



IOI GROUP

IOI CORPORATION BERHAD (9027-W)

(Incorporated in Malaysia)

**Interim Report
For The Financial Period Ended
31 December 2006**

Interim report for the financial period ended 31 December 2006

(The figures have not been audited)

Condensed Consolidated Income Statement

	INDIVIDUAL QUARTER (Q2)		CUMULATIVE QUARTER (6 Mths)	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2006 RM'000	31/12/2005 RM'000	31/12/2006 RM'000	31/12/2005 RM'000
Revenue	2,235,784	1,668,550	4,139,170	3,008,385
Operating profit	533,119	348,776	874,372	619,729
Interest income	3,342	6,978	12,174	12,204
Finance cost	(26,384)	(34,949)	(53,326)	(66,673)
Share of profits of associates	12,692	16,053	28,285	27,567
Profit before taxation	522,769	336,858	861,505	592,827
Taxation	(109,153)	(61,743)	(169,728)	(104,710)
Profit for the period	413,616	275,115	691,777	488,117
Attributable to:				
Equity holders of the parent	382,601	228,841	638,270	402,265
Minority interest	31,015	46,274	53,507	85,852
	413,616	275,115	691,777	488,117
Earnings per share (sen)				
Basic	31.23	20.35	52.41	35.90
Diluted	29.26	19.31	50.01	34.08

(The condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 30 June 2006 and the accompanying explanatory notes attached to this interim financial report.)

Interim report for the financial period ended 31 December 2006

(The figures have not been audited)

Condensed Consolidated Balance Sheet

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END (Restated) 30/06/2006
	31/12/2006 RM'000	30/06/2006 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	4,221,359	4,134,794
Prepaid lease payments	808,309	790,509
Land held for property development	716,520	628,327
Investment properties	545,846	542,576
Other long term investments	29,766	30,376
Goodwill on consolidation	423,897	415,830
Associates	303,431	275,146
Deferred tax assets	89,705	95,389
	7,138,833	6,912,947
Current assets		
Property development costs	427,800	356,207
Inventories	1,102,788	907,895
Receivables	1,274,426	932,028
Short term investments	2,032	2,032
Short term funds	370,069	460,633
Short term deposits	1,466,664	418,595
Cash and bank balances	372,261	349,110
	5,016,040	3,426,500
TOTAL ASSETS	12,154,873	10,339,447

(The condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 30 June 2006 and the accompanying explanatory notes attached to this interim financial report.)

Interim report for the financial period ended 31 December 2006

(The figures have not been audited)

Condensed Consolidated Balance Sheet (Continued)

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END (Restated) 30/06/2006
	31/12/2006 RM'000	RM'000
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	620,092	605,267
Share premium	2,168,879	1,855,765
Other reserves	(32,416)	(108,032)
Retained profits	4,189,204	3,706,536
	<u>6,945,759</u>	<u>6,059,536</u>
Minority interests	775,966	749,132
Total equity	<u>7,721,725</u>	<u>6,808,668</u>
Non-current liabilities		
Long term borrowings	3,107,980	2,334,231
Other long term liabilities	54,946	55,823
Deferred tax liabilities	455,444	430,885
	<u>3,618,370</u>	<u>2,820,939</u>
Current liabilities		
Payables	578,687	525,412
Bank overdrafts	5,557	7,897
Short term borrowings	130,890	153,656
Provision for taxation	99,644	22,875
	<u>814,778</u>	<u>709,840</u>
Total liabilities	<u>4,433,148</u>	<u>3,530,779</u>
TOTAL EQUITY AND LIABILITIES	<u>12,154,873</u>	<u>10,339,447</u>
Net assets per share attributable to equity holders of the parent (RM)	5.64	5.04

(The condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 30 June 2006 and the accompanying explanatory notes attached to this interim financial report.)

Interim report for the financial period ended 31 December 2006

(The figures have not been audited)

Condensed Consolidated Cash Flow Statement

	6 Months Ended 31/12/2006 RM'000	6 Months Ended 31/12/2005 RM'000
Operating Activities		
Profit before taxation	861,505	592,827
Adjustments for:		
Depreciation and amortisation	86,454	95,717
Other non-cash items	(70,311)	6,175
Operating profit before working capital changes	<u>877,648</u>	<u>694,719</u>
Net changes in working capital	<u>(368,796)</u>	<u>(209,827)</u>
Cash generated from operations	508,852	484,892
Other payments	(251)	(583)
Taxes paid	<u>(111,958)</u>	<u>(122,929)</u>
Net cash inflow from operating activities	<u>396,643</u>	<u>361,380</u>
Investing Activities		
Equity investments	(33,282)	(7,316)
Property, plant and equipment	(136,724)	(185,235)
Other investments	<u>(245,527)</u>	<u>(14,293)</u>
Net cash outflow from investing activities	<u>(415,533)</u>	<u>(206,844)</u>
Financing Activities		
Issuance of 2nd Exchangeable Bonds	1,314,980	-
Dividends paid	(164,779)	(167,508)
Dividends paid (minority shareholders)	(20,833)	(21,282)
Issuance/repurchase of shares (net)	-	(75,562)
Repurchase of shares (subsidiary)	-	(15,338)
Bank borrowings	<u>(126,118)</u>	<u>(75,928)</u>
Net cash inflow/(outflow) from financing activities	<u>1,003,250</u>	<u>(355,618)</u>
Net increase/(decrease) in cash and cash equivalents	984,360	(201,082)
Cash and cash equivalents at beginning of period	1,220,441	1,958,141
Effect of exchange rate changes	<u>(1,364)</u>	<u>(1,079)</u>
Cash and cash equivalents at end of period	<u>2,203,437</u>	<u>1,755,980</u>

(The condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 30 June 2006 and the accompanying explanatory notes attached to this interim financial report.)

Interim report for the financial period ended 31 December 2006

(The figures have not been audited)

Condensed Consolidated Statement Of Changes In Equity

(RM'000)	Attributable to equity holders of the parent									Minority interest	Total equity
	Share capital	Share premium	Revaluation surplus	Capital reserve	Foreign exchange fluctuation reserve	Reserve on consolidation	Retained profits	Treasury shares	Total		
As at 1 July 2006											
As previously reported	605,267	1,855,765	82,290	86,688	(101,318)	6,512	3,606,907	(108,188)	6,033,923	746,984	6,780,907
Changes in accounting policies:											
- Transfer of revaluation surplus to retained earnings	-	-	(82,290)	-	-	-	82,290	-	-	-	-
- Transfer of reserve on consolidation to retained profits	-	-	-	-	-	(6,512)	6,512	-	-	-	-
- Transfer of discount on acquisition of associates to retained earnings	-	-	-	-	-	-	25,613	-	25,613	2,148	27,761
- Recognition of share options expenses	-	-	-	14,786	-	-	(14,786)	-	-	-	-
	-	-	(82,290)	14,786	-	(6,512)	99,629	-	25,613	2,148	27,761
As restated	605,267	1,855,765	-	101,474	(101,318)	-	3,706,536	(108,188)	6,059,536	749,132	6,808,668
Net gain not recognised in income statement	-	-	-	-	6,046	-	-	-	6,046	(229)	5,817
Net profit for the period	-	-	-	-	-	-	638,270	-	638,270	53,507	691,777
Dividend paid in respect of previous financial year	-	-	-	-	-	-	(164,779)	-	(164,779)	-	(164,779)
Issue of shares arising from conversion of Exchangeable Bonds	14,825	313,114	-	(33,386)	-	-	4,410	-	298,963	-	298,963
Restatement of investment property reclassified from property, plant and equipment to fair value	-	-	3,340	-	-	-	-	-	3,340	-	3,340
Arising from disposal of subsidiary	-	-	-	(4,767)	-	-	4,767	-	-	-	-
Recognition of share option expenses	-	-	-	12,360	-	-	-	-	12,360	292	12,652
Equity component of 2nd Exchangeable Bonds	-	-	-	92,023	-	-	-	-	92,023	-	92,023
Arising from acquisition of subsidiary	-	-	-	-	-	-	-	-	-	8,913	8,913
Arising from acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	-	(14,816)	(14,816)
Dividend paid to minority interest	-	-	-	-	-	-	-	-	-	(20,833)	(20,833)
As at 31 December 2006	620,092	2,168,879	3,340	167,704	(95,272)	-	4,189,204	(108,188)	6,945,759	775,966	7,721,725
As at 1 July 2005	559,241	890,919	82,310	156,422	(101,357)	7,263	3,283,399	(15,869)	4,862,328	1,175,183	6,037,511
Net (loss)/gain not recognised in income statement	-	-	(20)	-	(25,872)	-	20	-	(25,872)	182	(25,690)
Net profit for the period	-	-	-	-	-	-	402,265	-	402,265	85,852	488,117
Issue of shares arising from conversion of Exchangeable Bonds	13,205	287,622	-	(30,213)	-	-	-	-	270,614	-	270,614
Repurchase of shares	-	-	-	-	-	-	-	(75,562)	(75,562)	-	(75,562)
Amortisation for the period	-	-	-	-	-	(375)	-	-	(375)	-	(375)
Arising from changes in equity interest in subsidiaries	-	-	-	-	-	-	-	-	-	(23,811)	(23,811)
Dividends paid to minority interest	-	-	-	-	-	-	-	-	-	(21,281)	(21,281)
As at 31 December 2005	572,446	1,178,541	82,290	126,209	(127,229)	6,888	3,685,684	(91,431)	5,433,398	1,216,125	6,649,523

(The condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 30 June 2006 and the accompanying explanatory notes attached to this interim financial report.)

Interim Report For The Financial Period Ended 31 December 2006

(The figures have not been audited)

Explanatory Notes

a) Accounting Policies

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard ("FRS") 134 "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2006.

These explanatory notes attached to the Interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2006.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 30 June 2006 except for the adoption of the following new/revised FRSS which became effective for financial periods beginning on and after 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

Apart from the above, the Group has also early adopted the revised FRSS below which are effective for financial periods beginning on or after 1 October 2006:

FRS 117	Leases
FRS 124	Related Party Disclosures

Interim Report For The Financial Period Ended 31 December 2006

(The figures have not been audited)

Explanatory Notes

The adoption of FRS 5, 102, 108, 110, 116, 121, 127, 128, 132, 133 & 124 do not have any significant financial impact on the Group. The principal effects of changes in accounting polices resulting from the adoption of other new and revised FRSs are as follows:

i. FRS 2: Share-based Payment

This FRS requires an entity to recognise share-based payment transaction in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity.

The Group operates equity settled, share-based compensation plans for the executives of the Group. Prior to 1 January 2006, no compensation expense was recognised in income statement for share options granted. With the adoption of FRS 2, the compensation expense relating to share options is recognised within staff costs in the income statement over the vesting periods of the grants with a corresponding increase in equity.

The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by the vesting date. The fair value of the share options is computed using a binomial options pricing model performed by an actuary. At every balance sheet date, the Group revises its estimates of the number of share options that are expected to vest by the vesting date. Any revision of the estimates is included in the income statement and a corresponding adjustment to equity over the remaining vesting period.

As the share options of the Group were granted subsequent to 1 January 2006, no restatement of comparative amounts to the Group's profit for the previous corresponding quarter was required in the income statement. A reduction of RM14,786,000 to opening retained profits as at 1 July 2006 has been made with a corresponding increase in capital reserve.

The financial impact to the Group for the six month period ended 31 December 2006 arising from this change in accounting policy is as follows:

	RM'000
Decrease in profit for the period attributable to:	
Equity holders of the parents	(12,360)
Minority interest	(292)

Interim Report For The Financial Period Ended 31 December 2006

(The figures have not been audited)

Explanatory Notes

ii. FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets

The adoption of these new FRSs has resulted in the Group ceasing annual goodwill amortisation and recognition of "negative goodwill" immediately in the income statement.

Goodwill is carried at cost less accumulated impairment losses and is now tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognised in income statement and subsequent reversal is not allowed. Previously, goodwill was amortised on a straight-line basis over its estimated useful life. This change in accounting policy has been accounted for prospectively for business combinations where the agreement date is on or after 1 January 2006.

Accordingly, the balance unamortised goodwill with a carrying value of RM415,830,000 as at 1 July 2006 shall henceforth continue to be carried forward without amortisation but will be subject to impairment testing. This change in accounting policy has been applied prospectively and as such there is no restatement of comparative amounts.

The "negative goodwill" which represents the excess of fair value of the net assets acquired over the consideration paid in a business combination, after reassessment, is now recognised immediately in the income statement as it arises. Previously, this was taken up as reserve on consolidation and discount on acquisition of associates, and was stated at cost less accumulated amortisation.

The reserve on consolidation of RM6,512,000 and discount on acquisition of associates of RM27,761,000 as at 1 July 2006 have been derecognised with a corresponding adjustments to the retained profits.

The financial impact to the Group for the six months period ended 31 December 2006 arising from the aforesaid changes in accounting policies is an increase in profit for the period attributable to a reduction of amortisation charges of RM13,590,000.

Interim Report For The Financial Period Ended 31 December 2006

(The figures have not been audited)

Explanatory Notes

iii. FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net results of associates and other disclosures. In the consolidated balance sheet, minority interest is now presented within equity. In the consolidated income statement, minority interest is presented as an allocation of the profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and minority interest.

The presentation of the Group's financial statements of the current period is based on the revised requirements of FRS 101, with the comparatives restated to conform to the current period's presentation. The changes in the presentation of financial statements for the six month period ended 31 December 2005 are summarised as follows:

	As previously reported	Effect of adoption of FRS 101	As restated
	RM'000	RM'000	RM'000
Share of profits of associates	35,928	(8,361)	27,567
Profit before tax	601,188	(8,361)	592,827
Taxation	(113,071)	8,361	(104,710)

iv. FRS 117: Leases

The adoption of the revised FRS 117 has affected the presentation of leasehold land, leasehold plantation land and prepaid lease rental. These assets are now required to be presented as prepaid lease payments as a separate line item under non current assets and are amortised on a straight-line basis over the lease terms.

With the adoption of FRS 117, the reclassification of leasehold land, leasehold plantation land and prepaid lease rental has been accounted for retrospectively and a total amount of RM790,509,000 comprises the following has been reclassified to prepaid lease payments on 1 July 2006:

	RM'000
Long term leasehold plantations land	721,117
Long term leasehold land	6,545
Short term leasehold land	35,494
Prepaid lease rental	7,353
	<u>790,509</u>

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(The figures have not been audited)

Explanatory Notes

v. FRS 140: Investment Property

The adoption of this new FRS has resulted in a change in accounting policy for investment properties. Investment properties are now stated at fair value. Gains or losses arising from changes in the fair values of investment properties are recognised directly in the income statement. Prior to 1 July 2006, investment properties were stated at valuation. Revaluations were carried out at least once every five years and any revaluation increase is taken to revaluation surplus unless the total of the surplus is insufficient to cover a deficit for the same assets, in which case the amount by which the deficit exceeds the amount in the revaluation surplus was charged to the income statement. The investment properties were last revalued in 2003. In accordance with the transitional provisions of FRS 140, this change in accounting policy is applied prospectively and the comparatives as at 30 June 2006 are not restated.

With the adoption of FRS 140, certain assets previously classified under property, plant and equipment amounted to RM29,600,000 has been reclassified to investment property as they meet the definition of investment property and the revaluation surplus of RM82,290,000 as at 1 July 2006 has been transferred to retained profits.

vi. Summary of restatement of balance sheet in accordance with the adoption of new/revised FRSs

The balance sheet as at 30 June 2006 has been restated in accordance with the adoption of new/revised FRSs as follows:

	As reported previously	Effect of adoption of new/revised FRSs	As restated
	RM'000	RM'000	RM'000
Property, plant & equipment	4,927,550	(792,756)	4,134,794
Investment property	512,976	29,600	542,576
Prepaid lease payments	-	790,509	790,509
Associates	247,385	27,761	275,146
Receivables	959,381	(27,353)	932,028
Capital reserve	86,688	14,786	101,474
Revaluation surplus	82,290	(82,290)	-
Reserve on consolidation	6,512	(6,512)	-
Retained profit	3,606,907	99,629	3,706,536
Minority interest	746,984	2,148	749,132

b) Audit Qualification

The audit report of the Group's preceding year financial statements was not qualified.

Interim Report For The Financial Period Ended 31 December 2006

(The figures have not been audited)

Explanatory Notes

c) Seasonal or Cyclical Factors

There were no significant seasonal or cyclical factors that affect the business of the Group for the quarter under review.

d) Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income and cash flows for the current financial year.

e) Material Changes in Estimates of Amounts Reported

There were no changes in estimates of amounts reported in prior interim period or financial year that have a material effect in the current financial period.

f) Details of Changes in Debt and Equity Securities

i) During the current financial year-to-date, the Company issued 29,650,945 new ordinary shares of RM0.50 each at RM11.06 arising from the exchange of USD86,300,000 nominal value Five Year Unsecured Exchangeable Guaranteed Bonds into new ordinary shares of the Company.

ii) During the second quarter of the current financial year, a subsidiary of the Company, IOI Capital (L) Berhad issued USD370 million nominal value of five (5)-year unsecured guaranteed zero coupon exchangeable Bonds ("2nd Exchangeable Bonds"). The 2nd Exchangeable Bonds are listed on the Singapore Exchange Securities Trading Limited and the Labuan International Financial Exchange.

The detailed terms and conditions of the Bonds are disclosed in our announcement to Bursa Malaysia on 14 December 2006.

g) Dividends Paid

	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	RM'000	RM'000
Second interim dividend in respect of financial year ended 30 June 2006		
- 13.5 sen per ordinary share tax exempt	164,779	-
Second interim dividend in respect of financial year ended 30 June 2005		
- 15.0 sen per ordinary share tax exempt	-	167,508
	164,779	167,508

h) Segment Revenue & Results

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(The figures have not been audited)

Explanatory Notes

(RM'000)	Plantation	Property Development	Property Investment	Resource-based Manufacturing	Other Operations	Eliminations	Consolidated
6 Months Ended 31/12/06							
REVENUE							
External Sales	259,186	302,736	32,678	3,498,791	45,779	-	4,139,170
Inter-segment sales	520,356	-	-	-	-	(520,356)	-
Total Revenue	<u>779,542</u>	<u>302,736</u>	<u>32,678</u>	<u>3,498,791</u>	<u>45,779</u>	<u>(520,356)</u>	<u>4,139,170</u>
RESULT							
Segment results	430,604	158,923	20,206	182,224	28,533	-	820,490
Translation gain on USD denominated borrowings							86,943
Other unallocated corporate expenses							<u>(33,061)</u>
Operating profit							874,372
Finance cost							(53,326)
Interest income							12,174
Share of profits of associates	5,115	-	-	23,170	-	-	<u>28,285</u>
Profit before taxation							861,505
Taxation							<u>(169,728)</u>
Profit for the period							<u>691,777</u>
6 Months Ended 31/12/05							
REVENUE							
External sales	202,124	272,528	27,962	2,461,040	44,731	-	3,008,385
Inter-segment sales	458,445	-	-	-	-	(458,445)	-
Total Revenue	<u>660,569</u>	<u>272,528</u>	<u>27,962</u>	<u>2,461,040</u>	<u>44,731</u>	<u>(458,445)</u>	<u>3,008,385</u>
RESULT							
Segment results	373,583	141,959	17,406	75,905	12,373	-	621,226
Translation gain on USD denominated borrowings							14,753
Other unallocated corporate expenses							<u>(16,250)</u>
Operating profit							619,729
Finance cost							(66,673)
Interest income							12,204
Share of profits of associates	3,265	-	-	24,302	-	-	<u>27,567</u>
Profit before taxation							592,827
Taxation							<u>(104,710)</u>
Profit for the period							<u>488,117</u>

Interim Report For The Financial Period Ended 31 December 2006

(The figures have not been audited)

Explanatory Notes

i) Valuations of Property, Plant & Equipment

Valuations of investment properties have been brought forward, without amendments from the previous annual financial statements.

j) Material Events Subsequent to the End of Financial Period

There were no material events subsequent to 31 December 2006 that have not been reflected in the financial statements.

k) Changes in the Composition of the Group

There were no material changes in the composition of the Group during the financial period ended 31 December 2006 except for the following:

	EFFECTIVE EQUITY INTEREST AS AT	
	31/12/2006	30/06/2006
Palmco Hotels Sdn Bhd	-	100.0%
IOI Pelita Plantations Sdn Bhd <i>(formerly known as Rinwood Pelita Plantations Sdn Bhd)</i>	100%	-
IOI Pelita Quarry Sdn Bhd <i>(formerly known as Rinwood Pelita Quarry Sdn Bhd)</i>	100%	-
IOI Capital (L) Berhad	100%	-
IOI Resources (L) Berhad	100%	-

Interim Report For The Financial Period Ended 31 December 2006

(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

1) Review of the Performance of the Company and Its Principal Subsidiaries

Group revenue for H1 FY 2007 is significantly higher than H1 FY2006 because of increased volume of business by the resource-based manufacturing segment and higher palm oil prices.

The Group's pre-tax profit for H1 FY2007 was RM861.5 million, a significant increase of 45% as compared to the RM592.8 million reported for H1 FY2006. This is attributable to better performances from all the major segments.

Plantation earnings of RM430.6 million for H1 FY2007 was 15% higher than H1 FY2006 as the result of both higher CPO prices and increase in FFB production. Average CPO prices realised for H1 FY2007 increased by 13% to RM1,560 per MT as compared to RM1,381 per MT realised for H1 FY2006 whilst FFB production increased by 6% from 1,995,294 MT for H1 FY2006 to 2,122,500 MT for H1 FY2007.

For the resource-based manufacturing segment (including associates), operating results for H1 FY2007 improved substantially over H1 2006 results because of new business volume generated by the new Rotterdam refinery commissioned in Q2 FY2006, business growth in both specialty fats and oleochemicals as well as better operating margins achieved all round.

The property business continued to perform well with an increase in profit by 12% at RM179.1 million for H1 FY2007 as compared to RM159.4 million achieved for H1 FY2006 on the back of higher margins from higher sales of commercial properties and the continued improvements in rental and occupancy rates of investment properties.

Another contributing factor for the higher operating profits, is a translation gain on USD denominated borrowings of RM86.9 million recognised in H1 FY2007 as a result of the weakening of USD against RM.

In the opinion of the Directors, the results for the financial period under review have not been affected by any transaction or event of a material or unusual nature which may have arisen between 31 December 2006 and the date of this announcement.

Interim Report For The Financial Period Ended 31 December 2006

(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

2) Material Change in Profit Before Taxation for the Current Quarter as Compared with the Immediate Preceding Quarter

For the quarter under review, the Group reported an increase of 54% in profit before taxation in line with the better performances from all the major segments. The major contributor to the improvement is the plantation segment, which reported a significantly higher profit by 53% with the continued increase in the CPO prices. In addition, the property segment also reported increases in profits, attributable to sale of higher margin commercial units whereas the resource-based manufacturing segment sustained a similar level of results as Q1.

Apart from the above factors, the Group also reported a translation gain of RM91.9 million on USD denominated borrowings in the current quarter as the result of the weakening USD against Ringgit.

The analysis of contribution by segment is as follows:

	CURRENT QUARTER RM'000	PRECEDING QUARTER RM'000	INCREASE/ (DECREASE) RM'000	
Plantation	260,362	170,242	90,120	52.9%
Property development	89,202	69,721	19,481	
Property investment	9,831	10,375	(544)	
Total Property	99,033	80,096	18,937	23.6%
Resource-based manufacturing	89,948	92,276	(2,328)	(2.5%)
Other operations	9,331	19,202	(9,871)	
	458,674	361,816	96,858	26.8%
Unallocated corporate income/(expenses) *	74,445	(20,563)	95,008	
Operating profit	533,119	341,253	191,866	56.2%
Interest expense	(26,384)	(26,942)	558	(2.1%)
Interest income	3,342	8,832	(5,490)	(62.2%)
Share of profits of associates	12,692	15,593	(2,901)	(18.6%)
Profit before taxation	522,769	338,736	184,033	54.3%

* Translation gain on USD denominated borrowings included in unallocated corporate income/(expenses)

91,854	(4,911)	96,765
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2) Current Year Prospects

All business segments are expected to continue to perform well for the current financial year in line with the favourable market conditions. Therefore, barring any unforeseen circumstances, the Group's results for the current financial year are expected to be substantially better than last financial year.

3) Variance of Actual Profit from Forecast Profit

Not applicable.

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(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

4) Taxation

	INDIVIDUAL QUARTER (Q2)		CUMULATIVE QUARTER (6 Mths)	
	CURRENT YEAR QUARTER RM'000	PRECEDING YEAR CORRESPONDING QUARTER RM'000	CURRENT YEAR TO DATE RM'000	PRECEDING YEAR CORRESPONDING PERIOD RM'000
The tax expense comprises the following:				
Current taxation				
- Current year	100,808	61,968	165,981	109,325
- Prior years	(15)	1	1,494	(51)
Deferred taxation				
- Current year	517	(4,801)	(2,523)	(9,540)
- Prior years	7,843	4,575	4,776	4,976
	109,153	61,743	169,728	104,710

The effective tax rates of the Group for the current year and current quarter are lower than the statutory tax rate due principally to the utilisation of previously unrecognised tax losses, capital and agricultural allowances as well as tax incentives available to the Company and certain subsidiaries and associates.

6) Profit on Sale of Unquoted Investments and/or Properties

There were no material disposals of unquoted investments and/or properties outside the ordinary course of business of the Group for the current quarter and financial year to-date.

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(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

**7) Quoted Securities
(Other than Securities in Existing Subsidiaries)**

a) Purchases and disposals of quoted securities

	INDIVIDUAL QUARTER (Q2)		CUMULATIVE QUARTER (6 Mths)	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	RM'000	RM'000	RM'000	RM'000
Total sale proceeds	755	-	755	6
Total gain on disposal	131	-	131	(63)
Total purchases	14	-	14	-

b) Total investments in quoted securities (mainly classified under other long term investments) as at 31 December 2006 are as follows:

	RM'000
Quoted in Malaysia	
At cost	34,933
Allowance for diminution in value	(6,825)
Net book value	<u>28,108</u>
At market value	<u>49,574</u>
Quoted outside Malaysia *	
At cost	16,194
Allowance for diminution in value	(14,179)
Net book value	<u>2,015</u>
At market value	<u>4,479</u>

* Held by IOI Oleochemical Industries Berhad

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(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

8) Status of Corporate Proposal

The status of corporate proposals announced by the Group but not completed as at 8 February 2006 (being a date not earlier than 7 days from the date of issue of the quarterly report) is as follows:

IOI Corporation Berhad

a)	Proposal	Proposed special issue of 1,800,000 new ordinary shares of RM0.50 each in IOI to Bumiputera investor(s) ("Proposed Special Issue"). The Securities Commission had on 10 January 2007 granted the Company an extension of time until 17 July 2007 for implementation of the Proposed Special Issue.
	Adviser	AmInvestment Bank Berhad (formerly known as AmMerchant Bank Berhad)
	Approval Pending	Ministry of International Trade and Industry on the allocation of the 1,800,000 new shares to Bumiputera investor(s).
b)	Proposal	IOI Oleochemical Industries Berhad ("IOI Oleo") a wholly-owned subsidiary of the Company had on 31 January 2007 entered into a joint venture agreement with Greven Beteiligungs GMBH ("GB") for the purpose of the production, marketing and distribution of metallic stearates in Asia Pacific. IOI Oleo will subscribe for 2,000,000 ordinary shares of RM1.00 each in the joint venture company ("JVCo") representing 40% interest of JVCo's proposed share capital while the remaining 60% will be held by GB.
	Adviser	None.
	Approval pending	Ministry of International Trade and Industry.

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(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

9) Group Borrowings and Debts Securities

Group borrowings and debt securities as at 31 December 2006 are as follows:

	RM'000
a) Bank overdrafts	
Unsecured	
Denominated in RM	270
Denominated in EGP (EGP8,610,000)	5,287
Total Bank Overdrafts	5,557
b) Short term borrowings	
Secured	
Denominated in RM	96,641
Denominated in SGD (SGD14,900,000)	34,249
Total Short Term Borrowings	130,890
c) Long term borrowings	
Secured	
Denominated in SGD (SGD11,000,000)	25,284
Unsecured	
Denominated in USD (USD872,914,000)	3,082,696
Total Long Term Borrowings	3,107,980
Total Borrowings	3,244,427

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(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements**10) Off Balance Sheet Financial Instruments**

- a) Forward foreign exchange sale and purchase contracts that were entered into as at 8 February 2006 (being a date not earlier than 7 days from the date of issue of the quarterly report) by certain subsidiary companies were RM1.58 billion and RM215.9 million respectively. These contracts were entered into as hedges for committed sales and purchases denominated in foreign currencies and to limit the exposure to potential changes in foreign exchange rates with respect to subsidiary companies' foreign currencies denominated estimated receipts and payments. The maturity period of these contracts range from February 2007 to December 2008.

The committed sales and purchases transactions that are hedged by forward contracts are subsequently recorded in the books at the contracted foreign exchange rates. Other gains and losses arising from forward contracts are dealt with through the income statement upon maturity.

There is minimal credit risk as the contracts were entered into with reputable banks.

- b) Commodity future contracts entered into by certain subsidiary companies and outstanding as at 8 February 2006 are as follows:

Description	Ringgit Equivalent (RM'mil)	Maturity Period
Sale contracts	22.9	March 2007 to September 2007
Purchase contracts	105.2	March 2007 to January 2008

The above exchange traded commodity contracts were entered into with the objective of managing and hedging the Group's exposure to adverse price movements in vegetable oil commodities.

The associated credit risk is minimal as these contracts were entered into with brokers of commodity exchanges. Gains or losses arising from contracts entered into as hedges of anticipated future transactions are deferred until the date of such transactions, at which time they are included in the measurement of such transactions. Gains and losses on contracts which are no longer designated as hedges are included in the income statement.

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(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

c) As at 8 February 2006, the Group has the following interest rate swap contracts:

Interest Rate Swap	Notional Amount	Effective Period
Fixed rate to USD LIBOR (Settlement in Ringgit)	RM350 million, to be fully amortised over a period of four years, commencing 15 April 2004.	15 January 2004 to 15 January 2008
CMS Spread Daily Range Accrual Swap	USD 100.0 million	12 October 2005 to 12 October 2010
CMS Spread Daily Range Accrual Swap	USD 50.0 million	13 October 2005 to 13 October 2010
CMS Spread Daily Range Accrual Swap	RM100 million	11 May 2006 to 11 May 2011

Note:

USD LIBOR: USD London Interbank Offered Rate

Any differential to be paid or received on the interest rate swap contract is recognised as a component of interest expense over the period of the contract. Gains or losses on early termination of interest rate swap contract or on repayment of the borrowings are taken to the income statement.

There is minimal credit risk as the interest rate swap contracts were entered into with reputable banks.

d) As at 8 February 2006, the Group has the following cross currency swap contracts:

Cross Currency Swap	Notional Amount	Effective Period
Fixed rate USD liability to fixed rate EUR liability *	USD 209.6 million into EUR 161million	1 April 2005 to 28 February 2015
USD/JPY Structured Cross Currency Swap #	JPY 15.0 billion into USD 128 million	23 January 2007 to 22 January 2037

* The contracts effectively swapped part of the Company's USD 500 million 5.25% Guaranteed Notes due 2015 into fixed rate EUR liability and serve as a hedge against the Company's EUR assets.

The contracts effectively swapped IOI Ventures (L) Berhad's JPY 15.0 billion 30-year Fixed Rate Term Loan due 2037 into USD 128 million liability where IOI Corporation Bhd stood as the guarantor for the swap.

There is minimal credit risk as the swaps were entered into with reputable banks.

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(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

e) As at 8 February 2006, the Company has the following currency option contracts:

Currency Option	Contract Amount	Effective Period
EUR/USD Staggered Knockout Collars *	EUR3.6 million	22 February 2007
EUR/USD Knockout Forward *	EUR1.8 million	22 August 2007
EUR/USD Knockout Forward *	EUR1.8 million	22 August 2007
EUR/USD CMS FX Forward *	EUR3.6 million	20 February 2008
EUR/USD Knockout Forward #	EUR3.5 million	20 August 2008
EUR/USD Knockout Forward #	EUR3.5 million	20 February 2009
USD/RM Covered Sold Option @	USD92.0 million	18 January 2007 to 14 February 2007
USD/RM Plain Vanilla Option @	USD50.0 million	23 January 2007 to 26 February 2007

* The above contracts were entered into as hedges for committed coupon interest payments denominated in EUR for the Company's EUR/USD Cross Currency Swap. These contracts are zero cost in nature and the Company was not required to pay any upfront premium for the contracts.

The above contracts were entered into as hedge for the Company's committed payables denominated in EUR. This contract is zero cost in nature and the Company was not required to pay any upfront premium for the contract.

@ The above contracts were entered to hedge the proceeds from the issuance of the 2nd exchangeable bonds to converted into RM at higher effective exchange rate.

There is minimal credit risk as the contracts were entered into with reputable banks.

f) As at 8 February 2006, the Group has the following commodity swap contract:

Commodity Swap	Contract Amount	Effective Period
The Group pays fixed CPO price and receives floating CPO price from counterparty	2,084 MT per month	May 2006 to March 2007
The Group pays fixed CPO price and receives floating CPO price from counterparty	2,000 MT per month	April 2007 to March 2008

The above commodity swap contract was entered into to partially hedge the prices of our CPO requirement for our manufacturing activities. There is minimal credit risk as the contract was entered into with a reputable bank.

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(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

11) Material Litigations

There are no new material litigation or significant changes to the status of material litigations which are pending disposal in the courts since 30 June 2006. For ease of reference, the material litigations brought forward are detailed below:

a) IOI Corporation Berhad

- i) A minority shareholder of IOI Oleochemical Industries Berhad ("IOI Oleo"), Tuan Haji Zulkifli bin Haji Hussain ("the Applicant") has on 26 July 2000 obtained an Ex-parte Order For Leave to apply for an Order of Mandamus against the Securities Commission to compel the Securities Commission to direct the Company to make a mandatory general offer on the remaining shares of IOI Oleo not owned by the Company.

Notwithstanding that the Company was not a party to the above proceedings, in order to protect the interests of the Company, the Company has applied and has been allowed to be joined as a party to the aforesaid court action on 1 November 2000. Subsequent thereto, the Company has instructed its solicitors to make the necessary application to set aside the Order For Leave and to strike out the Applicant's Notice of Motion for an Order of Mandamus. The Company had successfully completed a mandatory general offer on IOI Oleo in October 2001. The High Court had on 20 December 2004 struck out with costs the Applicant's Notice of Motion for an Order of Mandamus and the Applicant has since filed an appeal against the said decision.

On 15 March 2006, the Company had completed the privatisation of IOI Oleo by way of a members' scheme of arrangement under Section 176 of the Companies Act, 1965 and IOI Oleo is now a wholly-owned subsidiary of the Company.

The Board, based on legal advice, is of the opinion that the Company has valid grounds to succeed in this litigation.

- ii) A civil suit has been instituted by Tuan Haji Zulkifli Bin Hussain and 6 others, the shareholders/former shareholders of IOI Oleochemical Industries Berhad ("IOI Oleo") against the Company, its Executive Chairman Tan Sri Dato' Lee Shin Cheng and its Executive Director, Dato' Lee Yeow Chor. The Writ of Summons and the Statement of Claim, inter alia, alleged that the defendants are under an obligation pursuant to Rule 34.1 of the Malaysian Code on Take-Overs and Mergers, 1987 to extend a mandatory general offer to the plaintiffs to acquire their shares in IOI Oleo and have sought for damages by reason of alleged failure by the defendants to extend the said general offer.

The plaintiffs' claim in this suit is based on similar facts that gave rise to the mandamus proceeding initiated by the first plaintiff in the High Court of Kuala Lumpur against the Securities Commission, as disclosed under item 11(a)(i), in which the Company and Tan Sri Dato' Lee Shin Cheng were subsequently allowed to be joined as parties to the said mandamus proceeding.

This case which has been fixed for case management on various dates is now fixed for case management/decision on 18 April 2007.

The Company had been advised by its solicitors that it has genuine and valid defences to advance against the plaintiffs' cause of actions and the claims made therein.

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(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

b) Unipamol Malaysia Sdn Bhd (subsidiary of IOI Oleochemical Industries Berhad)

Unipamol Malaysia Sdn Bhd ("Unipamol") has obtained summary judgement against Unitangkob (Malaysia) Berhad ("Unitangkob") on 27 July 2001 in the High Court of Sabah and Sarawak at Kota Kinabalu for, inter alia, recovery of the principal sum of approximately RM5 million together with interest and costs. Unitangkob's appeal against the summary judgement was dismissed with costs and it has filed further appeal to the Court of Appeal. Meanwhile, Unipamol has commenced winding-up proceedings against Unitangkob to recover the amount due under the summary judgement and Unitangkob has filed Notice of Motion for stay of the said winding-up proceedings. The following applications are still pending disposal in court:

- i) an application to stay the execution of the summary judgement; and
- ii) an application to amend their Defence and include a Counter-claim against Unipamol for a sum of RM208 million for special and general damages;

Unipamol has obtained favourable legal opinion on the merits of the case.

c) Unipamol Malaysia Sdn Bhd and Pamol Plantations Sdn Bhd (subsidiaries of IOI Oleochemical Industries Berhad)

A legal suit has been instituted by Joseph bin Paulus Lantip, Mairin @ Martin bin Idang, Jaskri Doyou, Saffar bin Jumat @ Beklin bin Jumat, Datuk Miller Munang and George Windom Munang against Unipamol Malaysia Sdn Bhd ("Unipamol"), Pamol Plantations Sdn Bhd ("PPSB"), Unilever plc and its subsidiary Pamol (Sabah) Ltd. The Writ of Summons and Statement of Claim are dated 4 December 2002 and inter-alia, alleged that the Defendants have wrongfully refused or failed to continue with the Share Sale Agreement (to which PPSB is a party but not Unipamol) and Shareholders' Agreement (to which both PPSB and Unipamol are parties). The Plaintiffs are claiming for, inter-alia, special damages of RM43.47 million, general damages of RM136.85 million or such amount as may be assessed, exemplary damages, interest and costs. Unipamol and PPSB have entered an appearance and filed a Defence to the claim as well as a Counter-claim against the Plaintiffs.

This case which was fixed for case management on 19 January 2007 has been adjourned to 5 March 2007 to enable the parties to comply with the directions given by the Court.

Unipamol and PPSB have obtained favourable legal opinion on the merits of the case.

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(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

12) Dividend

The Board declares an interim dividend of 70% or 35.0 sen per ordinary share of RM0.50 each less 27% income tax in respect of the six months financial period ended 31 December 2006 (31 December 2005: 60% or 30.0 sen per ordinary share of RM0.50 each less 28% income tax).

The dividend is payable on 27 March 2007 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 16 March 2006.

A Depositor shall qualify for entitlement only in respect of :

- a) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 14 March 2007 (in respect of shares which are exempted from mandatory deposit);
- b) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 16 March 2007 in respect of transfers; and
- c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

The total dividend declared to date for the current financial year is 35.0 sen per RM0.50 share less 27% income tax (31 December 2005: 30.0 sen per RM0.50 share less 28% income tax).

13) Earnings per Share

	INDIVIDUAL QUARTER (Q2)		CUMULATIVE QUARTER (6 Mths)	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	RM'000	RM'000	RM'000	RM'000
a) Basic earnings per share				
Net profit for the period attributable to equity holders of the parent	382,601	228,841	638,270	402,265
Weighted average number of ordinary shares in issue ('000)	1,225,287	1,124,601	1,217,935	1,120,662
Basic earnings per share (sen)	31.23	20.35	52.41	35.90

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(The figures have not been audited)

Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

13) Earnings per Share (Continued)

	INDIVIDUAL QUARTER (Q2)		CUMULATIVE QUARTER (6 Mths)	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	RM'000	RM'000	RM'000	RM'000
b) Diluted earnings per share				
Adjusted net profit for the period attributable to equity holders of the parent :				
Net profit for the period attributable to equity holders of the parent	382,601	228,841	638,270	402,265
Assumed exchange of USD310 million Zero Coupon Guaranteed Exchangeable Bonds at beginning of period:				
Net interest savings	1,405	7,130	3,843	14,442
Net foreign exchange differences taken up	(8,081)	-	(7,891)	-
	(6,676)	7,130	(4,048)	14,442
Assumed exchange of USD370 million Zero Coupon Guaranteed Exchangeable Bonds at inception:				
Net interest savings	1,578	-	1,578	-
Net foreign exchange differences taken up	(7,747)	-	(7,747)	-
	(6,169)	-	(6,169)	-
	369,756	235,971	628,053	416,707
Adjusted weighted average number of ordinary shares in issue ('000)				
Weighted average number of ordinary shares in issue	1,225,287	1,124,601	1,217,935	1,120,662
Assumed exchange of USD310 million Zero Coupon Guaranteed Exchangeable Bonds at beginning of period	20,526	97,611	27,877	102,060
Assumed exchange of USD370 million Zero Coupon Guaranteed Exchangeable Bonds at inception	10,905	-	3,938	-
Assumed exercise of Executive Share Options at beginning of period	6,936	-	6,063	-
	1,263,654	1,222,212	1,255,813	1,222,722
Diluted earnings per share (sen)	29.26	19.31	50.01	34.08

By Order of the Board

Lee Ai Leng
Yap Chon Yoke
Company Secretaries

Putrajaya
13 February 2007

Interim Report For The Financial Period Ended 31 December 2006

(The figures have not been audited)

Group Plantation Statistics

		As At 31/12/2006	As At 31/12/2005
Planted Area			
Oil palm			
Mature	<i>(hectares)</i>	138,501	136,711
Total planted	<i>(hectares)</i>	148,813	143,956
Rubber			
Mature	<i>(hectares)</i>	568	568
Total planted	<i>(hectares)</i>	568	568

		31/12/2006 (6 months)	31/12/2005 (6 months)
Average Mature Area			
Oil Palm	<i>(hectares)</i>	137,364	136,409
Rubber	<i>(hectares)</i>	568	671
Production			
Oil Palm			
FFB production	<i>(tonnes)</i>	2,122,500	1,995,294
Yield per mature hectare	<i>(tonnes)</i>	15.45	14.63
FFB processed	<i>(tonnes)</i>	2,141,408	2,046,021
Crude palm oil production	<i>(tonnes)</i>	461,133	443,215
Palm kernel production	<i>(tonnes)</i>	106,442	103,706
Crude palm oil extraction rate	<i>(%)</i>	21.53	21.66
Palm kernel extraction rate	<i>(%)</i>	4.97	5.07
Rubber			
Rubber production	<i>('000kgs)</i>	876	669
Yield per mature hectare	<i>(kgs)</i>	1,541	997
Average Selling Price Realised			
Oil palm			
Crude palm oil	<i>(RM/tonne)</i>	1,560	1,381
Palm kernel	<i>(RM/tonne)</i>	817	951