



IOI GROUP

IOI CORPORATION BERHAD (9027-W)

(Incorporated in Malaysia)

**Interim Report
For The Financial Period Ended
31 December 2008**

Interim Report For The Financial Period Ended 31 December 2008

(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
	31/12/2008 RM'000	31/12/2007 RM'000	31/12/2008 RM'000	31/12/2007 RM'000
Revenue	3,726,840	3,457,141	8,381,612	6,579,882
Operating profit	385,885	804,860	874,431	1,456,232
Interest income	15,088	12,734	35,758	21,370
Finance cost	(54,189)	(38,987)	(114,303)	(83,690)
Share of results of associates	3,075	11,884	16,539	24,846
Share of results of jointly controlled entities	(16,364)	(4)	(16,388)	(20)
Profit before taxation	333,495	790,487	796,037	1,418,738
Taxation	(150,967)	(162,880)	(291,903)	(300,093)
Profit for the period	182,528	627,607	504,134	1,118,645
Attributable to:				
Equity holders of the parent	168,586	581,191	459,086	1,032,709
Minority interest	13,942	46,416	45,048	85,936
	182,528	627,607	504,134	1,118,645
Earnings per share (sen)				
Basic	2.86	9.71	7.75	17.05
Diluted	2.85	8.96	7.71	15.92

(The condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 30 June 2008 and the accompanying explanatory notes attached to this interim financial report.)

Interim Report For The Financial Period Ended 31 December 2008

(The figures have not been audited)

Condensed Consolidated Balance Sheet

	AS AT END OF CURRENT QUARTER 31/12/2008 RM'000	AS AT PRECEDING FINANCIAL YEAR END 30/06/2008 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	4,577,853	4,519,274
Prepaid lease payments	819,727	822,328
Land held for property development	936,421	927,263
Investment properties	841,891	838,639
Other long term investments	23,189	26,198
Goodwill on consolidation	547,420	514,136
Associates	558,610	542,071
Jointly controlled entities	1,607,424	1,515,878
Deferred tax assets	52,215	55,619
	9,964,750	9,761,406
Current assets		
Property development costs	467,966	412,178
Inventories	1,986,064	2,447,941
Receivables	1,450,437	1,743,765
Short term investments	7,129	7,129
Short term funds	1,005,374	1,592,545
Short term deposits	397,354	871,542
Cash and bank balances	445,530	424,718
	5,759,854	7,499,818
TOTAL ASSETS	15,724,604	17,261,224

(The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial year ended 30 June 2008 and the accompanying explanatory notes attached to this interim financial report.)

Interim Report For The Financial Period Ended 31 December 2008

(The figures have not been audited)

Condensed Consolidated Balance Sheet (Continued)

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
	31/12/2008 RM'000	30/06/2008 RM'000
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	615,059	613,788
Share premium	1,966,057	1,923,327
Other reserves	249,046	330,864
Treasury shares	(1,593,703)	(1,079,914)
Retained profits	6,487,706	6,603,296
	<u>7,724,165</u>	<u>8,391,361</u>
Minority interests	1,050,688	965,117
Total equity	<u>8,774,853</u>	<u>9,356,478</u>
Non-current liabilities		
Long term borrowings	5,067,853	4,867,178
Other long term liabilities	77,129	76,196
Deferred tax liabilities	524,197	551,462
	<u>5,669,179</u>	<u>5,494,836</u>
Current liabilities		
Payables	1,028,884	1,152,022
Bank overdrafts	2,820	9,152
Short term borrowings	73,453	1,087,803
Provision for taxation	175,415	160,933
	<u>1,280,572</u>	<u>2,409,910</u>
Total liabilities	<u>6,949,751</u>	<u>7,904,746</u>
TOTAL EQUITY AND LIABILITIES	<u>15,724,604</u>	<u>17,261,224</u>
Net assets per share attributable to equity holders of the parent (RM)	1.31	1.40

(The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial year ended 30 June 2008 and the accompanying explanatory notes attached to this interim financial report.)

Interim Report For The Financial Period Ended 31 December 2008

(The figures have not been audited)

Condensed Consolidated Cash Flow Statement

	6 Months Ended 31/12/2008 RM'000	6 Months Ended 31/12/2007 RM'000
Operating Activities		
Profit before taxation	796,037	1,418,738
Adjustments for:		
Depreciation	108,907	117,521
Other non-cash items	358,962	(100,854)
Operating profit before working capital changes	<u>1,263,906</u>	<u>1,435,405</u>
Net changes in working capital	666,023	(556,021)
Cash generated from operations	<u>1,929,929</u>	<u>879,384</u>
Other payments	(157)	(263)
Taxes paid	(344,235)	(127,470)
Net cash inflow from operating activities	<u>1,585,537</u>	<u>751,651</u>
Investing Activities		
Equity investments	(16,525)	(244,149)
Investment in land held for development	(37,895)	-
Other investments	(40,582)	(23,999)
Payment made to jointly controlled entities	(77,124)	(407,791)
Property, plant and equipment	(208,422)	(79,313)
Net cash outflow from investing activities	<u>(380,548)</u>	<u>(755,252)</u>
Financing Activities		
Right issue of a subsidiary	45,680	-
Issuance of shares (subsidiary)	380	4,085
Dividends paid to minority shareholders	(44,161)	(66,986)
Purchase of 3rd Exchangeable Bonds	(84,373)	-
(Repurchase)/Issuance of shares (net)	(477,558)	9,402
Dividends paid	(590,996)	-
Bank borrowings	(1,080,346)	283,021
Capital repayment	-	(1,314,391)
Net cash outflow from financing activities	<u>(2,231,374)</u>	<u>(1,084,869)</u>
Net decrease in cash and cash equivalents	<u>(1,026,385)</u>	<u>(1,088,470)</u>
Cash and cash equivalents at beginning of period	<u>2,879,653</u>	<u>2,720,983</u>
Effect of exchange rate changes	<u>(7,830)</u>	<u>6,447</u>
Cash and cash equivalents at end of period	<u>1,845,438</u>	<u>1,638,960</u>

(The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 30 June 2008 and the accompanying explanatory notes attached to this interim financial report.)



Interim Report For The Financial Period Ended 31 December 2008

(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	Treasury shares	Retained earnings	Total		
As at 1 July 2008	613,788	1,923,327	331,081	(217)	(1,079,914)	6,603,296	8,391,361	965,117	9,356,478
Net loss not recognised in income statement	-	-	-	(69,731)	-	-	(69,731)	2,040	(67,691)
Net profit for the period	-	-	-	-	-	459,086	459,086	45,048	504,134
Dividend paid in respect of previous financial year	-	-	-	-	-	(590,996)	(590,996)	-	(590,996)
Issue of shares arising from exercise of share options	1,271	42,730	(7,849)	-	-	-	36,152	-	36,152
Repurchase of shares	-	-	-	-	(513,789)	-	(513,789)	-	(513,789)
Recognition of share option expenses	-	-	8,279	-	-	-	8,279	89	8,368
Purchase of 3rd Exchangeable Bonds	-	-	(12,517)	-	-	16,320	3,803	-	3,803
Arising from acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	82,555	82,555
Dividend paid to minority interest	-	-	-	-	-	-	-	(44,161)	(44,161)
As at 31 December 2008	615,059	1,966,057	318,994	(69,948)	(1,593,703)	6,487,706	7,724,165	1,050,688	8,774,853

(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 2008 and the accompanying explanatory notes attached to this interim financial report.)



Interim Report For The Financial Period Ended 31 December 2008

(The figures have not been audited)

Condensed Consolidated Statement Of Changes In Equity (Continued)

(RM'000)	Attributable to equity holders of the Company					Total	Minority interests	Total equity
	Share capital	Share premium	Capital reserve	Foreign currency translation reserve	Retained earnings			
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 2008 and the accompanying explanatory notes attached to this interim financial report.)

Interim Report For The Financial Period Ended 31 December 2008

(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 2008.

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 2008.

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 2008.

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 share buy-back as explained in Note e).

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.

Interim Report For The Financial Period Ended 31 December 2008

(The figures have not been audited)

Explanatory Notes

e) Details of Changes in Debt and Equity Securities

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

- 10,243,500 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.
- 2,470,400 shares of RM0.10 each for cash at RM4.30 per share arising from the exercise of options granted under the Company's Executive Share Option Scheme.

iii. During the current financial year-to-date, the Company has repurchased 106,105,000 of its issued shares capital from the open market. The average price paid for the shares repurchased was RM4.84 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act 1965.

f) Dividends Paid

	CURRENT YEAR TO DATE RM'000	PRECEDING YEAR CORRESPONDING PERIOD RM'000
Second interim single tier dividend in respect of financial year ended 30 June 2008		
- 10.0 sen per ordinary share of RM0.10 each	590,996	-
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Interim Report For The Financial Period Ended 31 December 2008

(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 31/12/08							
REVENUE							
External Sales	129,291	262,043	39,134	7,882,588	68,556	-	8,381,612
Inter-segment sales	1,421,787	-	-	-	-	(1,421,787)	-
Total Revenue	<u>1,551,078</u>	<u>262,043</u>	<u>39,134</u>	<u>7,882,588</u>	<u>68,556</u>	<u>(1,421,787)</u>	<u>8,381,612</u>
RESULT							
Segment results *	1,094,955	105,836	23,584	59,438	44,112	-	1,327,925
Translation loss on USD denominated borrowings (bonds)							(249,596)
Other unallocated corporate expenses #							(203,898)
Operating profit							874,431
Finance cost							(114,303)
Interest income							35,758
Share of results of associates	8,515	-	-	8,024	-	-	16,539
Share of results of jointly controlled entity	-	(16,388)	-	-	-	-	(16,388)
Profit before taxation							796,037
Taxation							(291,903)
Profit for the period							<u>504,134</u>
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	<u>1,310,038</u>	<u>377,977</u>	<u>33,855</u>	<u>5,992,337</u>	<u>56,768</u>	<u>(1,191,093)</u>	<u>6,579,882</u>
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							<u>1,118,645</u>

* Result for the resource-based manufacturing is inclusive of realised foreign exchange losses of RM120.9 million and customer defaults of RM79.1 million.

Other unallocated corporate expenses is inclusive of RM73.3 million forfeited on the termination of contract relating to the acquisition of Menara Citibank in Kuala Lumpur and realised foreign exchange losses of RM75.6 million

Interim Report For The Financial Period Ended 31 December 2008

(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 2008 that has not been reflected in the financial statements

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 2008 except for the following:

	EFFECTIVE EQUITY INTEREST	
	AS AT	
	31/12/2008	30/06/2008
Laksana Kemas Sdn Bhd	100 %	-
IOI Pelita Kanowit Sdn Bhd	50 %	-
IOI Oleo (Europe) ApS	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 2008

(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

In tandem with the global economic slow down, the Group reported a lower pre-tax profit of RM796.0 million for H1 FY2009 as compared to RM1,418.7 million for H1 FY2008. The lower pre-tax profit is due mainly to realised foreign exchange losses of RM120.9 million and customer defaults on high priced contracts in the manufacturing segment, unrealised translation losses of RM249.6 million on USD denominated long term borrowings as well as the softening property market.

The plantation segment reported a 26% increase in operating profit, i.e. RM1,095.0 million as compared to RM867.6 million for H1 FY2008. The better performance is due mainly to higher CPO prices realised from the forward sales entered into during the second half year of FY2008. Average CPO prices realised for H1 FY2009 was RM3,238 per MT as compared to RM2,572 per MT for H1 FY2008.

The resource-based manufacturing operating profit of RM59.4 million for H1 2009 is significantly lower compared to RM281.8 million for H1 FY2008. The lower profit is attributable mainly to realised foreign exchange losses, customer defaults on high priced contracts and lower sales volume due to the unfavourable global economic conditions.

The property segment's operating profit of RM129.4 million for H1 FY2009 is 37% lower than H1 FY 2008. The decrease is due mainly to the soft property market conditions and also the lower margins as a result of higher construction costs.

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 2008 and the date of this announcement.

Interim Report For The Financial Period Ended 31 December 2008

(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 decreased by 28% from RM462.5 million for Q1 FY2009 to RM333.5 million for Q2 FY2009.

Operating profit of RM527.8 million from the plantation segment is 7% lower than the previous quarter due mainly to declining CPO prices.

Property segment reported a decrease of 10% or RM7.0 million, due mainly to the soft property market which resulted in lower sales.

The manufacturing segment also reported a significant drop in profit by RM230.0 million due mainly to the recognition of realised foreign exchange losses, reduction in sales volume and margins as well as customer defaults on high priced contracts all lumped into the current quarter.

The analysis of contribution by segment is as follows:

	CURRENT QUARTER RM'000	PRECEDING QUARTER RM'000	INCREASE/ (DECREASE) RM'000	
Plantation	527,846	567,109	(39,263)	(7%)
Property development	49,251	56,585	(7,334)	
Property investment	11,955	11,629	326	
Total Property	61,206	68,214	(7,008)	(10%)
Resource-based manufacturing *	(85,311)	144,749	(230,060)	(159%)
Other operations	30,747	13,365	17,382	130%
	<u>534,488</u>	<u>793,437</u>	<u>(258,949)</u>	<u>(33%)</u>
Translation loss on USD denominated borrowings (bonds)	(37,354)	(212,242)	174,888	(82%)
Other unallocated corporate expenses #	(111,249)	(92,649)	(18,600)	20%
Operating profit	385,885	488,546	(102,661)	(21%)
Interest expense	(54,189)	(60,114)	5,925	(10%)
Interest income	15,088	20,670	(5,582)	(27%)
Share of results of associates	3,075	13,464	(10,389)	(77%)
Share of results of jointly controlled entity	(16,364)	(24)	(16,340)	68083%
Profit before taxation	<u>333,495</u>	<u>462,542</u>	<u>(129,047)</u>	<u>(28%)</u>

* Result for the resource-based manufacturing for the current quarter is inclusive of realised foreign exchange losses of RM57.5 million and customer defaults of RM76.3 million

Other unallocated corporate expenses for the current quarter is inclusive of RM73.3 million forfeited on the termination of contract relating to the acquisition of Menara Citibank in Kuala Lumpur and realised foreign exchange losses of RM38.4 million

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(The figures have not been audited)

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

3) Current Year Prospects

The global economic slowdown which is now affecting Malaysia will no doubt make the current year a challenging period for business corporations. With regard to the Group's upstream plantations business, our higher oil yield, cost efficiency and strong financial position will put us in good stead in facing the softened CPO prices.

With the relative stabilisation of feed stock prices and currency exchange rates since December 2008, our downstream manufacturing operations have managed to overcome the problems of customer defaults and currency fluctuations which have affected the business performance earlier. Therefore, going forward, our downstream manufacturing business is expected to perform better again.

In line with the dampening economic outlook, we expect a generally subdued property market in the near term.

Overall, the Group's results for the current financial year is expected to be lower than the previous year's record results but still satisfactory in the light of current conditions.

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	158,433	162,168	311,299	303,841
- Prior years	-	-	-	426
Deferred taxation				
- Current year	(7,466)	(6,922)	(19,396)	(11,808)
- Prior years	-	7,634	-	7,634
	150,967	162,880	291,903	300,093

The effective tax rate of the Group for the current quarter is higher than the statutory tax rate due principally to the non-allowable unrealised foreign exchange losses and other non-allowable expenses incurred by the Group.

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(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	13,236	184	13,236	787
Total gain on disposal	10,618	76	10,618	352
Total purchases	28	-	28	-

b) Total investments in quoted securities (mainly classified under other long term investments) as at 31 December 2008 are as follows:

	RM'000
Quoted in Malaysia	
At cost	28,097
Allowance for diminution in value	(6,422)
Net book value	<u>21,675</u>
At market value	<u>32,928</u>
Quoted outside Malaysia	
At cost	16,194
Allowance for diminution in value	(9,077)
Net book value	<u>7,117</u>
At market value	<u>5,229</u>

Interim Report For The Financial Period Ended 31 December 2008

(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 13 February 2009 (being a date not earlier than 7 days from the date of issue of the quarterly report) is as follows:

IOI Corporation Berhad ("IOI")

Proposal	On 30 January 2009, IOI entered into a conditional sale and purchase agreement with IOI Properties Berhad ("IOI Prop") for the disposal of its entire equity interests in IOI Landscape Services Sdn Bhd to IOI Prop, for a total cash consideration of RM2.00 as part of streamlining exercise.
Adviser	None.
Approval(s) pending	Foreign Investment Committee ("FIC")

Proposal	<p>On 4 February 2009, IOI served a notice of voluntary take-over offer on the Board of Directors of IOI Prop to notify IOI Prop of IOI's intention to acquire all 199,727,505 ordinary shares of RM0.50 each in IOI Prop ("IOI Prop Share") not already owned by IOI and all the new IOI Prop Shares that may be issued prior to the closing of the offer arising from the exercise of outstanding options granted pursuant to IOI Prop's Executive Share Option Scheme ("ESOS Options") at an offer price of RM2.598 per IOI Prop Share to be satisfied in the following manner:</p> <ol style="list-style-type: none"> i. the issuance of zero-point six (0.6) ordinary shares of RM0.10 each in IOI ("IOI Share") at an issue price of RM3.78 per IOI Share; and ii. RM0.33 in cash, <p>for every one (1) IOI Prop Share held in respect of which the offer is validly accepted.</p> <p>(to be referred to as "Offer").</p>
Adviser	AmInvestment Bank Berhad
Approval(s) pending	<ul style="list-style-type: none"> • the Securities Commission ("SC") for the issuance of new IOI Shares pursuant to the Offer; • the SC for the Offer under the FIC Guideline On The Acquisition Of Interests, Mergers and Take-Overs By Local And Foreign Interests; • Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the new IOI Shares to be issued pursuant to the Offer on the Main Board of Bursa Securities.

Interim Report For The Financial Period Ended 31 December 2008

(The figures have not been audited)

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

9) Status of Corporate Proposal (Continued)

- b) The status of utilisation of proceeds raised from the 3rd Exchangeable Bonds as at 13 February 2009 (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	385	by January 2011	-	-
Total	600	385		-	-

10) Group Borrowings and Debts Securities

Group borrowings and debt securities as at 31 December 2008 are as follows:

RM'000

a) Bank overdrafts

Unsecured	
Denominated in RM	748
Denominated in EGP* (EGP3,339,000)	2,072
Total Bank Overdrafts	<u>2,820</u>

b) Short term borrowings

Unsecured	
Denominated in RM	50,300
Denominated in USD (USD481,000)	1,669
Denominated in SGD (SGD8,900,000)	21,484
Total Short Term Borrowings	<u>73,453</u>

c) Long term borrowings

Unsecured	
Denominated in SGD (SGD256,000,000)	617,958
Denominated in JPY (JPY21,000,000,000)	633,797
Denominated in USD (USD1,100,533,000)	3,816,098
Total Long Term Borrowings	<u>5,067,853</u>

* EGP – Egyptian Pound

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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 13 February 2009 (being a date not earlier than 7 days from the date of issue of the quarterly report) by certain subsidiary companies were RM3.26 billion and RM107.7 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 2009 to December 2010.

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

- b) Structured foreign exchange contracts entered into by the Group and outstanding as at 13 February 2009 are as follows:

Description	Notional Amount	Effective Period
USD/MYR Target Redemption Forward	USD40.0 million	February 2009 to April 2009
Reverse EUR/USD Target Redemption Forward	EUR64.5 million	February 2009 to August 2009

The above contracts were entered into as hedges for USD deposits, 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 13 February 2009 are as follows:

Description	Ringgit Equivalent (RM'mil)	Maturity Period
Sale contracts	71.0	February 2009 to August 2009
Purchase contracts	148.6	March 2009 to July 2010

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 13 February 2009, the Group has the following interest rate swap contract:

Interest Rate Swap	Notional Amount	Effective Period
USD Dual Index Hybrid Swap	USD40 million	22 July 2007 to 22 July 2014

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 13 February 2009, 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	USD104.1 million into EUR80 million	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	5 February 2008 to 5 February 2038
Fixed rate USD liability to fixed rate RM liability ⁴	USD100.0 million into RM352 million	3 February 2009 to 3 February 2012

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.

⁴ The contracts effectively swapped the Group's USD100 million 3-year Fixed Rate Term Loan into RM352 million liability.

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

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 2008. 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 transferred to another court and no hearing date has been fixed.

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 full trial on 1st and 2nd December 2009.

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

On 16 January 2009, the Board declared an interim single tier dividend of 30% or 3.0 sen per ordinary share of RM0.10 each in respect of financial year ending 30 June 2009 (30 June 2008: 70% or 7.0 sen per ordinary share of RM0.10 each less 26% income tax).

The dividend is payable on 27 February 2009 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 20 February 2009.

The total dividend declared to date for the current financial year is 3.0 sen per ordinary share of RM0.10 each (31 December 2007: 7.0 sen per RM0.10 share less 26% income tax).

14) 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	168,586	581,191	459,086	1,032,709
Weighted average number of ordinary shares in issue ('000)	5,899,989	5,988,476	5,926,660	6,057,425
Basic earnings per share (sen)	2.86	9.71	7.75	17.05

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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	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	168,586	581,191	459,086	1,032,709
Assumed exchange of USD370 million Zero Coupon Guaranteed Exchangeable Bonds at inception:				
Net interest savings	-	8,009	-	17,811
Net foreign exchange differences taken up	-	(27,047)	-	(38,829)
	-	(19,038)	-	(21,018)
	168,586	562,153	459,086	1,011,691
Adjusted weighted average number of ordinary shares in issue ('000)				
Weighted average number of ordinary shares in issue	5,899,989	5,988,476	5,926,660	6,057,425
Assumed exchange of USD370 million Zero Coupon Guaranteed Exchangeable Bonds at inception	-	205,899	-	226,329
Assumed exercise of Executive Share Options at beginning of period	14,129	76,244	27,185	69,783
	5,914,118	6,270,619	5,953,845	6,353,537
Diluted earnings per share (sen)	2.85	8.96	7.71	15.92

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
20 February 2009

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(The figures have not been audited)

Group Plantation Statistics

		As At 31/12/2008	As At 31/12/2007
Planted Area			
Oil palm			
Mature	<i>(hectares)</i>	138,901	138,258
Total planted	<i>(hectares)</i>	148,475	149,129
Rubber			
Mature	<i>(hectares)</i>	274	568
Total planted	<i>(hectares)</i>	712	859

		31/12/2008 (6 months)	31/12/2007 (6 months)
Average Mature Area			
Oil Palm	<i>(hectares)</i>	139,373	138,691
Rubber	<i>(hectares)</i>	274	568
Production			
Oil Palm			
FFB production	<i>(tonnes)</i>	2,083,501	2,178,770
Yield per mature hectare	<i>(tonnes)</i>	14.95	15.71
FFB processed	<i>(tonnes)</i>	2,088,986	2,185,421
Crude palm oil production	<i>(tonnes)</i>	446,475	468,932
Palm kernel production	<i>(tonnes)</i>	103,494	110,643
Crude palm oil extraction rate	<i>(%)</i>	21.37%	21.46%
Palm kernel extraction rate	<i>(%)</i>	4.95%	5.06%
Rubber			
Rubber production	<i>('000kgs)</i>	378	798
Yield per mature hectare	<i>(kgs)</i>	1,378	1,404
Average Selling Price Realised			
Oil palm			
Crude palm oil	<i>(RM/tonne)</i>	3,238	2,572
Palm kernel	<i>(RM/tonne)</i>	1,520	1,518