



IOI GROUP

IOI CORPORATION BERHAD (9027-W)
(Incorporated in Malaysia)

**Interim Report
For The Financial Period Ended
31 December 2007**

Interim Report For The Financial Period Ended 31 December 2007

(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
	31/12/2007 RM'000	31/12/2006 RM'000	31/12/2007 RM'000	31/12/2006 RM'000
Revenue	3,457,141	2,235,784	6,579,882	4,139,170
Operating profit	804,860	533,119	1,456,232	874,372
Interest income	12,734	3,342	21,370	12,174
Finance cost	(38,987)	(26,384)	(83,690)	(53,326)
Share of results of associates	11,884	12,692	24,846	28,285
Share of results of jointly controlled entity	(4)	-	(20)	-
Profit before taxation	790,487	522,769	1,418,738	861,505
Taxation	(162,880)	(109,153)	(300,093)	(169,728)
Profit for the period	627,607	413,616	1,118,645	691,777
Attributable to:				
Equity holders of the parent	581,191	382,601	1,032,709	638,270
Minority interest	46,416	31,015	85,936	53,507
	627,607	413,616	1,118,645	691,777
Earnings per share (sen) *				
Basic	9.71	6.25	17.05	10.48
Diluted	8.96	5.85	15.92	10.00

* Comparative earnings per share have been restated to take into account the effect of the subdivision of ordinary share of RM0.50 each into RM0.10 each on 6 June 2007.

(The condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 30 June 2007 and the accompanying explanatory notes attached to this interim financial report.)

Interim Report For The Financial Period Ended 31 December 2007

(The figures have not been audited)

Condensed Consolidated Balance Sheet

	AS AT END OF CURRENT QUARTER 31/12/2007 RM'000	AS AT PRECEDING FINANCIAL YEAR END 30/06/2007 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	4,541,171	4,467,810
Prepaid lease payments	821,458	826,258
Land held for property development	851,485	821,744
Investment properties	703,199	699,469
Other long term investments	27,264	27,699
Goodwill on consolidation	509,915	510,661
Associates	541,465	280,924
Jointly controlled entity	571,753	161,479
Deferred tax assets	72,967	78,993
	<u>8,640,677</u>	<u>7,875,037</u>
Current assets		
Property development costs	374,469	428,934
Inventories	2,300,113	1,332,819
Receivables	1,411,731	1,295,667
Short term investments	7,199	7,199
Short term funds	692,897	1,879,345
Short term deposits	427,109	507,070
Cash and bank balances	531,574	341,581
	<u>5,745,092</u>	<u>5,792,615</u>
Non-current assets held for sale	-	13,190
	<u>5,745,092</u>	<u>5,805,805</u>
TOTAL ASSETS	<u>14,385,769</u>	<u>13,680,842</u>

(The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial year ended 30 June 2007 and the accompanying explanatory notes attached to this interim financial report.)

Interim Report For The Financial Period Ended 31 December 2007

(The figures have not been audited)

Condensed Consolidated Balance Sheet (Continued)

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
	31/12/2007 RM'000	30/06/2007 RM'000
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	607,087	625,881
Share premium	1,637,743	2,349,560
Other reserves	81,674	56,257
Retained profits	5,730,372	4,707,560
	<u>8,056,876</u>	<u>7,739,258</u>
Minority interests	<u>880,961</u>	<u>856,954</u>
Total equity	<u>8,937,837</u>	<u>8,596,212</u>
Non-current liabilities		
Long term borrowings	3,145,372	3,381,663
Other long term liabilities	56,352	53,722
Deferred tax liabilities	488,379	502,857
	<u>3,690,103</u>	<u>3,938,242</u>
Current liabilities		
Payables	1,317,945	818,010
Bank overdrafts	12,620	7,013
Short term borrowings	205,597	242,681
Provision for taxation	221,667	78,684
	<u>1,757,829</u>	<u>1,146,388</u>
Total liabilities	<u>5,447,932</u>	<u>5,084,630</u>
TOTAL EQUITY AND LIABILITIES	<u>14,385,769</u>	<u>13,680,842</u>
Net assets per share attributable to equity holders of the parent (RM)	1.33	1.24

(The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial year ended 30 June 2007 and the accompanying explanatory notes attached to this interim financial report.)

Interim Report For The Financial Period Ended 31 December 2007

(The figures have not been audited)

Condensed Consolidated Cash Flow Statement

	6 Months Ended 31/12/2007 RM'000	6 Months Ended 31/12/2006 RM'000
Operating Activities		
Profit before taxation	1,418,738	861,505
Adjustments for:		
Depreciation	117,521	86,454
Other non-cash items	<u>(100,854)</u>	<u>(70,311)</u>
Operating profit before working capital changes	1,435,405	877,648
Net changes in working capital	<u>(556,021)</u>	<u>(368,796)</u>
Cash generated from operations	879,384	508,852
Other payments	(263)	(251)
Taxes paid	<u>(127,470)</u>	<u>(111,958)</u>
Net cash inflow from operating activities	<u>751,651</u>	<u>396,643</u>
Investing Activities		
Payment made to jointly controlled entity	(407,791)	-
Equity investments	(244,149)	(33,282)
Property, plant and equipment	(79,313)	(136,724)
Other investments	<u>(23,999)</u>	<u>(245,527)</u>
Net cash outflow from investing activities	<u>(755,252)</u>	<u>(415,533)</u>
Financing Activities		
Issuance of 2nd Exchangeable Bonds	-	1,314,980
Capital repayment	(1,314,391)	-
Dividends paid (minority shareholders)	(66,986)	(20,833)
Issuance of shares (net)	9,402	-
Issuance of shares (subsidiary)(net)	4,085	-
Bank borrowings	283,021	(126,118)
Dividends paid	<u>-</u>	<u>(164,779)</u>
Net cash outflow from financing activities	<u>(1,084,869)</u>	<u>1,003,250</u>
Net decrease in cash and cash equivalents	(1,088,470)	984,360
Cash and cash equivalents at beginning of period	2,720,983	1,220,441
Effect of exchange rate changes	6,447	(1,364)
Cash and cash equivalents at end of period	<u>1,638,960</u>	<u>2,203,437</u>

(The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 30 June 2007 and the accompanying explanatory notes attached to this interim financial report.)



Interim Report For The Financial Period Ended 31 December 2007
(The figures have not been audited)

Condensed Consolidated Statement Of Changes In Equity

(RM'000)	Attributable to equity holders of the Company						Minority interests	Total equity
	Share capital	Share premium	Capital reserve	Foreign currency translation reserve	Retained earnings	Total		
As at 1 July 2007	625,881	2,349,560	158,234	(101,977)	4,707,560	7,739,258	856,954	8,596,212
Net gain not recognised in income statement	-	-	-	52,306	-	52,306	1,160	53,466
Net profit for the period	-	-	-	-	1,032,709	1,032,709	85,936	1,118,645
Issue of shares arising from conversion of 2nd Exchangeable Bonds	12,125	557,775	(40,040)	-	(9,897)	519,963	-	519,963
Issue of shares arising from exercise of share options	376	13,504	(4,875)	-	-	9,005	-	9,005
Capital repayment	(31,295)	(1,283,096)	-	-	-	(1,314,391)	-	(1,314,391)
Recognition of share option expenses	-	-	18,026	-	-	18,026	-	18,026
Arising from acquisition of additional interest in subsidiaries	-	-	-	-	-	-	3,897	3,897
Dividend paid to minority interest	-	-	-	-	-	-	(66,986)	(66,986)
As at 31 December 2007	607,087	1,637,743	131,345	(49,671)	5,730,372	8,056,876	880,961	8,937,837

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2007 and the accompanying explanatory notes attached to this interim financial report.)



Interim Report For The Financial Period Ended 31 December 2007

(The figures have not been audited)

Condensed Consolidated Statement Of Changes In Equity (Continued)

(RM'000)	Attributable to equity holders of the Company									Minority interests	Total equity
	Share capital	Share premium	Revaluation surplus	Capital reserve	Foreign currency translation reserve	Negative goodwill	Treasury shares	Retained earnings	Total		
As at 1 July 2006											
As previously reported	605,267	1,855,765	82,290	86,688	(101,318)	6,512	(108,188)	3,606,907	6,033,923	746,984	6,780,907
Effect of adopting FRS 2 - Share-based Payment	-	-	-	14,786	-	-	-	(14,786)	-	-	-
As restated but before opening balance adjustments	605,267	1,855,765	82,290	101,474	(101,318)	6,512	(108,188)	3,592,121	6,033,923	746,984	6,780,907
Effect of adopting FRS 140 - Investment property	-	-	(82,290)	-	-	-	-	82,290	-	-	-
Effect of adopting FRS 3 - Business combination											
- Transfer of reserve on consolidation to retained earnings	-	-	-	-	-	(6,512)	-	6,512	-	-	-
- Transfer of discount on acquisition of associates to retained earnings	-	-	-	-	-	-	-	25,613	25,613	2,148	27,761
As restated	605,267	1,855,765	-	101,474	(101,318)	-	(108,188)	3,706,536	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 subsidiaries	-	-	-	-	-	-	-	-	-	(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)	-	(108,188)	4,189,204	6,945,759	775,966	7,721,725

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2007 and the accompanying explanatory notes attached to this interim financial report.)

Interim Report For The Financial Period Ended 31 December 2007

(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 2007.

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 2007.

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 2007 except for the adoption of the following new/revised FRSs:

		For financial period beginning on or after
FRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2007
FRS 107	Cash Flow Statements	1 July 2007
FRS 111	Construction Contracts	1 July 2007
FRS 112	Income Taxes	1 July 2007
FRS 118	Revenue	1 July 2007
FRS 120	Accounting for Government Grants and Disclosures of Government Assistance	1 July 2007
FRS 134	Interim Financial Reporting	1 July 2007
FRS 137	Provision, Contingent Liabilities and Contingent Assets	1 July 2007

The adoption of FRS 107, 111, 112, 118 and 137 do not have any significant financial impact on the results and the financial position of the Group.

FRS 6 and 120 are not relevant to the Group's operations.

b) Seasonal or Cyclical Factors

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

c) Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income and cash flows for the current financial year except for the capital repayment as explained in Note e).

Interim Report For The Financial Period Ended 31 December 2007

(The figures have not been audited)

Explanatory Notes

d) 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.

e) Details of Changes in Debt and Equity Securities

i. During the current financial year-to-date, the Company issued:

- 3,760,900 new ordinary shares of RM0.10 each for cash at RM2.50 per share arising from the exercise of options granted under the Company's Executive Share Option Scheme.
- 121,255,441 new ordinary shares of RM0.10 each at RM4.70 per share arising from the exchange of USD160,989,000 Zero Coupon Guaranteed Exchangeable Bonds due 2011.

ii. During the first quarter of the current financial year, the Company completed a capital repayment of RM1.314 billion to the shareholders of the Company on the basis of a cash distribution of RM4.20 for each share cancelled. The capital repayment was implemented via a cancellation of 312,950,341 ordinary shares in the Company on the basis of one (1) share cancelled for every twenty (20) existing shares held on the entitlement date of 15 August 2007. A total of RM0.031 billion of the issued and paid-up share capital of the Company was cancelled and the remaining balance of RM1.283 billion was set-off against the share premium account of the Company pursuant to Sections 64 and 60(2) of the Companies Act, 1965.

f) 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 tax exempt per ordinary share of RM0.50 each	-	164,779

Interim Report For The Financial Period Ended 31 December 2007

(The figures have not been audited)

Explanatory Notes

g) Segment Revenue & Results

(RM'000)	Plantation	Property Development	Property Investment	Resource-based Manufacturing	Other Operations	Eliminations	Consolidated
6 Months Ended 31/12/07							
REVENUE							
External Sales	118,945	377,977	33,855	5,992,337	56,768	-	6,579,882
Inter-segment sales	1,191,093	-	-	-	-	(1,191,093)	-
Total Revenue	1,310,038	377,977	33,855	5,992,337	56,768	(1,191,093)	6,579,882
RESULT							
Segment results	867,573	182,780	21,925	281,840	25,381	-	1,379,499
Gain on disposal of non-current assets held for sale	11,221	3,310	2,190	-	-	-	16,721
Translation gain on USD denominated borrowings							131,096
Other unallocated corporate expenses							(71,084)
Operating profit							1,456,232
Finance cost							(83,690)
Interest income							21,370
Share of results of associates	8,323	-	-	16,523	-	-	24,846
Share of results of jointly controlled entity	-	(20)	-	-	-	-	(20)
Profit before taxation							1,418,738
Taxation							(300,093)
Profit for the period							1,118,645
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	779,542	302,736	32,678	3,498,791	45,779	(520,356)	4,139,170
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							(33,061)
Operating profit							874,372
Finance cost							(53,326)
Interest income							12,174
Share of results of associates	5,115	-	-	23,170	-	-	28,285
Profit before taxation							861,505
Taxation							(169,728)
Profit for the period							691,777

Interim Report For The Financial Period Ended 31 December 2007

(The figures have not been audited)

Explanatory Notes

h) Material Events Subsequent to the End of Financial Period

There were no material events subsequent to 31 December 2007 that has not been reflected in the financial statements except for the following:-

- i. The issuance of USD600 Million Zero Coupon Guaranteed Exchangeable Bonds (“3rd Exchangeable Bonds”) on 15 January 2008 by IOI Resources (L) Berhad, a wholly-owned subsidiary of the Company. The 3rd Exchangeable Bonds are listed on the Singapore Exchange Securities Trading Limited and the Labuan International Financial Exchange. The summary of the principal terms and conditions of the 3rd Exchangeable Bonds are disclosed in our announcement to Bursa Malaysia on 9 January 2008.
- ii. The successful joint tender for a 99-year leasehold land in Sentosa, Singapore for a total cash consideration of SGD1,097,499,999 by both IOI Properties (Singapore) Pte Ltd, a wholly-owned subsidiary of IOI Properties Berhad and Ho Bee Investment Ltd. The details of the above are explained in Note 9(a).

i) 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 2007 except for the following:

	EFFECTIVE EQUITY INTEREST	
	AS AT	
	31/12/2007	30/06/2007
IOI Consolidated (Singapore) Pte Ltd <i>(formerly known as I.O.I. (S) Pte Ltd)</i>	100%	-
IOI Lipid Enzymtec Sdn Bhd	100%	-
Lynwood Capital Resource Pte Ltd	100%	-
Oakridge Investments Pte Ltd	100%	-
Oleander Capital Resources Pte Ltd	100%	-

j) Contingent Liabilities

There were no significant changes in contingent liabilities since the last annual balance sheet date.

Interim Report For The Financial Period Ended 31 December 2007

(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 FY2008 is 59% higher than last year's corresponding period. All major business segments reported increase in revenue as a result of higher palm oil prices, increased volume for resource-based manufacturing, as well as higher sales of properties.

The Group's pre-tax profit for H1 FY2008 is RM1,418.7 million, an increase of 65% as compared to the RM861.5 million reported for H1 FY2007, contributed by better performances from all major business segments.

Plantation earnings of RM867.6 million for H1 FY2008 is about twice the earnings generated for H1 FY2007, boosted by significantly higher CPO prices. Average CPO prices realised for H1 FY2008 is RM2,572 per MT as compared to RM1,560 per MT for the same period last year.

The resource-based manufacturing segment continued to perform well in H1 FY2008 with an increase in operating profit by 55% at RM281.8 million with the inclusion of profit from Pan Century Group as well as volume and margin growth from all three sub-segments.

The property segment reported an increase in operating profit by 14% to RM204.7 million as compared to RM179.1 million reported for H1 FY2007, driven mainly by higher demand for high-end residential properties.

Overall, the Group achieved net earnings of RM1,032.7 million for H1 FY2008, a 62% increase over the RM638.3 million recorded for H1 FY2007. The percentage increase of the Group's net earnings level is slightly lower than the percentage increase of the Group's pre-tax level due mainly to higher tax expense as a result of the expiry of certain tax incentives granted by the tax authority at the end of FY2007.

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 2007 and the date of this announcement.

Interim Report For The Financial Period Ended 31 December 2007

(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

Group pre-tax profit for Q2 FY2008 increased by 26% over Q1 FY2008. Both plantation and resource-based manufacturing segments continued to improve, benefiting from higher CPO prices and volume growth. Q2 FY2008 also registered a higher translation gain on USD denominated borrowings.

The analysis of contribution by segment is as follows:

	CURRENT QUARTER RM'000	PRECEDING QUARTER RM'000	INCREASE/ (DECREASE) RM'000	
Plantation	470,036	397,537	72,499	18.2%
Property development	83,851	98,929	(15,078)	
Property investment	11,124	10,801	323	
Total Property	94,975	109,730	(14,755)	(13.4%)
Resource-based manufacturing	159,079	122,761	36,318	29.6%
Other operations	9,865	15,516	(5,651)	(36.4%)
	<u>733,955</u>	<u>645,544</u>	<u>88,411</u>	<u>13.7%</u>
Gain on disposal of non-current assets held for sale	16,721	-	16,721	-
Translation gain on USD denominated borrowings	96,191	34,905	61,286	175.6%
Other unallocated corporate expenses	(42,007)	(29,077)	(12,930)	44.5%
Operating profit	<u>804,860</u>	<u>651,372</u>	<u>153,488</u>	<u>23.6%</u>
Interest expense	(38,987)	(44,703)	5,716	(12.8%)
Interest income	12,734	8,636	4,098	47.5%
Share of results of associates	11,884	12,962	(1,078)	(8.3%)
Share of results of jointly controlled entity	(4)	(16)	12	-
Profit before taxation	<u>790,487</u>	<u>628,251</u>	<u>162,236</u>	<u>25.8%</u>

Interim Report For The Financial Period Ended 31 December 2007

(The figures have not been audited)

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

3) Current Year Prospects

Barring unforeseen circumstances, all business segments are expected to continue to perform well for the financial year ending 30 June 2008.

4) Achievability of forecast results

Not applicable

5) Variance of Actual Profit from Forecast Results or Profit Guarantee

Not applicable.

6) 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	162,168	100,808	303,841	165,981
- Prior years	-	(15)	426	1,494
Deferred taxation				
- Current year	(6,922)	517	(11,808)	(2,523)
- Prior years	7,634	7,843	7,634	4,776
	162,880	109,153	300,093	169,728

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, non taxable income as well as tax incentives available to certain subsidiaries of the Group.

Effective tax rate for the current year is higher because of the expiry of certain tax incentive granted by the tax authority at the end for FY2007.

Interim Report For The Financial Period Ended 31 December 2007

(The figures have not been audited)

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

7) 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.

**8) 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	184	755	787	755
Total gain on disposal	76	131	352	131
Total purchases	-	14	-	14

b) Total investments in quoted securities (mainly classified under other long term investments) as at 31 December 2007 are as follows:

	RM'000
Quoted in Malaysia	
At cost	31,660
Allowance for diminution in value	(5,905)
Net book value	<u>25,755</u>
At market value	<u>68,246</u>
Quoted outside Malaysia *	
At cost	16,194
Allowance for diminution in value	(9,017)
Net book value	<u>7,177</u>
At market value	<u>8,205</u>

* Held by IOI Oleochemical Industries Berhad

Interim Report For The Financial Period Ended 31 December 2007

(The figures have not been audited)

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

9) Status of Corporate Proposal

- a) The status of corporate proposals announced by the Group but not completed as at 11 February 2008 (being a date not earlier than 7 days from the date of issue of the quarterly report) is as follows:

IOI Properties Berhad

Proposal	<p>On 9 January 2008, IOI Properties (Singapore) Pte Ltd, a wholly-owned subsidiary of IOI Properties Berhad, and Ho Bee Investment Ltd, had successfully tendered for a 99-year leasehold land parcel in Sentosa, Singapore, identified as Condominium Parcel C13 or 'The Pinnacle Collection' ('Subject Land'), measuring approximately 21,523 square meters or approximately 5.3 acres (with a maximum permissible gross floor area of 602,359 square feet, which translates into a maximum permissible gross plot ratio of 2.60), for a total cash consideration of SGD1,097,499,999 ("Proposed Acquisition").</p> <p>IOI Properties (Singapore) Pte Ltd and Ho Bee Investment Ltd have formed a joint venture company named Pinnacle (Sentosa) Pte. Ltd. to acquire and develop the Subject Land. The equity interest in this joint venture company is held in the proportion of 65%:35% by IOI Properties (Singapore) Pte Ltd and Ho Bee Investment Ltd respectively.</p>
Adviser	None
Approval(s) pending	<p>Ratification of shareholders of the Company will be sought at an extraordinary general meeting to be convened.</p> <p>The approval of Bank Negara Malaysia would also be sought should funds be remitted from Malaysia to Singapore to fund the Proposed Acquisition.</p>

- b) The status of utilisation of proceeds raised from the 3rd Exchangeable Bonds as at 11 February 2008 (being a date not earlier than 7 days from the date of issue of the quarterly report) is as follows:

Purpose	Proposed Utilisation (USD million)	Actual Utilisation (USD million)	Intended Timeframe for Utilisation	Deviation	
				Amount	%
Capital expenditure, investments/acquisitions and working capital	600	104	by January 2011	-	-
Total	600	104		-	-

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(The figures have not been audited)

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

10) Group Borrowings and Debts Securities

Group borrowings and debt securities as at 31 December 2007 are as follows:

	RM'000
a) Bank overdrafts	
Unsecured	
Denominated in RM	10,577
Denominated in EGP (EGP3,469,000)	2,043
Total Bank Overdrafts	<u>12,620</u>
b) Short term borrowings	
Secured	
Denominated in SGD (SGD23,000,000)	52,757
Unsecured	
Denominated in RM	146,195
Denominated in USD (USD2,010,000)	6,645
	<u>152,840</u>
Total Short Term Borrowings	<u>205,597</u>
c) Long term borrowings	
Unsecured	
Denominated in SGD (SGD241,000,000)	552,806
Denominated in JPY (JPY15,000,000,000)	421,891
Denominated in USD (USD656,488,000)	2,170,675
Total Long Term Borrowings	<u>3,145,372</u>
Total Borrowings	<u>3,363,589</u>

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(The figures have not been audited)

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

11) Off Balance Sheet Financial Instruments

- a) Forward foreign exchange sale and purchase contracts that were entered into as at 11 February 2008 (being a date not earlier than 7 days from the date of issue of the quarterly report) by certain subsidiary companies were RM4.18 billion and RM161.1 million respectively. These contracts were entered into as hedges for sales and purchases denominated in foreign currencies and to limit the exposure to potential changes in foreign exchange rates with respect to subsidiary companies' foreign currencies denominated estimated receipts and payments. The maturity period of these contracts range from February 2008 to January 2011.

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

- b) Structured foreign exchange contracts entered into by certain subsidiary companies and outstanding as at 11 February 2008 are as follows:

Description	Notional Amount	Effective Period
EUR/USD Target Redemption Forward	EUR192.0 million	June 2007 to October 2009
EUR/USD Strike Lift	EUR54.0 million	May 2007 to April 2010
USD/RM Strike Lift	USD180.0 million	May 2007 to August 2009

The above contracts were entered into as hedges for sales and purchases denominated in foreign currencies and to limit the exposure to potential changes in foreign exchange rates with respect to subsidiary companies' foreign currencies denominated estimated receipts and payments.

There is minimal credit risk as the contracts 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

11) Off Balance Sheet Financial Instruments (Continued)

- c) Commodity future contracts entered into by certain subsidiary companies and outstanding as at 11 February 2008 are as follows:

Description	Ringgit Equivalent (RM'mil)	Maturity Period
Sale contracts	249.4	March 2008 to January 2009
Purchase contracts	392.9	March 2008 to December 2008

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

The 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.

- d) As at 11 February 2008, the Group has the following interest rate swap contracts:

Interest Rate Swap	Notional Amount	Effective Period
CMS Spread Daily Range Accrual Swap	USD 150 million	12 October 2005 to 13 October 2010
CMS Spread Daily Range Accrual Swap	RM100 million	11 May 2006 to 11 May 2011
CMS Spread Daily Range Accrual Swap	EUR100 million	28 August 2007 to 28 August 2012
USD Dual Index Hybrid Swap	USD40 million	22 July 2007 to 22 July 2014

Note:

CMS: Constant Maturity Swap

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.

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(The figures have not been audited)

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

11) Off Balance Sheet Financial Instruments (Continued)

e) As at 11 February 2008, 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 ¹	USD209.6 million into EUR161million	1 April 2005 to 28 February 2015
JPY liability to USD liability ²	JPY15.0 billion into USD128 million	23 January 2007 to 22 January 2037
JPY liability to USD liability ³	JPY6.0 billion into USD55 million	11 January 2008 to 10 January 2038

¹ The contracts effectively swapped part of the Group's USD500 million 5.25% Guaranteed Notes due 2015 into fixed rate EUR liability and serve as a hedge against the Group's Euro denominated assets.

² The contracts effectively swapped the Group's JPY15.0 billion 30-year Fixed Rate Term Loan due 2037 into USD128 million liability.

³ The contracts effectively swapped the Group's JPY6.0 billion 30-year Fixed Rate Term Loan due 2038 into USD55 million liability.

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

f) As at 11 February 2008, the Company has the following currency option contracts:

Currency Option	Contract Amount	Expiry Date
EUR/USD CMS FX Forward	EUR3.6 million	20 February 2008

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

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

g) As at 11 February 2008, 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	1,000 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 the Group's resource-based 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

12) 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 2007. 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 12(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 has been fixed for further direction on 30 April 2008.

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

12) Material Litigations (Continued)

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. 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;

Meanwhile, Unipamol has been advised that Unitangkob has been wound up by its other creditors on 21 September 2007 and the Director General of Insolvency has been appointed as the Official Receiver of Unitangkob. Unipamol has filed a Proof of Debt against Unitangkob.

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 is fixed for case management on 4 March 2008.

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

13) Dividend

The Board declares an interim dividend of 70% or 7.0 sen per ordinary share of RM0.10 each less 26% income tax in respect of the six months financial period ended 31 December 2007 (31 December 2007: 70% or 35.0 sen per ordinary share of RM0.50 each less 27% income tax).

The dividend is payable on 28 March 2008 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 17 March 2008.

A Depositor shall qualify for entitlement only in respect of :

- a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 17 March 2008 in respect of transfers;
- b) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 13 March 2008 (in respect of shares which are exempted from mandatory deposit); 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 7.0 sen per RM0.10 share less 26% income tax (31 December 2006: 35.0 sen per RM0.50 share less 27% income tax).

14) Earnings per Share

Comparative earnings per share have been restated to take into account the effect of the subdivision of ordinary share of RM0.50 each into ordinary share of RM0.10 each on 6 June 2007.

	INDIVIDUAL QUARTER (Q2)		CUMULATIVE QUARTER (6 Mths)	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER (Restated)	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD (Restated)
	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	581,191	382,601	1,032,709	638,270
Weighted average number of ordinary shares in issue ('000)	5,988,476	6,126,435	6,057,425	6,089,675
Basic earnings per share (sen)	9.71	6.25	17.05	10.48

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(The figures have not been audited)

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

14) Earnings per Share (Continued)

	INDIVIDUAL QUARTER (Q2)		CUMULATIVE QUARTER (6 Mths)	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER (Restated)	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD (Restated)
	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	581,191	382,601	1,032,709	638,270
Assumed exchange of USD310 million Zero Coupon Guaranteed Exchangeable Bonds at beginning of period:				
Net interest savings	-	1,405	-	3,843
Net foreign exchange differences taken up	-	(8,081)	-	(7,891)
	-	(6,676)	-	(4,048)
Assumed exchange of USD370 million Zero Coupon Guaranteed Exchangeable Bonds at inception:				
Net interest savings	8,009	1,578	17,811	1,578
Net foreign exchange differences taken up	(27,047)	(7,747)	(38,829)	(7,747)
	(19,038)	(6,169)	(21,018)	(6,169)
	562,153	369,756	1,011,691	628,053
Adjusted weighted average number of ordinary shares in issue ('000)				
Weighted average number of ordinary shares in issue	5,988,476	6,126,435	6,057,425	6,089,675
Assumed exchange of USD310 million Zero Coupon Guaranteed Exchangeable Bonds at beginning of period	-	102,630	-	139,385
Assumed exchange of USD370 million Zero Coupon Guaranteed Exchangeable Bonds at inception	205,899	54,525	226,329	19,690
Assumed exercise of Executive Share Options at beginning of period	76,244	34,680	69,783	30,315
	6,270,619	6,318,270	6,353,537	6,279,065
Diluted earnings per share (sen)	8.96	5.85	15.92	10.00



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(The figures have not been audited)

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

15) Audit Qualification

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

By Order of the Board

Lee Ai Leng
Yap Chon Yoke
Company Secretaries

Putrajaya
14 February 2008

Interim Report For The Financial Period Ended 31 December 2007

(The figures have not been audited)

Group Plantation Statistics

		As At 31/12/2007	As At 31/12/2006
Planted Area			
Oil palm			
Mature	<i>(hectares)</i>	138,258	138,501
Total planted	<i>(hectares)</i>	149,129	148,813
Rubber			
Mature	<i>(hectares)</i>	568	568
Total planted	<i>(hectares)</i>	859	568

		31/12/2007 (6 months)	31/12/2006 (6 months)
Average Mature Area			
Oil Palm	<i>(hectares)</i>	138,691	137,364
Rubber	<i>(hectares)</i>	568	568
Production			
Oil Palm			
FFB production	<i>(tonnes)</i>	2,178,770	2,122,500
Yield per mature hectare	<i>(tonnes)</i>	15.71	15.45
FFB processed	<i>(tonnes)</i>	2,185,421	2,141,408
Crude palm oil production	<i>(tonnes)</i>	468,932	461,133
Palm kernel production	<i>(tonnes)</i>	110,643	106,442
Crude palm oil extraction rate	<i>(%)</i>	21.46%	21.53%
Palm kernel extraction rate	<i>(%)</i>	5.06%	4.97%
Rubber			
Rubber production	<i>('000kgs)</i>	798	876
Yield per mature hectare	<i>(kgs)</i>	1,404	1,541
Average Selling Price Realised			
Oil palm			
Crude palm oil	<i>(RM/tonne)</i>	2,572	1,560
Palm kernel	<i>(RM/tonne)</i>	1,518	817