director and other key executives is reviewed yearly by the CEO.

The main activities of the NRC were as follows:

1. Reviewed and recommended the appointment of Datuk Lee Say Tshin as Independent Non-Executive Director;
2. Reviewed the Executive Directors' remunerations;
3. Performance evaluation of the Board and the various Board Committees;
4. Reviewed and recommended the candidate for replacement of ARMC member; and
5. Reviewed and recommended the Directors' standing for re-appointment and re-election at the AGM.

Board Evaluation Criteria

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

Individual Director Evaluation Criteria

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

Re-election and Re-appointment of Directors

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

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

The Directors due for retirement and re-election by rotation pursuant to Article 87 of the Articles at the forthcoming Second AGM are Dato' Lee Yeow Chor and Lee Yeow Seng. The profiles of the Directors who are due for retirement and re-election are set out on pages 41 and 42.

The Directors who are due for retirement and re-appointment in accordance to Section 129 of the Companies Act, 1965 at the forthcoming Second AGM are Tan Sri Dato' Lee Shin Cheng and Datuk Tan Kim Leong @ Tan Chong Min. Their profiles are set out on pages 40 and 44.

Directors' Remuneration

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

The NRC reviews and submits recommendation to the Board on remuneration packages of Directors in accordance with the Company's policy guidelines which sets a proportionately high variable pay component to the remuneration package so as to strongly link remuneration to performance, experience and the level of responsibilities. All Directors are paid annual fees. The members of the Board Committees receive additional fees taking into consideration the nature of their responsibilities. The fees for Directors are determined by the full Board with the approval from shareholders at the AGM.

No Director is involved in deciding his own remuneration.

The details of the remuneration of Directors of the Company comprising remuneration received/receivable from the Company and subsidiary companies during the financial year ended 30 June 2014 are as follows:

1. Aggregate remuneration of Directors categorised into appropriate components:

	Fees RM'000	Salaries RM'000	Bonus & Incentives RM'000	Benefits-in-kind RM'000	EPF RM'000	Others RM'000	Total RM'000
Executive Directors	170	3,150	28,079	64	3,747	104	35,314
Non-executive Directors	515	–	–	–	–	29	544

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

Range of Remuneration	Number of Directors: Executive	Number of Directors: Non-Executive
RM1 to RM50,000	–	–
RM50,001 to RM100,000	–	1
RM100,001 to RM150,000	–	3
RM150,001 to RM450,000	–	–
RM450,001 to RM950,000	–	–
RM950,001 to RM1,000,000	–	1
RM1,000,001 to RM11,800,000	–	–
RM11,800,001 to RM11,850,000	1	–
RM11,850,001 to RM22,550,000	–	–
RM22,550,001 to RM22,600,000	1	–

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

PRINCIPLE 3: REINFORCE INDEPENDENCE

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

Annual Review of Directors' Independence

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

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

All of the Independent Non-Executive Directors are also independent from the substantial shareholders of the Company, not being substantial shareholders themselves nor directly associated with any substantial shareholder.

The Board has identified Tan Sri Ong Ka Ting as the Senior Independent Non-Executive Director of the Board to whom concerns (of shareholders, management or others) may be conveyed. The Senior Independent Non-Executive Director can be contacted at email: ktong@ioigroup.com.

PRINCIPLE 4: FOSTER COMMITMENT

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

Board Meeting

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

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

Five (5) Board meetings were held during the financial year ended 30 June 2014. The attendance record of each Director since the last financial year was as follows:

	Total Number of Meetings	Number of Meetings Attended
Executive Directors		
Tan Sri Dato' Lee Shin Cheng	5	5
Lee Yeow Seng	5	4
Non-Executive Directors		
Tan Sri Ong Ka Ting	5	5
Dato' Lee Yeow Chor	5	5
Datuk Tan Kim Leong @ Tan Chong Min	5	5
Datuk Lee Say Tshin	5	5
Dr Tan Kim Heung	5	5

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

Supply of Information

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

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

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

Training and Development of Directors

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

To ensure the Board has sufficient knowledge to discharge its duties, the Company Secretary co-ordinates and notifies the Board members of training programmes from time to time.

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

Tan Sri Dato' Lee Shin Cheng	World Bank Talk 2013: Malaysian Economy Outlook & Harnessing Natural Sustainable Growth	25 July 2013
	17th China International Fair For Investment & Trade	8 September 2013
	Malaysia – China Entrepreneur Conference 2013: Positive Energy with Better Opportunities	1 December 2013
	Palm and Lauric Oils Conference & Exhibition: Price Outlook 2014/2015	4 March 2014
	Private Forum and Dialogue with IOI Group's Founder and Executive Chairman	15 May 2014
	Invest Malaysia Conference 2014	9 June 2014
Lee Yeow Seng	Invest Malaysia Conference 2014	9 June 2014 to 10 June 2014
	Bloomberg Markets Magazine – Private Luncheon with Mr Ronald Henkoff	26 June 2014

Dato' Lee Yeow Chor	Palm Oil Trade Seminar, Vietnam	1 July 2013
	Customer Service Excellent for Sales & Marketing Workshop	3 July 2013
	Forbes Global Conference, Bali, Indonesia	3 September 2013 to 5 September 2013
	Palm Oil Trade Seminar, Russia	16 September 2013
	Sustainable Cities Conference by Real Estate and Housing Developers' Association Malaysia (REHDA)	24 September 2013
	YPO-WPO 3G Family Business Summit, Jakarta	25 September 2013 to 27 September 2013
	Global Oils & Fats Forum, Orlando, Florida, USA	3 October 2013 to 4 October 2013
	Alternative Vision of the World Economy in 2013	9 October 2013
	Palm Oil Trade Seminar, Pakistan & Iran	15 January 2014 to 21 January 2014
	Rountable Session on Sustainable Business Growth	20 May 2014
	Invest Malaysia Conference 2014	9 June 2014 to 10 June 2014
	Citi Asean Investor Conference, Singapore	12 June 2014 to 13 June 2014
	Palm Oil Trade Seminar, India	26 June 2014 to 28 June 2014
Tan Sri Ong Ka Ting	Mandatory Accreditation Programme	5 and 6 March 2014
	Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers	18 March 2014
	Special Session on GST Implementation conducted by Deloitte Tax Consultants	5 May 2014
	China-Malaysia High Level Economic Forum in Beijing	31 May 2014
	Board Chairman Series: The Role of the Chairman	23 June 2014
Datuk Tan Kim Leong @ Tan Chong Min	Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers	18 March 2014
	Executive GST Briefing	15 May 2014
Datuk Lee Say Tshin	Mandatory Accreditation Programme	14 and 15 August 2013
	Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers	18 March 2014
	The Board Role in Governance & Audit Committee Oversight Responsibilities – Passion Beyond Numbers	18 June 2014
Dr Tan Kim Heung	Mandatory Accreditation Programme	5 and 6 March 2014
	Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers	6 May 2014

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

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

Audit and Risk Management Committee ("ARMC")

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

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

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

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

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

Directors' Responsibility for Preparing the Annual Audited Financial Statements

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

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

Financial Reporting

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

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

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

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

External Auditors

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

The non-statutory audit fees incurred for services rendered to the Group by BDO Malaysia and its affiliates for the financial year ended 30 June 2014 was RM103,000.

The Board has considered the non-audit services provided during the year by the auditors and is satisfied that the provision of those non-audit services during the year by the auditors is compatible with and did not compromise, 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.

Risk Management and Internal Control

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

Internal Audit Function

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

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

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

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

Timely and High Quality Disclosure

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

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

This Media Disclosure Policy is applicable to all Directors, those authorised to speak on the Group's behalf as well as all the employees of IOI. 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 Properties Group in mind.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

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

Annual General Meeting and Other Communications with Shareholders

All shareholders of the Company receive the annual report of the Company and the notice of AGM, which notice is also advertised in the press and released via BURSA LINK. The chairmen of the ARMC, NRC and the external auditors will endeavour to be present at the 2014 AGM to assist the Directors in addressing queries raised by the shareholders. The Chairman will provide ample time for the Q&A sessions in the AGMs and for suggestions and comments by shareholders to be noted by management for consideration.

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

(i) by the Chairman of the meeting;

(ii) by at least two (2) members present in person or by proxy or by attorney or in the case of a corporation by a representative;

(iii) by a member or members present in person or by proxy or by attorney or in the case of a corporation by a representative and representing not less than one-tenth (1/10) of the total voting rights of all the members having the right to vote at the meeting; or

(iv) by a member or members present in person or by proxy or by attorney or in the case of a corporation by a representative holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid-up equal to not less than one-tenth (1/10) of the total sum paid-up on all the shares conferring that right.

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 69 of the Company's Articles of Association for resolution approving related party transaction(s) at the general meetings and at any adjournment thereof to be put to the vote by way of poll.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

Dialogue between the Company and Investors

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

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

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

The Group has also established several websites with the main one being www.ioipropertiesgroup.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 24 meetings with analysts and investors. The Group enjoys a relatively high level of coverage and exposure to the investment community.

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This statement is in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on the Group's compliance with the Principles and Best Practices relating to internal control as stipulated in the Malaysian Code on Corporate Governance 2012.

ACKNOWLEDGEMENT OF RESPONSIBILITIES

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

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

RISK MANAGEMENT

The Group adopts an Enterprise Risk Management ("ERM") framework which 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, Bursa Malaysia's Corporate Governance Guide, and is in line with ISO 31000, Risk Management – Principles and Guidelines (which is a standard relating to risk management codified by the International Organization for Standardization. ISO 31000 provides a standard on the implementation of risk management).

The Group's ERM framework essentially links the Group's objectives and goals (that are aligned to its Vision) to principal risks; and the principal risks to controls and opportunities that are translated to actions and programmes. The framework also outlines the Group's approach to its risk management policies:

i) Embrace risks that offer opportunities for superior returns

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

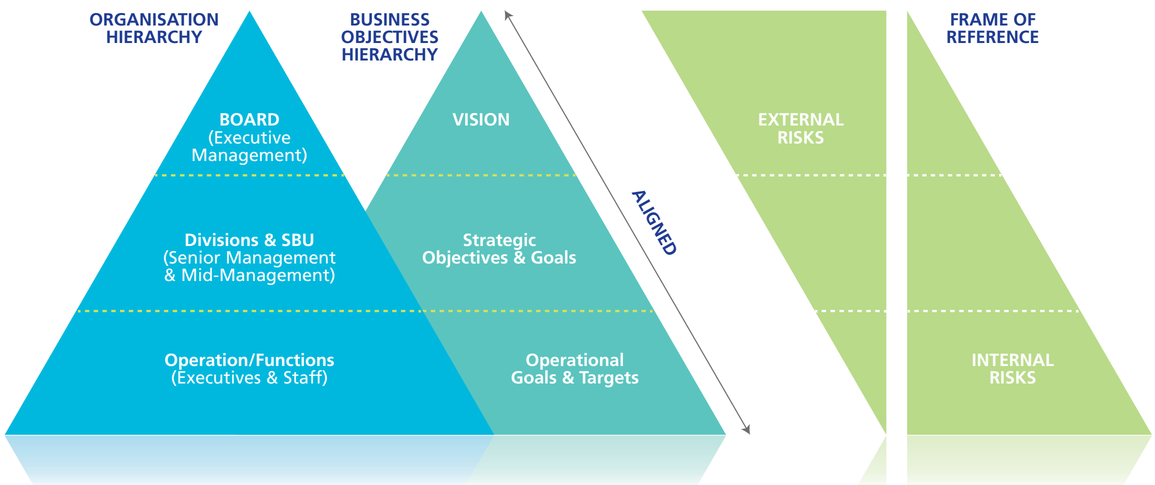
ii) Risk Management as a collective responsibility

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

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

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

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



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

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, marketing 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 procurement, integrated systems and reputation) are coordinated centrally.

II) FINANCIAL RISK

- The Group is exposed to various financial risks relating to credit, liquidity, interest rates, and foreign currency exchange rates. The Group's risk management objectives and policies coupled with the required quantitative and qualitative disclosures relating to its financial risks are set out in Note 42 to the financial statements on pages 175 to 197.

CONTROL ENVIRONMENT

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

CONTROL ACTIVITIES

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

INFORMATION AND COMMUNICATION PROCESSES

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

MONITORING

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

REVIEW FOR THE FINANCIAL YEAR

A review on the adequacy and effectiveness of the risk management and internal control system has been undertaken for the financial year under review. Each business unit, cutting across all geographic areas, via its respective Risk Management Committees and workgroups comprising personnel at all levels carried out the following areas of work:

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

The review includes the following:

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

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

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

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

CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system. The Board has received assurance from the Chief Executive Officer and General Manager (Finance) that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively. For the financial year under review, there were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group.

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

STATEMENT OF DIRECTORS' INTERESTS

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

Name of Directors	Direct	%	Indirect	%
The Company				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	33,904,100	1.05	1,594,999,382[1]	49.24
Tan Sri Ong Ka Ting	–	–	–	–
Lee Yeow Seng	1,894,600	0.06	1,544,287,157[2]	47.68
Dato' Lee Yeow Chor	4,180,000	0.13	1,544,335,657[3]	47.68
Datuk Tan Kim Leong @ Tan Chong Min	63,000	*	4,032[4]	*
Datuk Lee Say Tshin	–	–	–	–
Dr Tan Kim Heung	11,000,000	0.34	–	–

By virtue of Tan Sri Dato' Lee Shin Cheng, Lee Yeow Seng and Dato' Lee Yeow Chor'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 sons, Dato' Lee Yeow Chor and Lee Yeow Seng under Section 6A of the Companies Act, 1965 (the "Act") and also interest in shares of daughters, Lee Yoke Ling, Lee Yoke Har, Lee Yoke Hean and Lee Yoke Hui under Section 134(12)(c) of the Act as well as shares held by Summervest Sdn Bhd.*

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

3 *Deemed interested by virtue of his interest in PH, which in turn holds 100% equity interest in VC and also interest in shares of his spouse, Datin Joanne Wong Su-Ching under Section 134(12)(c) of the Act.*

4 *Deemed interested by virtue of his interest in E. P. H. Holdings Sendirian Berhad as well as shares held by his son, Tan Enk Purn.*

* *Negligible*

SHAREHOLDINGS OF SENIOR MANAGEMENT TEAM

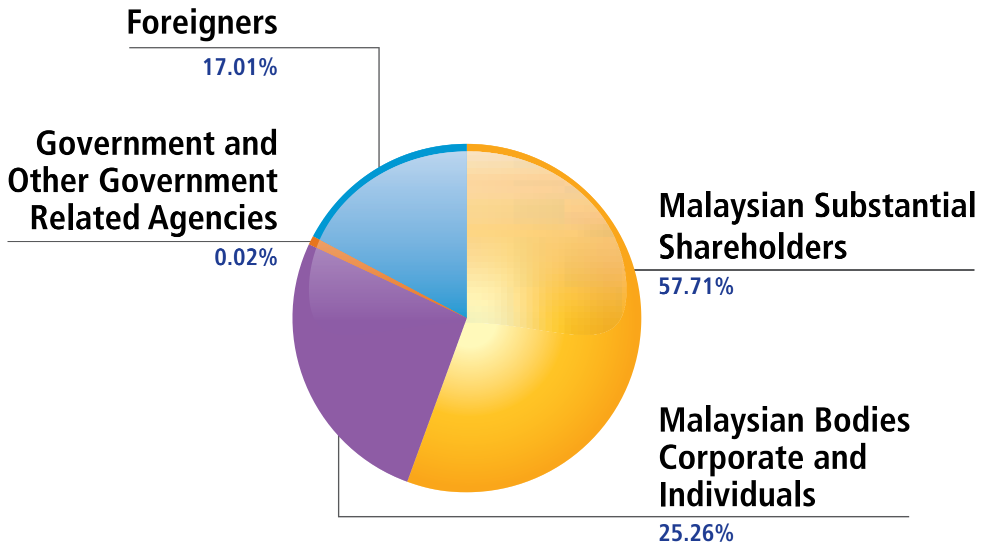
Based on the Record of Depositors as at 29 August 2014, the details of shareholdings of our senior management team are as follows:

Name	Direct	%	Indirect	%
1. Teh Chin Guan	76,000	*	–	–
2. Lee Yoke Har	312,699	0.01	–	–
3. Betty Lau Sui Hing	–	–	–	–
4. Tan Choong Khiang	–	–	–	–
5. Simon Heng Kwang Hock	111,000	*	–	–
6. Tan Keng Seng	6,000	*	–	–
7. Lim Beng Yeang	–	–	–	–
8. Lou Fu Leong	45,000	*	–	–
9. Ho Kwok Wing	–	–	–	–
10. Ir Choo Kay Boon	–	–	–	–
11. Loh Chin Yean	–	–	–	–
12. Chung Nyuk Kiong	–	–	–	–
13. Lee Yean Pin (Li Yanping)	20,300	*	–	–
14. Nazren Foo Khoon Min (Steven Foo)	–	–	–	–
15. Simon Yong @ Simon Cosmas	–	–	–	–
16. Brandon Chin Boon Chiun	–	–	–	–
17. Ooi Wooi Yaw	45,000	*	–	–

Notes:
* *Negligible*

OTHER INFORMATION

COMPOSITION OF SHAREHOLDERS
as at 29 August 2014



MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries which involved Directors' and major shareholders' interests either still subsisting at the end of the financial year ended 30 June 2014 or entered into since the end of the previous financial year.

PENALTIES

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

FINANCIAL REPORTS

DIRECTORS' REPORT

The Directors of IOI Properties Group Berhad have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries, associates and joint ventures are set out in Note 47 to the financial statements.

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

FINANCIAL RESULTS

The audited financial results of the Group and of the Company for the financial year ended 30 June 2014 are as follows:

	Group RM'000	Company RM'000
Profit before taxation	1,120,404	18,814
Taxation	(216,662)	(702)
Profit for the financial year	903,742	18,112
Attributable to:		
Owners of the parent	889,918	18,112
Non-controlling interests	13,824	–
	903,742	18,112

DIVIDEND

The Directors have declared first interim single tier dividend of 8.0 sen per ordinary share, amounting to RM259,121,000 in respect of the financial year ended 30 June 2014. The dividend is payable on 29 October 2014 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 30 September 2014.

The Directors do not recommend any payment of final dividend in respect of the current financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM2.00 to RM3,239,014,726 by way of the issuance of 3,239,014,724 new ordinary shares of RM1.00 each at an issue price of approximately RM4.51 per ordinary share as the purchase consideration in respect of the internal reorganisation exercise as disclosed in Note 44 to the financial statements.

All the above newly issued ordinary shares rank pari passu in all respects with the existing shares of the Company. There were no other issues of shares during the financial year.

There were also no issue of debentures during the financial year.

RESERVES AND PROVISION

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

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company 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
Tan Sri Ong Ka Ting
Lee Yeow Seng
Dato' Lee Yeow Chor
Datuk Tan Kim Leong @ Tan Chong Min
Datuk Lee Say Tshin
Dr Tan Kim Heung

In accordance with Article 87 of the Company Articles of Association, Lee Yeow Seng and Dato' Lee Yeow Chor retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

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

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2014 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:

Before demerger and listing of the Company

	As at 1 July 2013	Acquired/ Exercised*	Disposed	As at 12 January 2014
Direct Interests				
Former Holding Company				
IOI Corporation Berhad ("IOIC")^				
No. of ordinary shares of RM0.10 each				
Tan Sri Dato' Lee Shin Cheng	62,630,600	3,845,700*	–	66,476,300
Lee Yeow Seng	953,800	2,564,100*	–	3,517,900
Dato' Lee Yeow Chor	8,340,400	–	–	8,340,400
Datuk Tan Kim Leong @ Tan Chong Min	123,500	–	–	123,500
Dr Tan Kim Heung	22,400,000	–	–	22,400,000

DIRECTORS' REPORT (Cont'd)

DIRECTORS' INTERESTS (Continued)

Before demerger and listing of the Company (Continued)

	As at 1 July 2013	Acquired/ Exercised*	Disposed	As at 12 January 2014
Indirect Interests				
The Company				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	–	43,491,177	–	43,491,177
Former Holding Company				
IOIC^				
No. of ordinary shares of RM0.10 each				
Tan Sri Dato' Lee Shin Cheng	2,866,297,980	41,300,900*	–	2,907,598,880
Lee Yeow Seng	2,854,712,680	38,736,800	–	2,893,449,480
Dato' Lee Yeow Chor	2,854,712,680	38,736,800	–	2,893,449,480
Datuk Tan Kim Leong @ Tan Chong Min	8,066	–	–	8,066
Subsidiaries				
Property Skyline Sdn. Bhd.				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	1,111,111	–	(1,111,111)	–
Property Village Berhad				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	1,000,000	–	(1,000,000)	–

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

DIRECTORS' INTERESTS (Continued)

The movements of the options over the unissued ordinary shares granted under the Executive Share Option Scheme ("ESOS") of the former holding company, to the Directors of the Company in office for the period from 1 July 2013 to 12 January 2014 are as follows:

	No. of options over ordinary shares of RM0.10 each in the former holding company				
	Option Price#	As at 1 July 2013	Offered and Accepted	Exercised	As at 12 January 2014
Tan Sri Dato' Lee Shin Cheng					
– Direct Interest	RM2.03	3,845,700	–	(3,845,700)	–
– Indirect Interest	RM2.03	1,835,100	–	–	1,835,100
	RM3.49	1,460,600	–	(576,600)	884,000
	RM4.17	2,813,000	–	(1,987,500)	825,500
Lee Yeow Seng					
– Direct Interest	RM3.49	576,600	–	(576,600)	–
	RM4.17	2,650,000	–	(1,987,500)	662,500

After demerger and listing of the Company

	As at 13 January 2014	Acquired	Disposed/ Transferred**	As at 30 June 2014
Direct Interests				
The Company				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	33,904,100	–	–	33,904,100
Lee Yeow Seng	1,794,600	–	–	1,794,600
Dato' Lee Yeow Chor	4,180,000	–	–	4,180,000
Datuk Tan Kim Leong @ Tan Chong Min	63,000	–	–	63,000
Dr Tan Kim Heung	11,424,300	–	(424,300)**	11,000,000
Indirect Interests				
The Company				
No. of ordinary shares of RM1.00 each				
Tan Sri Dato' Lee Shin Cheng	1,525,204,382	64,615,000	–	1,589,819,382
Lee Yeow Seng	1,474,592,157	64,615,000	–	1,539,207,157
Dato' Lee Yeow Chor	1,474,640,657	64,615,000	–	1,539,255,657
Datuk Tan Kim Leong @ Tan Chong Min	4,032	–	–	4,032

DIRECTORS' REPORT (Cont'd)

DIRECTORS' INTERESTS (Continued)

By virtue of their interests in the ordinary shares of the Company, Tan Sri Dato' Lee Shin Cheng, Lee Yeow Seng and Dato' Lee Yeow Chor 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, Tan Sri Ong Ka Ting and Datuk Lee Say Tshin, holding office at the end of the financial year did not have any interest in the ordinary shares and options over ordinary shares in the Company or shares and options over ordinary shares of its related corporations during the financial year.

Notes:
* *Exercise of share options under ESOS.*
^ *The Company was a subsidiary of IOIC and subsequently demerged from IOIC on 13 January 2014.*
\# *Adjustment to option price following the implementation of the distribution-in-specie of 2,130,349,033 ordinary shares of RM1.00 each in the Company held by IOIC.*
** *Transfer of 424,300 shares through off market.*

DIRECTORS' BENEFITS

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

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling 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 former holding 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 all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

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

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

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

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

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

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS OF THE GROUP AND OF THE COMPANY (Continued)

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; and

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 the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the gain on bargain purchase arising from acquisitions of subsidiaries of RM197,966,000, pursuant to a series of internal reorganisation exercise of IOIC as disclosed in Note 20.1(A) to the financial statements; and

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

DIFFERENT FINANCIAL YEAR END OF SUBSIDIARIES

Due to local requirements, two (2) indirect subsidiaries of the Company, IOI (Xiamen) Properties Co. Ltd. and Xiamen Double Prosperous Real Estate Development Co. Ltd. are adopting a 31 December financial year end, which do not coincide with that of the Company. The Directors of the Company have been granted approvals under Section 168(3) of the Companies Act, 1965 in Malaysia by the Companies Commission of Malaysia for the aforementioned subsidiaries to have different financial year end from that of the Company for the financial year ended 30 June 2014.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 44 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant event during the financial year is disclosed in Note 45 to the financial statements.

DIRECTORS' REPORT (Cont'd)

AUDITORS

The auditors, Messrs BDO, have indicated that they do not wish to seek for re-appointment.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Directors who served as members of the Audit and Risk Management Committee are as follows:

Datuk Tan Kim Leong @ Tan Chong Min
Tan Sri Ong Ka Ting (Resigned on 25 August 2014)
Datuk Lee Say Tshin
Dr Tan Kim Heung (Appointed on 25 August 2014)

NOMINATING AND REMUNERATION COMMITTEE

The Directors who served as members of the Nominating and Remuneration Committee are as follows:

Tan Sri Ong Ka Ting
Datuk Tan Kim Leong @ Tan Chong Min
Dr Tan Kim Heung

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

Tan Sri Dato' Lee Shin Cheng
Director

Lee Yeow Seng
Director

Putrajaya
3 September 2014

STATEMENTS OF PROFIT OR LOSS

for the financial year ended 30 June 2014

		Group		Company	
	Note	2014 RM'000	2013 RM'000	1.7.2013 to 30.6.2014 RM'000	25.2.2013 to 30.6.2013 RM'000
Revenue	7	**1,454,445**	1,151,221	**20,734**	–
Cost of sales		**(660,869)**	(449,619)	**–**	–
Gross profit		**793,576**	701,602	**20,734**	–
Other operating income	8	**533,422**	87,234	**42**	–
Marketing and selling expenses		**(67,781)**	(38,905)	**(2)**	–
Administration expenses		**(115,298)**	(64,908)	**(5,219)**	(83)
Other operating expenses		**(75,159)**	(47,279)	**(218)**	–
Operating profit/(loss)	9	**1,068,760**	637,744	**15,337**	(83)
Interest income	10	**36,174**	39,780	**9,170**	–
Interest expense	11	**(48,668)**	(38,720)	**(5,693)**	–
Share of results of associates		**3,494**	11,255	**–**	–
Share of results of joint ventures		**60,644**	91,545	**–**	–
Profit/(Loss) before taxation		**1,120,404**	741,604	**18,814**	(83)
Taxation	12	**(216,662)**	(167,041)	**(702)**	–
Profit/(Loss) for the financial year/period		**903,742**	574,563	**18,112**	(83)
Profit/(Loss) attributable to:					
Owners of the parent		**889,918**	554,581	**18,112**	(83)
Non-controlling interests		**13,824**	19,982	**–**	–
		903,742	574,563	**18,112**	(83)
Earnings per ordinary share attributable to owners of the parent					
Basic earnings per share (sen)	14	**31.88**	25.63		
Diluted earnings per share (sen)	14	**31.88**	25.63		

The notes on pages 95 to 209 form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 30 June 2014

	Group		Company	
	2014 RM'000	2013 RM'000	1.7.2013 to 30.6.2014 RM'000	25.2.2013 to 30.6.2013 RM'000
Profit/(Loss) for the financial year/period	**903,742**	574,563	**18,112**	(83)
Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax				
Exchange differences on translation of foreign operations	**34,543**	30,687	**–**	–
Other comprehensive income for the financial year/period, net of tax	**34,543**	30,687	**–**	–
Total comprehensive income/(loss) for the financial year/period	**938,285**	605,250	**18,112**	(83)
Total comprehensive income/(loss) attributable to:				
Owners of the parent	**924,328**	585,267	**18,112**	(83)
Non-controlling interests	**13,957**	19,983	**–**	–
	938,285	605,250	**18,112**	(83)

The notes on pages 95 to 209 form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	**1,047,300**	113,490	**–**	–
Prepaid lease payments	16	**94,502**	99,353	**–**	–
Land held for property development	17	**3,011,711**	1,819,051	**–**	–
Investment properties	18	**2,765,489**	1,477,107	**–**	–
Goodwill on consolidation	19	**11,472**	3,802	**–**	–
Interests in subsidiaries	20	**–**	–	**14,165,961**	–
Investments in associates	21	**64,517**	98,182	**1,050**	–
Interests in joint ventures	22	**3,855,746**	2,176,239	**–**	–
Amounts due from subsidiaries	20	**–**	–	**590,695**	–
Deferred tax assets	23	**72,896**	21,705	**171**	–
		10,923,633	5,808,929	**14,757,877**	–
Current assets					
Property development costs	24	**2,116,687**	1,798,927	**–**	–
Inventories	25	**191,519**	119,815	**–**	–
Trade and other receivables	26	**492,044**	416,412	**2,258**	–
Amount due from a subsidiary	20	**–**	–	**13**	–
Amounts due from former related companies	27	**–**	562	**–**	–
Amount due from former holding company	38	**–**	3,726	**–**	–
Current tax assets		**42,311**	1,062	**–**	–
Other investments	29	**340,629**	1,060	**–**	–
Short term funds	30	**225,079**	59,930	**–**	–
Deposits with financial institutions	31	**261,957**	99,464	**–**	–
Cash and bank balances	32	**131,216**	217,344	**52**	–
		3,801,442	2,718,302	**2,323**	–
TOTAL ASSETS		**14,725,075**	8,527,231	**14,760,200**	–

The notes on pages 95 to 209 form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION (Cont'd)

as at 30 June 2014

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	33	**3,239,015**	406,393	**3,239,015**	–
Reserves	34	**11,546,667**	1,050,871	**11,383,821**	–
Retained earnings/(Accumulated losses)		**4,857,000**	4,120,615	**18,029**	(83)
Reorganisation debit balance		**(8,440,152)**	–	**–**	–
		11,202,530	5,577,879	**14,640,865**	(83)
Non-controlling interests		**98,677**	100,020	**–**	–
Total equity		**11,301,207**	5,677,899	**14,640,865**	(83)
Liabilities					
Non-current liabilities					
Borrowings	35	**1,307,230**	502,420	**–**	–
Amounts due to non-controlling interests	36	**95,305**	138,430	**–**	–
Amount due to a subsidiary	20	**–**	–	**98,180**	–
Deferred tax liabilities	23	**205,411**	38,436	**–**	–
		1,607,946	679,286	**98,180**	–
Current liabilities					
Borrowings	35	**750,000**	–	**–**	–
Trade and other payables	37	**1,040,865**	341,188	**742**	6
Amount due to former holding company	28	**–**	77	**–**	77
Amounts due to subsidiaries	20	**–**	–	**19,726**	–
Amount due to a former related company	27	**–**	1,786,050	**–**	–
Current tax liabilities		**25,057**	42,731	**687**	–
		1,815,922	2,170,046	**21,155**	83
Total liabilities		**3,423,868**	2,849,332	**119,335**	83
TOTAL EQUITY AND LIABILITIES		**14,725,075**	8,527,231	**14,760,200**	–

The notes on pages 95 to 209 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 30 June 2014

	Non-Distributable					Distributable			
	Share capital RM'000	Share premium RM'000	Capital reserves RM'000	Re-organisation debit balance RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
Group									
As at 1 July 2013	406,393	881,345	41,090	–	128,436	4,120,615	5,577,879	100,020	5,677,899
Profit for the financial year	–	–	–	–	–	889,918	889,918	13,824	903,742
Exchange differences on translation of foreign operations, net of tax	–	–	–	–	34,410	–	34,410	133	34,543
Total comprehensive income	–	–	–	–	34,410	889,918	924,328	13,957	938,285
Transactions with owners									
Issuance of ordinary shares	3,239,015	11,383,821	–	–	–	–	14,622,836	–	14,622,836
Issuance of redeemable preference shares to non-controlling interests	–	–	–	–	–	–	–	53,848	53,848
Acquisitions of subsidiaries (Note 20.1(A))	(406,393)	(881,345)	(41,090)	(8,440,152)	–	–	(9,768,980)	–	(9,768,980)
Changes in equity interests in subsidiaries	–	–	–	–	–	(138,537)	(138,537)	(64,745)	(203,282)
Dividend paid (Note 13)	–	–	–	–	–	(14,996)	(14,996)	–	(14,996)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(4,403)	(4,403)
As at 30 June 2014	3,239,015	11,383,821	–	(8,440,152)	162,846	4,857,000	11,202,530	98,677	11,301,207

The notes on pages 95 to 209 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

for the financial year ended 30 June 2014

		Non-Distributable			Distributable			
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
Group								
As at 1 July 2012	406,393	881,345	41,090	97,750	3,591,962	5,018,540	101,517	5,120,057
Profit for the financial year	–	–	–	–	554,581	554,581	19,982	574,563
Exchange differences on translation of foreign operations, net of tax	–	–	–	30,686	–	30,686	1	30,687
Total comprehensive income	–	–	–	30,686	554,581	585,267	19,983	605,250
Transactions with owners								
Capital repayment to non-controlling interests	–	–	–	–	–	–	(10,284)	(10,284)
Changes in equity interest in a subsidiary	–	–	–	–	2,601	2,601	2	2,603
Dividend paid (Note 13)	–	–	–	–	(28,529)	(28,529)	–	(28,529)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(11,198)	(11,198)
As at 30 June 2013	406,393	881,345	41,090	128,436	4,120,615	5,577,879	100,020	5,677,899

The notes on pages 95 to 209 form an integral part of the financial statements.

	Non-Distributable		Distributable	
	Share capital RM'000	Share premium RM'000	(Accumulated losses)/ Retained earnings RM'000	Total equity RM'000
Company				
As at 1 July 2013*	–	–	(83)	(83)
Profit for the financial year	–	–	18,112	18,112
Total comprehensive income	–	–	18,112	18,112
Transactions with owners				
Issuance of ordinary shares	3,239,015	11,383,821	–	14,622,836
As at 30 June 2014	3,239,015	11,383,821	18,029	14,640,865

	Non-Distributable		Distributable	
	Share capital RM'000	Share premium RM'000	Accumulated losses RM'000	Total equity RM'000
Company				
As at 25 February 2013 (date of incorporation)*	–	–	–	–
Loss for the financial period	–	–	(83)	(83)
Total comprehensive loss	–	–	(83)	(83)
As at 30 June 2013	–	–	(83)	(83)

** 2 ordinary shares of RM1.00 each were issued on the date of incorporation.*

The notes on pages 95 to 209 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 30 June 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 1.7.2013 to 30.6.2014 RM'000	Company 25.2.2013 to 30.6.2013 RM'000
Cash Flows From Operating Activities					
Profit/(Loss) before taxation		**1,120,404**	741,604	**18,814**	(83)
Adjustments for:					
Amortisation of prepaid lease payment	16	**4,546**	–	**–**	–
Bad debts written off		**130**	3	**–**	–
Depreciation of property, plant and equipment	15	**14,198**	5,773	**–**	–
Impairment losses on receivables	26	**757**	1,154	**–**	–
Interest expenses	11	**48,668**	38,720	**5,693**	–
Property, plant and equipment written off	15	**58**	37	**–**	–
Dividend income		**(13)**	(36)	**(20,734)**	–
Fair value gain on investment properties	18	**(305,307)**	(39,648)	**–**	–
Fair value gain on other investments		**(21)**	(24)	**–**	–
Gain on:					
– bargain purchase for the acquisition of subsidiaries		**(197,966)**	–	**–**	–
– disposal of property, plant and equipment		**(245)**	(249)	**–**	–
– disposal of land from compulsory acquisitions		**(1,399)**	–	**–**	–
– remeasurement of previously held investment	39(v)	**–**	(21,125)	**–**	–
Impairment losses on receivables written back	26	**(1,042)**	(2)	**–**	–
Interest income	10	**(36,174)**	(39,780)	**(9,170)**	–
Loss on disposal of investment properties		**–**	1,240	**–**	–
Reversal of inventories previously written down		**–**	(227)	**–**	–
Share of results of joint ventures		**(60,644)**	(91,545)	**–**	–
Share of results of associates		**(3,494)**	(11,255)	**–**	–
Unrealised gain on foreign currency transactions		**–**	–	**(23)**	–
Operating profit/(loss) before working capital changes		**582,456**	584,640	**(5,420)**	(83)
Increase in property development costs		**(174,161)**	(120,616)	**–**	–
Decrease in inventories		**63,070**	98,525	**–**	–
Increase in trade and other receivables		**(12,430)**	(82,330)	**(2,258)**	–
Increase in amounts due from former related companies		**(25,895)**	(21,872)	**–**	–
Decrease/(Increase) in amount due from former holding company		**–**	5,544	**(77)**	–
Increase in trade and other payables		**639,821**	131,730	**736**	6
Cash generated from/(used in) operations		**1,072,861**	595,621	**(7,019)**	(77)
Tax paid		**(224,166)**	(147,943)	**(186)**	–
Tax refunded		**2,807**	1	**–**	–
Net cash from/(used in) operating activities		**851,502**	447,679	**(7,205)**	(77)

The notes on pages 95 to 209 form an integral part of the financial statements.

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 1.7.2013 to 30.6.2014 RM'000	Company 25.2.2013 to 30.6.2013 RM'000
Cash Flows From Investing Activities					
Dividends received		**9,430**	12,335	**20,734**	–
Interest received		**20,495**	11,463	**9,170**	–
Proceeds from:					
– compulsory land acquisition		**8,320**	–	**–**	–
– disposal of investment properties		**–**	5,313	**–**	–
– disposal of other investments		**184,299**	–	**–**	–
– disposal of property, plant and equipment		**437**	357	**–**	–
– dilution of interest in a subsidiary	39	**–**	2,603	**–**	–
– from liquidation of a subsidiary	39	**–**	271	**–**	–
Repayments from a joint venture		**16,701**	91,943	**–**	–
Repayment to a joint venture partner	39	**–**	(91,848)	**–**	–
Additions to:					
– property, plant and equipment	15	**(89,349)**	(31,041)	**–**	–
– prepaid lease payments		**–**	(95,213)	**–**	–
– land held for property development		**(831,326)**	(1,144,791)	**–**	–
– investment properties		**(397,358)**	(362,505)	**–**	–
– other investments		**(523,847)**	–	**–**	–
Deposit paid for purchase of land	26.2	**(8,500)**	(30,816)	**–**	–
Acquisitions of subsidiaries, net of cash and cash equivalents		**62,436**	753	**–**	–
Advances to subsidiaries		**–**	–	**(13,404)**	–
Investment in a joint venture		**(2,436)**	–	**–**	–
Advances to joint ventures		**(35,752)**	(220,966)	**–**	–
Investment in an associate	21	**(1,050)**	–	**(1,050)**	–
Additional investments in subsidiaries		**(2,682)**	(10,169)	**(2,500)**	–
Net cash (used in)/from investing activities		**(1,590,182)**	(1,862,311)	**12,950**	–

The notes on pages 95 to 209 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS (Cont'd)

for the financial year ended 30 June 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 1.7.2013 to 30.6.2014 RM'000	Company 25.2.2013 to 30.6.2013 RM'000
Cash Flows From Financing Activities					
Advances from non-controlling interests		**5,274**	6,154	**–**	–
Proceeds from issuance of shares to non-controlling interests		**870**	2	**–**	–
Interest paid		**(30,355)**	(3,765)	**(5,693)**	–
Dividend paid	13	**(14,996)**	(28,529)	**–**	–
Dividend paid to non-controlling interests		**(4,403)**	(11,198)	**–**	–
Drawdown of borrowings		**1,543,350**	502,420	**–**	–
Repayment of borrowings		**–**	(502,420)	**–**	–
Advances from former holding company		**–**	77	**–**	77
(Repayments to)/Advances from a former related company		**(520,959)**	1,253,067	**–**	–
Net cash from/(used in) financing activities		**978,781**	1,215,808	**(5,693)**	77
Net increase/(decrease) in cash and cash equivalents		**240,101**	(198,824)	**52**	–
Cash and cash equivalents at beginning of financial year/period		**376,738**	572,423	**–**	–
Effect of exchange rate changes		**1,413**	3,139	**–**	–
Cash and cash equivalents at end of financial year/period	38	**618,252**	376,738	**52**	–

The notes on pages 95 to 209 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2014

1. CORPORATE INFORMATION

The Company was incorporated in Malaysia on 25 February 2013 as a private limited liability company and domiciled in Malaysia. On 4 June 2013, the Company converted its legal form from a private limited liability company to a public limited liability company. On 15 January 2014, the ordinary shares of the Company were quoted and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The registered office and principal place of business of the Company is located at Two IOI Square, IOI Resort, 62502 Putrajaya.

The financial statements were authorised for issue in accordance with a resolution by Board of Directors on 3 September 2014.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries, associates and joint ventures are set out in Note 47 to the financial statements.

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

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

3.1 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 49 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's Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the Directive of Bursa Malaysia.

Prior to the listing of the ordinary shares of the Company on the Main Market of Bursa Malaysia, the Company was incorporated by its former holding company, IOI Corporation Berhad ("IOIC"), as a holding company merely to effect the reorganisation of the existing IOI Properties Berhad ("IOIPB") (including its direct and indirect subsidiaries, the joint ventures and associates ("IOIPB group")) group without any changes to the economic substance of the existing IOIPB group. Hence, the business combination for IOIPB has been accounted as reverse acquisition accounting by analogy in accordance with FRS 3 *Business Combination* and the Company is regarded as the accounting acquiree while IOIPB is the accounting acquirer.

Details of reorganisation of IOIC are disclosed in Note 44 to the financial statements.

The consolidated financial statements of the Group represent the continuation of the financial statements of IOIPB that ref ect:

(i) The results from the beginning of the accounting period to the date of the combination are those of the IOIPB group;

(ii) The assets and liabilities of IOIPB group being recognised and measured in the financial statements at their pre-combination carrying amounts without restatement to fair values;

(iii) The retained earnings and other equity balances of IOIPB group immediately before the combination are those of the IOIPB group; and

(iv) The equity structure, however, ref ects that of the Company, including the equity instruments issued to effect the acquisition with the difference between the issued equity of the Company and the issued equity of IOIPB amounting to RM8,440,152,000 being recorded under the equity component as "reorganisation debit".

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

3.1 Basis of Preparation (Continued)

The detailed implications of the above accounting treatment are as follows:

Consolidated Statements of Profit or Loss and Comprehensive Income

- The Consolidated Statements of Profit or Loss and Comprehensive Income for the financial year ended 30 June 2014 comprise IOIPB group's results for the five (5) months from 1 July 2013 to 3 December 2013 (the date of business combination) and the Group's results for the seven (7) months from 3 December 2013 to 30 June 2014.

- The Consolidated Statements of Profit or Loss and Comprehensive Income for the financial year ended 30 June 2013 comprise IOIPB group's results for the financial year then ended.

Consolidated Statements of Financial Position

- The Consolidated Statements of Financial Position as at 30 June 2014 represents the financial position of the Group after ref ecting the effects of the acquisitions during the financial year.

- The Consolidated Statements of Financial Position as at 30 June 2013 represents the financial position of IOIPB group.

Consolidated Statements of Changes in Equity

- The Consolidated Statements of Changes in Equity for the financial year ended 30 June 2014 comprises:

  - the equity balances of IOIPB group at the beginning of the financial year.

  - the transactions for the financial year, being IOIPB's transactions for the five (5) months from 1 July 2013 to 3 December 2013 (the date of business combination) and the Group's transactions for seven (7) months from 3 December 2013 to 30 June 2014.

  - the equity balances of the Group at the end of the financial year.

- The Consolidated Statements of Changes in Equity for the financial year ended 30 June 2013 comprises IOIPB group's transactions for the financial year then ended.

Consolidated Statements of Cash Flows

- The Consolidated Statements of Cash Flows for the financial year ended 30 June 2014 comprises:

  - the cash and cash equivalent balances of IOIPB group at the beginning of the financial year.

  - the transactions for the financial year, being IOIPB group's transactions for the five (5) months from 1 July 2013 to 3 December 2013 (the date of business combination) and the Group's transactions for seven (7) months from 3 December 2013 to 30 June 2014.

  - the cash and cash equivalent balances of the Group at the end of the financial year.

- The Consolidated Statement of Cash Flows for the financial year ended 30 June 2013 comprises IOIPB group's transactions for the financial year then ended.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

3.2 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 in conformity with FRSs 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 5 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.

3.3 Presentation Currency

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

4. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs

4.1 New FRSs adopted during the current financial year

The Group and the Company adopted the following Standards of the FRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the current financial year.

Title	Effective Date
FRS 10 *Consolidated Financial Statements*	1 January 2013
FRS 11 *Joint Arrangements*	1 January 2013
FRS 12 *Disclosure of Interests in Other Entities*	1 January 2013
FRS 13 *Fair Value Measurement*	1 January 2013
FRS 119 *Employee Benefits (2011)*	1 January 2013
FRS 127 *Separate Financial Statements*	1 January 2013
FRS 128 *Investments in Associates and Joint Ventures*	1 January 2013
Amendments to FRS 1 *Government Loans*	1 January 2013
Amendments to FRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Amendments to FRSs *Annual Improvements 2009 – 2011 Cycle*	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

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

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

There is no material effect upon the adoption of the above standards, amendments and IC Interpretations during the current financial year other than:

(a) FRS 12, which is mandatory for annual periods beginning on or after 1 January 2013.

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

Following the adoption of this Standard, the Group disclosed the requirements applicable to the Group in Notes 20, 21 and 22 to the financial statements.

(b) FRS 13, which is mandatory for annual periods beginning on or after 1 January 2013.

This Standard is now the sole FRS containing the framework for determining the measurement of fair value and the disclosure of information relating to fair value measurement, when fair value measurements and/or disclosures are required or permitted by other FRSs.

As a result, the guidance and requirements relating to fair value measurement that were previously included in other FRSs have now been amalgamated to FRS 13.

Whilst there have been some rewording of the previous guidance on FRS 13, there are very few changes to the previous fair value measurement requirements. Instead, FRS 13 is intended to clarify the measurement objective, harmonises the disclosure requirements, and improve consistency in the application of fair value measurement.

FRS 13 did not materially impact any fair value measurements of the assets or liabilities of the Group except for the increase in the fair value of the Group's investment properties by RM30,400,000 for the change of measurement basis from existing use to highest and best use as disclosed in Note 18 to the financial statements.

4.2 New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2014

The following are standards of the FRS Framework that have been issued by the MASB but have not yet been adopted by the Group and the Company.

Title	Effective Date
Amendments to FRS 10 *Consolidated Financial Statements: Investment Entities*	1 January 2014
Amendments to FRS 12 *Disclosure of Interest 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 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Amendments to FRSs *Annual Improvements to FRSs 2010 – 2012 Cycle*	1 July 2014

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

4.2 New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2014 (Continued)

The following are standards of the FRS Framework that have been issued by the MASB but have not yet been adopted by the Group and the Company. (Continued)

Title	Effective Date
Amendments to FRSs *Annual Improvements to FRSs 2011 – 2013 Cycle*	1 July 2014
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
Mandatory Effective Date of FRS 9 and Transition Disclosures	Deferred
FRS 9 *Financial Instrument (2009)*	Deferred
FRS 9 *Financial Instrument (2010)*	Deferred
FRS 9 *Financial Instrument (Hedge Accounting and Amendments to FRS 9, FRS 7 and FRS 139)*	Deferred

The Group is in the process of assessing the impact of implementing these accounting standards, amendments and interpretations, as the effects would only be observable in future financial years.

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

Based on the MASB announcement on 2 September 2014, the effective date of MFRS Framework for the adoption of MFRS framework by transitioning entities (i.e. entities affected by MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for Construction of Real Estate) was deferred from annual periods beginning on or after 1 January 2015 to annual periods beginning on or after 1 January 2017.

Accordingly, as a transitioning entity as defined by the MASB, the Group has elected to continue to apply the FRS Framework up till its financial year ending 30 June 2017 and will adopt the following Standards of the MFRS Framework that were issued by the MASB during the financial year ending 30 June 2018.

Title	Effective Date
MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*	1 January 2017
Amendments to MFRS 1 *Government Loans*	1 January 2017
MFRS 2 *Share-based Payment*	1 January 2017
MFRS 3 *Business Combinations*	1 January 2017
MFRS 4 *Insurance Contracts*	1 January 2017
MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2017
MFRS 6 *Exploration for and Evaluation of Mineral Resources*	1 January 2017
MFRS 7 *Financial Instruments: Disclosures*	1 January 2017
Amendments to MFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2017
MFRS 8 *Operating Segments*	1 January 2017
Mandatory Effective Date of MFRS 9 and Transition Disclosures	Deferred

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

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

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

Title	Effective Date
MFRS 9 *Financial Instruments*	Deferred
MFRS 9 *Financial Instruments (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139)*	Deferred
MFRS 10 *Consolidated Financial Statements*	1 January 2017
MFRS 11 *Joint Arrangements*	1 January 2017
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2017
MFRS 12 *Disclosure of Interests in Other Entities*	1 January 2017
MFRS 13 *Fair Value Measurement*	1 January 2017
MFRS 14 *Regulatory Deferral Accounts*	1 January 2017
MFRS 15 *Revenue from Contracts with Customers*	1 January 2017
Amendments to MFRS 10, MFRS 11 and MFRS 12 *Consolidated Financial Statements, Joint Arrangement and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2017
Amendments to MFRS 10, MFRS 12 and MFRS 127 *Investment Entities*	1 January 2017
MFRS 101 *Presentation of Financial Statements*	1 January 2017
Amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income*	1 January 2017
MFRS 102 *Inventories*	1 January 2017
MFRS 107 *Statement of Cash Flows*	1 January 2017
MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2017
MFRS 110 *Events After the Reporting Period*	1 January 2017
MFRS 112 *Income Taxes*	1 January 2017
MFRS 116 *Property, Plant and Equipment*	1 January 2017
Amendments to MFRS 116 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2017
Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*	1 January 2017
MFRS 117 *Leases*	1 January 2017
MFRS 119 *Employee Benefits*	1 January 2017
MFRS 119 *Employee Benefits (revised)*	1 January 2017
Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions*	1 January 2017
MFRS 120 *Accounting for Government Grants and Disclosure of Government Assistance*	1 January 2017
MFRS 121 *The Effects of Changes in Foreign Exchange Rates*	1 January 2017
MFRS 123 *Borrowing Costs*	1 January 2017
MFRS 124 *Related Party Disclosures*	1 January 2017
MFRS 126 *Accounting and Reporting by Retirement Benefit Plans*	1 January 2017
MFRS 127 *Separate Financial Statements*	1 January 2017
MFRS 128 *Investments in Associates and Joint Ventures*	1 January 2017
MFRS 129 *Financial Reporting in Hyperinflationary Economies*	1 January 2017
MFRS 132 *Financial Instruments: Presentation*	1 January 2017
Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*	1 January 2017
MFRS 133 *Earnings Per Share*	1 January 2017

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

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

Title	Effective Date
MFRS 134 *Interim Financial Reporting*	1 January 2017
MFRS 136 *Impairment of Assets*	1 January 2017
Amendments to MFRS 136 *Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2017
MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*	1 January 2017
MFRS 138 *Intangible Assets*	1 January 2017
Amendments to MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2017
MFRS 139 *Financial Instruments: Recognition and Measurement*	1 January 2017
Amendments to MFRS 139 *Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2017
MFRS 140 *Investment Property*	1 January 2017
MFRS 141 *Agriculture*	1 January 2017
Amendments to MFRSs Annual Improvements 2009 – 2011 Cycle	1 January 2017
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 January 2017
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 January 2017
Improvements to MFRSs (2008)	1 January 2017
Improvements to MFRSs (2009)	1 January 2017
Improvements to MFRSs (2010)	1 January 2017
IC Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*	1 January 2017
IC Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments*	1 January 2017
IC Interpretation 4 *Determining Whether an Arrangement Contains a Lease*	1 January 2017
IC Interpretation 5 *Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	1 January 2017
IC Interpretation 6 *Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment*	1 January 2017
IC Interpretation 7 *Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyper inflationary Economies*	1 January 2017
IC Interpretation 9 *Reassessment of Embedded Derivatives*	1 January 2017
IC Interpretation 10 *Interim Financial Reporting and Impairment*	1 January 2017
IC Interpretation 12 *Service Concession Arrangements*	1 January 2017
IC interpretation 14 *MFRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction*	1 January 2017
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*	1 January 2017
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*	1 January 2017
IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*	1 January 2017
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2017
IC Interpretation 21 *Levies*	1 January 2017
IC Interpretation 107 *Introduction of the Euro*	1 January 2017
IC Interpretation 110 *Government Assistance – No Specific Relation to Operating Activities*	1 January 2017
IC Interpretation 115 *Operating Leases – Incentives*	1 January 2017

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

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

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

Title	Effective Date
IC Interpretation 125 *Income Taxes – Changes in the Tax Status of an Entity or its Shareholders*	1 January 2017
IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	1 January 2017
IC Interpretation 129 *Service Concession Arrangements: Disclosures*	1 January 2017
IC Interpretation 132 *Intangible Assets – Web Site Costs*	1 January 2017

The Group is in the process of assessing the impact of implementing these Standards since the effects would only be observable for the financial year ending 30 June 2018.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

5.1 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 at the end of the reporting period other than that as disclosed in Note 18 to the financial statements.

5.2 Critical Judgements Made in Applying Accounting Policies

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

5.2.1 Classification between investment properties and property, plant and equipment

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

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

5.2.2 Contingent liabilities

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

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees given to subsidiaries for bank borrowings are remote.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

5.2 Critical Judgements Made in Applying Accounting Policies (Continued)

5.2.3 Classification of leasehold land

The Group has assessed and classified land use rights as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights as finance leases in accordance with FRS 117 *Leases*.

5.2.4 Classification of non-current bank borrowings

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise its right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

5.2.5 Operating lease commitments – the Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out as operating leases due to the lease period of ten (10) years out of the investment properties' economic life of eighty (80) years.

5.3 Key Sources of Estimation Uncertainty

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

5.3.1 Impairment of goodwill on consolidation

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

5.3.2 Property development

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

5.3 Key Sources of Estimation Uncertainty (Continued)

5.3.3 Income taxes

The Group is subject to income taxes of different jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses based on the interpretation of the tax laws and legislations during the estimation of the provision for income taxes. The Group recognised liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome is different from the amounts that were initially recorded, such differences would impact the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

5.3.4 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 would 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 could be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

5.3.5 Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would have an impact on the carrying amount of the receivables.

5.3.6 Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. Sensitivity analysis on the effects of interest rate risk has been disclosed in Note 42.2.3 to the financial statements.

5.3.7 Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. The estimated useful lives applied by the Group as disclosed in Note 6.3 to the financial statements reflect the Directors' estimate of the period that the Group expects to derive future economic benefits from the use of the Group's property, plant and equipment. These common life expectancies are applied in the business segment of the Group. Changes in the expected level of usage and technological developments could impact the economic useful lives or principal annual rates of depreciation and the residual values of these assets and therefore, depreciation charges could be revised.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

5.3 Key Sources of Estimation Uncertainty (Continued)

5.3.8 Fair value measurement

The fair value measurement of the financial and non-financial assets and liabilities of the Group utilises market observable inputs and data. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are:

(i) Level 1: Quoted prices in active markets for identical items (unadjusted);

(ii) Level 2: Observable direct or indirect inputs other than Level 1 inputs; and

(iii) Level 3: Unobservable inputs (i.e. not derived from market data).

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.

The Group measures investment property at fair value as disclosed in Note 6.7 to the financial statements. The Group engages professional valuers to perform valuations on investment properties as disclosed separately in Note 18 to the financial statements.

5.3.9 Classification of joint arrangements

For all joint arrangements structured in separate vehicles, the Group assesses the substance of the joint arrangement in determining whether it is classified as a joint venture or joint operation. This assessment requires the Group to consider whether there are any factors that give the Group rights to the net assets of the joint arrangements (in which case it is classified as a joint venture), or rights to specific assets, liabilities, expenses, and revenues (in which case it is classified as a joint operation). These factors include:

(i) Structure;

(ii) Legal form;

(iii) Contractual agreement; and

(iv) Other facts and circumstances.

Upon consideration of these factors, the Group has determined that all of its joint arrangements structured through separate vehicles provide rights to the net assets and are therefore classified as joint ventures.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

6. SIGNIFICANT ACCOUNTING POLICIES

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

6.1 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only the Group has:

(a) Power over the investee;

(b) Exposure or rights, to variable returns from its involvement with the investee; and

(c) The ability to use its power over the investee to affect its returns.

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:

(a) The contractual arrangement with the other investee;

(b) Rights arising from other contractual agreements; and

(c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, 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.

The Group re-assesses 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. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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 ref ect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

6.1 Basis of Consolidation (Continued)

If the Group loses control of a subsidiary as a result of a transaction, event or other circumstances, the 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 amount 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 associate or joint venture.

6.1.1 Business Combinations

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 values at the acquisition date, except that:

i. Deferred tax assets or liabilities and liabilities or assets related to employees 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 statements of comprehensive income in accordance with FRS 139. All other subsequent changes are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

6.1 Basis of Consolidation (Continued)

6.1.1 Business Combinations (Continued)

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.

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 fair value. 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.

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 6.11 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.

6.1.2 Subsidiaries

Subsidiaries are entities 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.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost.

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.

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

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

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 may be 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.

6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

6.1 Basis of Consolidation (Continued)

6.1.2 Subsidiaries (Continued)

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 associate or joint venture.

6.1.3 Associates

Associates are entities in which the Group and the Company have significant inf uence and that is neither subsidiaries nor interest in joint ventures. Significant inf uence is the power to participate in the financial and operating policy decisions of the investees but is neither control nor joint control over those policies.

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

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 inf uence commences until the date the Group ceases to have significant inf uence over the associates. The investment in associates in the consolidated statement of financial position are initially recognised at cost and adjusted thereafter for the post acquisition changes in the Group's share of net assets of the investments.

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

The excess of the cost of investment over the Group's share of the net fair value of net assets of the associates' identifiable assets, liabilities and contingent liabilities at the date of acquisition represents goodwill. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the Group's share of the fair value of the net assets 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 the consolidated profit or loss, after adjustments to align the accounting policies with those of the Group, from the date that significant inf uence commences until the date that significant inf uence ceases. Distributions received from the associates reduce the carrying amount of the investments. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign currency translation differences. The Group's share of those changes is recognised directly in equity of the Group.

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

6.1 Basis of Consolidation (Continued)

6.1.3 Associates (Continued)

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 audited 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 of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the 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.

6.1.4 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.

(i) Joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. These parties are known as joint operators.

The Group and the Company recognise in relation to its interest in a joint operation:

(a) its assets, including its share of any assets held jointly;

(b) its liabilities, including its share of any liabilities incurred jointly;

(c) its revenue from the sale of its share of the output arising from the joint operation;

(d) its share of the revenue from the sale of the output by the joint operation; and

(e) its expenses, including its share of any expenses incurred jointly.

6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

6.1 Basis of Consolidation (Continued)

6.1.4 Joint Arrangements (Continued)

(i) Joint operation (Continued)

When the Group transacts with a joint operation (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, as such the gains and losses resulting from the transactions are recognised only to the extent of interests of other parties in the joint operation.

When the Group transacts with a joint operation (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

(ii) Joint Venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. These parties are known as joint venturers.

In the separate financial statements of the Company, an investment in a joint venture is stated at cost.

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.

The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with FRS 128 *Investments in Associates and Joint Ventures.*

The Group determines the type of joint arrangement in which it is involved, based on the rights and obligations of the parties to the arrangement. In assessing the classification of interests in joint arrangements, the Group considers:

(i) The structure of the joint arrangement;

(ii) The legal form of joint arrangements structured through a separate vehicle;

(iii) The contractual terms of the joint arrangement agreement; and

(iv) Any other facts and circumstances.

When there are changes in the facts and circumstances change, the Group reassesses whether the type of joint arrangement in which it is involved has changed.

6.1.5 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

6.2 Foreign Currency

6.2.1 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.

6.2.2 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 each 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.

6.2.3 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 statement of comprehensive income. All resulting translation differences are recognised as a separate component of equity.

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

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

6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

6.3 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 asset. 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 would flow to the Group and the cost of the asset could 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 recognised in profit or loss as incurred.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and which have different useful lives, 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 annual depreciation rates are as follows:

Golf course development expenditure	2%
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 (see Note 6.12 to the financial statements on impairment of non-financial assets).

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 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 the related depreciation charges for the property, plant and equipment are determined 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

6.3 Property, Plant and Equipment and Depreciation (Continued)

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, net of deferred tax is recognised directly in equity. Any loss is recognised immediately in profit or loss.

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

6.4 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 costs is suspended during the 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.

6.5 Leases

6.5.1 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 6.3 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.

6.5.2 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.

6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

6.5 Leases (Continued)

6.5.3 Lease of land and building

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 it is 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.

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

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

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

6.6 Property Development Activities

6.6.1 Land held for property development

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

6.6 Property Development Activities (Continued)

6.6.2 Property development costs

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

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

The excess of revenue recognised in profit or loss exceeds progress billings to purchasers, the balance is classified as accrued billings under trade and other receivables. When progress billings to purchasers exceed revenue recognised in profit or loss, the balance is classified as progress billings under trade and other payables.

6.7 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. Investment properties are initially measured at cost, which includes transaction costs. After 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, using the investment method.

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.

If the Group determines that the fair value of an investment property under construction is not reliably determinable but expect 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.

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 an investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

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

6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

6.8 Construction Contracts

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

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

6.9 Inventories

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

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

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

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

6.10 Cash and Cash Equivalents

Cash and cash equivalents include cash and bank balances, 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.

6.11 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. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

6.11 Goodwill (Continued)

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.

6.12 Impairment of Non-Financial Assets

The carrying amount of assets, other than inventories, deferred tax assets, assets arising from construction contracts, investment properties measured at fair value, property development costs and financial assets (excluding 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 any such indication exists, the asset's recoverable amount is estimated.

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 the value-in-use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

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.

6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

6.13 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.

6.13.1 Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

i. Financial assets at fair value through profit or loss

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

6.13 Financial Instruments (Continued)

6.13.1 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 f ows 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.

6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

6.13 Financial Instruments (Continued)

6.13.2 Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

i. Financial liabilities at fair value through profit or loss

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

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

ii. Other financial liabilities

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

6.13 Financial Instruments (Continued)

6.13.2 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 each 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.

6.13.3 Equity instruments

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

Ordinary shares are classified as equity which are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon approval of 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 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 amounts 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, reissuance 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.

6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

6.13 Financial Instruments (Continued)

6.13.4 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.

6.14 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 by the receivables, 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 f ows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

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

ii. Available-for-sale financial assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

6.15 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event and 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 would 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 estimate. 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 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.

6.16 Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events whose existence would 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 would 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 the inflows of economic benefits are probable, but not virtually certain.

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

6.17 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates. Revenue is recognised when it is probable that the economic benefits associated with the transaction would flow to the Group and the amount of the revenue can be measured reliably.

6.17.1 Property development

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

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

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

6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

6.17 Revenue Recognition (Continued)

6.17.2 Construction contracts

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

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

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

6.17.3 Dividend income

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

6.17.4 Rental income

Rental income is recognised based on the accruals basis.

6.17.5 Interest income

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

6.17.6 Club membership license fees

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

6.17.7 Management fees

Management fees are recognised when services are rendered.

6.17.8 Hotel revenue

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

6.17.9 Sales of plantation produce

Revenue from the sale of plantation produce is recognised upon delivery of products and customer acceptance.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

6.18 Employee Benefits

6.18.1 Short term employee benefits

Wages, salaries, other monetary and non-monetary benefits are measured on an undiscounted basic and 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.

6.18.2 Defined contribution 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.

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and its foreign subsidiaries make contributions to their respective countries' statutory pension schemes. 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.

6.18.3 Defined benefit plans

The Group operates various defined benefit plans for eligible employees of the Group. The amount recognised as a liability in respect of the defined benefit plan is the present value of the defined benefit obligations at the end of the reporting period less fair value of plan assets.

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 reporting period for high quality corporate bonds or government bonds.

Remeasurement of the net defined obligation which comprise 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.

6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

6.18 Employee Benefits (Continued)

6.18.3 Defined benefit plans (Continued)

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.

6.19 Income Taxes

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

Taxation in profit or loss comprises current and deferred tax.

6.19.1 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.

6.19.2 Deferred tax

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

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

A deferred tax asset is recognised only to the extent that it is probable that future 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 profits will be available, such reductions will be reversed to the extent of the taxable profits.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

6.19 Income Taxes (Continued)

6.19.2 Deferred tax (Continued)

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

i. the same taxable entity; or

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

Deferred tax would 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 in the annual budgets which have the substantive effect of actual enactment by the end of the reporting period.

6.20 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing profit or loss for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year. Diluted EPS for the financial year is determined by adjusting profit or loss attributable to owners of the parent and weighted average number of ordinary shares outstanding for the effects of all potentially dilutive ordinary shares.

6.21 Operating Segments

Operating segments are defined as components of the Group that:

i. engage in business activities from which it could earn revenues and incur expenses (including revenue 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 revenue.

6. SIGNIFICANT ACCOUNTING POLICIES (Continued)

6.21 Operating Segments (Continued)

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

i. The reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.

ii. The absolute amount of reported profit or loss is ten percent (10%) 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 percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five percent (75%) 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.

6.22 Fair Value Measurements

The fair value of an asset or a liability, (except for 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 has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the assets.

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:

(a) 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

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

7. REVENUE

	Group		Company	
	2014 RM'000	2013 RM'000	1.7.2013 to 30.6.2014 RM'000	25.2.2013 to 30.6.2013 RM'000
Sales of				
– development properties	**1,243,476**	1,023,318	**–**	–
– plantation produce	**30,779**	21,819	**–**	–
Rental from investment properties	**104,894**	93,514	**–**	–
Rendering of services	**30,696**	12,534	**–**	–
Revenue from hotel operations	**44,587**	–	**–**	–
Dividend income from				
– subsidiaries in Malaysia	**–**	–	**20,734**	–
– other investments in Malaysia	**13**	36	**–**	–
	1,454,445	1,151,221	**20,734**	–

8. OTHER OPERATING INCOME

	Group		Company	
	2014 RM'000	2013 RM'000	1.7.2013 to 30.6.2014 RM'000	25.2.2013 to 30.6.2013 RM'000
Fair value gain on				
– investment properties	**311,693**	39,648	**–**	–
– other investments	**21**	24	**–**	–
– short term funds	**1,685**	–	**–**	–
Management fees received from				
– former holding company	**–**	7,760	**–**	–
– former related companies	**2,150**	3,788	**–**	–
Gain on disposal of				
– investment properties	**–**	162	**–**	–
– land from compulsory acquisition	**2,061**	–	**–**	–
– property, plant and equipment	**256**	418	**–**	–
Gain on				
– remeasurement of previously held investment (Note 39)	**–**	21,125	**–**	–
– bargain purchase arising from acquisitions of subsidiaries	**197,966**	–	**–**	–
Impairment losses on receivables written back (Note 26)	**1,042**	2	**–**	–
Reversal of inventories previously written down	**–**	227	**–**	–
Realised gain on foreign currency transactions	**680**	105	**–**	–
Unrealised gain on foreign currency transactions	**–**	–	**42**	–
Rental income	**9,941**	8,400	**–**	–
Others	**5,927**	5,575	**–**	–
	533,422	87,234	**42**	–

9. OPERATING PROFIT/(LOSS)

	Group		Company	
	2014 RM'000	2013 RM'000	1.7.2013 to 30.6.2014 RM'000	25.2.2013 to 30.6.2013 RM'000
(a) Operating profit has been arrived at after charging:				
Auditors' remuneration				
BDO and affiliates				
Statutory audit	**418**	267	**55**	5
Non-statutory audit				
– others	**50**	4	**50**	–
Member firms of BDO International				
Statutory audit	**146**	78	**–**	–
Non-statutory audit				
– tax compliance and advisory services	**53**	25	**–**	–
Other auditors				
Statutory audit	**117**	19	**–**	–
Non-statutory audit				
– others	**5**	–	**5**	–
Bad debts written off	**130**	3	**–**	–
Amortisation of prepaid lease payments (Note 16)	**4,546**	–	**–**	–
Depreciation of property, plant and equipment (Note 15)	**14,198**	5,773	**–**	–
Direct operating expenses of investment properties	**27,443**	22,618	**–**	–
Fair value loss on				
– investment properties	**6,386**	–	**–**	–
– short term funds	**–**	78	**–**	–
Loss on disposal of				
– investment properties	**–**	1,402	**–**	–
– property, plant and equipment	**11**	169	**–**	–
– land from compulsory land acquisition	**662**	–	**–**	–
Property, plant and equipment written off (Note 15)	**58**	37	**–**	–
Rental of premises paid to				
– a related company	**887**	3,768	**–**	–
– external parties	**277**	160	**–**	–
Realised loss on foreign currency transactions	**8,746**	8,656	**16**	–
Unrealised loss on foreign currency transactions	**–**	–	**19**	–
Impairment losses on receivables (Note 26)	**757**	1,154	**–**	–
Management fees to affiliates	**829**	–	**–**	–

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

9. OPERATING PROFIT/(LOSS) (Continued)

	Group		Company	
	2014 RM'000	2013 RM'000	1.7.2013 to 30.6.2014 RM'000	25.2.2013 to 30.6.2013 RM'000
and crediting:				
Dividend income from				
– other investments in Malaysia	**13**	36	**–**	–
– subsidiaries in Malaysia	**–**	–	**20,734**	–
Fair value gain on				
– investment properties	**311,693**	39,648	**–**	–
– other investments	**21**	24	**–**	–
– short term funds	**1,685**	–	**–**	–
Gain on disposal of				
– investment properties	**–**	162	**–**	–
– land from compulsory acquisition	**2,061**	–	**–**	–
– property, plant and equipment	**256**	418	**–**	–
Gain on bargain purchase for the acquisitions of subsidiaries (Note 20.1)	**197,966**	–	**–**	–
Gain on remeasurement of previously held investment (Note 39)	**–**	21,215	**–**	–
Impairment losses on receivables written back (Note 26)	**1,042**	2	**–**	–
Rental income from				
– investment properties	**104,894**	93,514	**–**	–
– others	**9,941**	8,400	**–**	–
Realised gain on foreign currency transactions	**680**	105	**–**	–
Reversal of inventories previously written down	**–**	227	**–**	–
Unrealised gain on foreign currency transactions	**–**	–	**42**	–

Cost of inventories of the Group recognised as an expense during the financial year amounted to RM75,539,000 (2013: RM108,046,000).

(b) Employee information

The employee benefits costs are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	1.7.2013 to 30.6.2014 RM'000	25.2.2013 to 30.6.2013 RM'000
Wages, salaries and others	**119,815**	55,839	**722**	–
Contributions to Employee's Provident Fund	**12,976**	6,062	**–**	–
	132,791	61,901	**722**	–

10. INTEREST INCOME

	Group		Company	
	2014 RM'000	2013 RM'000	1.7.2013 to 30.6.2014 RM'000	25.2.2013 to 30.6.2013 RM'000
Interest income from:				
Short term deposits	**5,484**	7,459	**68**	–
Subsidiaries	**–**	–	**9,102**	–
Joint ventures	**15,679**	28,317	**–**	–
Housing development accounts	**2,651**	1,803	**–**	–
Other investments	**9,106**	–	**–**	–
Others	**3,254**	2,201	**–**	–
	36,174	39,780	**9,170**	–

11. INTEREST EXPENSE

	Group		Company	
	2014 RM'000	2013 RM'000	1.7.2013 to 30.6.2014 RM'000	25.2.2013 to 30.6.2013 RM'000
Interest expenses:				
Subsidiaries	**–**	–	**5,693**	–
Former related company	**16,736**	34,480	**–**	–
Borrowings	**31,932**	4,240	**–**	–
	48,668	38,720	**5,693**	–

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

12. TAXATION

	Group		Company	
	2014 RM'000	2013 RM'000	1.7.2013 to 30.6.2014 RM'000	25.2.2013 to 30.6.2013 RM'000
Current year tax expense based on profit for the financial year:				
Malaysian income taxation	**154,658**	165,664	**873**	–
Foreign taxation	**512**	224	**–**	–
Deferred taxation (Note 23)	**53,412**	(2,066)	**(171)**	–
	208,582	163,822	**702**	–
Under/(Over) provision in prior years:				
Malaysian income taxation	**6,255**	2,093	**–**	–
Foreign taxation	**14**	(5)	**–**	–
Deferred taxation (Note 23)	**1,811**	1,131	**–**	–
	8,080	3,219	**–**	–
	216,662	167,041	**702**	–

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

	Group		Company	
	2014 %	2013 %	1.7.2013 to 30.6.2014 %	25.2.2013 to 30.6.2013 %
Applicable tax rate	**25.00**	25.00	**25.00**	(25.00)
Tax effects in respect of:				
Depreciation of non-qualifying property, plant and equipment	**0.05**	0.05	**–**	–
Non allowable expenses	**1.00**	3.94	**5.97**	25.00
Tax exempt income	**(8.48)**	(3.36)	**(27.24)**	–
Different tax rates in foreign jurisdiction	**2.41**	(0.26)	**–**	–
Unused tax losses and unabsorbed capital allowances not recognised in loss making subsidiaries	**0.08**	0.20	**–**	–
Utilisation of previously unutilised tax losses	**(0.01)**	(0.01)	**–**	–
Share of post tax results of associates	**(0.08)**	(0.38)	**–**	–
Share of post tax results of joint ventures	**(1.35)**	(3.09)	**–**	–
	18.62	22.09	**3.73**	–
Under provision in prior years	**0.72**	0.43	**–**	–
	19.34	22.52	**3.73**	–

12. TAXATION (Continued)

The amount of tax savings arising from the utilisation of unutilised tax losses brought forward of the Group amounted to RM456,000 (2013: RM301,000).

Subject to agreement with the tax authorities, certain subsidiaries of the Group have unutilised tax losses and unabsorbed capital allowance of approximately RM11,195,000 (2013: RM8,260,000), for which the related tax effects have not been recognised in the financial statements. These losses are available to be carried forward for set off against future chargeable income when these subsidiaries derive future assessable income of a nature and amount sufficient for the tax losses to be utilised.

Malaysian income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Deferred tax is calculated on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

13. DIVIDEND

Group

Dividend paid by a subsidiary of the Group is as follows:

	Group	
	2014 RM'000	**2013 RM'000**
First interim dividend in respect of financial year ended 30 June 2013 of 4.68 sen per ordinary share, less tax of 25%, paid on 30 April 2013	–	28,529
First interim dividend in respect of financial year ended 30 June 2014 of 2.46 sen per ordinary share, less tax of 25%, paid on 31 October 2013	**14,996**	–
	14,996	28,529

Company

Subsequent to the financial year, on 25 August 2014, the Directors declared a first interim single tier dividend of 8.0 sen per ordinary share, amounting to RM259,121,000 in respect of the financial year ended 30 June 2014. The dividend is payable on 29 October 2014 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 30 September 2014.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

14. EARNINGS PER SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the legal parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2014	**2013**
Profit attributable to equity holders of the legal parent (RM'000)	**889,918**	554,581
Weighted average number of ordinary shares in issue ('000)	**2,791,036**	2,163,867

[1] Based on the weighted average of 2,163,867,000 ordinary shares issued by the Company to the owners of the legal subsidiary (i.e. IOIPB) for the reverse acquisition for five (5) months up to 3 December 2013 and 3,239,015,000 ordinary shares in issue of the Company after 5 December 2013 for seven (7) months.

[2] Based on the number of ordinary shares issued by the Company to the owners of the legal subsidiary (i.e. IOIPB) for the reverse acquisition.

	Group	
	2014 Sen	**2013 Sen**
Basic earnings per ordinary share for:		
– Profit for the financial year	**31.88**	25.63

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share.

15. PROPERTY, PLANT AND EQUIPMENT

Group
2014

	At beginning of financial year RM'000	Additions RM'000	Acquisitions of subsidiaries (Note 20.1) RM'000	Transfer from investment properties (Note 18) RM'000	Written off RM'000	Disposals RM'000	Foreign currency translation differences RM'000	At end of financial year RM'000
At Cost								
Freehold land	30,726	932	103,118	–	–	–	–	134,776
Golf course development expenditure	13,528	2,026	62,754	–	–	–	–	78,308
Buildings and improvements	16,008	130	365,907	–	–	–	(15)	382,030
Plant and machinery	53,449	3,309	8,875	–	(229)	–	–	65,404
Motor vehicles	14,535	1,378	1,950	–	–	(1,902)	(2)	15,959
Furniture, fittings and equipment	21,960	5,293	11,678	–	(255)	(141)	4	38,539
Construction-in-progress	37,216	76,281	303,752	888	–	–	–	418,137
	187,422	89,349	858,034	888	(484)	(2,043)	(13)	1,133,153

	At beginning of financial year RM'000	Current year depreciation charge RM'000	Written off RM'000	Disposals RM'000	Foreign currency translation differences RM'000	At end of financial year RM'000
Accumulated Depreciation						
Golf course development expenditure	2,254	4,009	–	–	–	6,263
Buildings and improvements	2,853	232	–	–	–	3,085
Plant and machinery	41,861	4,784	(212)	–	–	46,433
Motor vehicles	10,149	1,761	–	(1,751)	–	10,159
Furniture, fittings and equipment	16,815	3,412	(214)	(100)	–	19,913
	73,932	14,198	(426)	(1,851)	–	85,853

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group
2013

	At beginning of financial year RM'000	Additions RM'000	Transfer from investment properties (Note 18) RM'000	Acquisition of a subsidiary (Note 39) RM'000	Written off RM'000	Disposals RM'000	Foreign currency translation differences RM'000	At end of financial year RM'000
At Cost								
Freehold land	5,419	167	25,140	–	–	–	–	30,726
Golf course development expenditure	13,528	–	–	–	–	–	–	13,528
Buildings and improvements	10,285	5,723	–	–	–	–	–	16,008
Plant and machinery	53,081	372	–	–	(4)	–	–	53,449
Motor vehicles	13,945	2,225	–	76	(32)	(1,684)	5	14,535
Furniture, fittings and equipment	20,296	2,117	–	67	(385)	(139)	4	21,960
Construction-in-progress	–	20,437	16,779	–	–	–	–	37,216
	116,554	31,041	41,919	143	(421)	(1,823)	9	187,422

	At beginning of financial year RM'000	Current year depreciation charge RM'000	Written off RM'000	Disposals RM'000	Foreign currency translation differences RM'000	At end of financial year RM'000
Accumulated Depreciation						
Golf course development expenditure	1,932	322	–	–	–	2,254
Buildings and improvements	2,602	250	–	–	1	2,853
Plant and machinery	39,699	2,165	(3)	–	–	41,861
Motor vehicles	10,319	1,456	(25)	(1,601)	–	10,149
Furniture, fittings and equipment	15,704	1,580	(356)	(114)	1	16,815
	70,256	5,773	(384)	(1,715)	2	73,932

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Group	
	2014 RM'000	2013 RM'000
Carrying Amount		
Freehold land	**134,776**	30,726
Golf course development expenditure	**72,045**	11,274
Buildings and improvements	**378,945**	13,155
Plant and machinery	**18,971**	11,588
Motor vehicles	**5,800**	4,386
Furniture, fittings and equipment	**18,626**	5,145
Construction-in-progress	**418,137**	37,216
	1,047,300	113,490

16. PREPAID LEASE PAYMENTS

	Group	
	2014 RM'000	2013 RM'000
Long term leasehold land		
At Cost		
At beginning of financial year	**99,353**	–
Additions	**–**	99,361
Amortisation	**(4,546)**	–
Exchange differences	**(305)**	(8)
At end of financial year	**94,502**	99,353

Included in additions to prepaid lease payments were interest expenses charged by a former related company in the financial year ended 30 June 2013 amounting to RM4,148,000.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

17. LAND HELD FOR PROPERTY DEVELOPMENT

Group
2014

	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Development costs RM'000	Total RM'000
At Cost					
At beginning of financial year	**1,102,913**	**408,426**	**173**	**307,539**	**1,819,051**
Additions	**885,417**	**–**	**–**	**229,411**	**1,114,828**
Acquisitions of subsidiaries (Note 20.1)	**211,888**	**–**	**–**	**19,426**	**231,314**
Disposals	**(6,815)**	**–**	**–**	**(106)**	**(6,921)**
Transfer from deposits	**30,816**	**–**	**–**	**–**	**30,816**
Transfer to property development costs (Note 24)	**(36,755)**	**(9,178)**	**–**	**(134,240)**	**(180,173)**
Transfer from investment properties (Note 18)	**3,674**	**–**	**–**	**–**	**3,674**
Exchange differences	**–**	**(853)**	**–**	**(25)**	**(878)**
At end of financial year	**2,191,138**	**398,395**	**173**	**422,005**	**3,011,711**

2013

	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Development costs RM'000	Total RM'000
At Cost					
At beginning of financial year	1,460,149	100,924	173	266,240	1,827,486
Additions	699,430	307,478	–	184,316	1,191,224
Acquisition of a subsidiary (Note 39)	–	215,455	–	6,014	221,469
Transfer to property development costs (Note 24)	(1,062,949)	(223,883)	–	(149,541)	(1,436,373)
Exchange differences	6,283	8,452	–	510	15,245
At end of financial year	1,102,913	408,426	173	307,539	1,819,051

Included in land held for property development of the Group are plantation land of RM382,323,000 (2013: RM98,626,000), which are intended to be used for property development. Currently, the subsidiaries are harvesting oil palm crops from the said land.

Included in additions to land held for property development of the Group are interest expenses charged by a former related company and non-controlling interests during the financial year amounting to RM6,137,000 (2013: RM15,636,000) and RM1,165,000 (2013: RM1,773,000) respectively.

Certain titles of freehold land amounting to RM376,365,000, whereby the Group are the beneficiary owner, are registered under the name of the former holding company. The Group is in the midst of perfecting the land titles.

18. INVESTMENT PROPERTIES

Group
2014

	At beginning of financial year RM'000	Transfer to property, plant and equipment (Note 15) RM'000	Transfer to land held for property development (Note 17) RM'000	Acquisitions of subsidiaries (Note 20.1) RM'000	Fair value adjustments RM'000	Additions RM'000	Disposals RM'000	Foreign currency translation differences RM'000	At end of financial year RM'000
Freehold land and buildings	1,185,270	(888)	(3,674)	590,926	233,429	392,191	–	–	2,397,254
Leasehold land	291,837	–	–	–	71,878	5,167	–	(647)	368,235
	1,477,107	(888)	(3,674)	590,926	305,307	397,358	–	(647)	2,765,489

2013

	At beginning of financial year RM'000	Transfer to property, plant and equipment (Note 15) RM'000	Transfer to land held for property development (Note 17) RM'000	Acquisitions of subsidiaries (Note 20.1) RM'000	Fair value adjustments RM'000	Additions RM'000	Disposals RM'000	Foreign currency translation differences RM'000	At end of financial year RM'000
Freehold land and buildings	1,113,805	(41,919)	–	–	36,499	83,438	(6,553)	–	1,185,270
Leasehold land	–	–	–	–	3,149	288,656	–	32	291,837
	1,113,805	(41,919)	–	–	39,648	372,094	(6,553)	32	1,477,107

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 ref ecting 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.

Included in investment properties of the Group were interest expenses charged by a former related company in the previous financial year amounted to RM9,589,000.

In connection with the adoption of FRS 13 *Fair Value Measurement* which requires the valuation premises of a non-financial asset to ref ect its highest and best use, the basis of valuation of an existing investment property was changed from investment approach to comparison approach which resulted in an increase of fair value of RM30,400,000.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

18. INVESTMENT PROPERTIES (Continued)

Investment properties comprise:

Name of building/location	Description	Tenure of land	Net lettable area '000 sq. ft.
IOI Mall Bandar Puchong Jaya Puchong Selangor Darul Ehsan	3 storey shopping mall	Freehold	618
IOI Mall (new wing) Bandar Puchong Jaya Puchong Selangor Darul Ehsan	4 storey shopping mall	Freehold	243
Puchong Financial Corporate Centre ("PFCC") Tower 1 and 2 Bandar Puteri Puchong Selangor Darul Ehsan	2 blocks of purpose-built office building	Freehold	379
PFCC Tower 4 and 5 Bandar Puteri Puchong Selangor Darul Ehsan	2 blocks of purpose-built office building	Freehold	495
IOI Boulevard Bandar Puchong Jaya Puchong Selangor Darul Ehsan	104 units of commercial lot	Freehold	282
IOI Business Park Bandar Puchong Jaya Puchong Selangor Darul Ehsan	11 units of commercial lot and 902 car park bays	Freehold	18
Lot No. 40338 Mukim Petaling Selangor Darul Ehsan	Petrol station land	Freehold	18
HS(D) 41529 PT No. 9411 Mukim Petaling Selangor Darul Ehsan	Petrol station land	Freehold	29
PT No. 82181 Lebuh Putra Utama Bandar Putra, Kulai Johor Darul Takzim	Single storey detached commercial building	Freehold	29

18. INVESTMENT PROPERTIES (Continued)

Investment properties comprise (Continued):

Name of building/location	Description	Tenure of land	Net lettable area '000 sq. ft.
IOI Resort Putrajaya	37 units of residential bungalow	Freehold	268
Puteri Mart Bandar Puteri Puchong Selangor Darul Ehsan	1 ½ storey semi-wet market	Freehold	46
IOI Mall Bandar Putra Kulai Johor Bahru Johor Darul Takzim	2 storey shopping mall with a lower ground f oor	Freehold	239
IOI Mart Taman Lagenda Putra Senai-Kulai Johor Bahru Johor Darul Takzim	1 storey semi-wet market retail complex	Freehold	76
One and Two IOI Square IOI Resort Putrajaya	2 blocks of 12 storey purpose-built office building	Freehold	404
IOI Resort City Development IOI Resort Putrajaya	Integrated mixed development including shopping mall and 2 blocks of purpose-built office building	Freehold	*
IOI Palm City Development Xinglin Bay Road and Jimei Main Road Jimei New Town Zone 11-12 Jimei District, Xiamen Fujian Province The People's Republic of China	Integrated mixed development including shopping mall and purpose-built office building	40-50 years leasehold	*
Bandar Baru Salak Tinggi District of Sepang Selangor Darul Ehsan	Vacant industrial land	99 years leasehold	–

* *The investment properties are currently under construction.*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

19. GOODWILL ON CONSOLIDATION

	Group	
	2014 **RM'000**	**2013** **RM'000**
At beginning of financial year	**3,802**	3,802
Add: Arising from acquisitions of subsidiaries (Note 20.1)	**7,670**	–
At end of financial year	**11,472**	3,802

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	
	2014 **RM'000**	**2013** **RM'000**
Property development	**3,802**	3,802
Leisure and hospitality	**7,670**	–
	11,472	3,802

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 f ows to be generated from the continuing use of the CGUs based on the following assumptions:

i. Cash f ows are projected based on the management's most recent three (3) years business plan.

ii. Discount rates used for cash f ows discounting purpose is the Group's weighted average cost of capital. The average discount rate applied for cash f ow projections is 10.0%.

iii. Growth rates of property and 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 predetermined 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 Interests in Subsidiaries

	Company	
At Cost	**2014 RM'000**	**2013 RM'000**
Unquoted shares in Malaysia	**11,767,530**	–
Unquoted shares outside Malaysia	**1,479,932**	–
	13,247,462	–
Equity loans (Note 20.2)	**918,499**	–
	14,165,961	–

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

2014

(A) Prior to the listing of the ordinary shares of the Company on the Main Market of Bursa Malaysia, the Company was incorporated by its former holding company, IOIC for a series of internal reorganisation exercise of IOIC, which entailed the following:

(i) On 3 December 2013, the Company acquired 810,948,936 ordinary shares of RM0.50 each, representing 99.8% of the issued and paid-up share capital of IOIPB from IOIC, for a total consideration of RM9,768,980,000 which was satisfied via the issuance of 2,163,866,849 new ordinary shares of the Company at an issue price of approximately RM4.51 per ordinary share.

Upon completion of the acquisition, the Company became the legal parent of IOIPB. IOIPB has been identified as the accounting acquirer under the concept of reverse acquisition accounting by analogy pursuant to FRS 3 since the substance of the business combination is that IOIPB acquired the Company in a reverse acquisition.

On consolidation, the reorganisation debit arising from the reverse acquisition accounting by analogy comprises:

	RM'000
Issued equity of the Company for the acquisitions	9,768,980
Issued equity of IOIPB	(1,328,828)
Debit arising from reverse acquisition	8,440,152

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

20. SUBSIDIARIES (Continued)

20.1 Interests in Subsidiaries (Continued)

2014 (Continued)

(ii) On 5 December 2013, the Company acquired the equity interests of the following Other Property Companies from IOIC:-

Company Name	Equity Interest	Purchase Consideration RM'000
IOI Consolidated (Singapore) Pte. Ltd. ("IOI Conso")	100%	1,449,270
Resort Villa Development Sdn. Bhd. ("RVD")	100%	342,208
Resort Villa Golf Course Berhad ("RVGCB")	100%	274,130
IOI City Mall Sdn. Bhd. (f.k.a. Dreammont Development Sdn. Bhd.) ("IOI City Mall")	100%	220,255
Palmex Industries Sdn. Bhd. ("Palmex")	100%	90,013
Bukit Kelang Development Sdn. Bhd ("BKD")	100%	84,852
Resort Villa Golf Course Development Sdn. Bhd. ("RVGCD")	100%	48,007
Eng Hup Industries Sdn. Bhd.	100%	5,548
PMX Bina Sdn. Bhd. ("PMX")	100%	2,739
IOI City Holdings Sdn. Bhd. ("IOICH")	100%	*
Nice Skyline Sdn. Bhd. ("NSSB")	60%	64,289^
Total		2,581,311

* *Representing RM2*

^ *The Group regards NSSB as its subsidiary by virtue of IOIPB's direct equity interest of 40% in NSSB.*

The total purchase considerations of RM2,581,311,000 were satisfied via the issuance of 571,770,369 new ordinary shares of the Company at an issue price of approximately RM4.51 per ordinary share.

20. SUBSIDIARIES (Continued)

20.1 Interests in Subsidiaries (Continued)

2014 (Continued)

(ii) On 5 December 2013, the Company acquired the equity interests of the following Other Property Companies from IOIC (Continued):-

(1) The fair values of the identifiable assets and liabilities as at the date of acquisition are as follows:

	RM'000
Property, plant and equipment	858,034
Land held for property development	231,314
Investment properties	590,926
Interest in a joint venture	1,535,218
Property development costs	69,433
Inventories	3,280
Trade and other receivables	86,746
Cash and bank balances	62,436
Trade and other payables	(575,341)
Taxation	(978)
Deferred tax liabilities	(60,667)
Total identifiable net assets	2,800,401
Less: Previously held interest	(28,794)
Goodwill arising from acquisition	7,670
Gain on bargain purchase from the acquisition of subsidiaries	(197,966)
Total cost of acquisition	2,581,311

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

20. SUBSIDIARIES (Continued)

20.1 Interests in Subsidiaries (Continued)

2014 (Continued)

(ii) On 5 December 2013, the Company acquired the equity interests of the following Other Property Companies from IOIC (Continued):-

(2) The effects of the acquisition of Other Property Companies on cash f ows are as follows:

	RM'000
Total cost of acquisition	2,581,311
Less: Non-cash consideration	(2,581,311)
Consideration settled in cash	–
Cash and cash equivalents of subsidiaries acquired	62,436
Net cash inf ow of the Group on acquisition	62,436

(3) Other Property Companies have contributed profit of RM49,309,000 for the financial year from the acquisition date. Had the business combination taken place at the beginning of the year, the Group's profit for the financial year would have been RM958,261,000.

(iii) On 5 December 2013, the Company acquired 10% equity interest each in PVB and PSSB for an aggregate consideration of RM196,345,000, which was satisfied via the issuance of 43,491,177 new ordinary shares of the Company at an issue price of approximately RM4.51 per ordinary share. The Company regards PSSB and PVB as its subsidiaries by virtue of IOIPB's direct equity interest of 90% in both companies. In relation to this, the Group's interest in these subsidiaries accreted from 89.9% to 99.9%. The Group recorded a debit of RM123,535,000 in the retained earnings, being the differences between the carrying amounts of non-controlling interests and purchase consideration.

During the financial year, the Company

(B) Acquired 2 ordinary shares of RM1.00 each, representing 100% of the issued and paid-up capital of IOI Properties Empire Sdn. Bhd. for cash consideration of RM2.00. The acquisition has no material impact on the Group's financial statements.

(C) Acquired 2 ordinary shares of RM1.00 each, representing 100% of the issued and paid-up capital of IOIP Capital Management Sdn. Bhd. ("IOIPCM") for cash consideration of RM2.00. The acquisition has no material impact on the Group's financial statements.

(D) Subscribed 100 ordinary shares of USD1.00 each, representing 100% of the issued and paid-up capital of IOI Properties Capital (L) Berhad for cash consideration of USD100. The acquisition has no material impact on the Group's financial statements.

(E) Subscribed for 499,998 ordinary shares of RM1.00 each and 371,950,000 Redeemable Preference Shares ("RPS") of RM0.01 each plus premium of RM0.99 each in IOICH. The total consideration for the subscription of RM372,449,998 was settled by offsetting the amount due from IOICH to the Company.

(F) Subscribed for 499,998 ordinary shares of RM1.00 each and 110,750,000 RPS of RM0.10 each plus premium of RM0.90 each in IOI City Mall. The total consideration for the subscription of RM111,249,998 was settled by offsetting the amount due from IOI City Mall to the Company.

20. SUBSIDIARIES (Continued)

20.1 Interests in Subsidiaries (Continued)

2014 (Continued)

(G) Subscribed for 11,961,500 RPS in IOI Conso. The consideration for the subscription of SGD11,961,500 or equivalents RM30,662,109 was settled by offsetting the amount due from IOI Conso to the Company.

(H) Subscribed for an additional 2,500,000 ordinary shares of RM1.00 each in IOIPCM for cash consideration of RM2,500,000.

(I) Subscribed for 51,369,000 RPS of RM0.01 each plus premium of RM0.99 each in BKD. The consideration for the subscription of RM51,369,000 was settled by offsetting the amount due from BKD to the Company.

(J) Subscribed for 74,040,000 RPS of RM0.01 each plus premium of RM0.99 each in NSSB. The consideration for the subscription of RM74,040,000 was settled by offsetting the amount due from NSSB to the Company.

(K) Subscribed for 622,450 RPS of RM0.50 each plus premium of RM99.50 each in RVGCB. The consideration for the subscription of RM62,245,000 was settled by offsetting the amount due from RVGCB to the Company.

(L) Subscribed for 11,358,000 RPS of RM0.01 each plus premium of RM0.99 each in PSSB, representing 10% of the RPS of PSSB. The consideration for the subscription of RM11,358,000 was settled by offsetting the amount due from PSSB to the Company.

(M) Redeemed of 15,000 RPS of RM0.50 each plus premium of RM99.50 each in RVGCD. The total redemption amount of RM1,500,000 was settled by offsetting the amount due to RVGCD.

(N) Redeemed of 135,480 RPS of RM0.50 each plus premium of RM99.50 each in RVD. The total redemption amount of RM13,548,000 was settled by offsetting the amount due to RVD.

The Group does not have any subsidiary that has non-controlling interests which is individually material to the Group for both financial years ended 30 June 2014 and 30 June 2013.

20.2 Equity Loans

Equity loans represent advances to foreign subsidiaries, which are used to invest in development properties in the People's Republic of China ("PRC") and joint venture's projects in Singapore of RM915,922,000 and RM2,577,000 respectively (2013: Nil). These amounts are unsecured, interest free and settlement is neither planned nor likely to occur in the foreseeable future, and in substance form part of the Company's net investment in subsidiaries.

20.3 Amounts Due From/(To) Subsidiaries

The non-current amounts due from subsidiaries represent outstanding amounts arising from advances and payments made on behalf of or by subsidiaries. These amounts are unsecured, bear interest at rates ranging from 1.20% to 1.22% (2013: Nil) per annum and payable upon demand in cash and cash equivalents. The current amount due from a subsidiary represents payments made on behalf of a subsidiary, which is unsecured, bear interest at 4.95% to 5.02% (2013: Nil) per annum and is payable upon demand in cash and cash equivalents. The amounts due to subsidiaries bear interest at 2.90% per annum and payable upon demand in cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

21. ASSOCIATES

21.1 Investments in Associates

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unquoted shares, at cost	**48,166**	62,161	**1,050**	–
Bargain purchase recognised in prior years	**9,754**	18,758	**–**	–
	57,920	80,919	**1,050**	–
Share of post-acquisition results and reserves	**6,597**	17,263	**–**	–
	64,517	98,182	**1,050**	–

All the associates of the Group are accounted for using the equity method in the consolidated financial statements. Details of the associates are set out in Note 47 to the financial statements.

Company

During the financial year, the Company subscribed for 1,050,000 ordinary shares of RM1.00 each, representing 35% of the issued and paid-up share capital of IOI Corporate Services Sdn. Bhd. for a total cash consideration of RM1,050,000.

Group

The Company acquired 60% equity interest in NSSB as disclosed in Note 20.1 (A) to the financial statements. NSSB becomes a 99.9% subsidiary of the Group subsequent to the said acquisition of 60% equity interest.

The Group does not have any associate which is individually material to the Group for both financial years ended 30 June 2014 and 30 June 2013.

21. ASSOCIATES (Continued)

21.2 Summary of Financial Information of Associates

	Group	
	2014 RM'000	2013 RM'000
Assets and liabilities		
Total assets	**261,974**	373,442
Total liabilities	**21,566**	34,525
Results		
Revenue	**17,638**	87,792
Profit for the financial year	**6,285**	39,559
Other comprehensive income	**–**	–
Total comprehensive income	**6,285**	39,559
Other information		
Dividend received	**28,899**	43,213

21.3 The reconciliation of net assets of the associates to the carrying amount of the investment in associates are as follows:

	Group	
	2014 RM'000	2013 RM'000
Share of net assets of the Group	**54,763**	79,424
Bargain purchase	**9,754**	18,758
Carrying amount in the statement of financial position	**64,517**	98,182
Share of profit or loss of the Group	**3,494**	11,255
Other information		
Dividend received	**28,899**	43,213

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

22. JOINT VENTURES

22.1 Interests in Joint Ventures

	Group	
	2014 RM'000	**2013 RM'000**
Unquoted shares, at cost	**2,773,533**	5,054
Share of post-acquisition results and reserves	**58,098**	(52,565)
	2,831,631	(47,511)
Fair value adjustment at date of acquisition	**(13,883)**	–
Amounts due from joint ventures	**1,037,998**	2,223,750
	3,855,746	2,176,239

The joint arrangements of the Group are regarded as joint ventures pursuant to the contractual rights and obligations of the joint venture agreements that provide the Group with the rights to the net assets of the joint ventures. The joint ventures are accounted for using the equity method in the consolidated financial statements. Details of the joint ventures are set out in Note 47 to the financial statements.

During the financial year, the Company acquired 100% equity interests in IOI Conso as disclosed in Note 20.1(A)(ii) to the financial statements. IOI Conso holds 49.9% equity interests in a joint venture, Scottsdale Properties Pte. Ltd..

22. JOINT VENTURES (Continued)

22.2 Financial Information of Joint Ventures

(i) Summarised statements of financial position

Summarised information of joint ventures that are material to the Group is set out below.

2014	Scottsdale Properties Pte. Ltd. RM'000	Pinnacle (Sentosa) Pte. Ltd. RM'000	Mergui Development Pte. Ltd. RM'000	Other individual immaterial joint ventures RM'000	Total RM'000
Non-current assets	4,708,791	3,489	7	81,507	4,793,794
Current assets	1,857,411	3,761,667	1,027,112	1,225,172	7,871,362
Current liabilities	(173,884)	(62,646)	(16,241)	(972,106)	(1,224,877)
Non-current liabilities	(4,343,072)	(1,437,194)	(691,993)	(44,033)	(6,516,292)
Net assets	2,049,246	2,265,316	318,885	290,540	4,923,987
Proportion of the ownership of the Group	49.9%	65.0%	60.0%		
Carrying amounts of the investments in joint ventures	1,022,574	1,472,455	191,331	145,271	2,831,631

2013	Pinnacle (Sentosa) Pte. Ltd. RM'000	Mergui Development Pte. Ltd. RM'000	Other individual immaterial joint ventures RM'000	Total RM'000
Non-current assets	–	767,038	31,485	798,523
Current assets	3,631,691	8	1,199,585	4,831,284
Current liabilities	(1,609,716)	(23,235)	(966,586)	(2,599,537)
Non-current liabilities	(2,433,220)	(573,037)	(29,814)	(3,036,071)
Net (liabilities)/assets	(411,245)	170,774	234,670	(5,801)
Proportion of the ownership of the Group	65.0%	60.0%		
Carrying amounts of the investments in joint ventures	(267,310)	102,464	117,335	(47,511)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

22. JOINT VENTURES (Continued)

22.2 Financial Information of Joint Ventures (Continued)

(ii) Summarised statements of comprehensive income

2014	Scottsdale Properties Pte. Ltd. RM'000	Pinnacle (Sentosa) Pte. Ltd. RM'000	Mergui Development Pte. Ltd. RM'000	Other individual immaterial joint ventures RM'000	Total RM'000
Revenue	**–**	**3,300**	**389,245**	**44,080**	**436,625**
Profit after tax	**(11,926)**	**(37,202)**	**142,607**	**10,424**	**103,903**
Share of profit by the Group for the financial year	**(5,951)**	**(24,181)**	**85,564**	**5,212**	**60,644**

2013	Pinnacle (Sentosa) Pte. Ltd. RM'000	Mergui Development Pte. Ltd. RM'000	Other individual immaterial joint ventures RM'000	Total RM'000
Revenue	–	396,973	64,952	461,925
Profit after tax	(71)	143,962	10,428	154,319
Share of profit by the Group of the financial year	(46)	86,377	5,214	91,545

	Group	
	2014 RM'000	2013 RM'000
Authorised capital expenditure of joint ventures		
Construction in progress		
– Contracted	**17,869**	73,119

22.3 Amounts Due From Joint Ventures

The amounts due from joint ventures represent outstanding amounts arising from the Group's subsidiaries' proportionate share in the advances and working capital to the joint ventures for the acquisition of land and its development projects in Singapore. During the financial year, an amount of SGD695,337,000 (equivalent to RM1,808,236,000) were capitalised as redeemable preference shares. The remaining amounts due from joint ventures are unsecured, non-interest bearing except for an amount of RM477,612,000, which bears interest at 1.20% (2013: 0.20% to 1.41%) per annum and is not repayable within the next twelve (12) months.

23. DEFERRED TAXATION

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At beginning of financial year	**16,731**	3,572	**–**	–
Recognised in the profit or loss (Note 12)				
– Current year	**53,412**	(2,066)	**171**	–
– Prior years	**1,811**	1,131	**–**	–
	55,223	(935)	**171**	–
Addition through acquisitions of subsidiaries (Note 20)	**60,667**	14,084	**–**	–
Foreign currency translation differences	**(106)**	10	**–**	–
At end of financial year	**132,515**	16,731	**171**	–

Presented after appropriate offsetting as follows:

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Deferred tax liabilities	**205,411**	38,436	**–**	–
Deferred tax assets	**(72,896)**	(21,705)	**(171)**	–
	132,515	16,731	**(171)**	–

The movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deferred tax liabilities				
At beginning of financial year	**38,436**	20,933	**–**	–
Recognised in profit or loss				
Temporary differences on accelerated capital allowances	**15,200**	93	**–**	–
Temporary differences on amortisation of fair value adjustments on business combinations	**27,495**	(2,139)	**–**	–
Temporary differences on fair value adjustments on investment properties	**48,457**	19,549	**–**	–
Temporary differences on profit from sales of development properties	**75,823**	–	**–**	–
	166,975	17,503	**–**	–
At end of financial year	**205,411**	38,436	**–**	–

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

23. DEFERRED TAXATION (Continued)

The movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows: (Continued)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deferred tax assets				
At beginning of financial year	**21,705**	17,361	**–**	–
Recognised in profit or loss				
Temporary differences on unutilised tax losses	**(334)**	854	**–**	–
Temporary differences on unabsorbed capital allowances	**(101)**	18	**–**	–
Other deductible temporary differences	**51,626**	3,472	**171**	–
	51,191	4,344	**171**	–
At end of financial year	**72,896**	21,705	**171**	–

The components of deferred tax liabilities and assets at the end of the reporting period comprise the tax effects of:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deferred tax liabilities				
Temporary differences on accelerated capital allowances	**18,543**	3,343	**–**	–
Temporary differences on amortisation of fair value adjustments on business combinations	**52,329**	24,834	**–**	–
Temporary differences on fair value adjustments on investment properties	**58,716**	10,259	**–**	–
Temporary differences on profit from sales of development properties	**75,823**	–	**–**	–
	205,411	38,436	**–**	–
Deferred tax assets				
Unutilised tax losses	**1,720**	2,054	**–**	–
Unabsorbed capital allowances	**501**	602	**–**	–
Other deductible temporary differences	**70,675**	19,049	**171**	–
	72,896	21,705	**171**	–

23. DEFERRED TAXATION (Continued)

The following deferred tax assets have not been recognised:

	Group 2014 RM'000	Group 2013 RM'000
Unutilised tax losses	**8,519**	5,533
Unabsorbed capital allowance	**2,676**	2,727
	11,195	8,260

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profit of the subsidiaries will be available against which the deductible temporary differences can be utilised.

24. PROPERTY DEVELOPMENT COSTS

Group
2014

	Freehold land RM'000	Long term leasehold land RM'000	Development costs RM'000	Accumulated cost charged to profit or loss RM'000	Total RM'000
At Cost					
At beginning of financial year	**1,378,553**	**245,653**	**4,388,493**	**(4,213,772)**	**1,798,927**
Costs incurred	**3,034**	**–**	**723,607**	**–**	**726,641**
Acquisitions of subsidiaries (Note 20.1)	**21,351**	**–**	**263,599**	**(215,517)**	**69,433**
Transfer from land held for property development (Note 17)	**36,755**	**9,178**	**134,240**	**–**	**180,173**
Transfer to inventories	**(2,438)**	**(3,771)**	**(125,285)**	**–**	**(131,494)**
Exchange differences	**23,378**	**(465)**	**2,915**	**(341)**	**25,487**
Recognised as expense in profit or loss as part of cost of sales	**–**	**–**	**–**	**(552,480)**	**(552,480)**
At end of financial year	**1,460,633**	**250,595**	**5,387,569**	**(4,982,110)**	**2,116,687**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

24. PROPERTY DEVELOPMENT COSTS (Continued)

Group
2013

	Freehold land RM'000	Long term leasehold land RM'000	Development costs RM'000	Accumulated cost charged to profit or loss RM'000	Total RM'000
At Cost					
At beginning of financial year	318,561	22,420	3,862,711	(3,874,812)	328,880
Costs incurred	3,034	–	456,522	–	459,556
Transfer from land held for property development (Note 17)	1,062,949	223,883	149,541	–	1,436,373
Transfer to inventories	(5,991)	(650)	(80,281)	–	(86,922)
Exchange differences	–	–	–	(20)	(20)
Recognised as expense in profit or loss as part of cost of sales	–	–	–	(338,940)	(338,940)
At end of financial year	1,378,553	245,653	4,388,493	(4,213,772)	1,798,927

25. INVENTORIES

	Group 2014 RM'000	Group 2013 RM'000
At Cost		
Completed development properties	**185,965**	115,446
Raw materials and consumables	**2,373**	1,736
Nursery inventories	**1,828**	1,655
Others	**952**	570
	191,118	119,407
At Net Realisable Value		
Completed development properties	**401**	408
	191,519	119,815

26. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade receivables (Note 26.1)	**147,202**	146,501	**–**	–
Other receivables, deposits and prepayments (Note 26.2)	**61,472**	46,529	**2,258**	–
Accrued billings	**282,488**	222,435	**–**	–
Amounts due from contract customers (Note 26.3)	**882**	947	**–**	–
	492,044	416,412	**2,258**	–

26.1 Trade Receivables

	Group	
	2014 RM'000	2013 RM'000
Trade receivables	**150,846**	151,200
Less: Impairment losses	**(3,644)**	(4,699)
	147,202	146,501

(a) Included in trade receivables of the Group is amount due from affiliates of RM2,280,000 (2013: RM128,000) for property project management services, provision of landscaping services and related costs provided by a subsidiary, which is unsecured, non-interest bearing and payable within the credit period in cash and cash equivalents.

(b) The normal trade credit terms granted by the Group and the Company range from 7 to 90 days (2013: 7 to 90 days) from date of invoice and progress billing. They are recognised at their original invoiced amounts, which represent their fair values on initial recognition.

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

	Group	
	2014 RM'000	2013 RM'000
At beginning of financial year	**4,699**	3,607
Acquisitions of subsidiaries	**196**	–
Charge for the financial year	**757**	1,101
Written back	**(1,042)**	(2)
Written off	**(966)**	(7)
At end of financial year	**3,644**	4,699

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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26. TRADE AND OTHER RECEIVABLES (Continued)

26.2 Other Receivables, Deposits and Prepayments

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Other receivables	**26,733**	7,909	**2,253**	–
Less: Impairment losses	**(1,439)**	(1,551)	**–**	–
	25,294	6,358	**2,253**	–
Deposits	**32,767**	39,316	**5**	–
Prepayments	**3,411**	855	**–**	–
	61,472	46,529	**2,258**	–

Included in deposits of the Group was an amount of RM8,500,000 (2013: RM30,816,000) paid during the financial year for new land acquisitions.

(a) The reconciliation of movements in the impairment losses of other receivables is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At beginning of financial year	**1,551**	1,498	**–**	–
Charge for the financial year	**–**	53	**–**	–
Written back	**–**	–	**–**	–
Written off	**(112)**	–	**–**	–
At end of financial year	**1,439**	1,551	**–**	–

26.3 Amounts Due From Contract Customers

	Group	
	2014 RM'000	2013 RM'000
Aggregate costs incurred to date	**26,841**	26,091
Recognised profit	**6,738**	6,123
	33,579	32,214
Progress billings	**(32,697)**	(31,267)
Amounts due from contract customers	**882**	947

27. AMOUNTS DUE FROM/(TO) FORMER RELATED COMPANIES

Group

The amounts due from former related companies consisted of trade and non-trade balances. The non-trade balances represented advances and payments made on behalf, which were unsecured, non-interest bearing and payable upon demand in cash and cash equivalents.

Amount due to a former related company represented advances and payments made on behalf, which were unsecured and bore interest at rates ranging from 0.93% to 4.63% (2013: 1.01% to 4.63%) per annum and payable upon demand in cash and cash equivalents.

28. AMOUNT DUE FROM/(TO) FORMER HOLDING COMPANY

Group and Company

The amount due from/(to) former holding company represented payments made on behalf, which was unsecured, non-interest bearing and payable within the credit period in cash and cash equivalent.

29. OTHER INVESTMENTS

	Group	
	2014 RM'000	**2013 RM'000**
At fair value through profit or loss		
– Quoted shares in Malaysia	–	1,060
Loans and receivables		
– Unquoted investment outside Malaysia	**340,629**	–
Total other investment	**340,629**	1,060

The unquoted investments are operated by a reputable licensed bank in PRC. The expected return on these investments is linked to the performance of the foreign currency market, and hence the unquoted investments contain embedded derivatives. The notional value of the unquoted investments is classified as loan and receivables and measured at amortised costs. The fair value of the embedded derivative is deemed to be insignificant.

30. SHORT TERM FUNDS

	Group	
	2014 RM'000	**2013 RM'000**
Investments in fixed income trust funds in Malaysia at fair value through profit or loss	**225,079**	59,930

Investments in fixed income trust funds in Malaysia represent investment in highly liquid money market funds, which are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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31. DEPOSITS WITH FINANCIAL INSTITUTIONS

	Group	
	2014 RM'000	2013 RM'000
Deposits with licensed banks	**261,957**	99,464

Included in the Group's deposits with financial institutions are amounts of SGD6,520,000 (2013: Nil), equivalents to approximately RM16,752,000 (2013: Nil) held under Housing Developers (Project Account) (Amendment) Rules 1997, which is not available for general use by the Group.

32. CASH AND BANK BALANCES

Included in the Group's cash and bank balances are amounts of:

(i) RM94,561,000 (2013: RM125,213,000) held under the Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulation, 2002, which is not available for general use by the Group.

(ii) SGD1,291,000 (2013: SGD20,330,000), equivalent to approximately RM3,318,000 (2013: RM51,071,000) held under Housing Developers (Project Account) (Amendment) Rules 1997, which is not available for general use by the Group.

33. SHARE CAPITAL

	Group					
	2014			2013		
	Par value per share RM	Number of shares '000	RM'000	Par value per share RM	Number of shares '000	RM'000
Ordinary Shares						
Authorised:						
As at 1 July	**0.50**	**1,000,000**	**500,000**	0.50	1,000,000	500,000
Adjustment on reverse acquisition accounting by analogy on 3 December 2013						
– elimination of IOIPB's authorised share capital	**0.50**	**(1,000,000)**	**(500,000)**	–	–	–
– restated to the Company's authorised ordinary share capital	**1.00**	**50,000,000**	**50,000,000**	–	–	–
As at 30 June	**1.00**	**50,000,000**	**50,000,000**	0.50	1,000,000	500,000

33. SHARE CAPITAL (Continued)

	Group					
	2014 Par value per share RM	2014 Number of shares '000	2014 RM'000	2013 Par value per share RM	2013 Number of shares '000	2013 RM'000
Ordinary Shares						
Issued and fully paid-up:						
As at 1 July	**0.50**	**812,786**	**406,393**	0.50	812,786	406,393
Adjustment on reverse acquisition accounting by analogy on 3 December 2013						
– elimination of IOIPB's issued and fully paid-up ordinary share capital	**0.50**	**(812,786)**	**(406,393)**	–	–	–
– restated to the Company's issued and fully paid up ordinary share capital	**1.00**	*****	*****	–	–	–
Issuance during the financial year	**1.00**	**3,239,015**	**3,239,015**	–	–	–
As at 30 June	**1.00**	**3,239,015**	**3,239,015**	0.50	812,786	406,393

	Company			
	2014 Number of shares '000	2014 RM'000	2013 Number of shares '000	2013 RM'000
Ordinary shares of RM1.00 each:				
Authorised:				
As at 1 July 2013/date of incorporation	**50,000,000**	**50,000,000**	100	100
Increased during the financial year/period	**–**	**–**	49,999,900	49,999,900
As at 30 June	**50,000,000**	**50,000,000**	50,000,000	50,000,000
Issued and fully paid:				
As at 1 July 2013/date of incorporation	*****	*****	*	*
Issuance during the financial year/period	**3,239,015**	**3,239,015**	–	–
As at 30 June	**3,239,015**	**3,239,015**	*	*

* *Representing RM2.00*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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33. SHARE CAPITAL (Continued)

The Company was incorporated on 25 February 2013 with an authorised share capital of 100,000 shares of RM1.00 each. The issued and paid-up capital was 2 shares of RM1.00 each on the date.

On 10 May 2013, the Company increased its authorised share capital from RM100,000 to RM50,000,000,000 by way of the creation of an additional 49,999,900,000 ordinary shares of RM1.00 each.

The issuance of paid-up ordinary shares during the financial year comprised the following:

Date of allotment	Number of shares '000	
3 December 2013	2,163,867	Issued pursuant to the completion of acquisition of IOIPB as disclosed in Note 20.1 to the financial statements.
5 December 2013	1,075,148	Issued pursuant to the completion of acquisition of Other Property Companies, land and debt settlement as disclosed in Note 44 to the financial statements.
	3,239,015	

34. RESERVES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Share premium	**11,383,821**	881,345	**11,383,821**	–
Capital reserves (Note 34.1)	**–**	41,090	**–**	–
Foreign currency translation reserve (Note 34.2)	**162,846**	128,436	**–**	–
	11,546,667	1,050,871	**11,383,821**	–

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

34.1 Capital Reserves

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Net accretion in Group's share of net assets arising from shares issued by certain subsidiaries to non-controlling interests	**–**	32,355	**–**	–
Capital redemption reserves arising from the cancellation of treasury shares	**–**	8,735	**–**	–
	–	41,090	**–**	–

34. RESERVES (Continued)

34.2 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, whereby the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

35. BORROWINGS

	Group	
	2014 RM'000	**2013 RM'000**
Non-current liabilities		
Unsecured		
Term loans (Note 35.1)	**2,057,230**	502,420
Less: Portion due within 12 months included under short term borrowings	**(750,000)**	–
	1,307,230	502,420
Current liabilities		
Unsecured		
Term loans – portion due within 12 months (Note 35.1)	**750,000**	–
Total borrowings	**2,057,230**	502,420

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

35. BORROWINGS (Continued)

35.1 Term Loans

Term loans of the Group include:

Unsecured

2014

The Group obtained the following new borrowings during the financial year:

(a) Bridge loan of RM750,000,000 with interest at 0.90% plus cost of fund per annum and is repayable on or before 6 months from the drawdown date in January 2014. The bank had agreed to extend repayment of the bridge loan by 2 months from July 2014 to September 2014 subject to interest rate at cost of fund plus 1.25% per annum.

(b) Term loan of RM300,000,000 with fixed interest at 4.75% per annum and is repayable at the end of 3rd year from the drawdown date in May 2014.

(c) Synthetic foreign currency loan of USD150,000,000, equivalent to RM493,350,000 was drawndown in RM. The currency used for settlement of both principal and interest is also in RM, which is based on the rate of currency exchange fixed at the date of inception. The said loan bears fixed interest at 4.70% per annum and is repayable in 5 years with 3 annual principal repayments of RM164,450,000 each commencing from 31 December 2016.

2013

In the financial year ended 30 June 2013, the Group obtained a term loan of SGD200,000,000 to finance its existing term loan of SGD200,000,000. This said term loan bore interest at 0.72% plus Swap Offer Rate per annum and was repayable in 36 months from the drawdown date in May 2013.

The term loans are repayable upon maturity over the following years:

	Group	
	2014 RM'000	**2013 RM'000**
Less than 1 year	**750,000**	–
1 – 2 years	**513,880**	–
2 – 3 years	**464,450**	502,420
3 – 4 years	**164,450**	–
4 – 5 years	**164,450**	–
More than 5 years	**–**	–
	2,057,230	502,420

36. AMOUNTS DUE TO NON-CONTROLLING INTERESTS

The amounts due to non-controlling interests represent outstanding amounts arising from the non-controlling interests' proportionate advances and working capital for the acquisition of land and its development projects in Singapore which are unsecured and bear interest at rates ranging from 1.20% to 5.02% (2013: 1.18% to 1.38%) per annum.

37. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Trade payables (Note 37.1)	**279,831**	135,347	**–**	–
Other payables and accruals (Note 37.2)	**382,027**	143,513	**742**	6
Progress billings (Note 37.3)	**379,007**	62,328	**–**	–
	1,040,865	341,188	**742**	6

37.1 Trade Payables

Included in trade payables of the Group are retention monies of RM150,364,000 (2013: RM66,111,000).

Credit terms of trade payables vary from 14 to 60 days (2013: 14 to 60 days) from the date of invoice and progress claim. The retention monies are repayable upon expiry of the defect liability period of 12 to 18 months.

37.2 Other Payables and Accruals

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Other payables	**46,408**	26,896	**–**	–
Customer deposits and other deposits	**51,760**	32,700	**–**	–
Accruals	**283,859**	83,917	**742**	6
	382,027	143,513	**742**	6

37.3 Progress Billings

Included in progress billings of the Group is an amount of RM312,675,000 that relates to proceeds of the pre-sale units of the Group's development properties in Xiamen, PRC. Pursuant to the terms of the agreements with the end financiers who provide the mortgage facilities to the purchasers, the Group is responsible for the outstanding mortgage principal, the accrued interest and penalty owed by the mortgagees upon default. However, the Group is entitled to repossess the unit, to forfeit part of the cash deposit received and make available the unit for resale. The said guarantee period starts from the date when the respective mortgages are released to the Group and ends upon issuance of the document of title after the purchasers have taken vacant possession of the properties.

The Directors of the Group consider that in case of default in payments, the net realisable value of the properties will exceed the guarantee on mortgage principal, accrued interest and penalty, if any.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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38. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at end of financial year comprise:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Short term funds (Note 30)	**225,079**	59,930	**–**	–
Deposits with financial institutions (Note 31)	**261,957**	99,464	**–**	–
Cash and bank balances (Note 32)	**131,216**	217,344	**52**	–
	618,252	376,738	**52**	–

The Group has undrawn borrowing facilities of RM33,443,000 (2013: RM10,875,000) at end of the financial year.

39. ACQUISITIONS/DISPOSAL OF SUBSIDIARIES

Other than those disclosed in Note 20.1 to the financial statements, during the financial year the Group acquired 1.5% equity interest in Flora Horizon Sdn. Bhd. ("FHSB") from KS & KS Brother Development Sdn. Bhd. ("KS & KS Brother"), a related party for a total consideration of approximately RM2,682,000. The Group recorded a loss of RM2,646,000 from this accretion of interest.

In the previous financial year, the Group had:

(i) Liquidated a 67.4% owned subsidiary of the Group, Kapar Realty Development Sdn. Bhd. and received return on assets of RM270,750. The Group recognised the loss of RM9,250 from the above mentioned liquidation exercise.

(ii) Disposed 1.5% equity interest in FHSB to KS & KS Brother for a total consideration of RM2,603,000 on 17 December 2012. The Group recorded a gain of approximately RM2,601,000 from this dilution of interest.

(iii) Acquired 2 ordinary shares of RM1.00 each in Speed Modulation Sdn. Bhd. ("SMSB"), representing 100% of the issued and paid-up share capital of SMSB, for a total cash consideration of RM2.00 on 5 July 2012.

(a) The fair value of the identifiable assets and liabilities of SMSB as at the date of acquisition were as follows:

	RM'000
Cash and bank balances	4
Other payables and accruals	(2)
Amount due to holding company	(14)
Total identifiable net liabilities	(12)
Goodwill arising from acquisition	12
Total cost of acquisition	*

* *Representing RM2.00*

39. ACQUISITIONS/DISPOSAL OF SUBSIDIARIES (Continued)

(iii) Acquired 2 ordinary shares of RM1.00 each in Speed Modulation Sdn. Bhd. ("SMSB"), representing 100% of the issued and paid-up share capital of SMSB, for a total cash consideration of RM2.00 on 5 July 2012 (Continued).

(b) The effects of the acquisition of SMSB on cash f ows are as follows:

	RM'000
Consideration settled in cash	–
Less: Cash and bank balances of subsidiary acquired	(4)
Net cash inf ow of the Group on acquisition	(4)

(iv) Acquired the following shareholding in Future Link Properties Pte Ltd ("FLPPL") on 12 October 2012:

(a) 2,500,000 ordinary shares of SGD1.00 each, representing 25% of the issued and paid-up share capital of FLPPL from an affiliate for a total cash consideration of SGD2,601,000 (equivalent to RM6,519,000); and

(b) 1,400,000 ordinary shares of SGD1.00 each, representing 14% of the issued and paid-up share capital of FLPPL from Bee Hock Pte. Ltd. for a total cash consideration of SGD1,457,000 (equivalent to RM3,650,000).

(v) Acquired 5,000 ordinary shares, representing 50% equity interest held by Teijan Management Limited ("Teijan Management") in a jointly controlled entity, Prime Joy Investments Limited ("Prime Joy") for a total cash consideration of USD9,286,000 (equivalent to RM28,233,000) ("Acquisition") via IOIPB's wholly-owned subsidiary, Palmy Max Limited ("PML") on 8 January 2013. The Acquisition also entailed the full settlement of shareholders' advances owing by Prime Joy to Teijan Management amounting to USD30,208,000 (equivalent to RM91,848,000).

(a) Gain on remeasurement of previously held investment recognised in profit or loss at the date of acquisition was as follow:

	RM'000
Cost of initial shareholding	2
Share of retained earnings	4,538
Carrying amount at 8 January 2013	4,540
Fair value of initial 50% shareholding at 8 January 2013	(25,665)
Gain on remeasurement of previously held investment	(21,125)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

39. ACQUISITIONS/DISPOSAL OF SUBSIDIARIES (Continued)

(v) Acquired 5,000 ordinary shares, representing 50% equity interest held by Teijan Management Limited ("Teijan Management") in a jointly controlled entity, Prime Joy Investments Limited ("Prime Joy") for a total cash consideration of USD9,286,000 (equivalent to RM28,233,000) ("Acquisition") via IOIPB's wholly-owned subsidiary, Palmy Max Limited ("PML") on 8 January 2013. The Acquisition also entailed the full settlement of shareholders' advances owing by Prime Joy to Teijan Management amounting to USD30,208,000 (equivalent to RM91,848,000) (Continued).

(b) The fair value of the identifiable assets and liabilities of Prime Joy as at the date of acquisition were as follows:

	RM'000
Property, plant and equipment	143
Land held for property development	221,469
Other receivables	138
Cash and bank balances	28,982
Other payables	(292)
Amount due to immediate holding company	(92,513)
Amount due to shareholders	(92,513)
Deferred tax liabilities	(14,084)
Total identifiable net assets	51,330
Less: Previously held interest	(25,665)
Goodwill arising from acquisition	2,568
Total cost of acquisition	28,233

(c) The effects of the acquisition of Prime Joy on cash f ows were as follows:

	RM'000
Consideration settled in cash	28,233
Less: Cash and bank balances of subsidiary acquired	(28,982)
Net cash inf ow of the Group on acquisition	(749)

(d) Prime Joy has contributed loss of RM1,698,000 for the financial year from the acquisition date. Had the business combination taken place at the beginning of the year, the Group's profit for the financial year would have been RM574,422,000.

40. SIGNIFICANT RELATED PARTY DISCLOSURES

40.1 Identities 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 inf uence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant inf uence. Related parties may be individuals or other entities.

Related parties of the Group include:

i. Direct and indirect subsidiaries as disclosed in Note 47 to the financial statements;

ii. Vertical Capacity Sdn. Bhd. and its holding company, Progressive Holdings Sdn. Bhd., the major corporate shareholder of the Company;

iii. Associates and joint ventures as disclosed in Note 47 to the financial statements;

iv. Key management personnel which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly; and

v. Affiliates, companies in which the Directors who are also the substantial shareholders of the Company have substantial shareholdings interest.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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40. SIGNIFICANT RELATED PARTY DISCLOSURES (Continued)

40.2 Significant Related Party Transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had undertaken the following transactions with related parties during the financial year:

	Group	
	2014 RM'000	**2013 RM'000**
Affiliates		
Property project management services	**7,575**	3,746
Sale of plant and landscaping services	**814**	691
Rendering of building maintenance services	**636**	545
Rental income	**29**	–
Disposals of property, plant and equipment	**2**	–
Acquisition of additional interests in a subsidiary	**–**	(6,519)
Rental expense	**(375)**	(375)
Former holding company		
Rental income	**319**	–
Rendering of management services	**–**	7,760
Subsidiaries of former holding company		
Sales of palm products	**30,779**	21,819
Rendering of management services	**2,150**	360
Rental income	**3,256**	419
Disposals of property, plant and equipment	**185**	–
Interest expenses	**(22,997)**	(36,882)
Management fees paid	**(812)**	–
Acquisition of property, plant and equipment	**(284)**	–

40. SIGNIFICANT RELATED PARTY DISCLOSURES (Continued)

40.2 Significant Related Party Transactions (Continued)

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had undertaken the following transactions with the related parties during the financial year (Continued):

	Group	
	2014 RM'000	**2013 RM'000**
Joint Ventures		
Interest income	**15,679**	28,317
Management fees	**5,164**	–
Associates		
Sales of palm products	**16,907**	20,818
Agency fees paid	**(725)**	(900)

	Company	
	2014 RM'000	**2013 RM'000**
Subsidiaries		
Interest income	**9,102**	–
Interest expense	**(5,693)**	–
Management fees	**(184)**	–

The related party transactions described above were carried out on terms and conditions not materially different from those transactions obtainable from unrelated parties.

Information regarding outstanding balances arising from related party transactions as at 30 June 2014 are disclosed in Note 20.2, 20.3, 22.1, 26.1, 27 and 28 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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40. SIGNIFICANT RELATED PARTY DISCLOSURES (Continued)

40.3 Key Management Personnel Compensation

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Directors				
Fees	**685**	240	**685**	–
Remuneration	**35,606**	5,380	**37**	–
Estimated monetary value of benefits-in-kind	**88**	51	**–**	–
Total short term employee benefits	**36,379**	5,671	**722**	–

41. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that entities of the Group are able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity mix.

The 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 or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2014 and 30 June 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by equity attributable to owners of the parent. The Group's net debt includes borrowings less cash and cash equivalents. The Group will continue to monitor its debt portfolio on an ongoing basis.

	Group	
	2014 RM'000	2013 RM'000
Borrowings (Note 35)	**2,057,230**	502,420
Less: Cash and cash equivalents (Note 38)	**(618,252)**	(376,738)
Net debt	**1,438,978**	125,682
Equity	**11,202,530**	5,577,879
Gearing ratio	**0.13**	0.02

42. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The Group's activities expose it to a variety of financial risks, including foreign currency risk, interest rate risk, price f uctuation risk, credit risk, liquidity and cash f ow risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders whilst minimising potential adverse effects on its financial performance and positions. 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 Committee which oversees the management of risk in the Group on behalf of the Board of Directors.

42.1 Foreign Currency Risk

The Group operates internationally and is exposed to various currencies, mainly Singapore Dollar ("SGD"), US Dollar ("USD") and Renminbi ("RMB"). Foreign currency denominated assets and liabilities together with expected cash f ows 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.

42.1.1 Risk management approach

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country, in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

Foreign currency exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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42. FINANCIAL INSTRUMENTS (Continued)

42.1 Foreign Currency Risk (Continued)

42.1.2 Foreign currency risk exposure

The net financial assets and financial liabilities of the Group and of the Company that are not denominated in their functional currencies as at end of the reporting period are as follows:

Group 2014	Net financial (liabilities)/assets held in non-functional currencies			
Functional currency	SGD RM'000	USD RM'000	RMB RM'000	Total RM'000
Financial assets in foreign currencies				
Trade and other receivables	**787**	**–**	**6,606**	**7,393**
Deposits with financial institutions	**52,674**	**1,818**	**190,679**	**245,171**
Cash and bank balances	**4,626**	**336**	**10,276**	**15,238**
Financial liabilities in foreign currencies				
Trade and other payables	**(22,107)**	**(62)**	**(25,728)**	**(47,897)**
Amounts due to non-controlling interests	**(87,728)**	**–**	**–**	**(87,728)**
Borrowings	**(513,880)**	**–**	**–**	**(513,880)**
Net exposure	**(565,628)**	**2,092**	**181,833**	**(381,703)**

Group 2013	Net financial (liabilities)/assets held in non-functional currencies			
Functional currency	SGD RM'000	USD RM'000	RMB RM'000	Total RM'000
Financial assets in foreign currencies				
Trade and other receivables	3,910	–	6	3,916
Deposits with financial institutions	5,778	67,726	1,279	74,783
Cash and bank balances	70,665	7,362	287	78,314
Financial liabilities in foreign currencies				
Trade and other payables	(12,241)	(38)	(926)	(13,205)
Amounts due to non-controlling interests	(138,430)	–	–	(138,430)
Amount due to a former related company	(569,930)	(897,089)	–	(1,467,019)
Borrowings	(502,420)	–	–-	(502,420)
Net exposure	(1,142,668)	(822,039)	646	(1,964,061)

42. FINANCIAL INSTRUMENTS (Continued)

42.1 Foreign Currency Risk (Continued)

42.1.2 Foreign currency risk exposure (Continued)

Company	Net financial assets/(liabilities) held in non-functional currencies
Functional currency	**SGD RM'000**
2014	
Financial assets in foreign currencies	
Amounts due from subsidiaries	590,695
2013	
Financial assets in foreign currencies	
Amounts due from subsidiaries	–

42.1.3 Sensitivity analysis

The foreign currencies held as at the end of the reporting period comprise mainly USD, SGD and RMB. A 500 basis points movement upwards or downwards in these currencies would have equally decreased or increased the profit for the Group and the Company by approximately RM6,641,000 (2013: RM35,594,000) and RM11,495,000 (2013: Nil) respectively.

42.2 Interest Rate Risk

The Group's interest rate risk arises from its interest bearing financial instruments that could impact fair value and future cash f ows due to f uctuation 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.

42.2.1 Risk management approach

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

Funds held for liquidity purposes and temporary surpluses are placed in short term interest bearing financial instruments.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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42. FINANCIAL INSTRUMENTS (Continued)

42.2 Interest Rate Risk (Continued)

42.2.2 Interest rate risk exposure

The following tables set-out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining repricing brackets of the Group's and Company's financial instruments that are exposed to interest rate risk:

Group
2014

	Note	Repricing Brackets Less than 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	More than 4 years RM'000	Total RM'000	Weighted average effective interest rate %
Interest bearing financial assets								
Fixed rate instruments								
Deposits with financial institutions	31	261,957	–	–	–	–	261,957	*1.46*
Short term funds	30	225,079	–	–	–	–	225,079	*2.94*
		487,036	–	–	–	–	487,036	
Floating rate instruments								
Cash held in Housing Development Accounts	32	97,879	–	–	–	–	97,879	*2.13*
Other investments	29	340,629	–	–	–	–	340,629	*4.90*
		438,508	–	–	–	–	438,508	
Total assets repricing		925,544	–	–	–	–	925,544	
Interest bearing financial liabilities								
Fixed rate instruments								
Borrowings	35	–	–	464,450	164,450	164,450	793,350	*4.72*
Floating rate instruments								
Borrowings	35	750,000	513,880	–	–	–	1,263,880	*2.92*
Amounts due to non-controlling interests	36	95,305	–	–	–	–	95,305	*1.51*
Total liabilities repricing		845,305	513,880	464,450	164,450	164,450	2,152,535	
Net repricing gap		80,239	(513,880)	(464,450)	(164,450)	(164,450)	(1,226,991)	

42. FINANCIAL INSTRUMENTS (Continued)

42.2 Interest Rate Risk (Continued)

42.2.2 Interest rate risk exposure (Continued)

Group
2013

		Repricing Brackets					Total	
	Note	Less than 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	More than 4 years RM'000	RM'000	Weighted average effective interest rate %
Interest bearing financial assets								
Fixed rate instruments								
Deposits with financial institutions	31	99,464	–	–	–	–	99,464	*1.20*
Short term funds	30	59,930	–	–	–	–	59,930	*3.21*
		159,394	–	–	–	–	159,394	
Floating rate instruments								
Cash held in Housing Development Accounts	32	176,284	–	–	–	–	176,284	*1.73*
		176,284	–	–	–	–	176,284	
Total assets repricing		335,678	–	–	–	–	335,678	
Interest bearing financial liabilities								
Floating rate instruments								
Term loans	35	–	–	502,420	–	–	502,420	*1.01*
Amount due to a former related company	27	1,786,050	–	–	–	–	1,786,050	*3.23*
Amounts due to non-controlling interests	36	138,430	–	–	–	–	138,430	*1.30*
Total liabilities repricing		1,924,480	–	502,420	–	–	2,426,900	
Net repricing gap		(1,588,802)	–	(502,420)	–	–	(2,091,222)	

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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42. FINANCIAL INSTRUMENTS (Continued)

42.2 Interest Rate Risk (Continued)

42.2.2 Interest rate risk exposure (Continued)

Company
2014

		Repricing Brackets					Total	
	Note	Less than 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	More than 4 years RM'000	RM'000	Weighted average effective interest rate %
Interest bearing financial assets								
Floating rate instruments								
Amounts due from subsidiaries	20.3	590,708	–	–	–	–	590,708	*1.20*
Total assets repricing		590,708	–	–	–	–	590,708	
Interest bearing financial liabilities								
Floating rate instruments								
Amounts due to subsidiaries	20.3	98,180	–	–	–	–	98,180	*4.95*
Total liabilities repricing		98,180	–	–	–	–	98,180	
Net repricing gap		492,528	–	–	–	–	492,528	

42.2.3 Sensitivity analysis

Sensitivity analysis on interest rate is applied on f oating rate financial instruments only, as the carrying amount of fixed rate financial instruments are measured at amortised cost.

A 50 basis points movement in interest rates would have increased or decreased the profit or loss of the Group and of the Company by approximately RM4,603,000 (2013: RM11,253,000) and RM2,463,000 (2013: Nil).

42. FINANCIAL INSTRUMENTS (Continued)

42.3 Price Fluctuation Risk

The Group is exposed to price fluctuation risk arising from changes in the market prices of its quoted investments. The Group does not use derivative instruments to manage this risk as these quoted investments are mainly held as other investments.

42.3.1 Price risk exposure

Detailed in the table below is a summary of the Group's and of the Company's financial instruments subject to price risk along with their mark-to-market fair value on closing, plus fair value recognised over the reporting period.

Group
2013

	Notional value			Fair value attributed to price changes at period closing		
	< 1 year RM'000	> 1 year RM'000	Total RM'000	< 1 year RM'000	> 1 year RM'000	Total RM'000
Equity based						
Other investments	806	–	806	1,060	–	1,060

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).

Group
2013

	Fair value attributed to price changes at period closing			
	Hierarchy of the underlying variable input used in measuring fair valuation			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Equity based				
Other investments	1,060	–	–	1,060

There were no transfers between all 3 levels of the fair value hierarchy.

No sensitivity analysis for other investments was prepared at the end of the reporting period as the Group did not have significant exposure to other investments.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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42. FINANCIAL INSTRUMENTS (Continued)

42.4 Credit Risk

The Group's credit risk exposure is mainly related to external counter-party credit risk on monetary financial assets and trade credits. Credit risk is managed at the business unit level, but macro Group-wide policies on the granting of credit and credit control are issued and monitored centrally, such as those relating to credit risk concentration, adequacy of formal credit rating and evaluation of counter parties, credit impairment and unit level credit control performance.

Credit risk from monetary financial assets is generally low as the counter-parties involved are strongly rated financial institutions. The Group does not extend any loans or financial guarantees to third parties except for its own subsidiaries and joint ventures.

The Group's objective on credit risk management is to avoid significant exposure to any individual customer or counter party and to minimise concentration of credit risk.

42.4.1 Risk management approach

Credit risk or financial loss from the failure of customers or counter parties to discharge their financial and contractual obligations from trade credits is managed through the application of credit approvals, credit limits, insurance programmes and monitoring procedures on an 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. Property

Generally, property units sold are progressively invoiced and settled by end-buyers' financiers posing minimal credit risk. Property investment entails the hospitality sub-segment for which sales are generally cash settled; and the rental property sub-segment which poses a certain degree of collection risk in correlation with the macroeconomic environment.

Policies and procedures

a) Tail-end progress billings on property units sold that serve as retention sum are closely monitored and claimed upon expiry of retention period;

b) Credit granted for corporate clients in the hospitality sub-segment are duly assessed and selectively approved with established limits;

c) All tenants of its investment properties are subjected to deposits requirement averaging 3 months rental; and

d) Credit exposure is monitored on limits and aging, managed and reviewed periodically. Debtors with emerging credit problems are identified early and remedial actions are taken promptly to minimise further exposure and to restore past due status.

42. FINANCIAL INSTRUMENTS (Continued)

42.4 Credit Risk (Continued)

42.4.1 Risk management approach (Continued)

i. Property (Continued)

Collateral and credit enhancement

In general, a combination of:

a) Title retention and conveyance on clearance for property development;

b) Cash deposits/advance for hospitality sub-segment; and

c) Deposits for rental sub-segment.

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. 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"; and

b) Funds placements are centrally monitored, and where applicable are spread out based on location need.

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 aging 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)

30 June 2014

42. FINANCIAL INSTRUMENTS (Continued)

42.4 Credit Risk (Continued)

42.4.2 Credit risk exposures and concentration

The Group's credit risks are mainly on financial assets relating to trade and other receivables, cash deposits, amounts due from related companies and holding company, and securities placement and investments as summarised in the table below for both the Group and Company level.

Group
2014

	Note	Maximum exposure RM'000	Collateral and enhancement obtained RM'000	Net exposure to credit risk RM'000	Collateral or credit enhancement obtained
Financial assets					
Cash and bank balances	32	**131,216**	**156**	**131,060**	Fidelity guarantee and cash-in-transit insurance coverage
Deposits with financial institutions	31	**261,957**	**–**	**261,957**	
Trade and other receivables, net of deposits and prepayments		**172,496**	**1,558**	**170,938**	Security deposits from tenancy contract
Other investments	29	**340,629**	**203,863**	**136,766**	Principal guaranteed investments
Short term funds	30	**225,079**	**–**	**225,079**	
		1,131,377	**205,577**	**925,800**	

2013

	Note	Maximum exposure RM'000	Collateral and enhancement obtained RM'000	Net exposure to credit risk RM'000	Collateral or credit enhancement obtained
Financial assets					
Cash and bank balances	32	217,344	36	217,308	Fidelity guarantee and cash-in-transit insurance coverage
Deposits with financial institutions	31	99,464	–	99,464	
Trade and other receivables, net of deposits and prepayments		152,859	2,630	150,229	Security deposits from tenancy contract
Amounts due from former related companies	27	562	–	562	
Amount due from former holding company	28	3,726	–	3,726	
Other investments	29	1,060	–	1,060	
Short term funds	30	59,930	–	59,930	
		534,945	2,666	532,279	

42. FINANCIAL INSTRUMENTS (Continued)

42.4 Credit Risk (Continued)

42.4.2 Credit risk exposures and concentration (Continued)

Company
2014

	Note	Maximum exposure RM'000	Collateral and enhancement obtained RM'000	Net exposure to credit risk RM'000	Collateral or credit enhancement obtained
Financial assets					
Cash and bank balances	32	**52**	–	**52**	
Trade and other receivables, net of deposits and prepayments		**2,253**	–	**2,253**	
Amounts due from subsidiaries	20.3	**590,708**	–	**590,708**	
		593,013	–	**593,013**	

The tables below outline the credit quality analysis of the Group's and the Company's financial assets together with the impairment charge for the year.

Group
2014

	Note	Neither past due nor impaired				Past due but not impaired	Total	Impairment charged in reporting period	Impairment at end of reporting period
		Strong RM'000	Medium RM'000	Weak RM'000	Renegotiated RM'000	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	32	**131,216**	–	–	–	–	**131,216**	–	–
Deposits with financial institutions	31	**261,957**	–	–	–	–	**261,957**	–	–
Trade and other receivables, net of deposits and prepayments		**140,196**	**5,883**	**170**	–	**26,247**	**172,496**	**757**	**5,083**
Other investments	29	**340,629**	–	–	–	–	**340,629**	–	–
Short term funds	30	**225,079**	–	–	–	–	**225,079**	–	–
		1,099,077	**5,883**	**170**	–	**26,247**	**1,131,377**	**757**	**5,083**
2013									
Cash and bank balances	32	217,344	–	–	–	–	217,344	–	–
Deposits with financial institutions	31	99,464	–	–	–	–	99,464	–	–
Trade and other receivables, net of deposits and prepayments		126,127	744	159	–	25,829	152,859	1,154	6,250
Amounts due from related companies	27	562	–	–	–	–	562	–	–
Amount due from holding company	28	3,726	–	–	–	–	3,726	–	–
Other investments	29	1,060	–	–	–	–	1,060	–	–
Short term funds	30	59,930	–	–	–	–	59,930	–	–
		508,213	744	159	–	25,829	534,945	1,154	6,250

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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42. FINANCIAL INSTRUMENTS (Continued)

42.4 Credit Risk (Continued)

42.4.2 Credit risk exposures and concentration (Continued)

Company
2014

	Note	Neither past due nor impaired Strong RM'000	Medium RM'000	Weak RM'000	Renegotiated RM'000	Past due but not impaired RM'000	Total RM'000	Impairment charged in reporting period RM'000	Impairment at end of reporting period RM'000
Cash and bank balances		52	–	–	–	–	52	–	–
Trade and other receivables, net of deposits and prepayments		2,253	–	–	–	–	2,253	–	–
Amounts due from subsidiaries	20.3	590,708	–	–	–	–	590,708	–	–
		593,013	–	–	–	–	593,013	–	–

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

42. FINANCIAL INSTRUMENTS (Continued)

42.4 Credit Risk (Continued)

42.4.2 Credit risk exposures and concentration (Continued)

From the above table, more than 97% (2013: 95%) 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 aging brackets above 120 days unless supported by valid reasons. The table below provides an aging analysis of past due but not impaired alongside with the rationale for deferment of impairment on those past due above 120 days.

	Past due but not impaired						Estimated fair values of collateral and credit enhancement held
	1 – 30 days RM'000	31 – 60 days RM'000	61 – 90 days RM'000	91 – 120 days RM'000	>120 days RM'000	Total RM'000	RM'000
Group							
2014							
Trade receivables	**11,076**	**8,038**	**5,035**	**288**	**1,613**	**26,050**	**1,459**
Other receivables	**74**	**12**	**17**	**81**	**13**	**197**	**99**
	11,150	**8,050**	**5,052**	**369**	**1,626**	**26,247**	**1,558**
2013							
Trade receivables	18,013	1,714	2,514	2,187	1,359	25,787	2,554
Other receivables	21	11	6	4	–	42	76
	18,034	1,725	2,520	2,191	1,359	25,829	2,630

Receivables of the Group that are past due but not impaired are mainly related to the progress billings to be settled by end-buyers' financiers.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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42. FINANCIAL INSTRUMENTS (Continued)

42.4 Credit Risk (Continued)

42.4.2 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.

	Property development		Property investment		Others		Total	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Group								
2014								
Malaysia	**139,997**	***95***	**12,375**	***100***	**12,731**	***100***	**165,103**	***96***
Asia (excluding Malaysia)	**7,393**	***5***	**–**	**–**	**–**	**–**	**7,393**	***4***
	147,390	***100***	**12,375**	***100***	**12,731**	***100***	**172,496**	***100***
2013								
Malaysia	145,073	*97*	3,373	*100*	497	*100*	148,943	*97*
Asia (excluding Malaysia)	3,916	*3*	–	–	–	–	3,916	*3*
	148,989	*100*	3,373	*100*	497	*100*	152,859	*100*
2014								
Malaysia	**–**	**–**	**–**	**–**	**592,961**	***100***	**592,961**	***100***
2013								
Malaysia	–	–	–	–	–	–	–	–

42. FINANCIAL INSTRUMENTS (Continued)

42.5 Liquidity and Cash Flow Risk

Liquidity and 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 also includes non-financial instruments.

The Group's liquidity risk management objective is to ensure that all foreseeable funding commitments can be met as and when due and in a cost-effective manner.

42.5.1 Risk management approach

The Group leverages on IOI Properties Group Berhad ("IOIPG") as the public listed parent company whereby treasury related activities are centralised and where the optimal weighted-average-costs-of funds is managed. The Company as a 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.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure all operating, investing and financing needs are met. To mitigate liquidity risk, management measures and forecasts its cash commitments, monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and investment activities. In addition, the Group strives to maintain available banking facilities at a reasonable level against its overall debt position.

The Group manages its liquidity risk with a combination of the following methods:

i. Maintain a balanced contractual maturity profile of financial assets to meet financial liabilities (particularly on near and immediate term maturity);

ii. Maintain a diversified range of funding sources with adequate back-up facilities;

iii. Maintain debt financing and servicing plan; and

iv. Maintain medium to long term cash-flow planning incorporating funding positions and requirements of all its subsidiaries.

As a Group policy, all business units conform to the following processes in ensuring its liquidity profiles are balanced and that all its obligations can be met when due:

i. Perform annual cash-flow budgeting and medium-term cash-flow planning, in which the timing of operational cash-flows and its resulting surplus or deficit is reasonably determined. The aggregation of these allows for an overview of the Group's forecast cash-flow and liquidity position, which in-turn facilitates further consolidated cash-flow planning;

ii. Manage contingent liquidity commitment and exposures;

iii. Monitor liquidity ratios against internal thresholds;

iv. Manage working capital for efficient use of funds and optimise cash conversion cycle; and

v. Manage concentration and maturity profile of both financial and non-financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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42. FINANCIAL INSTRUMENTS (Continued)

42.5 Liquidity and Cash Flow Risk (Continued)

42.5.2 Liquidity risk exposure

The following table details the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand RM'000	Less than 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	More than 4 years RM'000	Total RM'000
Group							
2014							
Financial liabilities							
Trade and other payables	–	610,098	–	–	–	–	610,098
Amounts due to non-controlling interests	95,305	–	–	–	–	–	95,305
Borrowings	–	750,000	513,880	464,450	164,450	164,450	2,057,230
	95,305	1,360,098	513,880	464,450	164,450	164,450	2,762,633
2013							
Financial liabilities							
Trade and other payables	–	246,160	–	–	–	–	246,160
Amounts due to non-controlling interests	138,430	–	–	–	–	–	138,430
Amount due to a former related company	1,786,050	–	–	–	–	–	1,786,050
Amount due to former holding company	77	–	–	–	–	–	77
Borrowings	–	–	–	502,420	–	–	502,420
	1,924,557	246,160	–	502,420	–	–	2,673,137

42. FINANCIAL INSTRUMENTS (Continued)

42.5 Liquidity and Cash Flow Risk (Continued)

42.5.2 Liquidity risk exposure (Continued)

The following table details the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations. (Continued)

	On demand RM'000	Less than 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	More than 4 years RM'000	Total RM'000
Company							
2014							
Financial liabilities							
Amounts due to subsidiaries	–	19,726	–	98,180	–	–	117,906
Trade and other payables	–	742	–	–	–	–	742
	–	20,468	–	98,180	–	–	118,648
2013							
Financial liabilities							
Trade and other payables	–	6	–	–	–	–	6

(i) The Group and the Company have ample liquidity to meet its "on-demand" financial liabilities and obligations maturing in the next 12 months;

(ii) Financial liabilities contractual maturity periods exceeding 12 months are within comfortable levels, and should be well covered by its annual free-cash-f ow to be generated from its operations; and

(iii) Liquidity risk concentration is evident in maturity bucket financial year 2015 onwards, where the Group and the Company's borrowing commitments are due.

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42. FINANCIAL INSTRUMENTS (Continued)

42.6 Fair Values

(a) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value.

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are f oating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

(ii) Fixed rate borrowings

The fair value of these financial instruments are estimated by discounting expected future cash f ows at market incremental lending rate for similar types of borrowing at the end of each reporting period.

(b) Fair value hierarchy

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).

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash f ows, discounted at the market rate of interest at the end of the reporting period.

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).

42. FINANCIAL INSTRUMENTS (Continued)

42.6 Fair Values (Continued)

(b) Fair value hierarchy (Continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
Group										
2014										
Financial assets										
Financial assets at fair value through profit or loss										
– Short term funds	225,079	–	–	225,079	–	–	–	–	225,079	225,079
Financial liabilities										
Other financial liabilities										
– Borrowings	–	–	–	–	–	–	1,307,230	1,307,230	1,307,230	1,307,230
– Amounts due to non-controlling interests	–	–	–	–	–	–	95,305	95,305	95,305	95,305
	–	–	–	–	–	–	1,402,535	1,402,535	1,402,535	1,402,535

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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42. FINANCIAL INSTRUMENTS (Continued)

42.6 Fair Values (Continued)

(b) Fair value hierarchy (Continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
Group										
2013										
Financial assets										
Financial assets at fair value through profit or loss										
– Other investments	1,060	–	–	1,060	–	–	–	–	1,060	1,060
– Short term funds	59,930	–	–	59,930	–	–	–	–	59,930	59,930
	60,990	–	–	60,990	–	–	–	–	60,990	60,990
Financial liabilities										
Other financial liabilities										
– Borrowings	–	–	–	–	–	–	502,420	502,420	502,420	502,420
– Amounts due to non-controlling interests	–	–	–	–	–	–	138,430	138,430	138,430	138,430
	–	–	–	–	–	–	640,850	640,850	640,850	640,850

42. FINANCIAL INSTRUMENTS (Continued)

42.6 Fair Values (Continued)

(b) Fair value hierarchy (Continued)

Company	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
2014										
Financial assets										
Loans and receivables										
– Amount due from a subsidiary	–	–	–	–	–	–	590,695	590,695	590,695	590,695
Financial liabilities										
Other financial liabilities										
– Amount due to a subsidiary	–	–	–	–	–	–	98,180	98,180	98,180	98,180

42.7 Classification of Financial Instruments

The financial assets and liabilities are classified into the following categories after initial recognition for the purpose of subsequent measurement:

Financial assets	Loan and receivables RM'000	Fair value through profit or loss RM'000	Available for sale RM'000	Held to maturity RM'000	Total RM'000
Group					
2014					
Trade and other receivables, net of deposits and prepayments	172,496	–	–	–	172,496
Other investments	340,629	–	–	–	340,629
Short term funds	–	225,079	–	–	225,079
Deposits with financial institutions	261,957	–	–	–	261,957
Cash and bank balances	131,216	–	–	–	131,216
	906,298	225,079	–	–	1,131,377

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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42. FINANCIAL INSTRUMENTS (Continued)

42.7 Classification of Financial Instruments (Continued)

Financial assets	Loan and receivables RM'000	Fair value through profit or loss RM'000	Available for sale RM'000	Held to maturity RM'000	Total RM'000
Group					
2013					
Trade and other receivables, net of deposits and prepayments	152,859	–	–	–	152,859
Amounts due from former related companies	562	–	–	–	562
Amount due from former holding company	3,726	–	–	–	3,726
Other investments	–	1,060	–	–	1,060
Short term funds	–	59,930	–	–	59,930
Deposits with financial institutions	99,464	–	–	–	99,464
Cash and bank balances	217,344	–	–	–	217,344
	473,955	60,990	–	–	534,945

Financial assets	Loan and receivables RM'000	Fair value through profit or loss RM'000	Available for sale RM'000	Held to maturity RM'000	Total RM'000
Company					
2014					
Trade and other receivables, net of deposits and prepayments	**2,253**	**–**	**–**	**–**	**2,253**
Amounts due from subsidiaries	**590,708**	**–**	**–**	**–**	**590,708**
Cash and bank balances	**52**	**–**	**–**	**–**	**52**
	593,013	**–**	**–**	**–**	**593,013**

42. FINANCIAL INSTRUMENTS (Continued)

42.7 Classification of Financial Instruments (Continued)

Financial liabilities	Other financial liabilities RM'000	Fair value through profit or loss RM'000	Total RM'000
Group			
2014			
Borrowings	**2,057,230**	**–**	**2,057,230**
Trade and other payables	**610,098**	**–**	**610,098**
Amounts due to non-controlling interests	**95,305**	**–**	**95,305**
	2,762,633	**–**	**2,762,633**
2013			
Borrowings	502,420	–	502,420
Trade and other payables	246,160	–	246,160
Amount due to a former related company	1,786,050	–	1,786,050
Amounts due to non-controlling interests	138,430	–	138,430
	2,673,060	–	2,673,060

Financial liabilities	Other financial liabilities RM'000	Fair value through profit or loss RM'000	Total RM'000
Company			
2014			
Trade and other payables	**742**	**–**	**742**
Amounts due to subsidiaries	**117,906**	**–**	**117,906**
	118,648	**–**	**118,648**
2013			
Trade and other payables	6	–	6

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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43. COMMITMENTS

43.1 Capital Commitments

	Group	
	2014 RM'000	**2013 RM'000**
Authorised capital expenditure not provided for in the financial statements		
– Contracted		
Additions of land held for property development	**40,000**	277,333
Additions of property, plant and equipment	**174,295**	11,643
Additions of investment properties	**306,774**	13,356
Additions of prepaid lease payments	**–**	3,688
– Not contracted		
Additions of property, plant and equipment	**84,330**	33,965
Additions of investment properties	**39,000**	9,647

43.2 Operating Lease Commitments

43.2.1 The Group as lessee

The Group entered into a non-cancellable operating lease agreement for lease of office space and or office equipments for a lease period of between one (1) to five (5) years.

The future aggregate minimum lease payments under non-cancellable operating lease contracted for as at end of the reporting period but not recognised as liabilities are as follows:

	Group	
	2014 RM'000	**2013 RM'000**
Not later than one (1) year	**310**	–
Later than one (1) year and not later than five (5) years	**99**	–
	409	–

43.2.2 The Group as lessor

The Group entered into non-cancellable operating lease agreements on its investment properties and unsold properties. These leases have remaining non-cancellable lease terms of between 2 - 9 years. The Group also entered into long term property leases on its future property investment land.

43. COMMITMENTS (Continued)

43.2 Operating Lease Commitments (Continued)

43.2.2 The Group as lessor (Continued)

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at end of reporting period but not recognised as receivables are as follows:

	Group	
	2014 RM'000	**2013 RM'000**
Not later than one (1) year	**153,073**	70,323
Later than one (1) year and not later than five (5) years	**127,236**	47,438
Later than five (5) years	**20,188**	2,447
	300,497	120,208

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Acquisition of land by Knowledge Vision Sdn. Bhd. ("KVSB")

On 5 August 2013, KVSB entered into a Sale and Purchase Agreement with Araprop Development Sdn. Bhd. to acquire 346 parcels of freehold bungalow and villa land in Beranang, Ulu Langat with an area of approximately 83 acres for a total consideration of RM103,000,000. The transaction was completed during the financial year.

(b) Acquisition of land by IOI Prima Property Sdn. Bhd. ("IOIPPSB")

On 7 November 2013, IOIPPSB entered into a Sale and Purchase Agreement to acquire 1 parcel of freehold agriculture land located in Mukim of Kulai District of Kulaijaya, Johor with an area of approximately 409.128 acres for a total consideration of RM129,207,000. The said purchase was completed during the financial year.

(c) Internal Reorganisation Exercise

Prior to the listing of the ordinary shares of the Company on the Main Market of Bursa Malaysia, the Company was incorporated by IOIC for a series of internal reorganisation exercise of IOIC, which entailed the following:

i) acquisitions of equity interests in IOIPB, Other Property Companies and PVB and PSSB as disclosed in 20.1(A) to the financial statements;

ii) acquisition of two (2) parcels of agricultural land measuring approximately 500 acres, located in Mukim Rompin, District of Jempol, State of Negeri Sembilan and approximately 1,279 acres located in Mukim of Sungai Segamat, District of Segamat, State of Johor from IOIC, for a total consideration of RM276,200,000, which were satisfied via the issuance of 61,179,368 new ordinary shares of the Company at an issue price of approximately RM4.51 per ordinary share;

iii) capitalisation of approximately RM1,800,000,000, being an amount owing by the IOIPB group and/or the Other Property Companies to IOIC or its group by way of issuance of 398,706,961 new ordinary shares of the Company at an issue price of approximately RM4.51 per ordinary share.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Continued)

(d) Listing on the Main Market of Bursa Malaysia

The ordinary shares of the Company were listed on Main Market of Bursa Malaysia on 15 January 2014.

(e) Banking facilities obtained by the Group

During the financial year, the Group drawn down the following bank borrowings obtained from the financial institutions:

i) Synthetic foreign currency loan of USD150 million, drawn down in fixed amount of RM493,350,000 on 10 January 2014;

ii) Bridge loan of RM750 million was drawn down on 13 January 2014, and

iii) Term loan of RM300 million was drawn down on 28 May 2014 for the working capital of the Group.

The drawdown of the above two bank borrowings in (i) and (ii) were for the repayment of advances owing to the former holding company and/or its subsidiaries of approximately RM1,000,000,000.

(f) Proposed issuance of an unrated sukuk issuance programme of up to the nominal value of RM1,500,000,000 under the Shariah principal of Murabahah ("Sukuk Programme")

On 9 May 2014, the Company announced that its wholly-owned subsidiary, IOIP Capital Management Sdn. Bhd. ("IOIPCM") had submitted an application to the Securities Commission Malaysia ("SC") on the proposed issuance of Sukuk Programme.

The Sukuk Programme shall have a tenure of up to fifteen (15) years from the date of first issuance.

IOIPCM intends to use the proceeds raised from the Sukuk Programme for Shahriah compliant purposes:

a. In respect of the first issuance of the Sukuk Murabahah, of up to RM750,000,000, the proceeds to be raised shall be utilised to refinance an existing bridge loan facility granted by Malayan Banking Berhad ("MBB") to IOIPCM; and

b. In respect of the subsequent issuances of the Sukuk Murabahah, the proceeds to be raised shall be utilised amongst others to finance land and development costs, any incidental costs, investment and working capital requirements of the Group.

The Company had on 23 June 2014 received the SC's approval vide its letter dated 20 June 2014 authorising the Sukuk Programme. The SC's conditional approval was announced to Bursa Malaysia on 23 June 2014 and the Sukuk Programme is now pending completion.

45. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

There was no significant event subsequent to the end of the reporting period except those disclosed in Note 13 to the financial statements.

46. SEGMENTAL INFORMATION

The Group has four (4) reportable operating segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which require different business and marketing strategies. The reportable segments are summarised as follows.

Property development	Development of residential, commercial and industrial properties
Property investment	Investments in shopping mall, office complex and other properties
Leisure & hospitality	Management and operation of hotels, resorts and golf course
Other operations	Cultivation of plantation produce, project and building services management, landscape services and other operations which are not sizeable 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 aspects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Segment assets exclude tax assets and assets used primarily for corporate purposes.

Segment liabilities exclude tax liabilities, loans and borrowings that are managed under centralised treasury function.

Details are provided in the reconciliations from segment assets and liabilities to the Group position.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

46. SEGMENTAL INFORMATION (Continued)

2014	Property development RM'000	Property investment RM'000	Leisure & hospitality RM'000	Other operations RM'000	Total RM'000
Revenue					
Segment revenue	1,357,021	104,894	58,317	47,758	1,567,990
Result					
Operating profit	462,630	66,575	4,377	31,905	565,487
Gain on bargain purchase for the acquisitions of subsidiaries	81,174	93,993	22,684	115	197,966
Fair value gain on investment properties	–	305,307	–	–	305,307
	543,804	465,875	27,061	32,020	1,068,760
Share of results of associates	1,990	–	–	1,504	3,494
Share of results of joint ventures	60,644	–	–	–	60,644
Segment results	606,438	465,875	27,061	33,524	1,132,898
Assets					
Operating assets	6,162,924	2,796,807	840,402	390,964	10,191,097
Interests in associates	–	–	–	64,517	64,517
Interests in joint ventures	3,855,746	–	–	–	3,855,746
Segment assets	10,018,670	2,796,807	840,402	455,481	14,111,360
Liabilities					
Segment liabilities	873,980	174,851	84,748	2,591	1,136,170
Other Information					
Capital expenditure	4,921	400,933	80,794	947	487,595
Depreciation and amortisation	2,696	6,138	9,628	282	18,744
Non-cash items other than depreciation and amortisation	9,870	6,860	12	8	16,750

46. SEGMENTAL INFORMATION (Continued)

2013	Property development RM'000	Property investment RM'000	Leisure & hospitality RM'000	Other operations RM'000	Total RM'000
Revenue					
Segment revenue	1,135,189	93,514	5,852	28,537	1,263,092
Result					
Operating profit	514,858	59,489	(112)	25,101	599,336
Loss on disposal of investment properties	–	(1,240)	–	–	(1,240)
Fair value gain on investment properties	–	39,648	–	–	39,648
	514,858	97,897	(112)	25,101	637,744
Share of results of associates	4,266	–	–	6,989	11,255
Share of results of joint ventures	91,545	–	–	–	91,545
Segment results	610,669	97,897	(112)	32,090	740,544
Assets					
Operating assets	4,393,812	1,491,676	25,707	155,652	6,066,847
Interests in associates	26,804	–	–	71,378	98,182
Interests in joint ventures	2,176,239	–	–	–	2,176,239
Segment assets	6,596,855	1,491,676	25,707	227,030	8,341,268
Liabilities					
Segment liabilities	2,229,391	24,928	528	10,815	2,265,662
Other Information					
Capital expenditure	9,904	372,512	985	12,871	396,272
Depreciation and amortisation	2,296	2,002	1,071	404	5,773
Non-cash items other than depreciation and amortisation	8,421	1,046	58	494	10,019

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

46. SEGMENTAL INFORMATION (Continued)

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

	Group	
	2014 RM'000	**2013 RM'000**
Revenue		
Segment revenue	**1,567,990**	1,263,092
Inter-segment sales	**(113,545)**	(111,871)
Total revenue	**1,454,445**	1,151,221
Profit or loss		
Segment results	**1,132,898**	740,544
Interest income	**36,174**	39,780
Finance costs	**(48,668)**	(38,720)
Profit before taxation	**1,120,404**	741,604
Taxation	**(216,662)**	(167,041)
Profit for the financial year	**903,742**	574,563
Assets		
Segment assets	**14,111,360**	8,341,268
Unallocated corporate assets	**613,715**	185,963
Total assets	**14,725,075**	8,527,231
Liabilities		
Segment liabilities	**1,136,170**	2,265,662
Unallocated corporate liabilities	**2,287,698**	583,670
Total liabilities	**3,423,868**	2,849,332

46. SEGMENTAL INFORMATION (Continued)

Geographical Segments

The Group's major businesses operate in the following principal geographical areas:

Malaysia	Development of residential, commercial and industrial properties Investments in shopping mall, office building and other properties Cultivation of plantation produce Management and operation of golf course, project management, landscape services and other operations
Singapore	Development of residential properties
PRC	Development of residential properties Investments in shopping mall, hotel, office building and other properties

	Malaysia RM'000	Singapore RM'000	PRC RM'000	Total RM'000
2014				
Revenue from external customers by location of customers	**1,123,340**	**46,278**	**284,827**	**1,454,445**
Segment assets by location of assets	**8,255,088**	**4,973,165**	**1,496,822**	**14,725,075**
Capital expenditure by location of assets	**477,193**	**–**	**10,402**	**487,595**
2013				
Revenue from external customers by location of customers	1,141,713	9,508	–	1,151,221
Segment assets by location of assets	4,265,457	3,260,450	1,001,324	8,527,231
Capital expenditure by location of assets	159,069	291	236,912	396,272

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

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47. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The subsidiaries, associates and joint ventures incorporated in Malaysia except otherwise stated, are as follows:

Name of Company	Effective Group Interest 2014 %	2013 %	Principal Activities
Direct Subsidiaries			
Bukit Kelang Development Sdn. Bhd.	**100.0**	–	Property development and cultivation of plantation produce
Eng Hup Industries Sdn. Bhd.	**100.0**	–	Property development and property investment
IOI City Holdings Sdn. Bhd.	**100.0**	–	Investment holding and property investment
IOI City Mall Sdn. Bhd. *(Formerly known as Dreammont Development Sdn. Bhd.)*	**100.0**	–	Property investment, property development and property management
IOI Consolidated (Singapore) Pte. Ltd.* *(Incorporated in Singapore)*	**100.0**	–	Investment holding
IOI Properties Berhad	**99.8**	99.8	Property development, property investment and investment holding
IOI Properties Capital (L) Berhad *(Incorporated in Labuan)*	**100.0**	–	Provision of treasury management services
IOI Properties Empire Sdn. Bhd.#	**100.0**	–	Property development and property investment
IOIP Capital Management Sdn. Bhd.	**100.0**	–	Provision of treasury management services
Nice Skyline Sdn. Bhd.	**99.9**	–	Property development and investment holding
Palmex Industries Sdn. Bhd.#	**100.0**	–	Property development and investment holding
PMX Bina Sdn. Bhd.#	**100.0**	–	General contractor
Resort Villa Development Sdn. Bhd.	**100.0**	–	Property investment and hotel and hospitality services
Resort Villa Golf Course Berhad	**100.0**	–	Development and management of a golf club
Resort Villa Golf Course Development Sdn. Bhd	**100.0**	–	Hotel and hospitality services
Subsidiaries of IOI Properties Berhad			
Cahaya Kota Development Sdn. Bhd.	**99.8**	99.8	Property development, property investment and investment holding
Commercial Wings Sdn. Bhd.	**99.8**	99.8	Property investment
Dynamic Management Sdn. Bhd.	**99.8**	99.8	Property development, investment holding and provision of management services
Flora Development Sdn. Bhd.	**99.8**	99.8	Property development and property investment
Flora Horizon Sdn. Bhd.	**99.8**	98.3	Property development and cultivation of plantation produce
Future Link Properties Pte. Ltd.# *(Incorporated in Singapore)*	**99.8**	99.8	Property investment, property development and investment holding
Hartawan Development Sdn. Bhd.	**99.8**	99.8	Property development and cultivation of plantation produce

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

Name of Company	Effective Group Interest 2014 %	Effective Group Interest 2013 %	Principal Activities
Subsidiaries of IOI Properties Berhad (Continued)			
IOI Harbour Front Sdn. Bhd.	**99.8**	–	Property development and property investment
IOI Landscape Services Sdn. Bhd.	**99.8**	99.8	Landscape services, sale of ornamental plants and turfing grass
IOI Land Singapore Pte. Ltd.* *(Incorporated in Singapore)*	**99.8**	99.8	Investment holding
IOI Lavender Sdn. Bhd.	**99.8**	–	Property development and property investment
IOI Medini Sdn. Bhd.	**99.8**	99.8	Property development and property investment
IOI Medini Management Sdn. Bhd.	**99.8**	–	Provision of management services
IOI Mulberry Sdn. Bhd.	**99.8**	99.8	Property development and property investment
IOI PFCC Hotel Sdn. Bhd.	**99.8**	99.8	Property development, hotel and hospitality services
IOI Prima Property Sdn. Bhd.	**99.8**	–	Property development and property investment
IOI Properties (Singapore) Pte. Ltd.* *(Incorporated in Singapore)*	**99.8**	99.8	Property investment and investment holding
Jutawan Development Sdn. Bhd.	**79.8**	79.8	Property development and property investment
Knowledge Vision Sdn. Bhd.	**99.8**	99.8	Property development and property investment
Kumpulan Mayang Sdn. Bhd.	**99.8**	99.8	Property development
Multi Wealth (Singapore) Pte. Ltd.* *(Incorporated in Singapore)*	**99.8**	99.8	Investment holding
Palmy Max Limited* *(Incorporated in Hong Kong)*	**99.8**	99.8	Investment holding
Paska Development Sdn. Bhd.	**99.8**	99.8	Property development and property investment
Pilihan Teraju Sdn. Bhd.	**99.8**	99.8	Property development and property investment
Pine Properties Sdn. Bhd.	**99.8**	99.8	Property development and property investment
Property Skyline Sdn. Bhd.	**99.8**	89.8	Provision of management services and investment holding
Speed Modulation Sdn. Bhd.	**99.8**	99.8	Property investment
Subsidiaries of IOI City Holdings Sdn. Bhd.			
IOI City Hotel Sdn. Bhd.	**100.0**	–	Property investment, property development, hotel and hospitality services
IOI City Park Sdn. Bhd.	**100.0**	–	Car park operator and provision of car park management service
IOI City Tower One Sdn. Bhd.	**100.0**	–	Property investment, property development and property management
IOI City Tower Two Sdn. Bhd.	**100.0**	–	Property investment, property development and property management

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

Name of Company	Effective Group Interest 2014 %	Effective Group Interest 2013 %	Principal Activities
Subsidiaries of Cahaya Kota Development Sdn. Bhd.			
IOI Building Services Sdn. Bhd.	**99.8**	99.8	Building maintenance services
Lush Development Sdn. Bhd.	**99.8**	99.8	Property development
Riang Takzim Sdn. Bhd.	**99.8**	99.8	Investment holding
Tanda Bestari Development Sdn. Bhd.	**99.8**	99.8	Property development
Subsidiaries of Dynamic Management Sdn. Bhd.			
Legend Advance Sdn. Bhd.	**69.8**	69.8	Property development and property investment
Paksi Teguh Sdn. Bhd.	**99.8**	99.8	General contractors
Pilihan Megah Sdn. Bhd.	**99.8**	99.8	Property development, property investment, investment holding and provision of management services
Subsidiary of Multi Wealth (Singapore) Pte. Ltd.			
Clementi Development Pte. Ltd.* *(Incorporated in Singapore)*	**87.8**	87.8	Property development
Subsidiaries of Property Skyline Sdn. Bhd.			
Nice Frontier Sdn. Bhd.	**99.8**	92.3	Property development, property investment and cultivation of plantation produce
Property Village Berhad	**99.8**	80.8	Property development, golf club and recreational services and investment holding
Trilink Pyramid Sdn. Bhd.	**99.8**	89.8	Property development
Wealthy Growth Sdn. Bhd.	**99.8**	89.8	Property development
Subsidiary of Property Village Berhad			
Baycrest Sdn. Bhd.	**99.8**	80.8	General contractors
Subsidiaries of Palmy Max Limited			
IOI (Xiamen) Properties Co. Ltd.# *(Incorporated in the People's Republic of China)*	**99.8**	99.8	Property development, property investment and hotel and hospitality services
Prime Joy Investments Limited* (Incorporated in Hong Kong)	**99.8**	99.8	Investment holding
Subsidiary of Prime Joy Investments Limited			
Xiamen Double Prosperous Real Estate Development Co. Ltd.# *(Incorporated in the People's Republic of China)*	**99.8**	99.8	Property development and property management services

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

Name of Company	Effective Group Interest 2014 %	Effective Group Interest 2013 %	Principal Activities
Subsidiary of Nice Skyline Sdn. Bhd.			
Jurang Teguh Sdn. Bhd.	**99.9**	39.9	General contractors
Direct Associate			
IOI Corporate Services Sdn. Bhd.	**35.0**	–	Provision of management services
Associates of IOI Properties Berhad			
Continental Estates Sdn. Bhd.#	**24.2**	24.2	Property development and cultivation of plantation produce
Nice Skyline Sdn. Bhd.	**–**	39.9	Property development and investment holding
Joint Venture of IOI Consolidated (Singapore) Pte. Ltd.			
Scottsdale Properties Pte. Ltd.#	**49.9**	–	Investment holding
Joint Venture of IOI Land Singapore Pte. Ltd.			
Seaview (Sentosa) Pte. Ltd.# *(Incorporated in Singapore)*	**49.9**	49.9	Property development
Joint Venture of IOI Properties Berhad			
PJ Midtown Development Sdn. Bhd.#	**49.9**	49.9	Property development
Joint Venture of IOI Properties (Singapore) Pte. Ltd.			
Pinnacle (Sentosa) Pte. Ltd.# *(Incorporated in Singapore)*	**64.9**	64.9	Property development
Joint Venture of Multi Wealth (Singapore) Pte. Ltd.			
Mergui Development Pte. Ltd.# *(Incorporated in Singapore)*	**59.9**	59.9	Property development

Not audited by BDO
* *Audited by member firm of BDO International*

48. AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 30 June 2014 were authorised for issue by the Board of Directors on 3 September 2014.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30 June 2014

49. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of the reporting period are analysed as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total retained profits of the Company and its subsidiaries				
Realised	**3,775,249**	3,513,216	**18,029**	(83)
Unrealised	**1,075,697**	640,322	**–**	–
	4,850,946	4,153,538	**18,029**	(83)
Total share of retained profits from associates				
Realised	**6,792**	17,635	**–**	–
Unrealised	**(195)**	(372)	**–**	–
	6,597	17,263	**–**	–
Total share of accumulated losses from joint ventures				
Realised	**37,862**	(30,028)	**–**	–
Unrealised	**(38,405)**	(20,158)	**–**	–
	(543)	(50,186)	**–**	–
	4,857,000	4,120,615	**18,029**	(83)

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 85 to 209 have been drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2014 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 49 to the financial statements on page 210 has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Tan Sri Dato' Lee Shin Cheng
Director

Lee Yeow Seng
Director

Putrajaya
3 September 2014

STATUTORY DECLARATION

I, Lau Sui Hing Betty, being the officer primarily responsible for the financial management of IOI Properties Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 85 to 210 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	)
at Puchong, Selangor Darul Ehsan	)
this 3 September 2014	)

Before me

INDEPENDENT AUDITORS' REPORT

to the members of IOI Properties Group Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of IOI Properties Group Berhad, which comprise the statements of financial position as at 30 June 2014 of the Group and of the Company, and 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 85 to 209.

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 at 30 June 2014 and of their financial performance and cash flows for the year 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 47 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 49 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 Securites Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF : 0206
Chartered Accountants

Ooi Thiam Poh
2495/01/16 (J)
Chartered Accountant

Kuala Lumpur
3 September 2014

GROUP PROPERTIES

DEVELOPMENT PROPERTIES

Location	Tenure	Remaining land area (Acres)	Usage	Year of Acquisition	Carrying Amount as at 30 June 2014 RM'000
MALAYSIA					
Selangor Darul Ehsan					
Bandar Puchong Jaya – Parcel A Lot 1013 in Puchong Jaya Petaling Selangor Darul Ehsan	Freehold	4.49	On-going condominium project	1989	19,139
Bandar Puchong Jaya – Parcel B Various sub-divided lots in Puchong Jaya Petaling Selangor Darul Ehsan	Freehold	8.56	On-going mix development	1990	91,411
Bandar Puteri Various sub-divided lots in Puchong Petaling Selangor Darul Ehsan	Freehold	167.42	On-going mix development	1990	123,536
IOI Resort Various sub-divided lots in Dengkil, Sepang Selangor Darul Ehsan	Freehold	31.10	Future development land	1990	15,941
Taman Klang Utama Various sub-divided lots in Kapar Klang Selangor Darul Ehsan	Freehold	1.15	Future development land	1991	5,208
IOI Resort Part of PT75, PT82 & part of PT84 Dengkil, Sepang Selangor Darul Ehsan	Freehold	12.13	Future development land	1994	63,478
16 Sierra HS(D) 11323 PT12514 Dengkil, Sepang Selangor Darul Ehsan	Leasehold expiring 2091	264.53	On-going mix development and future development land	2001	346,838
Lot 106577-106580 Dengkil, Sepang Selangor Darul Ehsan	Leasehold expiring 2091	64.52	Future development land	2002	47,513
Bandar Puteri Warisan, Sepang Various lots within Mukim of Dengkil Dengkil, Sepang Selangor Darul Ehsan	Freehold	202.03	Future development land	2012	207,421

Location	Tenure	Remaining land area (Acres)	Usage	Year of Acquisition	Carrying Amount as at 30 June 2014 RM'000
MALAYSIA (Continued)					
Selangor Darul Ehsan (Continued)					
Bandar Puteri Bangi HS(D) 155844 (PT14028) HS(D) 155845 (PT14029) (Parent Lot 4414, Geran 57067) Beranang Mukim of Ulu Langat Selangor Darul Ehsan	Freehold	308.72	Future development land	2013	515,427
Kuala Lumpur					
Lot No 281 Section 89A, Jalan Ampang Bandar Kuala Lumpur	Freehold	3.76	Future development land	2008	58,193
Johor Darul Takzim					
Lot 15991 Sg Segamat, Segamat Johor Darul Takzim	Leasehold expiring 2046	1.26	Vacant industrial land	1986	173
Bandar Putra Kulai Various sub-divided lots in Senai-Kulai, Johor Bahru Johor Darul Takzim	Freehold	116.22	On-going mix development	1988	46,564
Bandar Putra Kulai Lots 3787, 5418, 26737, 3785 and 3783 Senai-Kulai, Johor Bahru Johor Darul Takzim	Freehold	3,500.95	On-going mix development and future development land	1988	146,992
Bandar Putra PTD 5746, 5747, 5748 Segamat Johor Darul Takzim	Freehold	104.76	On-going mix development and future development land	1990	49,535
Grant 9051 (Part) Tangkak, Muar Johor Darul Takzim	Freehold	8.60	On-going mix development	1990	4,311
Lot 369 (Part) Title 1062 Gemas, Segamat Johor Darul Takzim	Freehold	48.31	Future development land	1990	3,036
Lot 2882, Grant 7920 Tangkak, Muar Johor Darul Takzim	Freehold	273.00	Future development land	1990	21,000

GROUP PROPERTIES (Cont'd)

DEVELOPMENT PROPERTIES (Continued)

Location	Tenure	Remaining land area (Acres)	Usage	Year of Acquisition	Carrying Amount as at 30 June 2014 RM'000
MALAYSIA (Continued)					
Johor Darul Takzim (Continued)					
Lot 871 GM311 Segamat Johor Darul Takzim	Freehold	1.85	Future development land	1996	1,227
Taman Lagenda Putra Various sub-divided lots in Kulai, Kulaijaya Johor Darul Takzim	Freehold	51.75	On-going mix development	2005	37,904
Taman Kempas Utama Various sub-divided lots in Tebrau Johor Bahru Johor Darul Takzim	Freehold	82.37	On-going mix development	2006	253,010
Geran 413473 Mukim of Tebrau Johor Bahru Johor Darul Takzim	Freehold	1.38	On-going mix development	2009	70,114
PTD 205102, 205103, 205104-205115 Plentong Johor Darul Takzim	Freehold	9.77	Future development land	2011	105,009
Lots 2664, 2665, 6287, 3584, 3585 & 1851-1872 Senai-Kulai, Johor Bahru Johor Darul Takzim	Freehold	507.17	Future development land	2012	100,179
HS(D) 187254, PTD 62906 Kempas Baru Tebrau Johor Darul Takzim	Freehold	3.52	Future development land	2012	13,790
Lot 1722 GM530 Mukim of Tebrau Johor Darul Takzim	Freehold	3.51	Future development land	2012	8,482
Plot A5A & A5B Nusa Jaya Johor Darul Takzim	Leasehold expiring 2137	6.87	Future development land	2013	153,435
PTD 62219 to 62221, Lot 982 Mukim of Pulai Johor Darul Takzim	Freehold	16.41	Future development land	2013	183,716

Location	Tenure	Remaining land area (Acres)	Usage	Year of Acquisition	Carrying Amount as at 30 June 2014 RM'000
MALAYSIA (Continued)					
Johor Darul Takzim (Continued)					
Lot 1639 G-43120 Mukim of Plentong Johor Darul Takzim	Freehold	10.04	Future development land	2013	46,669
Part of lot 1197,330,1474 and 1478 GRN 100933,101115,29364,29365 101210 & 37860 Mukim Sungai Segamat Part of parent lot 1728 and 1731 Mukim Pagoh, District of Segamat Johor Darul Takzim	Freehold	1,279.17	Future development land	2014	222,741
Lot 2704 Kulai Jaya Johor Darul Takzim	Freehold	467.37	Future development land	2014	133,259
Penang					
Lot 8165, Mukim 12 Sg Ara Estate Penang	Freehold	1.01	On-going commercial development	2001	6,671
Lot 200, Teluk Kumbar Mukim 11, Daerah Barat Daya Penang	Freehold	2.43	On-going residential development	2009	13,639
Lot 13776 & 13805 Mukim 12, Daerah Barat Daya Penang	Freehold	6.90	Future development land	2013	27,580
Negeri Sembilan Darul Khusus					
Bandar IOI Lots 2, 3, Part of Lot No 179, 12676, 7 and 203 Mukim of Rompin, Jempol Negeri Sembilan Darul Khusus	Freehold	309.28	On-going mix development and future development land	1990	65,347
Lots 2, 3, 179, 12676, Part of Lot 7 and 203 Mukim of Rompin, Jempol Negeri Sembilan Darul Khusus	Freehold	783.34	Future development land	1990	116,470
Taman Regent Various sub-divided lots in Mukim Gemencheh, Tampin Negeri Sembilan Darul Khusus	Freehold	7.44	Future development land	1990	3,600

GROUP PROPERTIES (Cont'd)

DEVELOPMENT PROPERTIES (Continued)

Location	Tenure	Remaining land area (Acres)	Usage	Year of Acquisition	Carrying Amount as at 30 June 2014 RM'000
MALAYSIA (Continued)					
Melaka					
Lots 3210, 3220, 3421, 4034, 9197 & 9198 Durian Tunggal Alor Gajah Melaka	Freehold	1,074.42	Future development land	2006	38,865
Lots 375, 379, 385, 388, 492, 636, 697 698, 700, 701, 703, 893 & 5248 Paya Rumput, Melaka Tengah Melaka	Freehold	263.95	Future development land	2006	27,237
Development Properties – Malaysia		**10,011.46**			**3,394,660**
OVERSEAS					
Singapore					
MK5 Lot 8754K At 28, 28A, 28B and 28C Jalan Lempeng, Singapore	Leasehold expiring 2111	6.03	On-going condominium development	2012	1,202,784
The People's Republic of China					
IOI Park Bay Lot 2010, JP01 A1 and A2 Xinglin Bay, Zone 11-11 Jimei District, Xiamen, Fujian Province The People's Republic of China	Leasehold expiring 2050 & 2080	7.66	On-going mix development	2010	200,787
IOI Palm City Lot 2012, JP01 Jimei Main Road Jimei New Town Zone 11-12, Jimei District Xiamen, Fujian Province The People's Republic of China	Leasehold expiring 2082	21.37	Future development land	2012	330,167
Development Properties – Overseas		**35.06**			**1,733,738**
Total Development Properties		**10,046.52**			**5,128,398**

The carrying amounts of the development properties are stated at Group land cost together with the related development expenditure incurred to the remaining unsold properties.

INVESTMENT PROPERTIES

Location	Tenure	Net Lettable Area ('000 sq. ft.)	Usage	Age of building (Year)	Carrying Amount as at 30.06.14 RM'000	Year of Revaluation
MALAYSIA						
Selangor Darul Ehsan						
IOI Mall Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Freehold	618	3 storey shopping mall	17	370,000	2014
Bungalow House IOI Resort Putrajaya	Freehold	268	37 units of residential bungalow	9-17	118,000	2014
IOI Business Park Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Freehold	18	11 units of commercial lot and 902 car park bay	14	14,120	2014
One IOI Square and Two IOI Square IOI Resort Putrajaya	Freehold	404	2 blocks of 12 storey propose-built office building	11	190,598	2014
Puteri Mart Bandar Puteri Puchong Selangor Darul Ehsan	Freehold	46	1 1/2 storey semi-wet market	7	59,500	2014
IOI Mall (new wing) Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Freehold	243	4 storey shopping mall	5	191,000	2014
Puchong Financial Corporate Centre ("PFCC") Tower 1 and 2 Bandar Puteri Puchong Selangor Darul Ehsan	Freehold	379	2 blocks of purpose-built office building	5	146,900	2014
IOI Boulevard Bandar Puchong Jaya Puchong Selangor Darul Ehsan	Freehold	282	104 units of commercial lot	5	127,850	2014
PFCC Tower 4 and 5 Bandar Puteri Puchong Selangor Darul Ehsan	Freehold	495	2 blocks of purpose-built office building	#	219,000	2014

GROUP PROPERTIES (Cont'd)

INVESTMENT PROPERTIES (Continued)

Location	Tenure	Net Lettable Area ('000 sq. ft.)	Usage	Age of building (Year)	Carrying Amount as at 30.06.14 RM'000	Year of Revaluation
MALAYSIA (Continued)						
Selangor Darul Ehsan (Continued)						
IOI Resort City IOI Resort Putrajaya	Freehold	*	Integrated mixed development including shopping mall and 2 blocks of purpose-built office building	–	858,756	2014
HS(D) 41529 PT No. 9411 Mukim Petaling Selangor Darul Ehsan	Freehold	29	Petrol station land	–	4,100	2014
Lot No. 40338 Mukim Petaling Selangor Darul Ehsan	Freehold	18	Petrol station land	–	1,800	2014
Lot 817, 818, 46266 & 46267 Bandar Baru Salak Tinggi Sepang	99 years leasehold	**	Vacant industrial land	–	63,500	2014
Johor Darul Takzim						
IOI Mall Bandar Putra, Kulai Johor Bahru Johor Darul Takzim	Freehold	239	2 storey shopping mall with a lower ground floor	13	70,920	2014
IOI Mart Taman Lagenda Putra Senai-Kulai Johor Bahru Johor Darul Takzim	Freehold	76	1 storey semi-wet market retail complex	7	15,000	2014
PT No. 82181 Lebuh Putra Utama Bandar Putra Johor Darul Takzim	Freehold	29	Single storey detached commercial building	1	11,000	2014
Investment Properties – Malaysia		**3,144**			**2,462,044**	

Location	Tenure	Net Lettable Area ('000 sq. ft.)	Usage	Age of building (Year)	Carrying Amount as at 30.06.14 RM'000	Year of Revaluation
OVERSEAS						
The People's Republic of China						
IOI Palm City Xinglin Bay Road and Jimei Main Road Jimei New Town Zone 11-12 Jimei District, Xiamen Fujian Province The People's Republic of China	40 to 50 years leasehold	*	Integrated mixed development including shopping mall and purpose -built office building	–	303,445	2014
Investment Properties – Overseas		**–**			**303,445**	
Total Investment Properties		**3,144**			**2,765,489**	

* *The investment properties are currently under construction.*
** *Development at site has yet to commence as at the reporting period.*
\# *The buildings just obtained the certificate of completion in January 2014.*

GROUP PROPERTIES (Cont'd)

OTHER PROPERTIES

Location	Tenure	Land area (Acres)	Built up area '000 sq. ft.	Usage	Age of building (Year)	Carrying Amount as at 30 June 2014 RM'000
MALAYSIA						
Selangor Darul Ehsan						
Palm Garden Hotel IOI Resort Putrajaya	Freehold	2.96	140	151-room hotel	21	45,427
Putrajaya Marriott Hotel IOI Resort Putrajaya	Freehold	15.96 (part of)	1,521	488-room hotel	11	156,297
Corporate Office, Klang Valley IOI Resort Putrajaya	Freehold	15.96 (part of)	37	Office	11	18,502
IOI Palm Garden Golf Course IOI Resort Putrajaya	Freehold	145.68	171	18-hole golf course and club house	2	216,949
IOI City Park IOI Resort Putrajaya	Freehold	36.57 (part of)	^	Purpose-built car park	^	337,003
Four Points by Sheraton Puchong Bandar Puteri Puchong Selangor Darul Ehsan	Freehold	7.79 (part of)	^	249-room hotel	^	80,374
Le Meridien Putrajaya IOI Resort Putrajaya	Freehold	36.57 (part of)	^	350-room hotel	^	63,712
Part of Lot 7, Part of PT 75, PT84 IOI Resort Dengkil, Sepang Selangor Darul Ehsan	Freehold	22.04	–	Vacant land	–	60,870

Location	Tenure	Land area (Acres)	Built up area '000 sq. ft.	Usage	Age of building (Year)	Carrying Amount as at 30 June 2014 RM'000
MALAYSIA						
Johor Darul Takzim						
Corporate Office, Johor No. 1, Lebuh Putra Utama Bandar Putra Kulai, Johor Bahru Johor Darul Takzim	Freehold	2.02	11	Office	17	1,085
IOI Palm Villa Golf & Country Resort Bandar Putra Kulai, Johor Bahru Johor Darul Takzim	Freehold	246.71	79	27-hole golf course with a club house	7-11 years	23,052
Various lots within Mukim of Tangkak District of Muar, Johor Johor Darul Takzim	Freehold	10.35	–	Plantation land	–	1,943
Other Properties – Malaysia		**490.08**	**1,959**			**1,005,214**
OVERSEAS						
The People's Republic of China						
Corporate Office, Xiamen Xinglin Bay Business Operation Center Building No.2 Floor 29 Unit 2901-2912 36100 Jimei District Xiamen, Fujian Province The People's Republic of China	50 to 70 years leasehold	–	16	12 units Offices and 8 car park bays	1	8,058
IOI Palm City Hotel Jimei District Xiamen, Fujian Province The People's Republic of China	40 years leasehold	6.70 (part of)	*	280-room hotel	*	97,639
Other Properties – Overseas		**6.70**	**16**			**105,697**
Total Other Properties		**496.78**	**1,975**			**1,110,911**

^ *Hotels under construction.*
* *Proposed hotel development has yet to commence.*

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Second Annual General Meeting ("**AGM**") of the Company will be held at Putrajaya Ballroom I (Level 3), Putrajaya Marriott Hotel, IOI Resort, 62502 Putrajaya, Malaysia on Monday, 27 October 2014 at 10:00 am for the following purposes:

AGENDA

1 To receive the Audited Financial Statements for the financial year ended 30 June 2014 and the Reports of the Directors and Auditors thereon. **Please refer to Note A**

2 To re-elect the following Directors retiring by rotation pursuant to Article 87 of the Company's Articles of Association:

(i) Dato' Lee Yeow Chor **Resolution 1**
(ii) Lee Yeow Seng **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(6) of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." **Resolution 3**

(ii) "THAT Datuk Tan Kim Leong @ Tan Chong Min, a Director retiring pursuant to Section 129(6) of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." **Resolution 4**

(Please refer to Note C)

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

(i) "THAT the payment of Directors' fees of RM685,319 for the financial year ended 30 June 2014 to be divided among the Directors in such manner as the Directors may determine, be and is hereby approved." **Resolution 5**

(ii) "THAT the payment of Directors' fees of RM770,000 for the financial year ending 30 June 2015 payable quarterly in arrears after each month of completed service of the Directors during the financial year, to be divided among the Directors in such manner as the Directors may determine, be and is hereby approved." **Resolution 6**

(Please refer to Note D)

5 To appoint Messrs PricewaterhouseCoopers as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.

Notices of Nomination pursuant to Section 172(11) of the Companies Act, 1965, copies of which are annexed hereto and marked "Annexure I" in the Annual Report had been received by the Company for the nomination of Messrs PricewaterhouseCoopers for appointment as Auditors of the Company and the intention to propose the following Ordinary Resolution:-

"THAT Messrs PricewaterhouseCoopers be and are hereby appointed as the Auditors of the Company in place of the retiring Audiors, Messrs BDO to hold office until the conclusion of the next Annual General Meeting and that the Directors be authorised to determine their remuneration." **Resolution 7**

(Please refer to Note E)

6 As special business, to consider and if thought fit, to pass the following Ordinary Resolutions:

6.1 Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised with full powers to allot and issue shares in the Company from time to time and upon such terms and conditions and for such purposes as they may deem fit subject always to the approval of the relevant authorities being obtained for such issue and provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital for the time being of the Company and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued." **Resolution 8**

6.2 Proposed 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 RM1.00 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad (**"Bursa Securities"**) upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased and/or held by the Company pursuant to this resolution does not exceed ten percent (10%) of the issued and paid-up ordinary share capital of the Company at the time of purchase (**"Proposed Purchase"**);

THAT at the discretion of the Directors of the Company, the shares of the Company to be purchased are to be cancelled and/or retained as treasury shares and distributed as dividends or resold on Bursa Securities and/or cancelled;

THAT the Directors of the Company be and are hereby empowered generally to do all acts and things to give effect to the Proposed Purchase with full powers to assent to any condition, modification, revaluation, variation and/or amendment (if any) as may be imposed by the relevant authorities and/or do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company;

AND THAT such authority shall commence immediately upon passing of this resolution until:

(i) the conclusion of the next Annual General Meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed either unconditionally or subject to conditions;

(ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or

(iii) revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting,

whichever is the earlier but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities or any other relevant authorities." **Resolution 9**

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

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,

Tan Choong Khiang
Secretary (MAICSA 7018448)

Putrajaya
3 October 2014

Notes:

1 A member may appoint any person to be his proxy and there shall be no restriction as to the qualification of the proxy. The provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2 An instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

3 Subject to Note 4 below, a member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. If a member appoints two (2) proxies to attend at the same meeting, the instrument of proxy must specify the proportion of his shareholdings to be represented by each proxy and only one (1) of those proxies is entitled to vote on show of hands.

4 Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of Section 25A(1) of the SICDA.

5 An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.

6 An instrument appointing a proxy must be deposited at the Company's registered office at Two IOI Square, IOI Resort, 62502 Putrajaya, Malaysia not less than 48 hours before the time for holding the meeting or any adjournment thereof.

7 Only members whose names appear in the Record of Depositors as at **16 October 2014** shall be eligible to attend the AGM or appoint proxy to attend and vote on his behalf.

8 **Note A**
This Agenda item is meant for discussion only as under the provision of Section 169(1) of the Companies Act, 1965, the audited financial statements do not require a formal approval of the shareholders. Hence, this resolution will not put forward for voting.

9 **Note B**
Dato' Lee Yeow Chor and Lee Yeow Seng are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at this AGM.

The Nominating and Remuneration Committee and the Board have conducted an assessment on the performance of the Directors who are seeking re-election at this AGM of the Company and are satisfied that they have complied criteria applied by the Company.

10 **Note C**

The re-appointment of Tan Sri Dato' Lee Shin Cheng and Datuk Tan Kim Leong @ Tan Chong Min 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.

Datuk Tan Kim Leong @ Tan Chong Min has provided an annual confirmation of his independence to the Board. The independence of Datuk Tan Kim Leong @ Tan Chong Min had been assessed by the Nominating & Remuneration Committee and affirmed by the Board.

11 **Note D**

The Board has reviewed the Directors' fees after taking into account fee levels and trends for similar positions in the market and time commitment required from the Directors. The payment of Directors' fees for the financial year ending 30 June 2015 shall be payable quarterly in arrears after each month of completed service of the Directors during the financial year.

12 **Note E**

The Audit and Risk Management Committee and the Board have considered the appointment of Messrs PricewaterhouseCoopers as Auditors of the Company in place of retiring Auditors and collectively agreed that Messrs PricewaterhouseCoopers have met the relevant criteria prescribed by Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

13 **Explanatory Notes on Special Businesses**

i **Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965**

Ordinary resolution 8 is to seek a general mandate at the forthcoming Annual General Meeting scheduled on 27 October 2014.

The general mandate, if approved, will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for the purpose of funding future investment project(s) and acquisition(s) and for strategic reasons. In order to eliminate any delay and costs in convening a general meeting to specifically approve such issuance of shares, it is considered appropriate that the Directors be empowered, as proposed under the ordinary resolution 8, to allot and issue shares in the Company up to an amount not exceeding in total ten percent (10%) of the issued share capital of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

ii **Proposed Share Buy-Back Authority**

Ordinary resolution 9, if passed, will empower the Company to purchase up to ten percent (10%) of the issued and paid-up ordinary share capital of the Company through Bursa Malaysia Securities Berhad. This authority unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Please refer to explanatory information in the Circular to Shareholders dated 3 October 2014.

ANNEXURE I

Notice of Nomination of Auditors

恩好控股有限公司
ANNHOW HOLDINGS SDN. BHD. (Company No. 106608-P)
No.143 (1st Floor A), Wisma Chin Yoon Fai, Jalan Abdullah, 84000 Muar, Johor.
Tel: 06-9510612 Fax: 06-9522266
E-mail: annhowholdings@gmail.com

8 August 2014

The Board of Directors
IOI Properties Group Berhad
Two IOI Square
IOI Resort
62502 Putrajaya

Dear Sirs,

IOI Properties Group Berhad (the "Company")
Notice of Nomination of Auditors

We, the undersigned, being the registered holder of 71,951,900 ordinary shares of RM1.00 each fully paid-up in the capital of the Company, hereby give notice, pursuant to Section 172(11) of the Companies Act, 1965 of our intention to appoint new Auditors in place of the retiring Auditors, Messrs BDO at the forthcoming Annual General Meeting of the Company.

Yours faithfully,
For and on behalf of
Annhow Holdings Sdn Bhd

Chan Fong Ann
Director

恩好控股有限公司
ANNHOW HOLDINGS SDN. BHD. (Company No. 106608-P)
No.143 (1st Floor A), Wisma Chin Yoon Fai, Jalan Abdullah, 84000 Muar, Johor.
Tel: 06-9510612 Fax: 06-9522266
E-mail: annhowholdings@gmail.com

3 September 2014

The Board of Directors
IOI Properties Group Berhad
Two IOI Square
IOI Resort
62502 Putrajaya

Dear Sirs,

IOI Properties Group Berhad (the "Company")
Notice of Nomination of Auditors

Further to our notice of nomination dated 8 August 2014, we hereby give notice of our nomination of Messrs PricewaterhouseCoopers as Auditors of the Company and our intention to propose the following resolution as an ordinary resolution at the next Annual General Meeting of the Company:-

"THAT Messrs PricewaterhouseCoopers be and are hereby appointed as the Auditors of the Company in place of the retiring Auditors, Messrs BDO to hold office until the conclusion of the next Annual General Meeting and that the Directors be authorized to determine their remuneration."

Yours faithfully,
For and on behalf of
Annhow Holdings Sdn Bhd

Chan Fong Ann
Director

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

(i) Details of individuals who are standing for election as Directors (excluding Directors standing for a re-election)

No individual is seeking election as a Director at the forthcoming Second 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 87 of the Articles of Association of the Company are as follows:

- Dato' Lee Yeow Chor
- Lee Yeow Seng

(b) The Directors seeking for re-appointment under Section 129 of the Companies Act, 1965 are as follows:

- Tan Sri Dato' Lee Shin Cheng
- Datuk Tan Kim Leong @ Tan Chong Min

The profiles of the above-named Directors are set out in the section entitled "Profile of Directors" on pages 40 to 46 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 74 of the Annual Report.

SHAREHOLDERS' INFORMATION

as at 29 August 2014

Type of shares : Ordinary shares of RM1.00 each

Voting rights : One vote per shareholder on a show of hands
One vote per ordinary share on a poll

Number of shareholders : 29,465

ANALYSIS OF SHAREHOLDINGS

Size of holdings	No. of holders	Total holdings	%
1 – 99	1,181	37,159	0.00
100 – 1,000	8,748	5,160,021	0.16
1,001 – 10,000	15,535	58,938,993	1.82
10,001 – 100,000	3,406	90,943,059	2.81
100,001 – 161,950,735	590	1,340,170,349	41.37
161,950,736 and above	5	1,743,765,145	53.84
Total	**29,465**	**3,239,014,726**	**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	462,875,057	14.29
2.	Vertical Capacity Sdn Bhd	437,291,600	13.50
3.	Vertical Capacity Sdn Bhd	352,754,200	10.89
4.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	284,370,888	8.78
5.	Vertical Capacity Sdn Bhd	206,473,400	6.38
6.	Cartaban Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for Bank J. Safra Sarasin Ltd, Singapore Branch (BSCSG) (AC Client Frgn)*	113,597,600	3.51
7.	AmanahRaya Trustees Berhad *Skim Amanah Saham Bumiputera*	102,820,530	3.18
8.	HSBC Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for Morgan Stanley & Co. LLC (Client)*	84,919,600	2.62
9.	AnnHow Holdings Sdn Bhd	69,927,100	2.16
10.	Cartaban Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for State Street Bank & Trust Company (West CLT OD67)*	45,542,544	1.41
11.	Summervest Sdn Bhd	43,491,177	1.34
12.	AmanahRaya Trustees Berhad *Amanah Saham Malaysia*	38,000,000	1.17

SHAREHOLDERS' INFORMATION (Cont'd)

as at 29 August 2014

LIST OF TOP 30 SHAREHOLDERS (Continued)
(without aggregating securities from different securities accounts belonging to the same person)

	Name	No. of shares held	%
13.	AmanahRaya Trustees Berhad *Amanah Saham Wawasan 2020*	36,137,000	1.12
14.	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Vertical Capacity Sdn Bhd*	35,701,300	1.10
15.	HSBC Nominees (Asing) Sdn Bhd *BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund*	33,167,738	1.02
16.	HSBC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Vertical Capacity Sdn Bhd*	29,581,000	0.91
17.	Cartaban Nominees (Tempatan) Sdn Bhd *Exempt Authorised Nominee for Bank J. Safra Sarasin Ltd,* *Singapore Branch (BSCSG) (AC Client Local)*	27,541,000	0.85
18	Rickoh Holdings Sdn Bhd	24,384,998	0.75
19.	Cartaban Nominees (Asing) Sdn Bhd *GIC Private Limited for Government of Singapore (C)*	22,028,659	0.68
20.	Kumpulan Wang Persaraan (Diperbadankan)	20,834,171	0.64
21.	Citigroup Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for UBS AG Singapore (Foreign)*	20,583,000	0.64
22.	Cartaban Nominees (Tempatan) Sdn Bhd *Exempt Authorised Nominee for EastSpring Investments Berhad*	19,821,948	0.61
23.	AmanahRaya Trustees Berhad *Amanah Saham 1Malaysia*	18,702,000	0.58
24.	HSBC Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for JPMorgan Chase Bank, National Association (U.A.E.)*	17,757,011	0.55
25.	Malaysia Nominees (Tempatan) Sendirian Berhad *Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)*	17,489,656	0.54
26.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Vertical Capacity Sdn Bhd*	16,830,600	0.52
27.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Lai Ming Chun @ Lai Poh Lin (PB)*	13,016,600	0.40
28.	HSBC Nominees (Asing) Sdn Bhd *Exempt Authorised Nominee for JPMorgan Chase Bank, National Association (U.S.A.)*	12,286,452	0.38
29.	Lai Ming Chun @ Lai Poh Lin	11,613,600	0.36
30.	Chan Cha Lin	11,466,300	0.35
	Total	**2,631,006,729**	**81.23**

SUBSTANTIAL SHAREHOLDERS
(Based on the Register of Substantial Shareholders)

	No. of ordinary shares held			
Name of shareholders	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' Lee Shin Cheng	33,904,100	1.05	*1,593,852,934	49.21
Puan Sri Datin Hoong May Kuan	–	–	**1,627,757,034	50.25
Dato' Lee Yeow Chor	4,180,000	0.13	***1,544,287,157	47.68
Lee Yeow Seng	1,894,600	0.06	***1,544,287,157	47.68
Vertical Capacity Sdn Bhd	1,544,287,157	47.68	–	–
Progressive Holdings Sdn Bhd	–	–	#1,544,287,157	47.68
Employees Provident Fund Board	284,775,980	8.79	–	–

Notes:

* *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 sons, Dato' Lee Yeow Chor and Lee Yeow Seng and shares held by Summervest Sdn Bhd.*

** *Deemed interested by virtue of her interest 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, Lee Yeow Seng and Summervest Sdn Bhd.*

*** *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 PROPERTIES

NOTES

IOI PROPERTIES GROUP BERHAD (Company No. 1035807-A)
(Incorporated in Malaysia)

IOI PROPERTIES

PROXY FORM

I/We ____ *(Please use block letters)*

NRIC/Co. No. ______________________________ Mobile Phone No. ____________________

of ____

being a member(s) of **IOI Properties Group 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 **Second Annual General Meeting** ("AGM") of the Company to be held at **Putrajaya Ballroom I (Level 3), Putrajaya Marriott Hotel, IOI Resort, 62502 Putrajaya, Malaysia** on **Monday, 27 October 2014 at 10:00 am** or any adjournment thereof.

The proportion of my/our holding to be represented by my/our proxy/proxies are as follows:

First proxy "A" : %
Second proxy "B" : %
100%

No. of Shares Held : ____________
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 Lee Yeow Seng as a Director				
3.	To re-appoint Tan Sri Dato' Lee Shin Cheng pursuant to Section 129(6) of the Companies Act, 1965				
4.	To re-appoint Datuk Tan Kim Leong @ Tan Chong Min pursuant to Section 129(6) of the Companies Act, 1965				
5.	To approve Directors' Fees for the financial year ended 30 June 2014				
6.	To approve Directors' Fees for the financial year ending 30 June 2015				
7.	To appoint Messrs PricewaterhouseCoopers as Auditors and to authorise the Directors to fix their remuneration				
8.	To authorise the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965				
9.	To approve the proposed share buy-back authority				

Dated this _______ day of ____________________ 2014

____
Signature of Shareholder/Common Seal

** Delete if inapplicable.*

Notes:

1 A member may appoint any person to be his proxy and there shall be no restriction as to the qualification of the proxy. The provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2 An instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

3 Subject to Note 4 below, a member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. If a member appoints two (2) proxies to attend at the same meeting, the instrument of proxy must specify the proportion of his shareholdings to be represented by each proxy and only one (1) of those proxies is entitled to vote on show of hands.

4 Where a member of the company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of Section 25A(1) of the SICDA.

5 An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.

6 An instrument appointing a proxy must be deposited at the Company's registered office at Two IOI Square, IOI Resort, 62502 Putrajaya, Malaysia, not less than 48 hours before the time for holding the meeting or any adjournment thereof.

7 Only members whose names appear in the Record of Depositors as at **16 October 2014** shall be eligible to attend the AGM or appoint proxy to attend and vote on his behalf.

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STAMP

The Company Secretary

IOI PROPERTIES GROUP BERHAD

Two IOI Square

IOI Resort

62502 Putrajaya

Malaysia

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IOI PROPERTIES GROUP BERHAD (1035807-A)
Two IOI Square, IOI Resort, 62502 Putrajaya, Malaysia

www.ioipropertiesgroup.com