

## 9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

No.	Name of Registered Owner and Postal Address/Title Identification	Beneficial Owner	Description / Existing Use	Tenure • Date of Expiry of Lease	• Approx land area (acres)	Restriction in Interest/ Encumbrances	NBV as at 31 January 2013 (RM'000)**	NBV as at 30 June 2013 (RM'000)**	Market Value as at 31 January 2013/ Valuation Method of (RM'000)	Revaluation Surplus/ (Deficit) as at 31 January 2013 (RM'000)
50.	IOI Corporation Bhd Various lots within Mukim Gemencheh, District of Tampin, Negeri Sembilan Darul Khusus held under various land titles  Fronts onto Gemencheh-Balang Melaka Road	Bukit Kelang Development Sdn Bhd <sup>A</sup>	66 vacant terrace house plots and 74 vacant semi-detached house plots located within a housing scheme known as Taman Regent, Gemencheh, Negeri Sembilan Darul Khusus	Freehold	7.44	"Tanah ini adalah untuk Bumiputra sahaja dan tidak boleh dipindahtitlik atau dipajak kepada bukan Bumiputra kecuali dengan kebenaran Pinak Berkenaan Negeri"	1,013	1,016	3,600 Residual Method of Income Approach	2,587
51.	IOI Corporation Bhd Part of Parent Lot Nos. 7 and 203, both within Mukim of Rompin, District of Jempol, Negeri Sembilan Darul Khusus held under Parent Title Nos. GRN 52836 and 72320 respectively  Located off Bahau-Mahsana Road	Bukit Kelang Development Sdn Bhd <sup>A</sup>	2 parcels of unconverted development land located within Bahau town, Bahau, Negeri Sembilan. Currently used for palm oil cultivation activities.	Freehold	500.01	Nil	60,000 (Note 6)	60,000	60,000 Comparison Approach	-
<b>Total</b>							<b>92,908</b>	<b>92,918</b>	<b>156,600</b>	<b>63,892</b>
<b>Singapore</b>										
52.	Clementi Development Pte Ltd Mukim 5 Lot No. 8754K at 28, 28A, 28B and 28C Jalan Lempeng, Singapore held under Title No. Lease 28267	Clementi Development Pte Ltd	Proposed condominium development accommodating 744 apartments and 11 penthouses along Jalan Lempeng known as The Triling	Leasehold 16 April 2111	6.03	Nil	1,133,412*** or SGD455,474	1,089,320*** or SGD433,629	1,157,222*** or SGD463,600 Residual Method of Income Approach	23,810*** or SGD10,126
<b>Total</b>							<b>1,133,412</b>	<b>1,089,320</b>	<b>1,157,222</b>	<b>23,810</b>
<b>China</b>										
53.	IOI Xiamen Properties Co Ltd Sited on part of Lot 2012.JP01 located at the northeastern side of the Junction Xinglin Bay Road and Jimel Main Road, Jimel New Town, Zone 11-12, Jimel District, Xiamen, Fujian Province, the PRC held under Title No. 00020394	IOI Xiamen Properties Co Ltd	3 parcels of leasehold land for the proposed residential development (Plots D3 to D5)	Leasehold Expiring on 17 Sept 2082	21.37	Note 8	298,792** or RMB601,234	316,999** or RMB612,511	307,250*** or RMB618,254 Comparison Approach (Note 11)	8,458*** or RMB17,020
<b>TOTAL LAND HELD FOR DEVELOPMENT</b>							<b>2,906,232</b>	<b>2,925,309</b>	<b>6,595,202</b>	<b>3,688,971</b>

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

No.	Name of Registered Owner and Postal Address/Title Identification	Beneficial Owner	Description / Existing Use	Tenure • Date of Expiry of Lease • Approximate Age of Building	• Approximate area (acres) • Rooms / Gross floor area (sq ft)	Restriction in Interest/ Encumbrances	Certificate of Completion and Compliance ("CCC") / Occupation Permit ("OP")	Attained NBV as at 31 January 2013 (RM'000)**	Audited NBV as at 30 June 2013 (RM'000)**	Market Value as at 31 January 2013 Method of Valuation (RM'000)	Revaluation Surplus/ (Deficit) as at 31 January 2013 (RM'000)
<b>PROPERTY, PLANT AND EQUIPMENT</b>											
<b>Klang Valley</b>											
54.	Industrial Oxygen Incorporated Bhd Putrajaya Marriott Hotel & Spa, IOI Resort City, 62502 Putrajaya  Sited on Lot No. PT74, Pekan Bukit Bisa, District of Sepang, Selangor Darul Ehsan held under Title No. HS(D) 10729  Located off South Klang Valley Expressway, in IOI Resort City	Resort Villa Development Sdn Bhd <sup>a</sup>	A 5 star 488 room hotel owned and operated by our Group, known as Putrajaya Marriott Hotel, as a going concern and fully operational 5 star hotel within an on-going comprehensive development known as IOI Resort City	Freehold Age: 10 years	15.96 (Part of) 488 rooms/ suites / 1,520,585	Nil	The subject property has been issued with a Certificate of Fitness of Occupation on 15 July 2003	124,323	122,506	161,000 @ Profits Method (By Discounted Cash Flow) of Income Approach	36,677
55.	Industrial Oxygen Incorporated Bhd Palm Garden Hotel, IOI Resort, 62502 Putrajaya  PT77, Pekan Bukit Bisa, District of Sepang, Selangor Darul Ehsan held under Title No. HS(D) 10732  Located off South Klang Valley Expressway, in IOI Resort City	Resort Villa Golf Course Development Sdn Bhd <sup>a</sup>	A 4 star 151 room hotel owned and operated by our Group, known as Palm Garden Hotel located within an on-going comprehensive development known as IOI Resort City	Freehold Age: 20 years	2.96 151 hotel rooms / 139,543	Nil	The subject property has been issued with a Certificate of Fitness of Occupation on 26 August 1995	17,667	17,593	46,000 Profits Method (By Discounted Cash Flow) of Income Approach	28,333

## 9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

No.	Name of Registered Owner and Postal Address/Title Identification	Beneficial Owner	Description / Existing Use	Tenure • Date of Expiry of Lease • Approximate Age of Building	Approximate area (acres) • Rooms / Gross floor area (sq.ft)	Restriction in Interest/ Encumbrances	Certificate of Completion and Compliance ("CCC") / Occupation Permit ("OP")	Audited NBV as at 31 January 2013 (RM'000)**	Audited NBV as at 30 June 2013 (RM'000)**	Market Value as at 31 January 2013 Method of Valuation (RM'000)	Revaluation Surplus/ (Deficit) as at 31 January 2013 (RM'000)
56.	<b>Industrial Oxygen Incorporated Bhd</b> Palm Garden Golf Club, IOI Resort, 62502 Putrajaya  Part of Parent Lot 6, Pekan Bukit Bisa, District of Sepang, Selangor Darul Ehsan held under Parent Title No. GRN 278963 Located off South Klang Valley Expressway, in IOI Resort City	Resort Villa Golf Course Bhd <sup>A</sup>	A 18 hole golf course together with a clubhouse owned and operated by our Group, known as Palm Garden Golf Club located within an on-going comprehensive development known as IOI Resort City	Freehold Age: 1 year for the club house	145.68 171,398 (clubhouse)	Nil	The club house has been issued with a Certificate of Completion and Compliance on 16 April 2012	130,095	128,559	215,000 Cost Approach	84,905
57.	<b>Industrial Oxygen Incorporated Bhd</b> Palm Garden Golf Club, IOI Resort, 62502 Putrajaya  PT75, Pekan Bukit Bisa, District of Sepang, Selangor Darul Ehsan held under Title No. HS(D) 10730  Located off South Klang Valley Expressway, in IOI Resort City	Resort Villa Golf Course Bhd <sup>A</sup>	A parcel of commercial development land accommodating a golf club house owned and operated by our Group, located within an on-going comprehensive development known as IOI Resort City	Freehold Age: 19 years for the club house	11.27 125,523 (clubhouse)	Nil	The club house has been issued with the Certificate of Fitness for Occupation on 5 July 1994	9,960	9,165	72,400 Comparison Approach	62,440

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

No.	Name of Registered Owner and Postal Address/Title Identification	Beneficial Owner	Description / Existing Use	Tenure • Date of Expiry of Lease • Approximate Age of Building	• Approx land area (acres) • Rooms / Gross floor area (sq.ft)	Restriction in Interest/ Encumbrances	Certificate of Completion and Compliance ("CCC") / Occupation Permit ("OP")	Audited NBV as at 31 January 2013 (RM'000)**	Audited NBV as at 30 June 2013 (RM'000)**	Market Value as at 31 January 2013 Method of Valuation (RM'000)	Revaluation Surplus/ (Deficit) as at 31 January 2013 (RM'000)
58.	<b>Industrial Oxygen Incorporated Bhd</b> Part of parent Lot Nos. 6 and 7, all within Pekan Bukit Bisa, District of Sepang, Selangor Danul Ehsan held under Parent Title Nos. GRN 278963, GRN 312472  Located off South Klang Valley Expressway, in IOI Resort City	Resort Villa Golf Course Bhd <sup>a</sup>	Part of two parcels of development land located within IOI Resort City	Freehold	16.76	Nil	Nil	1,520	1,469	52,700 Comparison Approach	51,180
59.	<b>Flora Development Sdn Bhd</b> Puchong Financial Corporate Centre ("PFCC"), Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor Danul Ehsan  Sited on part of Parent Lot Nos. 5452, 5454 and 5456, all within Mukim and District of Petaling, Selangor Danul Ehsan and held under Parent Title Nos. GRN 29158, GRN 29160 and GRN 29162 respectively. Individual title in respect of the subject property has yet to be issued  Located at the junction from Lebuhraya Damansara-Puchong into Bandar Puteri	Flora Development Sdn Bhd	An on-going commercial development comprising a 282 room hotel known as PFCC Tower 3 located in Bandar Puteri, Puchong	Freehold, upon issuance of individual title	7.79 (part of) 282 hotel rooms / 224,201	Nil	Nil	22,669	50,184	22,669 Residual Method of Income Approach (Note 9)	-
60.	<b>Industrial Oxygen Incorporated Bhd</b> Lot No. PT183 Pekan Bukit Bisa, District of Sepang, Selangor Danul Ehsan held under Title No. H.S.(D) 35164  Located off South Klang Valley Expressway, in IOI Resort City	IOI City Mall Sdn Bhd (formerly known as Dreammont Development Sdn Bhd <sup>a</sup> )	1 block 23 storey hotel together with one level basement (portion) within an on-going integrated commercial development known as IOI City Mall within IOI Resort City	Freehold	36.57 (part of) 350 rooms / 369,041	Nil	Nil	204,228	270,287	235,339 Residual Method of Income Approach (Note 10)	31,111
<b>Total</b>								<b>510,462</b>	<b>599,762</b>	<b>805,108</b>	<b>294,646</b>

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

No.	Name of Registered Owner and Postal Address/Title Identification	Beneficial Owner	Description/Existing Use	Tenure Date of Expiry of Lease Approximate Age of Building	Approximate area (acres) Rooms / Gross floor area (sq ft)	Restriction in Interest/ Encumbrances	Certificate of Completion and Compliance (CCC) / Occupation Permit (Op)	Audited NBV as at 31 January 2013 (RM'000)**	Audited NBV as at 30 June 2013 (RM'000)**	Market Value as at 31 January 2013 Method of Valuation (RM'000)	Revaluation Surplus/ (Deficit) as at 31 January 2013 (RM'000)
Johor 61.	Property Village Bhd IOI Palm Villa Golf & Country Resort, Jalan Indah Utama, Bandar Putra, 81000 Kulajaya, Johor Darul Takzim  PTD 44498 Mukim of Kulai and Lot 47682 Mukim of Senai, all within District of Kulajaya, Johor Darul Takzim held under Title Nos. HS(D) 4559 and GRN 401690 respectively  Property Skyline Sdn Bhd Lot 88857 and PTD 93899 Mukim of Senai, within District of Kulajaya, Johor Darul Takzim held under Title Nos. GRN 459994 and HS(D) 36415 respectively  Located at Jalan Indah Utama	Property Village Bhd	A 27 hole golf course with a clubhouse owned and operated by our Group, known as IOI Palm Villa Golf & Country Resort located in Bandar Putra, Kulai	Freehold Age: 10 years for the club house and 6 years for maintenance building	246.71 78,526 (clubhouse)	Nil	The subject property has been issued with the following Certificates of Fitness for Occupation: i. "Bengkel Di Padang Golf" on 7 September 2007 ii. "Rumah Kelab" on 19 February 2003	25,741	24,438	62,000 Cost Approach	36,259
62.	Property Skyline Sdn Bhd Various lots within Mukim of Senai-Kulai, District of Johor Bahru, Johor Darul Takzim held under various land titles  Located along Lebuh Putra Utama	Nice Frontier Sdn Bhd	Various component lots of development sites located within Bandar Putra, Kulai, Johor Darul Takzim	Freehold	2.02	"Tanah yang terkandung di dalam hakmilik ini tidak boleh dijual atau dipindahtilikan dengan apa cara sekalipun kepada Bukan Warganegara / Syarikat Asing tanpa persetujuan Pihak Berkuasa Negeri"	Nil	1,096	1,276	5,300 Residual Method of Income Comparison Approach	4,204

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

No.	Name of Registered Owner and Postal Address/Title Identification	Beneficial Owner	Description/Existing Use	Tenure • Date of Expiry of Lease • Approximate Age of Building	Approximate floor area (sq ft) / Rooms / Gross floor area (sq ft)	Restriction in Interest/ Encumbrances	Certificate of Completion and Compliance ("CCC") / Occupation Permit ("Op")	Audited NBV as at 31 January 2013 (RM'000)**	Audited NBV as at 30 June 2013 (RM'000)**	Market Value as at 31 January 2013 Method of Valuation (RM'000)	Revaluation Surplus/ (Deficit) as at 31 January 2013 (RM'000)
63.	IOI Corporation Bhd Various lots within Mukim of Tangkak, District of Muar, Johor Darul Takzim held under various land titles  Located along Tangkak- Sagil- Segamat main road	Nice Skyline Sdn Bhd <sup>a</sup>	Part of 324 vacant terraced house plots, 132 vacant low-medium cost terraced house plots, 22 vacant terraced shop plots and 1 vacant commercial plot located within Taman Putra Sagil	Freehold	10.35	Note 3	Nil	958	958	2,600 Residual Method of Income Approach (Note 12)	1,642
<b>Total</b>					<b>259.08</b>			<b>27,795</b>	<b>26,672</b>	<b>69,900</b>	<b>42,105</b>
<b>China</b>											
64.	IOI Xiamen Properties Co Ltd Sited on part of Lot 2012JP01 located at the northeastern side of the Junction Xingjin Bay Road and Jimel Main Road, Jimel New Town, Zone 11-12, Jimel District, Xiamen, Fujian Province, the PRC Title No. 00020394	IOI Xiamen Properties Co Ltd	1 parcel of leasehold land for the proposed hotel development	Leasehold Expiring on 17 Sept 2052	Part of Plot D2 – 6.70 280 rooms / 645,835 (proposed)	Note 8	Nil	95,767*** or RMB192,704	99,353*** or RMB191,971	96,297*** or RMB193,770 Comparison Approach (Note 11)	530*** or RMB1,066
<b>Total</b>					<b>6.70</b>			<b>95,767</b>	<b>99,353</b>	<b>96,297</b>	<b>530</b>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>					<b>466.20</b>			<b>631,904</b>	<b>725,788</b>	<b>971,305</b>	<b>339,401</b>

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

No.	Name of Registered Owner and Postal Address/Title Identification	Beneficial Owner	Description / Existing Use	• Tenure of Lease • Date of Expiry / Approximate Age of Building	• Built up area (sq ft)	Restriction in interest / Encumbrances	Certificate of Completion and Compliance ("CCC") / Occupation Permit ("OP")	Audited NBV as at 31 January 2013 (RM'000)**	Audited NBV as at 30 June 2013 (RM'000)**	Market Value as at 31 January 2013 Method of Valuation (RM'000)	Revaluation Surplus/ (Deficit) as at 31 January 2013 (RM'000)
<b>MATERIAL STOCKS</b>											
65.	Industrial Oxygen Incorporated Berhad Sited on Parent Lot No. 1, Pekan Bukit Bisa, District of Sepang, Selangor Darul Ehsan held under Parent Title No. Geran 83500.  Located off South Klang Valley Expressway, in IOI Resort City	Pine Properties Sdn Bhd <sup>a</sup>	52 units of two and three bedroom condominiums and 17 penthouses (en-bloc) within Puteri Palma Condominium, IOI Resort City, Putrajaya	Freehold Age: 15 years (Phase 1) 5 years (Phase 2A) 3 years (Phase 2B)	From 1,313 to 1,335 (2 bedroom condominium) From 1,367 to 1,798 (3 bedroom condominium) From 2,411 to 3,208 (Penthouses) 139,855 (total built up)	Nil	Puteri Palma Condominium was issued with Certificates of Fitness as follows: • Phase 1 – 25 June 1998 • Phase 2A – 29 May 2008 • Phase 2B – 15 January 2010	22,680	9,506	44,500 Comparison Approach	21,820
66.	Pilihan Megah Sdn Bhd Sited on Parent Lot No. 1908, Pekan Puchong Jaya, District of Petaling, Selangor Darul Ehsan held under Parent Title No. Geran 229559. Individual strata titles in respect of the component units forming the subject property have yet to be issued  Fronts onto Persiaran Puchong Jaya Selatan	Pilhan Megah Sdn Bhd	6 units of stratified shop lots and 40 units of stratified office lots within IOI Business Park	Freehold, upon the issuance of individual strata titles Age: 13 years	From 926 to 2,917 (stratified shop lots) From 1,442 to 3,477 (stratified office lots) 80,403 (total built up)	Nil	IOI Business Park has been issued with a Certificate of Fitness for Occupation on 24 December 1999	14,108	23,321	20,800 Comparison Approach	6,692
67.	Lush Development Sdn Bhd Sited on Parent Lot PT 44413, Mukim Dengkil, District of Sepang, Selangor Darul Ehsan held under Parent Title No. HS(D) 31204. Individual strata titles in respect of the component units forming the subject property have yet to be issued  Located within Odora Parkhomes, Persiaran Sierra Utama 1, 16 Sierra	Lush Development Sdn Bhd	60 units of terraced townhouses known as Odora Parkhomes, located within an on-going township development known as 16 Sierra	Leasehold for 99 years, upon issuance of individual strata titles Age: 1 year	From 1,862 to 3,939 130,486 (total built up)	"Tanah ini boleh dipindahterim, dipajak atau digadai setelah mendapat kebenaran daripada Pihak Berkuasa Negeri"	Odora Parkhomes has been issued with a Certificate of Completion and Compliance on 17 November 2012	16,586	12,056	27,300 Comparison Approach	10,714

## 9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

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68.	Flora Development Sdn Bhd Various lots within Bandar Petaling Jaya and Mukim Petaling, all within District of Petaling, Selangor Darul Ehsan held under various land titles. Individual titles in respect of the subject properties have yet to be issued	Flora Development Sdn Bhd	2 units of three storey boutique bungalow shop/office and 24 units of three and four storey boutique semi-detached shop/offices known as The Cube, located within Bandar Puteri, Puchong	Freehold, upon issuance of individual titles Age: 1 year	From 6,155 to 10,254 184,384 (total built up)	Nil	The subject property has been issued with a Certificate of Completion and Compliances on 30 November 2012	26,002	40,743	121,560 Comparison Approach	98,558
<b>TOTAL STOCKS</b>										214,160	134,784

**Notes:**

\* Save for the investment properties, the revaluation surplus / deficit based on the valuation carried out on 31 January 2013 have not and will not be incorporated in the financial statements of the respective companies of the IOIP group of companies.

\*\* Extracted from audited financials of the respective subsidiaries within the IOIP Group.

\*\*\* Based on exchange rate:  
1 RMB = RM0.5  
1 SGD = RM2.5

^ In relation to lands for which the Registered Owners and Beneficial Owners differ, the Registered Owners have provided power of attorneys to the Beneficial Owners to empower the Beneficial Owners to fully and freely deal with the relevant parcels of land as well as provided letters of undertaking (where the relevant development projects are not already ongoing) to arrange for and give effect to the transfer of registered title to the land in favour of the Beneficial Owners at the cost and expense of the Beneficial Owners upon request in writing from the Beneficial Owners at any time, subject to the approval of any relevant authorities required to give effect to such transfer having been obtained. Both IOIPG and IOIC had on 29 November 2013 provided the relevant undertakings to SC in accordance with the SC conditions as detailed under Section 7 of this Prospectus.

^^ Based on the existing land title, the designated us of the land is for "Petrol Station". As per the application for surrender and realisation of the land dated 6 August 2012, the petrol station site has been amended to "Lot Perdagangan". The application did not stipulate any requirement for payment of premium. Furthermore, relevant building approvals in relation to the development of the restaurant have been granted by the authority and a Certificate of Completion and Compliance has been issued. As at LPD, the final issuance of the individual title is still outstanding.

^^^ An application has been made to the relevant authorities to change the express condition of the land title from "Tanaman Getah" to "Tanaman Kelapa Sawit". As at LPD, the application is currently being processed by the relevant authorities

^^^^ An application has been made to the relevant authorities to change the express condition of the land title from "Tanaman Koko" to "Tanaman Kelapa Sawit". As at LPD, the application is currently being processed by the relevant authorities

@ For One IOI Square, Two IOI Square and Putrajaya Marriott Hotel, the market values of the individual component of properties were derived based on market values ascribed by the Valuers (building component) together with a carpark component (which was valued in aggregate by the Valuers) and allocated into the individual component of properties based on the cost incurred for each component.

(1) (i) "Tuanpunya tanah tidak dibenarkan menjual unit-unit (parcel) bangunan yang akan dibina di atas tanah ini melainkan bangunan telah mula dibina mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan yang berkenaan."



9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

- (ii) "Petak-petak bangunan yang didirikan di atas tanah ini apabila sahaja bertukar miliknya kepada seorang Bumiputera/Syarikat Bumiputera maka tidak boleh terkemudian daripada itu dijual, dipajak atau dipindahmilik daripada apacara sekalipun kepada orang Bukan Bumiputera/Syarikat Bumiputera tanpa persetujuan Pihak Berkuasa Negeri."  
"Petak-petak bangunan yang didirikan di atas tanah ini tidak boleh dijual atau dipindahmilik dengan apacara sekalipun kepada Bukan Warganegara / Syarikat Asing tanpa persetujuan Pihak Berkuasa Negeri."
- (iii) "Tanah yang dikumiakan ini tidak boleh dijual, dipajak, dicagar, digadai atau dipindahmilik dengan apa cara sekalipun, termasuk dengan cara menggunakan segala surat perijinan yang bertujuan untuk melapaskan/menjual tanah ini tanpa kebenaran Penguasa Negeri."  
"Tuan tanah hanya dibenarkan menggedai/mencagar sekali sahaja kepada Kerajaan atau Badan-Badan Berkanun atau mana-mana Bank yang berdaftar di Malaysia atau kepada Syarikat-Syarikat Kewangan yang didaftarkan di Malaysia."  
"Tuan tanah apabila hendak mencagarkan bagi kali yang kedua dan berikutnya hendaklah terlebih dahulu mendapat kebenaran Penguasa Negeri."
- (3) For HS(D) 8699, PTD 19025:  
"Tuan tanah selepas (Nama Pemaju...) tidak boleh menjual, memajak ataupun memindahmilik tanah ini apacara sekalipun, termasuklah dengan cara menggunakan segala surat perijinan yang bertujuan untuk melapaskan/menjual tanah ini tanpa kebenaran Pihak Berkuasa Negeri."  
For HS(D) 8867, PTD 19206:  
"Tanah yang terkandung di dalam hakmilik ini tidak boleh dijual atau dipindahmilik dengan apacara sekalipun kepada Bukan Warganegara/Syarikat Asing tanpa persetujuan Pihak Berkuasa Negeri."  
For HS(D) 8830, PTD 19156 & HS(D) 8322, PTD 18648:  
"Tanah yang terkandung di dalam hakmilik ini tidak boleh dijual atau dipindahmilik dengan apa cara sekalipun kepada Bukan Warganegara/Syarikat Asing tanpa persetujuan Pihak Berkuasa Negeri." "Tanah yang terkandung di dalam hakmilik ini apabila sahaja bertukar miliknya kepada seorang Bumiputera/Syarikat Bumiputera maka tidak boleh terkemudian daripada itu dijual, dipajak atau dipindahmilik dengan apacara sekalipun kepada orang yang Bukan Bumiputera/Syarikat Bumiputera tanpa persetujuan Pihak Berkuasa Negeri."
- (4) For HS(D): 476317 (PTG.9/95-95 JLD.3; PTJB/PPT: 43/95 JLD.II), HS(D): 476318 (PTG.9/95-95 JLD.3; PTJB/PPT: 43/95 JLD.II), HS(D): 456129 (PTG.9/95-95 JLD.3; PTJB/PPT: 43/95 JLD.II), No. Hakmilik: 456154 (PTG.9/95-95 JLD.3; PTJB/PPT: 43/95 JLD.II), HS(D): 476311 (PTG.9/95-95 JLD.3; PTJB/PPT: 43/95 JLD.II), HS(D): 460068(PTG.9/95-95 JLD.3; PTJB/PPT: 43/95 JLD.II), HS(D): 459866 (PTG.9/95-95 JLD.2; PTJB/PPT: 43/95 JLD.2):  
(i) "Tanah ini tidak dibenarkan dipindahmilik dengan apacara sekalipun melainkan infrastruktur untuk kemudahan awam di kawasan kilang telah MULA dibina mengikut pelan yang diluluskan oleh Pihak Berkuasa Negeri."  
For No. Hakmilik: 456155 (PTG.9/95-95 JLD.3; PTJB/PPT 43/95 JLD.II), HS(D): 459379 (PTG.9/95-95 JLD.2; PTJB/PPT: 43/95 JLD.2):  
(i) "Tanah yang terkandung di dalam hakmilik ini tidak boleh dijual atau dipindahmilik dengan apa cara sekalipun kepada Bukan Warganegara/Syarikat Asing tanpa persetujuan Pihak Berkuasa Negeri."  
(ii) "Tanah yang terkandung di dalam hakmilik ini apabila sahaja bertukar miliknya kepada seorang Bumiputera/Syarikat Bumiputera maka tidak boleh terkemudian daripada itu dijual, dipajak atau dipindahmilik dengan apa cara sekalipun kepada orang yang Bukan Bumiputera/Syarikat Bumiputera tanpa persetujuan Pihak Berkuasa Negeri."
- For No. Hakmilik: 456143 (PTG.9/95-95 JLD.3; PTJB/PPT: 43/95 JLD.II):  
(i) "Tuanpunya tanah hendaklah tidak dibenarkan menawar atau menjualkan unit-unit (parcels) bangunan yang akan dibina di atas tanah ini melainkan bangunan telah mula dibina mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan yang berkenaan."  
(ii) "Petak-petak bangunan yang didirikan di atas tanah ini apabila sahaja bertukar miliknya kepada seorang Bumiputera/Syarikat Bumiputera maka tidak boleh terkemudian daripada itu dijual, dipajak atau dipindahmilik dengan apacara sekalipun kepada orang yang Bukan Bumiputera/Syarikat Bumiputera tanpa persetujuan Pihak Berkuasa Negeri."  
(iii) "Petak-petak bangunan yang didirikan di atas tanah ini tidak boleh dijual atau dipindahmilik dengan apacara sekali kepada Bukan Warganegara/ Syarikat Asing tanpa persetujuan Pihak Berkuasa Negeri."
- (5) For HS(D) 482181 and HS(D) 482182:  
(i) "Tuanpunya tanah tidak dibenarkan menawar atau menjualkan unit-unit (parcel) bangunan yang akan dibina di atas tanah ini melainkan bangunan telah mula dibina mengikut pelan yang diluluskan oleh Pihak Berkuasa Negeri."  
(ii) "Petak-petak bangunan yang didirikan di atas tanah ini apabila sahaja bertukar miliknya kepada seorang Bumiputera/Syarikat Bumiputera maka tidak boleh terkemudian daripada itu dijual, dipajak, dipindahmilik daripada apa cara sekalipun kepada orang bukan Bumiputera/Syarikat Bumiputera tanpa persetujuan Pihak Berkuasa Negeri."  
(iii) "Petak-petak bangunan yang didirikan di atas tanah ini tidak boleh dijual atau dipindahmilik dengan apa cara sekalipun kepada bukan warganegara/syarikat asing tanpa persetujuan Pihak Berkuasa Negeri."

**9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)**

For HS(D) 482183 to HS(D) 482189:

"Tanah yang terkandung di dalam hakmilik ini tidak boleh dijual atau dipindahtimlik dengan apa cara sekalipun kepada Bukan Warganegara/Syarikat Asing tanpa persetujuan Pihak Berkuasa Negeri."

For HS(D) 482190 to HS(D) 482194:

(i) "Tanah yang terkandung di dalam hakmilik ini tidak boleh dijual atau dipindahtimlik dengan apa cara sekalipun kepada Bukan Warganegara/Syarikat Asing tanpa persetujuan Pihak Berkuasa Negeri."

(ii) "Tanah yang terkandung di dalam hakmilik ini apabila sahaja bertukar miliknya kepada seorang Bumiputera/Syarikat Bumiputera maka tidak boleh terkemudian daripada itu dijual, dipajak atau dipindahtimlik dengan apa cara sekalipun kepada orang yang Bukan Bumiputera/Syarikat Bukan Bumiputera tanpa persetujuan Pihak Berkuasa Negeri."

(6) The NBV represents the purchase consideration for each of the parcels of land which are the subject matter of the Internal Reorganisation

(7) Included in the NBV is an amount of RM19.55 million representing the purchase consideration for a parcel of land measuring 130.31 acres acquired by Bukit Kelang Development Sdn Bhd from IOIC which was completed after 31 January 2013 ("Subsequent Acquisition"). Accordingly, the total 6 parcels of unconverted development land located within Bahau Town (inclusive of the Subsequent Acquisition) which is the subject matter of the Internal Reorganisation, amounts to 618.18 acres.

(8) The transfer, lease and mortgage of the land use right of the land shall be subject to the following restrictions:

(i) IOI Xiamen Properties Co. Ltd shall possess the Plot D1, and shall not transfer or mortgage the land use right of Plot D1 in part. Ten years after the completion of project construction and obtaining the land and premises title certificate, IOI Xiamen Properties Co. Ltd shall then have the right to transfer the land use right for Plot D1 in whole;

(ii) The land use right for office use and hotel use for the Plot D2 shall be operated, transferred or mortgaged in whole;

(iii) The land use right for residential use for the Plot D3, D4 and D5 can be transferred, leased or mortgaged in whole or in part.

The Law of the People's Republic of China on the Administration of Urban Real Estate prescribes that the ownership of buildings and the land use rights of such land shall be transferred or mortgaged at the same time. As such, the transfer of the buildings on these pieces of land shall be subject to the aforementioned restrictions.

(9) For PFCC, the market values of the various on-going developments (namely Tower 3, 4 and 5) was valued on an aggregate basis. In determining the market value of the individual component of PFCC Tower 3, 4 and 5, the segregation of the market values had been undertaken on cost allocation basis whereby the market values in relation to PFCC Tower 3, 4 and 5 was allocated based on cost relating to PFCC Tower 3, 4 and 5 as compared to total cost for the entire development.

(10) For IOI City development, the market values of the hotel (with a portion of basement) ("Hotel") and the office towers / retail mall (with a portion of basement) ("Commercial"), was valued on an aggregate basis. In determining the market value of each of the Hotel and Commercial component, the segregation of the market values had been undertaken on cost allocation basis whereby the market value in relation to each of the Hotel and Commercial component was allocated based on their respective cost as compared to total cost for the entire development

(11) The total market values of the individual components of Lot 2012JP01 in Xiamen, PRC namely Plots D1 to D5 (collectively the "Xiamen Land") as recorded in the audited financial statements of IOIPG is similar to the aggregate market values ascribed by the Valuers. However, in view of the different methodology adopted by both IOIPG and Valuers, the market values of the individual component of the Xiamen Land hence differ.

It should be noted that regardless of the differing basis used, the aggregate market values in respect of the Xiamen Land adopted by the management and as ascribed by Valuers are the same.

(12) The total market value of Taman Putra Sagil amounting to RM4.8 million as ascribed by the Valuers have been segregated into Land Held for Development and PPE in accordance with the acreage proposed to be developed in the near future and land which will only be developed at a later stage, which is 8.6 acres and 10.35 acres respectively.

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

9.1.3 Material Land and Buildings held by JCEs and Associate Companies

Details of the other material land and buildings owned by JCEs and associate companies of our Group are as follows:-

No.	Name of Registered Owner and Postal Address/Title Identification	Beneficial Owner	Description / Existing Use	Tenure • Date of Expiry of Lease	Approximate land area (acres) • Net lettable area (sq.ft)	Restriction, In Interest / Encumbrances	Certificate of Completion and Compliance (CCC) / Occupation Permit (OP)	NBV as at 31 January 2013 (RM'000)**	NBV as at 30 June 2013 (RM'000)**	Market Value as at 31 January 2013 / Method of Valuation (RM'000)	Revaluation Surplus / (Deficit) as at 31 January 2013 (RM'000)
<b>JOINTLY-CONTROLLED ENTITIES</b>											
<b>Klang Valley</b>											
1.	Sime Darby Brunnsfield Darby Hills Sdn Bhd (now known as PJ Midtown Development Sdn Bhd) <sup>(1)</sup> Lot Nos. 5, 24, 25, 26, 27, all located within Seksyen 13, Bandar Petaling Jaya, District of Petaling, Selangor Darul Ehsan held under Title Nos. PN 3968, PN 3667, PN 3668, PN 3669 and PN 3670 respectively  Lot Nos. 5 and 27 fronts onto Jalan Kemajuan while Lot Nos. 24, 25 and 26 fronts onto Jalan 1/32	Sime Darby Brunnsfield Darby Hills Sdn Bhd	Five parcels of vacant development land located within Section 13, Petaling Jaya, Selangor Darul Ehsan	Leasehold Expiry of lease for Lot: i. No.5 – 16 September 2058 ii. No.24 – 25 May 2059 iii. No.25 – 28 April 2059 iv. No.26 – 2 November 2059 v. No.27 – 1 June 2059	5.54	Nil	Nil	31,336	31,498	92,000 Comparison Approach	60,664
<b>Total</b>					<b>5.54</b>			<b>31,336</b>	<b>31,498</b>	<b>92,000</b>	<b>60,664</b>

## 9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

No.	Name of Registered Owner and Postal Address/Title Identification	Beneficial Owner	Description / Existing Use	Tenure / Date of Expiry of Lease	Approximate land area (acres) / Net lettable area (sq ft)	Restriction in interest / Encumbrances	Certificate of Completion and Compliance ("CCC") / Occupation Permit ("OP")	NBV as at 31 January 2013 (RM'000)**	NBV as at 30 June 2013 (RM'000)**	Market Value as at 31 January 2013 Method of Valuation (RM'000)	Revaluation Surplus/ (Deficit) as at 31 January 2013 (RM'000)
Melaka											
2.	IOI Corporation Berhad Lot Nos. 1050, 1051, 1294, 7001, 7044, 7045, 7046, PT Nos 6145 and 6150, all within Mukim and District of Jasin, Melaka held under Title Nos. GRN 22676, GRN 11214, GRN 11217, GRN 53455, GRN 46412, GRN 46413, GRN 46414, HS(D) 10216 and HS(D) 10221 respectively	Continental Estates Sdn Bhd <sup>a</sup>	10 parcels of unconverted development land known as Jasin Lalang Estate. Currently used for palm oil cultivation activities.	Freehold	4,077.10	Nil	Nil	248,483	236,255	380,500 Comparison Approach	132,017
					<b>Total</b>			<b>248,483</b>	<b>236,255</b>	<b>380,500</b>	<b>132,017</b>

## 9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

No.	Name of Registered Owner and Postal Address/Title Identification	Beneficial Owner	Description / Existing Use	Tenure / Date of Expiry of Lease	Approximate land area (acres) / Net lettable area (sq.ft)	Restriction in interest / Encumbrances	Certificate of Completion and Occupation Permit (COP)	NBV as at 31 January 2013 (RM'000)**	NBV as at 30 June 2013 (RM'000)**	Market Value as at 31 January 2013 / Method of Valuation (RM'000)	Revaluation Surplus/ (Deficit) as at 31 January 2013 (RM'000)
Singapore											
3.	<b>Pinnacle (Sentosa) Pte Ltd<sup>(2)</sup></b> Lot 2064 C, Mukim 34, Sentosa Cove, Singapore held under State Title No. Lease 26262 Located at Cove Way	Pinnacle (Sentosa) Pte Ltd	Proposed condominium housing development within Sentosa Cove known as Cape Royale	Leasehold 7 April 2107	5.32	Note 6 Mortgaged in favour of Hong Kong and Shanghai Banking Corporation Limited	Nil	3,546,964*** or SGD1,419,126	3,630,437*** or SGD1,445,180	4,491,422*** or SGD1,797,000 Residual Method of Income Approach and Comparable Sales Method	944,458*** or SGD377,874
4.	<b>Seaview (Sentosa) Pte Ltd<sup>(3)</sup></b> Lot 2143 P, Mukim 34, Sentosa Cove, Singapore held under State Title No. Lease 26262 Located at Cove Way	Seaview (Sentosa) Pte Ltd	104 unsold units of waterfront condominium development within Sentosa Cove known as Seascape	Leasehold 9 June 2106	0.09 284,791	Nil	Temporary Occupation Permit and Certificate of Statutory Completion were issued on 25 February 2011 and 20 April 2011 respectively	1,192,234*** or SGD477,008	1,195,013*** or SGD475,703	1,823,287*** or SGD729,503 Comparable Sales Method	631,053*** or SGD252,495
5.	<b>Mergui Development Pte Ltd<sup>(4)</sup></b> Town Subdivision 18 Lot Nos. 1135T, 1569L, 1595W, 1596V, 1597P, 1651C, 1696C, 1697M, 2621L, 2672W, 2673V, 2675T, 2624W, held under Grant No. 288, Grant in Fee Simple No. 3172, and Grant in Fee Simple No. 3202. District of Rochore held under State Title No. Grant 288 Located along Mergui Road, off Serangoon Road	Mergui Development Pte Ltd	Proposed condominium housing development along Mergui Road, off Serangoon Road known as Cityscape @ Farrer Park	Freehold	2.08	Nil Mortgage on the whole of 1596V, 1597P, and 1697M, 1651C, 1595W, 1589L, 1135T, 1696C, 2621L, 2672W, 2673V and 2675T, 2624W in favour of United Overseas Bank Limited.	Nil	307,431*** or SGD123,002	336,674*** or SGD134,021	.694,833*** or SGD279,400 Residual Method of Income Approach and Comparable Sales Method	387,402*** or SGD156,398

## 9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

No.	Name of Registered Owner and Postal Address/Title Identification	Beneficial Owner	Description/Existing Use	Tenure/Date of Expiry of Lease	Approximate land area (acres) Net lettable area (sq.ft)	Restriction in Interest/Encumbrances	Certificate of Completion and Occupation Permit (CCO/P)	NBV as at 31 January 2013 (RM'000)**	NBV as at 30 June 2013 (RM'000)**	Market Value as at 31 January 2013/ Method of Valuation (RM'000)	Revaluation Surplus/ (Deficit) as at 31 January 2013* (RM'000)
6.	South Beach Consortium Pte Ltd <sup>(a)</sup> Town Subdivision 11 Lot No. 858K, Beach Road, Singapore held under State Title No. Lease 26951 Bounded by Beach Road, Bras Basah Road, Nicoll Highway and Middle Road	South Beach Consortium Pte Ltd	Proposed mixed-use development comprising of office and retail space and a luxury hotel on Beach Road known as South Beach	Leasehold 10 December 2106	8.64	Nil	Nil	5,510,190*** or SGD2,204,605	5,686,691*** or SGD2,263,720	5,448,692*** or SGD2,182,500 Residual Income Approach and Comparable Approach	(61,498)*** or (SGD22,105)
<b>TOTAL JOINTLY CONTROLLED ENTITIES</b>					<b>16.13</b>			<b>10,556,819</b>	<b>10,848,815</b>	<b>12,458,234</b>	<b>1,901,415</b>
					<b>4,098.77</b>			<b>10,836,638</b>	<b>11,116,569</b>	<b>12,930,734</b>	<b>2,094,096</b>

## Notes

- \* The revaluation surplus/deficit based on the valuation carried out on 31 January 2013 have not and will not be incorporated in the financial statements of the respective companies of the IOIP group of companies.
- \*\* Extracted from audited financials of the respective JCEs of the IOIP Group.
- \*\*\* Based on exchange rate: 1 SGD = RM2.5
- ^ Continental Estates is currently an associated company of IOIP (with 24.2% equity interest), whereby its other shareholders are other non-related entities. The terms of the joint venture are set out in a shareholders' agreement dated 22 May 1996 and the purpose of the joint venture is for the development of various parcels of land held by Continental Estates into a mixed development comprising of commercial, residential and industrial buildings and for recreational purposes ("Development"). Currently, the Development has yet to commence and the land is presently being utilised for oil palm cultivation activities. IOIC continues to be one of the registered owners of the Continental Estates land and hold registered title to the land on behalf of Continental Estates.
- (1) Sime Darby Brunsfield Darby Hills Sdn Bhd (now known as P J Midtown Development Sdn Bhd) is a company incorporated on 8 June 2006 pursuant to a joint venture agreement dated 15 December 2011 between Sime Darby Brunsfield Motorworld Sdn Bhd and IOI Properties Berhad, with the shareholding proportion of 50% each.
- (2) Pinnacle (Sentosa) Pte. Ltd. is a company incorporated on 7 January 2008 pursuant to a joint venture agreement dated 31 March 2008 between IOI Properties (Singapore) Pte. Ltd. and Ho Bee Investment Ltd, with the shareholding of 65% and 35% equity interest respectively.
- (3) Seaview (Sentosa) Pte. Ltd. is a company incorporated on 13 March 2007 pursuant to a joint venture agreement dated 11 April 2007 between IOI Land (Singapore) Pte Ltd and Ho Bee Investment Ltd, with the shareholding of 50% equity interest each.
- (4) Mergui Development Pte. Ltd. is a company incorporated on 21 November 2007 pursuant to a joint venture agreement dated 26 May 2008 between Kim Seng Heng Realty Pte. Ltd., LBH Pte. Ltd. and Multi Wealth Pte. Ltd. holds 60% equity interest in Mergui Development Pte. Ltd., with Kim Seng Heng Realty Pte.Ltd. and LBH Pte. Ltd. holding the balance equity interest of 40%.
- (5) Scottsdale Properties Pte. Ltd. is a company incorporated on 2 July 2007 pursuant to a joint venture agreement dated 8 April 2011 between IOI Consolidated Pte Ltd and Ascent View Holdings Pte. Ltd, with the shareholding of 49.9% and 50.1% respectively.
- (6) As part of the lease arrangement for the said land, Pinnacle (Sentosa) Pte Ltd (as lessee) has covenanted inter alia to Sentosa Development Corporation (as lessor) as follows:-
- (a) To pay all rates, taxes, assessments, outgoings, charges and to repair and keep in tenable condition all buildings and structures erected or to be erected upon the land;

**9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)**

- (b) Not at any time during the term of the lease, subdivide the land parcels, erect any building or structure on the land parcel without prior written consent of Sentosa Development Corporation and competent authorities.
- (c) Pinnacle (Sentosa) Pte Ltd may sell, sublease or otherwise dispose the land parcel (together with any development thereon ("Development")) in whole or in part provided that:-
- (i) Such sale, sublease or disposition shall not be for the land parcel or any part thereof in its vacant or undeveloped state;
  - (ii) Such sale, sublease or disposition shall not be entered into until after building plan approval is issued by and such other requirement provided to the relevant competent authority for the Development; and
  - (iii) Such sale, sublease or disposition shall not be for the whole of the land parcel and the Development to one and/or the same purchaser, sub-lessee or party prior to the issue of the Temporary Occupation Permit or permits by the relevant competent authority for the whole of the Development.
- (d) Where the Development comprises of any building of less than 6 levels (including the ground level and any level below ground level) and if Pinnacle (Sentosa) Pte Ltd is not a Singapore developer or ceases to be a Singapore developer :-
- (i) Pinnacle (Sentosa) Pte Ltd shall sell each and every one of the dwelling houses or apartments comprised in the Development to Singapore citizens or "approved purchasers" as defined under the Singapore Residential Property Act (Chapter 274) within a period of time as prescribed under the lease arrangement; and
  - (ii) Pinnacle (Sentosa) Pte Ltd shall not at any time sublease or let out any of the dwelling houses or apartments comprised in the Development.
- (e) Not to use or permit or suffer the land parcel or any building thereon or any part thereof to be used otherwise than for residential use in accordance with the approval granted by Sentosa Development Corporation and the competent authorities.

**9.1.4 Acquisition of Material Land and buildings by our Group after Valuation Date**

Details of the material land and buildings acquired by our Group after Valuation Date are as follows:-

No.	Name of Registered Owner and Postal Address/Title Identification	Beneficial Owner	Description / Existing Use	Tenure / Date of Expiry of Lease	Approximate land area (acres)	Restriction in Interest / Encumbrances	Audited NBV as at 30 June 2013 (RM'000)
1.	Wealthy Growth Sdn Bhd Sited on Lot 1722, Mukim Tebrau, District of Johor Bahru, Johor Darul Takzim held under Parent Title No. GM530.	Wealthy Growth Sdn Bhd	A parcel of land held for future development	Freehold	3.50	Nil	11,010
2.	IOI (Xiamen) Properties Co Ltd Xinglin Bay Business Operation Center Unit 2901 – 2912, Building No.2, Floor 29 and car park lots 600-608 Jimei District	IOI (Xiamen) Properties Co Ltd	12 units of shopoffices and 8 units car park bays	Leasehold Office – 50 years (31 October 2057) Car Park – 70 years (31 October 2077)	0.37	Nil	5,516

**9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)****9.1.5 Material Land and buildings leased by our Group**

Our Group does not have any material land and buildings which are leased. For information purposes, our Group has entered into a Lease Purchase Agreement for the acquisition of a registered lease over two (2) pieces of freehold land in Zone A of Medini, Iskandar Malaysia, which is pending completion as at LPD, details of which are set out in Section 14.4 of this Prospectus.

The Directors of our Group wish to highlight that, in respect of the properties stated in Section 9.1 above (save for Property No. 5 under 9.1.1 and Properties Nos. 21, 33 and 45 under Section 9.1.2), the members of our Group:-

- (a) have not breached any of the land-use conditions / permissible land use; and
- (b) comply with current statutory requirements, land rules or building regulations.

**9.2 ACQUISITIONS OF PROPERTIES DURING THE TWO (2) YEARS UP TO LPD**

Listed below are the details of the properties acquired during the last two (2) years up to LPD: -

No.	Name of Registered Owner / Location / Type of Property	Date of transaction	Purchase consideration (RM)
1.	<b>Nice Frontier</b> Freehold land at Mukim Senai, Kulajaya <b>Agriculture Land</b> Geran 237267 (Lot 3584), Geran 237273(Lot3585), GM1009(Lot1851), GM603(Lot1852)-GM623(Lot1872), HS(D) 29900(Lot 6287)(Geran 237352(Lot 2665)Geran 237461 (Lot 2664)	15 February 2012	89,475,099
2.	<b>Clementi Development</b> Lot No:MK8754K MK, Jln Lempeng <b>Residential Land</b> Lease 28267	16 April 2012	1,000,785,162
3.	<b>Speed Modulation</b> Bandar Baru Salak Tinggi, Daerah Sepang, Selangor <b>Commercial land</b> PN 81550 (Lot 817) PN 81551 (Lot 818) PN 89597 (Lot 46266) PN 89598 (Lot 46267)	9 July 2012	56,177,000



## 9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

No.	Name of Registered Owner / Location / Type of Property	Date of transaction	Purchase consideration (RM)
4.	<p><b>Pilhan Teraju</b> Kota Warisan, Dengkil <b>Commercial Land</b> HS(D) 104777 (Lot 36602), HS(D) 138141-138144 (Lot 36603-36606), HS(D) 138146 (Lot 36607), Geran 138148 (Lot 36608), HS(D) 138150 (Lot 36609), HS(D) 138152 (Lot 36610), HS(D) 138154 (Lot 36611), HS(D) 138156 (Lot 36612), HS(D) 138157 (Lot 36613), HS(D) 138159 (Lot 36614), HS(D) 138161 (Lot 36615), HS(D) 138163 (Lot 36616), HS(D) 138165 (Lot 36617), HS(D) 138167 (Lot 36618), HS(D) 138169 (Lot 36619), HS(D) 138171 (Lot 36620), HS(D) 138173-138174 (Lot 36621-36622), HS(D) 138176 (Lot 36623), HS(D) 138178 (Lot 36624), HS(D) 138180 (Lot 36625), HS(D) 138182 (Lot 36626), HS(D) 138184 (Lot 36627), HS(D) 138186 (Lot 36628), HS(D) 138188 (Lot 36629), HS(D) 138190 (Lot 36630), HS(D) 138192 (Lot 36631), HS(D) 138194 (Lot 36632), HS(D) 138195 (Lot 36633), HS(D) 138197 (Lot 36634), HS(D) 138199 (Lot 36635), HS(D) 138201 (Lot 36636), HS(D) 138203 (Lot 36637), HS(D) 138205-138206 (Lot 36638-36639), HS(D) 138208-138212 (Lot 36640-36644), HS(D) 138214 (Lot 36645), HS(D) 138215 (Lot 36646), HS(D) 138217 (Lot 36647), HS(D) 138219 (Lot 36648), HS(D) 138221 (Lot 36649), HS(D) 34694 (PT 49511) <b>Residential Land</b> HS(D) 52579 ( Lot 17474) &amp; HS(D) 297332 (PT 47233) <b>Agricultural Land</b> Lot 32427-32428 (HS(D) 95432-95434) &amp; Lot 32290-32291 (HS(D) 57675-57676)</p>	21 June 2012	200,773,905
5.	<p><b>Palmy Max</b> <b>Residential, Commercial, Retail Space, Hotel block</b> Lot 2012JP01 located at the northeastern side of the Junction Xinglin Bay Road and Jimel Main Road, Jimel New Town, Zone 11-12, Jimel District, Xiamen, Fujian Province, the PRC</p>	18 September 2012	605,755,230
6.	<p><b>Wealthy Growth</b> Mukim Tebrau, Daerah Johor Bahru HS(D) 187254 (PTD 62906)</p>	1 November 2012	12,047,900
7.	<p><b>Wealthy Growth</b> Mukim Tebrau, Daerah Johor Bahru <b>Agriculture Land</b> GM530 (Lot 1722)</p>	31 December 2012	10,672,201
8.	<p><b>Knowledge Vision</b> Mukim Beranang, Daerah Ulu Langat <b>Commercial Lot</b> Parcel 7A &amp; 7B - HS(D) 155844 (PT 14028) &amp; HS(D) 155845 (PT 14029) <b>Residential</b> Parcel 7C - Geran 57067 (Parent Lot 4414)</p>	15 January 2013	373,287,030*
9.	<p><b>IOI Xiamen Properties Co. Ltd</b> Jimel District <b>12 Units Shop offices and 8 units Car Park</b> Xinglin Business Operation Center Building No 2, Floor 29, Unit 2901-2912 Car Park lots 600-608</p>	1 March 2013	5,135,277

## 9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

No.	Name of Registered Owner / Location / Type of Property	Date of transaction	Purchase consideration (RM)
10.	<b>IOI Medini</b> Mukim Pulai, District of Johor Bahru <b>Residential and Commercial Lot</b> PTD 170721 & PTD 170722	28 May 2013	132,164,634
11.	<b>IOI Mulberry</b> Mukim Pulai, District of Johor and State of Johor HS(D) 210934 (PTD 62219), HS(D) 210935 (PTD 62220) and HS(D) 210936 (PTD 62221)	30 May 2013	124,727,962
12.	<b>IOI Mulberry</b> Mukim Pulai, District of Johor GM 993, Lot 982	26 June 2013	51,255,040
13.	<b>Knowledge Vision Sdn Bhd</b> Mukim of Beranang, Daerah of Ulu Langat 345 parcels of freehold lands held under various identified individual titles	5 August 2013	103,000,000
14.	<b>IOI Lavender</b> Mukim Plentong, Daerah Johor Bahru Geran 43120, Lot 1639	9 September 2013	44,678,521
15.	<b>IOI Harbor Front</b> Mukim Pulai, District of Johor Geran Mukim 673, Lot 581	12 September 2013	48,500,000
16.	<b>IOI Prima Property</b> Mukim of Kulai, District of Kulajaya Geran 225500, Lot 2704	7 November 2013	129,206,714

Note:

\* Inclusive of an additional payment of RM10 million, being a payment made to the vendor in accordance to the terms and conditions of the sales and purchase agreement

## 9.3 MATERIAL PLANT AND EQUIPMENT

As at LPD, our Group does not own any material plant and equipment for purposes of undertaking our operations.

## 9.4 REGULATORY REQUIREMENT AND ENVIRONMENTAL ISSUE

There is no regulatory requirement and environmental issue which may materially affect our operations and utilisation of assets.

**9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)****9.5 MATERIAL CAPITAL EXPENDITURE AND DIVESTITURES****9.5.1 Material capital expenditure and divestitures for the last three (3) financial years**

Save as disclosed below, the Group has not undertaken any material capital expenditures in the past three (3) FYEs up to 30 June 2013 and up to LPD:-

Description	Transaction value			
	FYE 30 June			1 July 2013 and up to LPD
	2011	2012	2013	
(RM'000)	(RM'000)	(RM'000)	(RM'000)	
PFCC Tower 3, 4, 5, Bandar Puteri Puchong Selangor Darul Ehsan	-	67,937	76,894	<i>Neg</i>
IOI City Development consisting of shopping mall, hotel and office tower, IOI Resort Putrajaya	-	78,882	143,958	75,382
Geran 31713 Lot 439 and Lot 2298 Dengkil, Sepang Selangor Darul Ehsan	70,174	-	-	-
Lot 817, Lot 818, Lot 46226 & Lot 46267, Bandar Baru Salak Tinggi, Sepang	-	-	57,877	-
Lot No 2012JP01, Zone 11-12, Jimei District, Xiamen, Fujian Province	-	-	319,472	-

*Neg*     *Negligible*

Save as disclosed below, the Group has not undertaken any material capital divestitures in the past three (3) FYEs up to 30 June 2013 and up to LPD:-

Description	Transaction value			
	FYE 30 June			1 July 2013 and up to LPD
	2011	2012	2013	
(RM'000)	(RM'000)	(RM'000)	(RM'000)	
IOI Plaza, 210, Middle Road Singapore	268,605	-	-	-

**9.5.2 Material Plans to Construct, Expand or Improve Facilities**

Save as disclosed under Section 10.5.7(c) of this Prospectus, we have no immediate plans to construct, expand or improve on existing facilities.

**10. FINANCIAL INFORMATION****10.1 HISTORICAL FINANCIAL INFORMATION**

The following table sets out a summary of the proforma consolidated results of our Group for the past three (3) FYEs up to 30 June 2013. The proforma consolidated results have been prepared on the assumption that our Group has been in existence throughout the periods under review.

The proforma consolidated results of our Group as illustrated below are based on the accounting principles and bases consistent with those adopted by our Group in the preparation of the audited financial statements for the financial years under review, which have been prepared in accordance with FRS. Any adjustments that were dealt with when preparing our proforma consolidated financial statements have been highlighted and disclosed in Section 10.3 of this Prospectus. The proforma consolidated results are prepared for illustrative purposes only and should be read together with the accompanying notes and assumptions as set out in the Reporting Accountants' Letter on the Proforma Consolidated Financial Information in Section 10.3 of this Prospectus.

	FYE 30 June		
	2011 RM'000	2012 RM'000	2013 RM'000
Revenue	1,171,181	1,052,220	1,323,259
Cost of sales	(506,225)	(411,429)	(526,154)
Gross profit	664,956	640,791	797,105
Other operating income	275,698	198,316	210,498
Marketing and selling expenses	(21,838)	(22,545)	(45,503)
Administrative expenses	(67,687)	(87,381)	(85,940)
Other operating expenses	(50,612)	(59,640)	(61,965)
Operating profits	800,517	669,541	814,195
Interest income	35,830	50,341	42,328
Finance costs	(3,007)	(5,632)	(41,210)
Share of results of associates	4,696	8,228	6,989
Share of results of jointly controlled entities	51,805	33,214	82,457
PBT	889,841	755,692	904,759
Taxation	(124,283)	(144,755)	(191,156)
PAT	765,558	610,937	713,603
Attributable to:-			
- Owners of the parent	725,305	599,771	693,621
- Non controlling interest	40,253	11,166	19,982
Number of Shares assumed in issue ('000) <sup>(1)</sup>	3,239,015	3,239,015	3,239,015
Gross EPS (sen)	27.5	23.3	27.9
Net EPS (sen) <sup>(2)</sup>	22.4	18.5	21.4
Fully diluted EPS (sen) <sup>(2)</sup>	22.4	18.5	21.4
EBITDA (RM'000)	874,680	730,275	923,602
Effective tax rate (%)	14.0%	19.2%	21.1%
GP margin (%)	56.8%	60.9%	60.2%
PBT margin (%)	76.0%	71.8%	68.4%
PAT margin (%)	65.4%	58.1%	53.9%

**Notes:-**

<sup>(1)</sup> Based on the issued and paid-up share capital of 3,239.0 million Shares.

<sup>(2)</sup> Net EPS and fully diluted EPS in the aforementioned context is calculated based on PAT of the owners of the parent divided by the enlarged issued and paid-up of IOIPG after the Internal Reorganisation of 3,239.0 million Shares. There are no other securities issued save for the IOIPG Shares.

**10. FINANCIAL INFORMATION (Cont'd)****10.2 CAPITALISATION AND INDEBTEDNESS**

The following table summarises our cash and bank balances, capitalisation and interest bearing indebtedness as at 30 June 2013 based on our proforma consolidated statements of financial position after the Internal Reorganisation but before Debt Settlement.

	Proforma as at 30 June 2013 after the Internal Reorganisation but before Debt Settlement RM'000
<b>Cash and cash equivalents and fixed deposits</b>	441,329
<b>Indebtedness</b>	
<b>Short term borrowings</b>	
- Term loan	
Foreign currency denominated term loan (SGD200 million)	502,420
<b>Amounts due to related parties</b>	
- Local currency denominated term loan	671,671
- Foreign currency denominated term loan	
• SGD 226.9 million*	569,930
• USD 281.8 million*	897,089
<b>Total indebtedness</b>	2,641,110
<b>Capitalisation</b>	
Total shareholders' funds <sup>^</sup>	8,535,384
<b>Total capitalisation and indebtedness</b>	11,176,494

\* Based on exchange rate of RM2.5121:SGD1.00 and RM3.1830:USD1.00 respectively

<sup>^</sup> Based on the total shareholders' funds after the Internal Reorganisation but before Debt Settlement

Our Group's indebtedness are denominated in both local and foreign currency (i.e. SGD and USD). Further details on the abovementioned foreign currency denominated term loans are as described below:-

(a) Term loan denominated in SGD

There are two indebtedness of our Group that is denominated in SGD, a term loan and an amount due to a related party, the amount outstanding as at 30 June 2013 amounting to approximately RM502.4 million and RM569.9 million respectively.

For FYE 2013, the term loan bears an average interest rate ranging from approximately 0.68% to 0.88% (based on 0.50% and 0.72% plus Swap Offer Rate in Singapore).

The amount due to a related party was a loan given by IOI Management Sdn Bhd, a subsidiary of IOIC to IOIP Group to finance its investments abroad in Singapore (i.e. The Triling). This loan bears interest rate ranging from 0.98% to 1.84% and will be capitalised as part of the Debt Settlement.

(b) Term loan denominated in USD

The amount due to a related party was a loan given by IOI Management Sdn. Bhd., a subsidiary of IOIC to IOIP Group to finance its investments abroad in China (i.e. to acquire land in Xiamen, PRC). This loan bears interest rate of 4.625% and will be capitalised as part of the Debt Settlement.

The amount due to related parties will be fully settled before the Listing. Please refer to Section 8.3.2 of this Prospectus for further information.

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10. FINANCIAL INFORMATION (*Cont'd*)

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10.3 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION



Tel: +603 2616 2888  
Fax: +603 2616 3190, 2616 3191  
www.bdo.my

12th Floor Menara Uni.Asia  
1008 Jalan Sultan Ismail  
50250 Kuala Lumpur  
Malaysia

The Board of Directors  
IOI Properties Group Berhad  
Two IOI Square  
IOI Resort  
62502 Putrajaya  
Malaysia

6 December 2013  
Our ref: BDO/AO/CKW

Dear Sirs

**IOI Properties Group Berhad ("IOIPG" or "the Company")  
REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN A  
PROSPECTUS**

---

We have completed our assurance engagement to report on the compilation of pro forma financial information of IOIPG and its subsidiaries ("IOIPG Group" or "the Group") prepared by the Board of Directors of the Company. The pro forma financial information consists of the pro forma consolidated statement of financial position as at 30 June 2013, the pro forma consolidated statements of profit or loss and statements of other comprehensive income for financial years ended 30 June 2011, 30 June 2012 and 30 June 2013 and the pro forma consolidated statement of cash flows for the financial year ended 30 June 2013 together with the accompanying notes thereon, for which we have stamped for the purpose of identification. The pro forma consolidated financial information has been prepared for inclusion in the prospectus of IOIPG in connection with the listing of and quotation for the entire issued and paid-up share capital of IOIPG on the Main Market of Bursa Malaysia Securities Berhad. The applicable criteria on the basis of which the Board of Directors has compiled the pro forma financial information are specified in the *Prospectus Guidelines* ("SC Guidelines") issued by Securities Commission Malaysia.

The pro forma financial information has been compiled by the Board of Directors to illustrate the impact of the transactions as set out in Note 1.3 of the pro forma financial information, on the Group's financial position as at 30 June 2013 and the Group's financial performance for the financial years ended 30 June 2011, 30 June 2012 and 30 June 2013 and cash flows for the financial year ended 30 June 2013 as if the newly formed Group has been in existence throughout the financial years under review. As part of this process, information about the financial position, financial performance and cash flows has been extracted by the Board of Directors from the audited financial statements of the Company and its subsidiaries for the financial years ended 30 June 2011, 30 June 2012 and 30 June 2013.

#### **Directors' Responsibility for the Pro Forma Financial Information**

The Board of Directors is responsible for compiling the pro forma financial information on the basis as described in Note 1 of the pro forma financial information.



### Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by the SC Guidelines, about whether the pro forma financial information has been compiled, in all material respects, by the Board of Directors of the Company on the basis as described in Note 1 of the pro forma financial information.

We conducted our engagement in accordance with International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysia Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma financial information on the basis of the applicable criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinion on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions as at 30 June 2013 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



**Opinion**

In our opinion:

- (a) The pro forma consolidated financial information of the Group together with the accompanying notes, which are prepared for illustrative purposes only, have been properly prepared on the basis and assumptions as set out in the notes thereon, and such basis is consistent, in all material respects, with the accounting policies adopted by the Group, unless otherwise stated;
- (b) The audited financial statements used in the preparation of the pro forma consolidated financial information, have been prepared in accordance with Financial Reporting Standards in Malaysia and the pro forma consolidated financial information have been properly prepared in a manner consistent with the format of the financial statements to be adopted by the Group; and
- (c) Each material adjustment made to the information used in the preparation of the pro forma consolidated financial information is appropriate, in all material respects, for the purposes of preparing the pro forma consolidated financial information.

**Other Matters**

This letter has been prepared solely for the purpose stated above, in connection with the listing of and quotation for the entire issued and paid-up share capital of IOIPG on the Main Market of Bursa Malaysia Securities Berhad. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

**BDO**  
AF: 0206  
Chartered Accountants

**Ooi Thiam Poh**  
2495/01/14 (J)  
Chartered Accountant



## 10. FINANCIAL INFORMATION (Cont'd)

IOI Properties Group Berhad (Company No.1035807-A)  
Proforma Consolidated Financial Information**IOI PROPERTIES****1. PROFORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME****1.1 Proforma Group**

The proforma consolidated financial information of IOI Properties Group Berhad ("IOIPG" or "the Company") and its subsidiaries ("IOIPG Group" or "the Group"), are prepared for illustrative purposes only. The relevant financial years of IOIPG Group for this Report cover the financial years ended ("FYE") 30 June 2011, 30 June 2012 and 30 June 2013.

The proforma consolidated financial information of IOIPG Group has been prepared on the assumption that the Group had been in existence throughout the FYE 30 June 2011 to 30 June 2013. The proforma consolidated financial information comprises the following:

- Section 2 - Proforma Consolidated Statements of Profit or Loss and Statements of Other Comprehensive Income for the relevant financial years;
- Section 3 - Proforma Consolidated Statements of Financial Position as at 30 June 2013; and
- Section 4 - Proforma Consolidated Statement of Cash Flows for the FYE 30 June 2013.

**1.2 Basis of preparation**

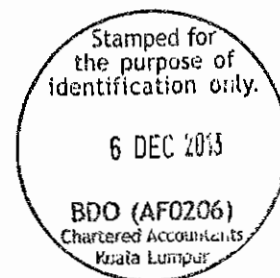
IOIPG was incorporated on 25 February 2013 and the first set of audited statutory financial statements of IOIPG shall cover the financial period from 25 February 2013 to 30 June 2013 and were used for the purposes of preparing the proforma financial statements.

The financial statements of all the companies within the Group for the relevant financial years were not subject to any audit qualification, except for the following:

- The auditors of Scottsdale Properties Pte. Ltd. and its subsidiaries ("Scottsdale Properties Group") have expressed a qualified opinion on the financial statements for the FYE 30 June 2012 and 30 June 2011 as Scottsdale Properties Group did not present the statements of cash flows for the FYE 30 June 2012 and 30 June 2011, which constitutes a departure from International Accounting Standard 7 *Statement of Cash Flows*.

However, the qualification does not have any significant impact to the Group.

The proforma consolidated financial statements of the Group are prepared on the basis consistent with the accounting policies adopted by the Group in accordance with Financial Reporting Standards ("FRSs") in Malaysia. Certain Malaysia entities within the Group that were classified as non-transitioning entities as defined by the Malaysian Accounting Standards Board ("MASB") have adopted the Malaysian Financial Reporting Standards ("MFRSs") as issued by MASB during the financial period 1 July 2012 to 30 June 2013 and reflected such adoption of the MFRSs for the FYE 30 June 2013. The financial statements of IOI Consolidated (Singapore) Pte. Ltd. ("IOICSPL") and Scottsdale Properties Group which were incorporated in Singapore are prepared in accordance with Singapore Financial Reporting Standards ("SFRSs"). The different accounting frameworks as adopted by these entities have been adjusted to align to the Group's accounting policies under FRSs, if any.



**10. FINANCIAL INFORMATION (Cont'd)**

IOI Properties Group Berhad (Company No.1035807-A)  
Proforma Consolidated Financial Information

**1. PROFORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME (Continued)****1.2 Basis of preparation (Continued)**

The functional currency of IOICSPL and Scottsdale Properties Group is Singapore Dollar ("SGD"). For the purpose of this Report, the financial information and financial statements are translated into Ringgit Malaysia ("RM") for information purposes only.

The exchange rates used for the purpose of this Report are as follows:

Financial years ended	SGD1.00	
	Closing rate	Average rate
30 June 2011	RM2.4557	RM2.3853
30 June 2012	RM2.4967	RM2.4762
30 June 2013	RM2.5121	RM2.5044

(Source: Citibank Berhad)

Elimination of intra-group transactions has also been made throughout the financial years.

The proforma consolidated financial statements were also prepared, together with the accompanying notes thereto, which have been prepared solely for illustration purposes, to show the effects of the listing scheme had the listing scheme been implemented and completed on 30 June 2013.

The proforma consolidated financial information, because of its nature, may not reflect the Group's actual financial results, financial position and cash flows. Further, such information does not predict the Group's future financial position, results and cash flows.

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**10. FINANCIAL INFORMATION (Cont'd)**

IOI Properties Group Berhad (Company No.1035807-A)  
Proforma Consolidated Financial Information

**1. PROFORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME (Continued)****1.3 Listing scheme**

In conjunction with and as an integral part of the listing of IOIPG on Main Market of Bursa Malaysia Securities Berhad, the Company undertook the following transactions:

**1.3.1 Internal Reorganisation**

- a) Acquisition by IOIPG for entire equity interests of IOI Corporation Berhad ("IOIC") in IOI Properties Berhad ("IOIP") and its direct and indirect subsidiaries, the jointly controlled entities and associates ("IOIP Group") for a total consideration of RM9,768,980,000 which was satisfied via the issuance of 2,163,866,849 new ordinary shares of RM1.00 each in IOIPG ("IOIPG Shares") to IOIC ("Acquisition of IOIP");
- b) Acquisition by IOIPG for entire equity interests of IOIC in certain other subsidiaries which are involved in property development, property investment and other property related businesses ("Other Property Companies") for a total consideration of RM2,581,311,000 which was satisfied via the issuance of 571,770,369 new IOIPG Shares to IOIC ("Acquisition of Other Property Companies");
- c) Acquisition by IOIPG from IOIC for two (2) parcels of agricultural land (to be converted to commercial/residential use) measuring approximately 500 acres, located in Mukim Rompin, District of Jempol, State of Negeri Sembilan ("Bahau Land") and approximately 1,279 acres located in Mukim of Sungai Segamat, District of Segamat, State of Johor ("Segamat Land"), for a total consideration of RM276,200,000 which were satisfied via the issuance of 61,179,368 new IOIPG Shares to IOIC ("Acquisition of Lands");
- d) Acquisition by IOIPG of 10% equity interest in Property Village Berhad ("PVB") from Summervest Sdn. Bhd. (a company controlled by Tan Sri Dato' Lee Shin Cheng ("TSDLSC"), a major shareholder of IOIC) ("Summervest" or "Vendor") ("Acquisition of PVB") and acquisition by IOIPG of 10% equity interest in Property Skyline Sdn. Bhd. ("PSSB") from Summervest ("Acquisition of PSSB"), for an aggregate consideration of RM196,345,000 which was satisfied via the issuance of 43,491,177 new IOIPG Shares to Summervest;
- e) Capitalisation of approximately RM1.8 billion, being an amount owing by IOIP Group and/or the Other Property Companies to IOIC Group by way of issuance of 398,706,961 new IOIPG Shares to IOIC ("Debt Settlement"); and
- f) The Acquisition of IOIP, Acquisition of Other Property Companies, Acquisition of Lands, Acquisition of PVB and Acquisition of PSSB are collectively referred to as the Acquisitions.



10. FINANCIAL INFORMATION (Cont'd)

IOI Properties Group Berhad (Company No.1035807-A)  
Proforma Consolidated Financial Information

1. PROFORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME (Continued)

1.3 Listing scheme (Continued)

1.3.2 Distribution

Distribution of 2,130,349,033 IOIPG Shares which are held by IOIC to all IOIC shareholders post the Internal Reorganisation (as defined herein), by way of distribution-in-specie on the basis of one (1) IOIPG Share for every three (3) ordinary shares held in IOIC ("IOIC Shares"), which indicatively amounts to approximately 66% of the enlarged IOIPG Shares ("Distribution") via, inter alia, implementation of a reduction of the share premium account of IOIC in accordance with the provisions of Sections 60(2) and 64 of the Companies Act, 1965 ("Act") and via retained profits of IOIC.

1.3.3 Restricted offer for sale

Non-renounceable restricted offer for sale of all of the remaining IOIPG Shares are held by IOIC after the Distribution amounting 1,065,174,516 IOIPG Shares, to the entitled shareholders of IOIC on the basis of one (1) IOIPG Share for every six (6) IOIC shares.

1.3.4 Listing and quotation

Listing of and quotation for the entire enlarged issued and paid-up share capital of IOIPG on the Official List of the Main Market of Bursa Malaysia Securities Berhad.

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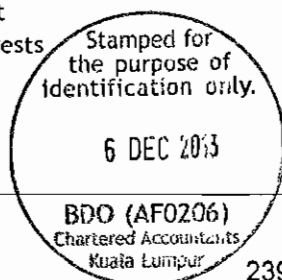
## 10. FINANCIAL INFORMATION (Cont'd)

IOI Properties Group Berhad (Company No.1035807-A)  
Proforma Consolidated Financial Information

## 2. PROFORMA CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR FYE 30 JUNE 2011, 2012 AND 2013

The proforma consolidated statements of profit or loss and statements of other comprehensive income of IOIPG Group for the past three (3) FYE 30 June 2011, 2012 and 2013 have been prepared for illustrative purposes only and after incorporating such adjustments as considered necessary and assuming that the Group had been in existence throughout the financial years.

	Financial year ended 30 June		
	2011 RM'000	2012 RM'000	2013 RM'000
Revenue	1,171,181	1,052,220	1,323,259
Cost of sales	<u>(506,225)</u>	<u>(411,429)</u>	<u>(526,154)</u>
Gross profit	664,956	640,791	797,105
Other operating income	275,698	198,316	210,498
Marketing and selling expenses	(21,838)	(22,545)	(45,503)
Administration expenses	(67,687)	(87,381)	(85,940)
Other operating expenses	<u>(50,612)</u>	<u>(59,640)</u>	<u>(61,965)</u>
Operating profit	800,517	669,541	814,195
Interest income	35,830	50,341	42,328
Finance costs	(3,007)	(5,632)	(41,210)
Share of results of associates	4,696	8,228	6,989
Share of results of jointly controlled entities	<u>51,805</u>	<u>33,214</u>	<u>82,457</u>
Profit before taxation	889,841	755,692	904,759
Taxation	<u>(124,283)</u>	<u>(144,755)</u>	<u>(191,156)</u>
Profit for the financial year	765,558	610,937	713,603
Other comprehensive income	-	-	-
Total comprehensive income	<u>765,558</u>	<u>610,937</u>	<u>713,603</u>
Total comprehensive income attributable to:			
Owners of the parent	725,305	599,771	693,621
Non-controlling interests	<u>40,253</u>	<u>11,166</u>	<u>19,982</u>
	<u>765,558</u>	<u>610,937</u>	<u>713,603</u>



## 10. FINANCIAL INFORMATION (Cont'd)

IOI Properties Group Berhad (Company No.1035807-A)  
Proforma Consolidated Financial Information

## 2. PROFORMA CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR FYE 30 JUNE 2011, 2012 AND 2013 (Continued)

	Financial year ended 30 June		
	2011	2012	2013
<i>Earnings before interest, tax, depreciation and amortisation ("EBITDA") (RM'000)</i>	874,680	730,275	923,602
<i>Number of ordinary shares in issues ('000)</i>	3,239,015	3,239,015	3,239,015
<i>Gross earnings per share (sen)</i>	27.47	23.33	27.93
<i>Net earnings per share (sen)</i>	22.39	18.52	21.41
<i>Gross profit ("GP") margin (%)</i>	57%	61%	60%
<i>Profit before tax margin (%)</i>	76%	72%	68%
<i>Profit after tax margin (%)</i>	65%	58%	54%
<i>EBITDA margin (%)</i>	75%	69%	70%
<i>Effective tax rate (%)</i>	14%	19%	21%

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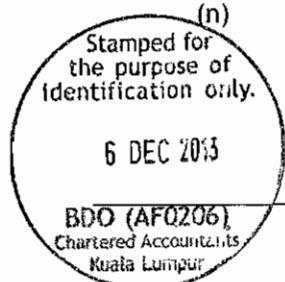
## 10. FINANCIAL INFORMATION (Cont'd)

IOI Properties Group Berhad (Company No.1035807-A)  
Proforma Consolidated Financial Information

2. PROFORMA CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR FYE 30 JUNE 2011, 2012 AND 2013 (Continued)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND STATEMENTS OF OTHER COMPREHENSIVE INCOME

- (a) Earnings before interest, tax, depreciation and amortisation (“EBITDA”) is the total net profit for the financial year before interest, tax, depreciation and amortisation for the respective financial years.
- (b) The number of shares of the Company in issue is derived after Acquisitions and Debt Settlement.
- (c) Gross earnings per share is computed by dividing profit before tax for the respective financial years over the number of ordinary shares in issue of IOIPG shares.
- (d) Net earnings per share is computed by dividing total comprehensive income attributable to the owners of the parent for the respective financial years over the number of ordinary shares in issue of IOIPG shares.
- (e) GP margin is computed by dividing gross profit over revenue earned in the respective financial years.
- (f) Profit before tax (“PBT”) margin is computed by dividing the profit before tax over revenue earned in the respective financial years.
- (g) Profit after tax (“PAT”) margin is computed by dividing net profit over revenue in the respective financial years.
- (h) EBITDA margin is computed by dividing EBITDA over revenue earned in the respective financial years
- (i) Effective tax rate is computed by dividing tax expense over profit before tax in the respective financial years.
- (j) No diluted earnings per share is shown as there were no potential dilutive shares in issue during the financial years.
- (k) Inter-company transactions between the companies within the Group for each of the financial years have been eliminated on consolidation.
- (l) The proforma consolidated statements of profit or loss and statements of other comprehensive income of the IOIPG Group for the FYE 30 June 2011 did not include the results of Clementi Development Pte. Ltd. as the said subsidiary was only incorporated during the FYE 30 June 2012.
- (m) The proforma consolidated statements of profit or loss and statements of other comprehensive income of the IOIPG Group for the FYE 30 June 2011 and 2012 did not include the results of IOI (Xiamen) Properties Co., Ltd. as the said subsidiary was only incorporated during the FYE 30 June 2013.
- (n) The proforma consolidated statements of profit or loss and statements of other comprehensive income of the IOIPG Group for the FYE 30 June 2011 did not include the results of PJ Midtown Development Sdn. Bhd. (formerly known as Sime Darby Brunfield Darby Hills Sdn. Bhd.) as the said jointly controlled entity was only acquired during the FYE 30 June 2012.



10. FINANCIAL INFORMATION (Cont'd)

IOI Properties Group Berhad (Company No.1035807-A)  
Proforma Consolidated Financial Information

2. PROFORMA CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR FYE 30 JUNE 2011, 2012 AND 2013 (Continued)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND STATEMENTS OF OTHER COMPREHENSIVE INCOME (Continued)

- (o) The audited historical financial statements of Scottsdale Properties Group were prepared in accordance with all applicable SFRSs for the FYE 30 June 2011, 2012 and 2013. There is no material difference between the accounting framework adopted by Scottsdale Properties Group and the Group's accounting policies under FRSs.
- (p) There were no exceptional or extraordinary items throughout the financial years.

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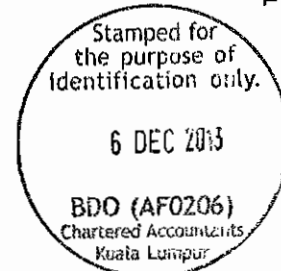
## 10. FINANCIAL INFORMATION (Cont'd)

IOI Properties Group Berhad (Company No.1035807-A)  
Proforma Consolidated Financial Information

## 3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013

The proforma consolidated statements of financial position of IOIPG Group as at 30 June 2013 have been prepared for illustrative purposes only and after making such adjustments as considered necessary assuming that the listing is completed on 30 June 2013.

Section	As at 30 June 2013 * RM'000	Proforma I		Proforma II		Proforma III	
		Acquisition of IOIP, Other Property Companies and Lands RM'000	Adjustments RM'000	After Proforma I and Acquisition of PVB and PSSB RM'000	Adjustments RM'000	After Proforma II and Debt Settlement RM'000	
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment	-	991,431	-	991,431	-	991,431	-
Land held for property development	-	2,282,478	-	2,282,478	-	2,282,478	-
Prepaid lease payments	-	99,353	-	99,353	-	99,353	-
Investment properties	-	1,993,810	-	1,993,810	-	1,993,810	-
Goodwill on consolidation	-	3,802	-	3,802	-	3,802	-
Investments in associates	-	71,378	-	71,378	-	71,378	-
Interests in jointly controlled entities	-	3,575,449	-	3,575,449	-	3,575,449	-
Deferred tax assets	-	28,963	-	28,963	-	28,963	-
	-	9,046,664	-	9,046,664	-	9,046,664	-
<b>Current assets</b>							
Property development costs	-	1,878,327	-	1,878,327	-	1,878,327	-
Inventories	-	123,420	-	123,420	-	123,420	-
Trade and other receivables	-	456,582	-	456,582	-	456,582	-
Amounts due from related companies	-	29,420	-	29,420	-	29,420	-
Amount due from holding company	-	5,340	-	5,340	-	5,340	-
Current tax assets	-	1,090	-	1,090	-	1,090	-
Other investments	-	1,060	-	1,060	-	1,060	-
Short term funds	-	59,930	-	59,930	-	59,930	-
Deposits with financial institutions	-	99,464	-	99,464	-	99,464	-
Cash and bank balances	-	281,935	-	281,935	-	281,935	-
	-	2,936,568	-	2,936,568	-	2,936,568	-
<b>TOTAL ASSETS</b>	-	11,983,232	-	11,983,232	-	11,983,232	-



## 10. FINANCIAL INFORMATION (Cont'd)

IOI Properties Group Berhad (Company No.1035807-A)  
Proforma Consolidated Financial Information

## 3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013 (Continued)

Section	As at 30 June 2013 RM'000	Proforma I		Proforma II		Proforma III	
		Adjustments RM'000	Acquisition of IOIP, Other Property Companies and Lands RM'000	Adjustments RM'000	After Proforma I and Acquisition of PVB and PSSB RM'000	Adjustments RM'000	After Proforma II and Debt Settlement RM'000
<b>EQUITY AND LIABILITIES</b>							
<b>Equity attributable to owners of the parent</b>							
Share capital	*	2,796,817	2,796,817	43,491	2,840,308	398,707	3,239,015
Foreign exchange translation reserve	-	128,436	128,436	-	128,436	-	128,436
Reorganisation debit balance	-	(8,440,152)	(8,440,152)	-	(8,440,152)	-	(8,440,152)
Share premium	-	9,829,673	9,829,673	152,854	9,982,527	1,401,293	11,383,820
(Accumulated losses)/ Retained earnings	(83)	4,147,528	4,147,445	(123,180)	4,024,265	-	4,024,265
	(83)	8,462,302	8,462,219	73,165	8,535,384	1,800,000	10,335,384
Non-controlling interests	-	100,020	100,020	(73,165)	26,855	-	26,855
<b>(Capital deficiency)/Total equity</b>	(83)	8,562,322	8,562,239	-	8,562,239	1,800,000	10,362,239

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the purpose of  
identification only.

6 DEC 2013

BDO (AF0206)  
Chartered Accountants  
Kuala Lumpur

## 10. FINANCIAL INFORMATION (Cont'd)

IOI Properties Group Berhad (Company No.1035807-A)  
Proforma Consolidated Financial Information

## 3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013 (Continued)

Section	As at 30 June 2013 <sup>*</sup> RM'000	Adjustments RM'000	Proforma I Acquisition of IOIP, Other Property Companies and Lands RM'000	Adjustments RM'000	Proforma II After Proforma I and Acquisition of PVB and PSSB RM'000	Adjustments RM'000	Proforma III After Proforma II and Debt Settlement RM'000
<b>LIABILITIES</b>							
<b>Non-current liabilities</b>							
Long term borrowings	-	502,420	502,420	-	502,420	-	502,420
Deferred tax liabilities	-	107,567	107,567	-	107,567	-	107,567
Provision for retirement benefits	-	57	57	-	57	-	57
Amount due to a related company	-	-	-	-	-	-	-
Amounts due to non-controlling interest	-	138,430	138,430	-	138,430	-	138,430
	-	748,474	748,474	-	748,474	-	748,474
<b>Current liabilities</b>							
Trade and other payables	6	486,489	486,495	-	486,495	-	486,495
Amount due to a related company	-	2,047,515	2,047,515	-	2,047,515	(1,800,000)	247,515
Amount due to holding company	77	91,098	91,175	-	91,175	-	91,175
Current tax liabilities	-	47,334	47,334	-	47,334	-	47,334
	83	2,672,436	2,672,519	-	2,672,519	(1,800,000)	872,519
<b>TOTAL LIABILITIES</b>	83	3,420,910	3,420,993	-	3,420,993	(1,800,000)	1,620,993
<b>TOTAL LIABILITIES NET OF CAPITAL DEFICIENCY/ TOTAL EQUITY AND LIABILITIES</b>	*	11,983,232	11,983,232	-	11,983,232	-	11,983,232
Net asset value per share (RM) ^	-	2.62	2.62	-	2.62	-	3.17

\*The first set of audited statutory financial statements of IOIPG for financial period from 25 February 2013 to 30 June 2013 has been used.

^ Represent RM2.00.

^ Net assets value per share is computed by dividing total net assets divided by the number of ordinary shares in issue of IOIPG shares.

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6 DEC 2013

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Chartered Accountants  
Kuala Lumpur

## 10. FINANCIAL INFORMATION (Cont'd)

IOI Properties Group Berhad (Company No.1035807-A)  
Proforma Consolidated Financial Information3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013  
(Continued)

## 3.1 PROFORMA ADJUSTMENTS TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

## 3.1.1 PROFORMA I

Proforma I is stated after incorporating the following events:

- (a) Acquisition by IOIPG for the entire equity interests of IOIC in IOIP and its direct and indirect subsidiaries, associated companies and the jointly controlled entities ("IOIP Group") for a total consideration of RM9,768,980,000 which was satisfied via the issuance of 2,163,866,849 new IOIPG Shares to IOIC ("Acquisition of IOIP").

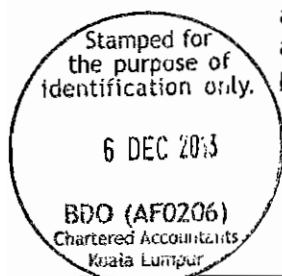
As the acquisition undertaken is mainly a reorganisation of IOIP under common control, reverse acquisition accounting by analogy has been adopted and IOIP continues to be identified as the accounting acquirer. Under the reverse acquisition accounting by analogy, the assets and liabilities of the acquirer are recognised and measured in the financial statements at the pre-combination carrying amounts, without restatement to fair values. The retained earnings and other equity balances of the Group immediately before the combination, and the results from the beginning of the accounting period to the date of the combination are those of the accounting acquirer, i.e. IOIP Group. The equity structure, however, reflects the equity structure of the legal acquirer, i.e. IOIPG, including the equity instruments issued to effect the combination.

On consolidation, the reorganisation debit balance comprises:

	RM'000
New Shares issued by IOIPG to acquire IOIP Group	2,163,867
Share premium arises from new Shares issued by IOIPG to acquire IOIP Group	7,605,113
Reversal of issued and paid-up share capital of IOIP Group pursuant to the reorganisation	(406,393)
Reversal of share premium of IOIP Group pursuant to the reorganisation	(881,345)
Reversal of capital reserve of IOIP Group pursuant to the reorganisation	(41,090)
Reorganisation debit balance	<u>8,440,152</u>

- (b) Acquisition by IOIPG for entire equity interests of IOIC in certain other subsidiaries which are involved in property development, property investment and other property related businesses ("Other Property Companies") for a total consideration of RM2,581,311,000 which was satisfied via the issuance of 571,770,369 new IOIPG Shares to IOIC ("Acquisition of Other Property Companies").

The difference between the total consideration and the carrying amount of the assets and liabilities of the Other Property Companies are pending purchase price allocation. Under FRS 3 *Business Combination*, a one year window to complete the purchase price allocation is allowed.



10. FINANCIAL INFORMATION (Cont'd)

IOI Properties Group Berhad (Company No.1035807-A)  
Proforma Consolidated Financial Information

3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013  
(Continued)

3.1 PROFORMA ADJUSTMENTS TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL  
POSITION (Continued)

3.1.1 PROFORMA I (Continued)

(c) Acquisition by IOIPG from IOIC for two (2) parcels of agricultural land (to be converted to commercial/residential use) measuring approximately 500 acres, located in Mukim Rompin, District of Jempol, State of Negeri Sembilan ("Bahau Land") and approximately 1,279 acres located in Mukim of Sungai Segamat, District of Segamat, State of Johor ("Segamat Land"), for a total consideration of RM276,200,000 which were satisfied via the issuance of 61,179,368 new IOIPG Shares to IOIC ("Acquisition of Lands").

3.1.2 PROFORMA II

Proforma II stated after Proforma I and incorporating the following event:

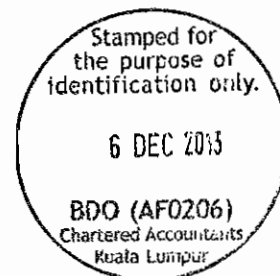
Acquisition by IOIPG of 10% equity interest in Property Village Berhad ("PVB") from Summervest Sdn. Bhd. (a company controlled by Tan Sri Dato' Lee Shin Cheng ("TSDLSC"), a major shareholder of IOIC) ("Summervest" or "Vendor") ("Acquisition of PVB") and acquisition by IOIPG of 10% equity interest in Property Skyline Sdn. Bhd. ("PSSB") from Summervest ("Acquisition of PSSB"), for an aggregate consideration of RM196,345,000 which was satisfied via the issuance of 43,491,177 new IOIPG Shares to Summervest.

3.1.3 PROFORMA III

Proforma III stated after Proforma II and incorporating the following event:

Capitalisation of approximately RM1.8 billion, being an amount owing by IOIPG Group and/or the Other Property Companies to IOIC Group by way of issuance of 398,706,961 new IOIPG Shares to IOIC ("Debt Settlement").

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## 10. FINANCIAL INFORMATION (Cont'd)

IOI Properties Group Berhad (Company No.1035807-A)  
Proforma Consolidated Financial Information

## 3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013 (Continued)

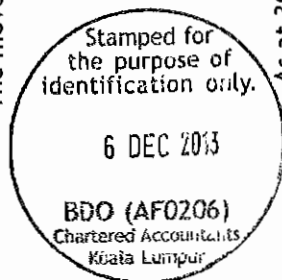
## 3.2 NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

## 3.2.1 SHARE CAPITAL AND RESERVES

The movements in the share capital and reserves of IOIPG Group are as follows:

	Share capital RM'000	Share premium RM'000	Foreign exchange reserve RM'000	Reorganisation debit balance RM'000	Distributable (Accumulated losses)/ Retained earnings RM'000	Total attributable to owners of the parents RM'000	Non-controlling interest RM'000	(Capital deficiency)/ Total equity RM'000
As at 30 June 2013	*	-	-	-	(83)	(83)	-	(83)
Proforma I	*	-	-	-	(83)	(83)	-	(83)
Acquisition of IOIP, Other Properties Companies and Lands	2,796,817	9,829,673	128,436	(8,440,152)	4,147,528	8,462,302	100,020	8,562,322
Proforma II	2,796,817	9,829,673	128,436	(8,440,152)	4,147,445	8,462,219	100,020	8,562,239
Acquisition of PVB and PSSB	43,491	152,854	-	-	(123,180)	73,165	(73,165)	-
Proforma III	2,840,308	9,982,527	128,436	(8,440,152)	4,024,265	8,535,384	26,855	8,562,239
Debt Settlement	398,707	1,401,293	-	-	-	1,800,000	-	1,800,000
	3,239,015	11,383,820	128,436	(8,440,152)	4,024,265	10,335,384	26,855	10,362,239

\* Represents 2 ordinary shares of RM1.00 each



## 10. FINANCIAL INFORMATION (Cont'd)

IOI Properties Group Berhad (Company No.1035807-A)  
Proforma Consolidated Financial Information

## 3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013 (Continued)

## 3.2 NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)

## 3.2.2 Share capital

Details of the changes in the issued and paid-up share capital of the Company since its date of incorporation are as follows:

Date of allotment	No. of shares allotted ('000)	Cumulative no. of shares allotted ('000)	Par value (RM)	Purpose	Cumulative total issued and paid-up share capital (RM'000)
25 February 2013	*	*	1.00	Incorporation	*
3 December 2013	2,163,867	2,163,867	1.00	Acquisition of IOIP	2,163,867
5 December 2013	571,770	2,735,637	1.00	Acquisition of Other Property Companies	2,735,637
5 December 2013	61,180	2,796,817	1.00	Acquisition of Lands	2,796,817
5 December 2013	43,491	2,840,308	1.00	Acquisition of 10% equity interest in PVB and PSSB	2,840,308
5 December 2013	398,707	3,239,015	1.00	Debt settlement	3,239,015

\* Represents 2 ordinary shares of RM1.00 each



## 10. FINANCIAL INFORMATION (Cont'd)

IOI Properties Group Berhad (Company No.1035807-A)  
Proforma Consolidated Financial Information4. PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2013

The proforma consolidated statements of cash flows of IOIPG Group for the FYE 30 June 2013 has been prepared on the assumption that the Group had been in existence throughout the FYE 30 June 2013, adjusted for the effects of the listing.

	2013 RM'000
<b>Cash Flows From Operating Activities</b>	
Profit before taxation	904,759
Adjustments for:	
Depreciation of property, plant and equipment	19,961
Interest expenses	41,097
Interest charged by holding company	83
Interest charged by related company	1
Impairment losses on receivables	1,307
Fair value gain on other investments	(24)
Reversal of inventories previously written down	(227)
Property, plant and equipment written off	68
Bad debts written off	175
Gain on disposal of property, plant and equipment	(314)
Gain on disposal of investment in a subsidiary	(1,423)
Loss on disposal of investment in an associate	500
Impairment losses on receivables written back	(38)
Loss on disposal of investment properties	1,240
Dividend income	(36)
Share of results of associates	(6,989)
Gain on remeasurement of previously held investment	(21,125)
Share of results of jointly controlled entities	(82,457)
Provision of employee benefits	12
Interest income	(42,435)
Interest paid	29
Gain on bargain purchase	(8,326)
Fair value gain on investment properties	(162,574)
<b>Operating profit before working capital changes</b>	<b>643,264</b>
Increase in property development costs	(133,899)
Decrease in inventories	100,559
Increase in trade receivables	(106,835)
Decrease in other receivables, deposits and prepayments	26,346
Increase in amounts due from related companies	(123,683)
Decrease in amount due from holding company	5,544
Increase in accrued billings	(1,867)
Increase in trade payables	149,648
Increase in other payables and accruals	64,395
Increase in amounts due to related companies	192
Decrease in amounts due from contract customers	59
<b>Cash generated from operations</b>	<b>623,723</b>
Interest paid	(31)
Interest received	1,172
Tax paid	(165,882)
Tax refund	62
<b>Net cash from operating activities</b>	<b>459,044</b>

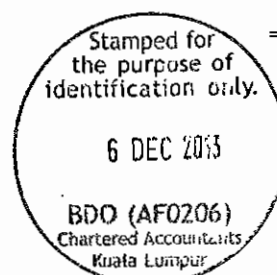




## 10. FINANCIAL INFORMATION (Cont'd)

IOI Properties Group Berhad (Company No.1035807-A)  
Proforma Consolidated Financial Information4. PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2013 (Continued)

	2013 RM'000
<b>Cash Flows From Investing Activities</b>	
Investment in a joint venture	(9,151)
Net repayments from related companies	7,351
Repayments from a jointly controlled entity	91,943
Repayments to a joint venture partner	(91,848)
Dividend received	12,335
Interest received	12,882
Proceeds from disposal of investment in an associate	2,500
Proceeds from disposal of investment in a subsidiary	1,423
Proceeds from disposal of investment properties	5,313
Proceeds from disposal of property, plant and equipment	506
Proceeds from dilution of interest in a subsidiary	2,603
Proceeds from liquidation of a subsidiary	271
Additions to investment properties	(585,909)
Additions to property, plant and equipment	(105,258)
Additions to prepaid lease payments	(95,213)
Deposit paid for purchase of lands	(30,816)
Advances to jointly controlled entities	(228,738)
Additions to land held for property development	(1,163,729)
Acquisition of a subsidiaries, net of cash and cash equivalents	753
Additional investments in subsidiaries	(10,169)
Advances to related companies	(5,427)
<b>Net cash used in investing activities</b>	<b>(2,188,378)</b>
<b>Cash Flows From Financing Activities</b>	
Proceeds from issuance of shares to non-controlling interests	2
Interest paid	(3,765)
Decrease in unsecured notes	(26)
Dividend paid	(29,118)
Dividend paid to non-controlling interests	(11,198)
Drawdown of short term borrowings	502,420
Repayments of long term borrowings	(502,420)
Advances from non-controlling interests	6,154
Advances to related companies	(3,984)
Advances from a related company	1,504,918
Advances to holding company	72,184
<b>Net cash from financing activities</b>	<b>1,535,167</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(194,167)</b>
<b>Cash and cash equivalents at beginning of financial year</b>	<b>632,356</b>
<b>Effect of exchange rate changes</b>	<b>3,140</b>
<b>Cash and cash equivalents at end of financial year</b>	<b>441,329</b>



## 10. FINANCIAL INFORMATION (Cont'd)

IOI Properties Group Berhad (Company No.1035807-A)  
Proforma Consolidated Financial Information4. PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2013 (Continued)

## NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS

Cash and cash equivalents consist of:

	RM'000
Cash and bank balances	281,935
Deposit with financial institutions	99,464
Short term funds	59,930
	<u>441,329</u>

## APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated 6 December 2013.



.....  
Tan Sri Dato' Lee Shin Cheng  
Director



.....  
Lee Yeow Seng  
Director



**10. FINANCIAL INFORMATION (Cont'd)****10.4 MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS**

The following management's discussion and analysis of our Group's past financial performance and results of operations should be read in conjunction with the proforma consolidated financial information and the related notes thereon for the past three (3) FYEs up to 30 June 2013 as set out in Section 10.3 of this Prospectus.

This discussion and analysis contains data derived from the audited financial statements of our subsidiaries as well as forward-looking statements that involve risks and uncertainties. The results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 3 of this Prospectus.

**10.4.1 Overview of Operations**

Our Group is a property developer and our business activities generally involve three (3) complementary core business divisions, namely property development, property investment and leisure and hospitality.

Our property development core business division generates income from the sale of residential, industrial and commercial properties, which includes township development, high-end landed properties and high rise, retail malls, office space and leisure properties. For the past three (3) FYEs up to 30 June 2013, all of our Group's property development income were generated within Malaysia and are focused along the high growth corridors in Puchong, Putrajaya, Penang and Johor. In recent years, through our subsidiaries and jointly controlled entities, our property development business had also expanded into developments in Singapore and China. As at 30 June 2013, our Group's on-going and potential GDV for the next three (3) years of approximately RM10.0 billion within Malaysia, SGD2.9 billion in Singapore and RMB6.7 billion in China. Please refer to Section 4.2.2 to 4.2.7 of this Prospectus for further details on our property development projects.

Our property investment core business division involves leasing properties held by our Group comprising mainly retail space and office buildings which were mostly developed as part of our township development. Our Group have retained such development for investment purposes which supplements our Group's revenue with stable and recurring rental income. Amongst our major investment properties are office units and car park bays within IOI Business Park, retail spaces in IOI Mall, Puchong and IOI Mall, Kulai, Johor, purpose built office space within PFCC, One IOI Square and Two IOI Square in IOI Resort City, Putrajaya. As at 30 June 2013, we have a total of approximately 2.65 million sq ft of lettable area.

As part of our Group's strategy to create a sustainable business, we have also ventured into the leisure and hospitality sector by constructing, managing and operating hotels and golf courses. As at 30 June 2013, our leisure and hospitality business division is involved in the management and operation of the 4-star Palm Garden Hotel, Palm Garden Golf Course and the 5-star Marriott Putrajaya Hotel, all of which are located within Putrajaya, as well as Palm Villa Golf & Country Resort, located within the township of Bandar Putra Kulai.

Certain subsidiaries of IOIPG, which own plantation/estate land, carries out palm oil cultivation activities prior to such land's potential being crystallised for development purposes.

The aforesaid plantation/estate land had been identified with development potential due to its location and proximity to nearby development /township. Accordingly, during such interim period whilst IOIPG manages the land utilisation in stages, the Group has engaged certain subsidiaries of IOIC as its estate manager to administer and manage the estate on the Group's behalf.

In return, the Group pays IOIC an agency fee, which is based on cost sharing per hectares basis, for the services provided which shall include, amongst others :-

- Responsible for the maintenances of the crop planted and harvesting of the produces within the estate;
- Provide marketing and sale of the estate's produce, trading of produce, providing marketing intelligence and price monitoring;
- To assist with the recruitment and training of all employees on the estates.
- To maintain proper records with respect to the business of the estate and to make available to IOIPG Group the same.
- To submit a monthly management report incorporating, inter alia, the monthly revenue and expenditure statement of the estate within thirty (30) days of each succeeding month.

**10. FINANCIAL INFORMATION (Cont'd)**

The sales of produce will be recorded as revenue in the respective entities of IOIPG's income statement, whilst all the related expenses and incidental costs of the estates will be charged out with the exception of capital expenditures, which shall be capitalised in the respective balance sheets.

**(i) Revenue**

Revenue is recognised to the extent that it is probable that economic benefits will flow to our Group and the revenue can be reliably measured. The following specific revenue recognition criteria must also be met before revenue is recognised.

- (a) Revenue from sale of development properties is accounted for by the stage of completion method in respect of all property units which have been sold. The stage of completion is determined by reference to the project costs incurred to-date to the total estimated costs where the outcome of the projects can be reliably estimated.
- (b) Revenue arising from rental of investment properties is recognised on a straight-line basis over the lease term. Other rent related and car park income is recognised in the accounting period in which the services are rendered.
- (c) Revenue from leisure and hospitality core business division is accounted for and recognised upon delivery of products (i.e. revenue generated from sale of Food & Beverage ("F&B") and merchandises) and/or performance of services (i.e. revenue generated from hotel room rental, entrance fees, recreational activities and rental of function areas).

The tables below set out the revenue analysis by activities, subsidiaries, projects, geographical location and property development products for the respective financial years under review:

**Revenue Analysis by Activities**

	FYE 30 June					
	2011		2012		2013	
	RM'000	%	RM'000	%	RM'000	%
Property development	964,944	82.4%	836,820	79.5%	1,091,193	82.5%
Property investment	96,958	8.3%	96,262	9.1%	106,421	8.0%
Leisure and hospitality	64,037	5.5%	73,292	7.0%	87,205	6.6%
Plantation	29,644	2.5%	28,327	2.7%	25,297	1.9%
Others	15,598	1.3%	17,519	1.7%	13,143	1.0%
<b>Total</b>	<b>1,171,181</b>	<b>100.0%</b>	<b>1,052,220</b>	<b>100.0%</b>	<b>1,323,259</b>	<b>100.0%</b>

**Revenue Analysis by Projects**

Projects	Year <sup>(1)</sup>	FYE 30 June					
		2011		2012		2013	
		RM'000	%	RM'000	%	RM'000	%
<u>Property development</u>							
Bandar Puteri, Puchong	2000	296,973	30.8%	249,785	29.8%	185,470	17.0%
Bandar Puchong Jaya	1990	141,135	14.6%	54,620	6.5%	167,538	15.4%
16 Sierra, South Puchong	2008	85,596	8.9%	172,246	20.6%	148,998	13.7%
IOI Resort, Putrajaya	1995	61,899	6.4%	77,634	9.3%	77,484	7.1%
Bandar Putra, Kulai	1995	119,967	12.4%	125,618	15.0%	243,160	22.3%
Taman Lagenda Putra	2006	38,335	4.0%	36,683	4.4%	56,795	5.2%
Taman Kempas Utama	2007	87,345	9.1%	63,574	7.6%	128,608	11.8%
The Platino, Johor Bahru	2013	-	-	-	-	5,757	0.5%
Bandar Putra, Segamat	1995	27,656	2.9%	31,754	3.8%	36,527	3.3%
Desaria, Sungai Ara	2001	104,981	10.9%	12,344	1.5%	31,296	2.9%
The Trilling, Singapore	2013	-	-	-	-	9,508	0.9%
Others		1,057	Neg	12,562	1.5%	52	Neg
<b>Total</b>		<b>964,944</b>	<b>100.0%</b>	<b>836,820</b>	<b>100.0%</b>	<b>1,091,193</b>	<b>100.0%</b>
<u>Property investment</u>							
IOI Mall, Puchong		53,771	55.5%	59,727	62.0%	64,384	60.5%
IOI Mall, Kulai		7,327	7.6%	8,316	8.6%	9,269	8.7%
Puteri Mart, Puchong		2,331	2.4%	2,461	2.6%	2,539	2.4%

## 10. FINANCIAL INFORMATION (Cont'd)

Projects	Year <sup>(1)</sup>	FYE 30 June					
		2011		2012		2013	
		RM'000	%	RM'000	%	RM'000	%
IOI Mart, Kulai		21	Neg	193	0.2%	216	0.2%
IOI Plaza, Singapore		5,592	5.8%	-	-	-	-
IOI One & Two Square		16,400	16.9%	12,844	13.3%	13,021	12.2%
PFCC Tower 1 & 2		2,921	3.0%	3,929	4.1%	7,032	6.6%
IOI Boulevard		3,264	3.4%	4,661	4.8%	5,606	5.3%
IOI Business Park		1,492	1.5%	1,310	1.4%	1,132	1.1%
Bungalow houses		3,807	3.9%	2,785	2.9%	3,186	3.0%
Others		32	Neg	36	0.1%	36	Neg
<b>Total</b>		<b>96,958</b>	<b>100.0%</b>	<b>96,262</b>	<b>100.0%</b>	<b>106,421</b>	<b>100.0%</b>
<u>Leisure and hospitality</u>							
Palm Garden Hotel		15,900	24.8%	16,303	22.2%	15,882	18.2%
Putrajaya Marriott Hotel		40,884	63.9%	46,656	63.7%	54,003	61.9%
Golf Course		7,253	11.3%	10,333	14.1%	17,320	19.9%
<b>Total</b>		<b>64,037</b>	<b>100.0%</b>	<b>73,292</b>	<b>100.0%</b>	<b>87,205</b>	<b>100.0%</b>
<u>Plantation</u>							
		29,644	100%	28,327	100%	25,297	100%
<u>Others</u>							
		15,598	100%	17,519	100%	13,143	100%
<b>Grand Total</b>		<b>1,171,181</b>	<b>100%</b>	<b>1,052,220</b>	<b>100%</b>	<b>1,323,259</b>	<b>100%</b>

**Notes:-**

Neg Negligible

(1) Year of commencement of the respective projects for our property development activities

**Revenue Analysis by Subsidiaries**

	FYE 30 June					
	2011		2012		2013	
	RM'000	%	RM'000	%	RM'000	%
IOIP Group	959,555	81.9%	912,221	86.7%	1,157,472	87.5%
Bukit Kelang Development	4,682	0.4%	3,656	0.3%	3,478	0.3%
Eng Hup Industries	32	Neg	12,598	1.2%	36	Neg
Nice Skyline	27,656	2.4%	31,754	3.0%	36,527	2.8%
Palmex Industries	104,981	9.0%	12,344	1.2%	31,296	2.4%
PMX Bina	-	-	-	-	52	Neg
Resort Villa Development	57,283	4.9%	59,500	5.7%	67,024	5.1%
Resort Villa Golf Course Development	15,901	1.4%	16,303	1.5%	15,882	1.2%
Resort Villa Golf Course	1,091	Neg	3,844	0.4%	11,492	0.9%
<b>Total</b>	<b>1,171,181</b>	<b>100.0%</b>	<b>1,052,220</b>	<b>100.0%</b>	<b>1,323,259</b>	<b>100.0%</b>

**Notes:**

Neg Negligible

**Revenue Analysis by Geographical Region**

	FYE 30 June					
	2011		2012		2013	
	RM'000	%	RM'000	%	RM'000	%
<u>Malaysia</u>						
- Property development	964,944	82.4%	836,820	79.5%	1,081,685	81.7%
- Property investment	91,366	7.8%	96,262	9.1%	106,421	8.0%
- Leisure and hospitality	64,037	5.5%	73,292	7.0%	87,205	6.7%
- Plantation	29,644	2.5%	28,327	2.7%	25,297	1.9%
- Others	15,598	1.3%	17,519	1.7%	13,143	1.0%
<u>Singapore</u>						
- Property development	-	-	-	-	9,508	0.7%
- Property investment	5,592	0.5%	-	-	-	-
- Leisure and hospitality	-	-	-	-	-	-
- Plantation	-	-	-	-	-	-
- Others	-	-	-	-	-	-
<b>Total</b>	<b>1,171,181</b>	<b>100.0%</b>	<b>1,052,220</b>	<b>100.0%</b>	<b>1,323,259</b>	<b>100.0%</b>

**10. FINANCIAL INFORMATION (Cont'd)****Revenue Analysis of Our Property Development Products**

Projects	Year <sup>(1)</sup>	FYE 30 June					
		2011		2012		2013	
		RM'000	%	RM'000	%	RM'000	%
<b>Residential</b>							
Bandar Puteri, Puchong	2000	163,497	16.9%	115,479	13.8%	18,834	1.7%
Bandar Puchong Jaya	1990	98,792	10.2%	30,946	3.7%	92,710	8.5%
16 Sierra, South Puchong	2008	85,596	8.9%	172,246	20.6%	148,998	13.7%
IOI Resort, Putrajaya	1995	61,899	6.4%	77,634	9.3%	77,484	7.1%
Bandar Putra, Kulai	1995	104,414	10.8%	97,187	11.6%	200,251	18.4%
Taman Lagenda Putra	2006	30,701	3.2%	20,261	2.4%	40,041	3.7%
Taman Kempas Utama	2007	42,041	4.4%	18,794	2.2%	64,321	5.9%
The Platino, Johor Bahru	2013	-	-	-	-	5,757	0.5%
Bandar Putra, Segamat	1995	22,497	2.3%	28,277	3.4%	26,818	2.5%
Desaria, Sungai Ara	2001	104,981	10.9%	9,857	1.2%	14,019	1.3%
The Trilling, Singapore	2013	-	-	-	-	9,508	0.9%
Others		471	Neg	-	-	52	Neg
<b>Total</b>		<b>714,889</b>	<b>74.1%</b>	<b>570,681</b>	<b>68.2%</b>	<b>698,793</b>	<b>64.0%</b>
<b>Commercial</b>							
Bandar Puteri, Puchong	2000	133,476	13.8%	134,306	16.0%	166,636	15.3%
Bandar Puchong Jaya	1990	42,343	4.4%	23,674	2.8%	74,828	6.9%
16 Sierra, South Puchong	2008	-	-	-	-	-	-
IOI Resort, Putrajaya	1995	-	-	-	-	-	-
Bandar Putra, Kulai	1995	15,553	1.6%	28,431	3.4%	42,909	3.9%
Taman Lagenda Putra	2006	7,634	0.8%	16,422	2.0%	16,754	1.5%
Taman Kempas Utama	2007	45,304	4.7%	44,780	5.4%	64,287	5.9%
Bandar Putra, Segamat	1995	5,159	0.5%	3,477	0.4%	9,709	0.9%
Desaria, Sungai Ara	2001	-	-	-2,487	0.3%	17,277	1.6%
Others		586	0.1%	12,562	1.5%	-	-
<b>Total</b>		<b>250,055</b>	<b>25.9%</b>	<b>266,139</b>	<b>31.8%</b>	<b>392,400</b>	<b>36.0%</b>
<b>Grand Total</b>		<b>964,944</b>	<b>100.0%</b>	<b>836,820</b>	<b>100.0%</b>	<b>1,091,193</b>	<b>100.0%</b>
Property developments within the Klang Valley			<b>60.8%</b>		<b>66.2%</b>		<b>53.1%</b>
Property developments not within the Klang Valley			<b>39.2%</b>		<b>33.8%</b>		<b>46.9%</b>

**Notes:-**

Neg Negligible

(1) Year of commencement of the respective projects for our property development activities

**Property Development**

Revenue generated from our property development activities contributed an average of RM964.3 million for each of the three (3) FYEs 2011, 2012, 2013. These represented approximately 82.4%, 79.6% and 82.5% of our Group total revenue for FYE 2011, 2012 and 2013 respectively.

For the past three (3) FYEs 2011, 2012 and 2013, revenue from property development is mainly generated from:-

**(A) Klang Valley**

Our Klang Valley projects consist of mainly developments within Puchong / 16 Sierra and Putrajaya with total revenue contributions of approximately RM1,502.4 million (or 51.9%) and RM217.0 million (or 7.5%) during the financial years under review respectively.

**(a) Puchong / 16 Sierra**

In Puchong / 16 Sierra, the revenue contributions were from our three (3) main townships namely Bandar Puchong Jaya, Bandar Puteri and 16 Sierra townships which had commenced development in 1990, 2000 and 2008 respectively. The development in these township comprise of houses, apartments, shop lots / offices and commercial centres.

**10. FINANCIAL INFORMATION (Cont'd)****(b) Putrajaya**

The revenue contributions were mainly from our Puteri Palma project which comprised of condominium units.

**(B) Johor**

The revenue contributions from Johor were from our Bandar Putra Kulai, Taman Agenda Putra, Taman Kempas Utama and Bandar Putra Segamat townships with total revenue contributions of approximately RM996.0 million (or 34.4 %) during the financial years under review.

These townships comprised mainly of residential units (terrace, semi-detached and bungalows), shop units/offices as well as factory/industrial lots.

Like most property developers, our property development operations are generally affected by the vagaries in property market conditions, pricing trends, standard of living, and level of disposable income, demographic conditions as well as general economic, political and regulatory developments.

Our revenue is generally dependent on the volume of properties we sell, the prices at which we secured the sales, the market response we obtain when we launch our properties, the timing of the launch and the progressive revenue recognition of our sales. The progressive revenue recognition of property sales is mainly dependent on the progress of construction and sales achieved for our properties.

Other than supply and demand conditions, we determine the sale price of our properties based on location, type of property and also affordability of our properties for our target customers.

**Property Investment**

Revenue generated from property investment activities contributed an average of RM99.9 million for each of the three (3) FYEs 2011, 2012, 2013. These represented approximately 8.3%, 9.1% and 8.0% of our Group total revenue for FYE 2011, 2012 and 2013 respectively.

For the past two (2) FYEs 2011 and 2012, revenue from property investment were mainly generated from IOI Mall, Puchong, IOI Mall, Kulai, IOI Plaza, Singapore, IOI One & Two Square and PFCC Towers 1 and 2. For FYE 2013, our property investment revenue were mainly generated by IOI Mall, Puchong, IOI Mall, Kulai, IOI Tower One & Two Square as well as PFCC Towers 1 and 2. No revenue was generated from IOI Plaza, Singapore in FYE 2012 and FYE 2013 as IOI Plaza, Singapore was disposed in November 2010.

Our property investment revenue is substantially derived from the gross rental revenue from the investment properties of our Group and other income including car park income, advertising and promotional income.

The gross rental revenue is the total amount payable by tenants (net of rent rebates) pursuant to a tenancy under a tenancy agreement. Our Group's tenancy agreements are generally for a period of two (2) years with a third and/or fourth year extension subject, if applicable to a rate revision.

Rental revenue is primarily dependent on the volume of net lettable area, occupancy rates and rental rates. The volume of net lettable area mainly depends on the type and size of the investment properties. Rental rates are determined based on the location and type of property as well as market forces of demand and supply. As at 30 June 2013, our total property investment portfolio comprises approximately 2.65 million square feet of lettable area.

Gross rental revenue typically consists of (i) base rent component, (ii) percentage rent component (as described below) and (iii) service charge component, which is a contribution paid by tenants towards the operating expenses of the property.

An increasing number of tenants have a provision in their tenancies for the payment of a percentage rent in addition to base rent. Percentage rent is calculated based on an agreed percentage of a tenant's monthly gross sales. Tenants are required to periodically deliver their gross sales statement.

**10. FINANCIAL INFORMATION (Cont'd)**

The income from investment properties includes car park income, advertising and promotional income. Car park income is derived from the operation of the investment properties' car parks and depends on the car park rates and utilisation rates of the car parks. Advertising and promotional income mainly consists of income from the renting of promotion space.

Leisure and Hospitality

Revenue generated from the leisure and hospitality activities mainly comprise of hotel room rental, function rooms rental, golf course related fees, F&B and merchandise sales and other related income from hotel and golf course operations.

Revenue generated from our leisure and hospitality sector contributed an average of RM74.8 million for each of the three (3) FYEs 2011, 2012 and 2013. These represented approximately 5.5%, 7.0% and 6.6% of our Group total revenue for FYEs 2011, 2012 and 2013 respectively.

Revenue generated from both the Putrajaya Marriott Hotel and the Palm Garden Hotel as well as our 2 golf courses in Putrajaya and Johor are the contributors to the leisure and hospitality sector for each of the three (3) FYEs 2011, 2012 and 2013.

Our revenue for our leisure and hospitality business is heavily dependent on the number of guests, which we consider as the most important operating performance indicator. Due to the competitive nature of the leisure and hospitality industry in Malaysia, the pricing of room rates, golf course fees and other activities have significant direct impact on the number of guests patronising our hotels and golf clubs. In addition, the continuous maintenance of the golf course and hotel rooms in good condition and the introduction of new attractions and promotional offers are also important to sustain the continuous growth of number of guests.

Unlike our property development and property investment business divisions, our leisure and hospitality business division follow a seasonal pattern which coincides with festive periods, school holidays and public holidays.

**(ii) Cost of Sales / GP / GP Margin****(a) Cost of sales**

Our costs of sales consist of property development, property investment and leisure and hospitality direct expenses. The table below set out the cost of sales analysis by activities, projects, subsidiaries and geographical region for the respective financial years under review:

**Cost of Sales by Activities**

	FYE 30 June					
	2011		2012		2013	
	RM'000	%	RM'000	%	RM'000	%
Property development	428,445	84.6%	332,262	80.8%	443,896	84.4%
Property investment	30,167	6.0%	28,147	6.8%	27,669	5.3%
Leisure and hospitality	35,581	7.0%	40,508	9.9%	44,240	8.4%
Plantation	8,454	1.7%	9,077	2.2%	8,718	1.7%
Others	3,578	0.7%	1,435	0.3%	1,631	0.3%
<b>Total</b>	<b>506,225</b>	<b>100%</b>	<b>411,429</b>	<b>100%</b>	<b>526,154</b>	<b>100%</b>

**Cost of Sales by Projects**

Projects	Year <sup>(1)</sup>	FYE 30 June					
		2011		2012		2013	
		RM'000	%	RM'000	%	RM'000	%
<u>Property development</u>							
Bandar Puteri, Puchong	2000	98,190	22.9%	72,739	21.9%	37,379	8.4%
Bandar Puchong Jaya	1990	51,207	12.0%	21,266	6.4%	73,055	16.5%
16 Sierra, South Puchong	2008	31,533	7.4%	54,779	16.5%	55,739	12.6%
IOI Resort, Putrajaya	1995	27,362	6.4%	34,601	10.4%	30,800	6.9%
Bandar Putra, Kulai	1995	68,266	15.9%	66,358	20.0%	121,043	27.3%



## 10. FINANCIAL INFORMATION (Cont'd)

Projects	Year <sup>(1)</sup>	FYE 30 June					
		2011		2012		2013	
		RM'000	%	RM'000	%	RM'000	%
Taman Lagenda Putra	2006	23,237	5.4%	21,023	6.3%	32,347	7.3%
Taman KempasUtama	2007	55,840	13.0%	34,508	10.4%	51,879	11.7%
The Platino, Johor Bahru	2013	-	-	-	-	3,160	0.7%
Bandar Putra, Segamat	1995	16,577	3.9%	17,988	5.4%	19,279	4.3%
Desaria, Sungai Ara	2001	55,462	12.9%	3,646	1.1%	12,517	2.8%
The Trilling	2013	-	-	-	-	6,698	1.5%
Others		771	0.2%	5,354	1.6%	-	-
<b>Total</b>		<b>428,445</b>	<b>100%</b>	<b>332,262</b>	<b>100%</b>	<b>443,896</b>	<b>100%</b>
<b>Property investment</b>							
IOI Mall, Puchong		14,435	47.9%	14,480	51.5%	14,923	53.9%
IOI Mall, Kulai		3,814	12.6%	3,643	13.0%	3,343	12.1%
Puteri Mart, Puchong		497	1.6%	568	2.0%	461	1.7%
IOI Mart, Kulai		279	0.9%	384	1.4%	315	1.1%
IOI Plaza, Singapore		557	1.9%	-	-	-	-
IOI One & Two Square		5,783	19.2%	5,333	18.9%	5,044	18.2%
PFCC Tower 1 & 2		1,140	3.8%	1,179	4.2%	558	2.0%
IOI Boulevard		1,561	5.2%	1,048	3.7%	1,380	5.0%
IOI Business Park		360	1.2%	205	0.7%	214	0.8%
Bungalow houses		1,611	5.3%	1,272	4.5%	1,424	5.1%
Others		130	0.4%	35	0.1%	7	Neg
<b>Total</b>		<b>30,167</b>	<b>100%</b>	<b>28,147</b>	<b>100%</b>	<b>27,669</b>	<b>100%</b>
<b>Leisure and hospitality</b>							
Palm Garden Hotel		7,252	20.4%	7,698	19.0%	7,438	16.8%
Putrajaya Marriott Hotel		22,988	64.6%	26,969	66.6%	30,321	68.6%
Golf Course		5,341	15.0%	5,841	14.4%	6,481	14.6%
<b>Total</b>		<b>35,581</b>	<b>100%</b>	<b>40,508</b>	<b>100%</b>	<b>44,240</b>	<b>100%</b>
<b>Plantation</b>							
		8,454	100%	9,077	100%	8,718	100%
<b>Others</b>							
		3,578	100%	1,435	100%	1,631	100%
<b>Grand Total</b>		<b>506,225</b>	<b>100%</b>	<b>411,429</b>	<b>100%</b>	<b>526,154</b>	<b>100%</b>

**Notes:-**

Neg

Negligible

(1)

Year of commencement of the respective projects for our property development activities

**Cost of Sales by Subsidiaries**

	FYE 30 June					
	2011		2012		2013	
	RM'000	%	RM'000	%	RM'000	%
IOIP Group	396,738	78.4%	343,393	83.5%	449,619	85.5%
Bukit Kelang Development	1,295	0.2%	842	0.2%	1,220	0.2%
Eng Hup Industries	130	Neg	5,389	1.3%	7	Neg
Nice Skyline	16,577	3.3%	17,988	4.4%	19,279	3.7%
Palmex Industries	55,462	11.0%	3,646	0.9%	12,517	2.4%
PMX Bina	-	-	-	-	-	-
Resort Villa Development	28,771	5.7%	32,302	7.8%	35,365	6.7%
Resort Villa Golf Course Development	7,252	1.4%	7,698	1.9%	7,438	1.4%
Resort Villa Golf Course	-	-	171	Neg	709	0.1%
<b>Total</b>	<b>506,225</b>	<b>100%</b>	<b>411,429</b>	<b>100%</b>	<b>526,154</b>	<b>100%</b>

**Notes:-**

Neg

Negligible

## 10. FINANCIAL INFORMATION (Cont'd)

## Cost of Sales by Geographical Region

	FYE 30 June					
	2011		2012		2013	
	RM'000	%	RM'000	%	RM'000	%
<u>Malaysia</u>						
- Property development	428,445	84.6%	332,262	80.8%	437,198	83.1%
- Property investment	29,610	5.9%	28,147	6.8%	27,669	5.3%
- Leisure and hospitality	35,581	7.0%	40,508	9.9%	44,240	8.4%
- Plantation	8,454	1.7%	9,077	2.2%	8,718	1.7%
- Others	3,578	0.7%	1,435	0.3%	1,631	0.3%
<u>Singapore</u>						
- Property development	-	-	-	-	6,698	1.3%
- Property investment	557	0.1%	-	-	-	-
- Leisure and hospitality	-	-	-	-	-	-
- Plantation	-	-	-	-	-	-
- Others	-	-	-	-	-	-
<b>Total</b>	<b>506,225</b>	<b>100%</b>	<b>411,429</b>	<b>100%</b>	<b>526,154</b>	<b>100.0%</b>

Property Development

Cost of sales in property development operation consists of land costs, infrastructure cost, building construction costs such as earthwork, piling, structural and architectural works cost. Apart from the aforementioned development and constructions cost, professional fees such as architects fees, civil and structural engineer fees, mechanical and electrical engineer fees, designers fees, legal fees and marketing expenses, statutory contributions are also part of property development cost of sales.

Our Group does not have an in-house construction division, as such we engage external contractors for all our projects. We have compiled and identified a list of preferred contractors to be invited for our tenders. Besides that, we also accept recommendations from our consultants. However, these new contractors may have to go through pre-qualification interviews and tender interviews with our management before engaging them. We select our preferred contractors based on various factors such as pricing, track record, financial strength, workmanship, quality, efficiency, reliability and staff capacity.

Key components of development and construction costs include:

## A. Earthwork

Earthwork, which involves moving of massive quantities of soil or unformed rock together with site clearing works and basement excavation, is usually the indication of project commencement. Factors which influence the total costs incurred in relation to the earthwork are acreage of the site area, land contour and the existing structures on the land. Earthwork costs include the cost of labour, usage of machineries, rental of dump truck lorry, backpusher and excavator.

## B. Piling works

Piling works commences upon the completion of earthwork and generally comprise foundation piling and construction of retaining structure using bored piling techniques as well as pre-cast foundation column. Time and costs of this stage of work is dependent on the acreage of the site as well as the soil condition. Costs of the piling works include supply of piles, handling and transporting of piles, cutting and joining of piles and load testing.

## C. Building works

Building works which constitute the main bulk of construction cost include structural, architectural and mechanical and electrical works.

## (1) Structural and Architectural

**10. FINANCIAL INFORMATION (Cont'd)**

Building materials like steel bar, ready mixed concrete, tiles, bricks and aluminium door/windows are part of the structural and architectural components in all construction projects. These form the main building cost, inclusive of sub-structure (basement) and super-structure (roof structure). These form the main building cost and are amongst the key determinants of the cost of overall land development.

**(2) Mechanical and Electrical (M&E)**

M&E include works related to mechanical and electrical services, internal and external wiring, main switch board, air-conditioning works, reticulation, fire protection system, generator set and lift systems. Costs incurred on M&E is determined by the extent of requirement for lighting/air conditioning installation, lift installation, intercom points, suction lines for cold water services and CCTV surveillance system as well as modulator and booster of SMATV system.

**(3) Finishes**

Finishes include fittings to the building like tiles, water heater and sanitary wares. Factors which determine the type and quality of finishes used in a particular project include the marketing strategy employed by us, namely whether to market the properties constructed as a high-end or mid-end property, suitability of property location as well as local demand from the market. These factors will eventually affect the final pricing of the properties.

**D. External works**

External works include road work, drainage, sewerage, water and telephone reticulation, street light and compound lighting, landscaping and fencing. The quantum of costs required for external works depends on the type and plan of projects, e.g. whether or not the playground, gymnasium or landscaping are part of the project plans.

To ensure a quick turnaround time for our projects, we constantly evaluate and monitor the performance of the contractors and external professionals working with us. Our Group believes that timely commencement and completion of projects will ensure maximisation of revenue and profits for our Group.

**Property Investment**

Cost of sales in our property investment business operations mainly consist of property management fees, utilities and maintenance cost, marketing expenses, upgrading and asset enhancement expenses, quit rent and property assessment cost and insurance expenses.

Property management fees are the fees payable for the management of the investment properties of our Group.

Utilities and maintenance expenses incurred consist of electricity, liquefied petroleum gas and water charges as well as civil, mechanical and electrical maintenance cost, which covers lifts and escalators, air-conditioning, fire protection, security systems, building automation systems and sewage systems.

The upgrading and asset enhancement landscaping cost is in relation to the continuous upgrading and asset enhancement initiatives which involves tenant and common area reconfiguration, car park and traffic upgrading, external facade upgrading as well as contracted cleaning and landscaping services.

Quit rent is an amount prescribed by and payable to the state authority on the investment properties. Assessment cost is calculated based on a rate as prescribed by the local authorities, on the annual value of the investment properties as assessed by the relevant local authorities.

Insurance premiums are payable for coverage which includes (i) fire and special perils, (ii) consequential loss, (iii) machine and equipment risk, (iv) burglary and larceny, (v) fidelity guarantee and (vi) public liability.

## 10. FINANCIAL INFORMATION (Cont'd)

Leisure and Hospitality

Cost of sales in our leisure and hospitality core business division mainly consists of maintenance and repairs charges, direct salaries and direct costs related to the Palm Garden Hotel, Palm Garden Golf Course and Putrajaya Marriott Hotel as well as F&B and merchandise costs and other direct operating overheads, such as utilities charges.

## (b) GP and GP Margin

The tables below set out the GP and GP margin by activities, projects, subsidiaries, geographical region and property development products for the respective financial years under review.

GP from property development activities was the main contributor to our Group's overall GP with high GP margins of between 55.6% to 60.3% during the financial years. The high GP margin of our property development activities was contributed by two (2) main factors, i.e. location and composition of our developments. Generally, developments within the Klang Valley region had generated higher GP margins of between 64.4% to 66.9% vis-à-vis developments in Johor and Penang which generated GP margins of between 42.0% to 52.2% for the financial years under review. Additionally, development of commercial properties will generally contribute higher GP margins as compared to development of residential properties. For the financial years under review, the average GP margin for commercial properties is approximately 66.0% whilst average GP margin for residential properties is approximately 55.0%.

In this respect, our Group had recorded higher GP margins for FYE 2012 and FYE 2013 which was mainly contributed by revenue driven largely by our Group's Klang Valley projects with sizeable contribution from development of commercial properties. The lowest GP margin achieved in FYE 2011 was due to lowest contribution from both our Group's Klang Valley projects and development of commercial properties for the financial years under review. Additionally, it has also been noted that IOIPG Group's property launches for FYE 2012 and FYE 2013 on an overall basis managed to achieve higher selling prices consistent with the higher benchmark pricing experienced within the property industry during the recent years.

**GP and GP Margin by Activities**

GP	FYE 30 June					
	2011		2012		2013	
	RM'000	%	RM'000	%	RM'000	%
Property development	536,499	80.7%	504,558	78.8%	647,297	81.2%
Property investment	66,791	10.0%	68,115	10.6%	78,752	9.9%
Leisure and hospitality	28,456	4.3%	32,784	5.1%	42,965	5.4%
Plantation	21,190	3.2%	19,250	3.0%	16,579	2.1%
Others	12,020	1.8%	16,084	2.5%	11,512	1.4%
<b>Total</b>	<b>664,956</b>	<b>100%</b>	<b>640,791</b>	<b>100%</b>	<b>797,105</b>	<b>100.0%</b>

GP Margin	FYE 30 June		
	2011	2012	2013
	%	%	%
Property development	55.6%	60.3%	59.3%
Property investment	68.9%	70.8%	74.0%
Leisure and hospitality	44.4%	44.7%	49.3%
Plantation	71.5%	68.0%	65.5%
Others	77.1%	91.8%	87.6%
<b>Overall GP Margin</b>	<b>56.8%</b>	<b>60.9%</b>	<b>60.2%</b>

## 10. FINANCIAL INFORMATION (Cont'd)

## GP and GP Margin by Projects

GP Projects	Year <sup>(1)</sup>	FYE 30 June					
		2011		2012		2013	
		RM'000	%	RM'000	%	RM'000	%
<u>Property development</u>							
Bandar Puteri, Puchong	2000	198,783	37.0%	177,046	35.1%	148,091	22.9%
Bandar Puchong Jaya	1990	89,928	16.8%	33,354	6.6%	94,483	14.6%
16 Sierra, South Puchong	2008	54,063	10.1%	117,467	23.3%	93,259	14.4%
IOI Resort, Putrajaya	1995	34,537	6.4%	43,033	8.5%	46,684	7.2%
Bandar Putra, Kulai	1995	51,701	9.6%	59,260	11.8%	122,117	18.9%
Taman Lagenda Putra	2006	15,098	2.8%	15,660	3.1%	24,448	3.8%
Taman KempasUtama	2007	31,505	5.9%	29,066	5.8%	76,729	11.9%
The Platino, Johor Bahru	2013	-	-	-	-	2,597	0.4%
Bandar Putra, Segamat	1995	11,079	2.1%	13,766	2.7%	17,248	2.7%
Desaria, Sungai Ara	2001	49,519	9.2%	8,698	1.7%	18,779	2.9%
The Trilling, Singapore	2013	-	-	-	-	2,810	0.4%
Others		286	0.1%	7,208	1.4%	52	0.0%
<b>Total</b>		<b>536,499</b>	<b>100%</b>	<b>504,558</b>	<b>100%</b>	<b>647,297</b>	<b>100%</b>
<u>Property investment</u>							
IOI Mall, Puchong		39,336	58.9%	45,247	66.4%	49,461	62.8%
IOI Mall, Kulai		3,513	5.3%	4,673	6.9%	5,926	7.5%
Puteri Mart, Puchong		1,834	2.7%	1,893	2.8%	2,078	2.6%
IOI Mart, Kulai		(258)	(0.4)%	(191)	(0.3)%	(99)	-0.1%
IOI Plaza, Singapore		5,035	7.5%	-	-	-	0.0%
IOI One & Two Square		10,617	15.9%	7,511	11.0%	7,977	10.1%
PFCC Tower 1 & 2		1,781	2.7%	2,750	4.1%	6,474	8.2%
IOI Boulevard		1,703	2.5%	3,613	5.3%	4,226	5.4%
IOI Business Park		1,132	1.7%	1,105	1.6%	918	1.2%
Bungalow houses		2,196	3.3%	1,513	2.2%	1,762	2.2%
Others		(98)	(0.1)%	1	Neg	29	0.0%
<b>Total</b>		<b>66,791</b>	<b>100%</b>	<b>68,115</b>	<b>100%</b>	<b>78,752</b>	<b>100%</b>
<u>Leisure and hospitality</u>							
Palm Garden Hotel		8,648	30.4%	8,605	26.2%	8,444	19.7%
Marriott Hotel		17,896	62.9%	19,687	60.1%	23,682	55.1%
Golf Course		1,912	6.7%	4,492	13.7%	10,839	25.2%
<b>Total</b>		<b>28,456</b>	<b>100%</b>	<b>32,784</b>	<b>100%</b>	<b>42,965</b>	<b>100.0%</b>
<u>Plantation</u>		21,190	100%	19,250	100%	16,579	100%
<u>Others</u>		12,020	100%	16,084	100%	11,512	100%
<b>Grand Total</b>		<b>664,956</b>	<b>100%</b>	<b>640,791</b>	<b>100%</b>	<b>797,105</b>	<b>100.0%</b>

GP Margin Projects	Year <sup>(1)</sup>	FYE 30 June		
		2011 %	2012 %	2013 %
<u>Property development</u>				
Bandar Puteri, Puchong	2000	66.9%	70.9%	79.8%
Bandar Puchong Jaya	1990	63.7%	61.1%	56.4%
16 Sierra, South Puchong	2008	63.2%	68.2%	62.6%
IOI Resort, Putrajaya	1995	55.8%	55.4%	60.2%
Bandar Putra, Kulai	1995	43.1%	47.2%	50.2%
Taman Lagenda Putra	2006	39.4%	42.7%	43.0%
Taman KempasUtama	2007	36.1%	45.7%	59.7%
The Platino, Johor Bahru	2013	-	-	45.1%
Bandar Putra, Segamat	1995	40.1%	43.4%	47.2%
Desaria, Sungai Ara	2001	47.2%	70.5%	60.0%
The Trilling, Singapore	2013	-	-	29.6%
Others		27.1%	57.4%	100.0%
<b>Overall GP Margin</b>		<b>55.6%</b>	<b>60.3%</b>	<b>59.3%</b>

## 10. FINANCIAL INFORMATION (Cont'd)

<u>Property investment</u>				
IOI Mall, Puchong	73.2%	75.8%	76.8%	
IOI Mall, Kulai	47.9%	56.2%	63.9%	
Puteri Mart, Puchong	78.7%	76.9%	81.8%	
IOI Mart, Kulai	(1228.6%)	(99.0%)	(45.8%)	
IOI Plaza, Singapore	90.0%	-	-	
IOI One & Two Square	64.7%	58.5%	61.3%	
PFCC Tower 1 & 2	61.0%	70.0%	92.1%	
IOI Boulevard	52.2%	75.7%	75.4%	
IOI Business Park	75.9%	84.4%	81.1%	
Bungalow houses	57.7%	54.3%	55.3%	
Others	(306.3%)	2.8%	80.6%	
Overall GP Margin	68.9%	70.8%	74.0%	
<u>Leisure and hospitality</u>				
Palm Garden Hotel	54.4%	52.8%	53.2%	
Marriott Hotel	43.8%	42.2%	43.9%	
Golf Course	26.4%	43.5%	62.6%	
Overall GP Margin	44.4%	44.7%	49.3%	
<u>Plantation</u>	71.5%	68.0%	65.5%	
<u>Others</u>	77.3%	91.8%	87.6%	

## Notes:-

Neg Negligible

(1) Year of commencement of the respective projects for our property development activities

## GP and GP Margin by Subsidiaries

GP	FYE 30 June					
	2011		2012		2013	
	RM'000	%	RM'000	%	RM'000	%
IOIP Group	562,817	84.6%	568,828	88.8%	707,853	88.8%
Bukit Kelang Development	3,387	0.5%	2,814	0.4%	2,258	0.3%
Eng Hup Industries	(98)	Neg	7,209	1.1%	29	Neg
Nice Skyline	11,079	1.7%	13,766	2.2%	17,248	2.2%
Palmex Industries	49,519	7.4%	8,698	1.4%	18,779	2.4%
PMX Bina	-	-	-	-	52	Neg
Resort Villa Development	28,512	4.3%	27,198	4.2%	31,659	4.0%
Resort Villa Golf Course Development	8,649	1.3%	8,605	1.3%	8,444	1.1%
Resort Villa Golf Course	1,091	0.2%	3,673	0.6%	10,783	1.4%
<b>Total</b>	<b>664,956</b>	<b>100%</b>	<b>640,791</b>	<b>100%</b>	<b>797,105</b>	<b>100%</b>

GP Margin	FYE 30 June		
	2011	2012	2013
	%	%	%
IOIP Group	58.7%	62.4%	61.2%
Bukit Kelang Development	72.3%	77.0%	64.9%
Eng Hup Industries	(306.3%)	57.2%	80.6%
Nice Skyline	40.1%	43.4%	47.2%
Palmex Industries	47.2%	70.5%	60.0%
PMX Bina	-	-	100.0%
Resort Villa Development	49.8%	45.7%	47.2%
Resort Villa Golf Course Development	54.4%	52.8%	53.2%
Resort Villa Golf Course	100.0%	95.6%	93.8%
<b>Overall GP Margin</b>	<b>56.8%</b>	<b>60.9%</b>	<b>60.2%</b>

## Notes:-

Neg Negligible

## 10. FINANCIAL INFORMATION (Cont'd)

## GP and GP Margin by Geographical Region

GP	FYE 30 June					
	2011		2012		2013	
	RM'000	%	RM'000	%	RM'000	%
<u>Malaysia</u>						
- Property development	536,499	80.7%	504,558	78.8%	644,487	80.9%
- Property investment	61,756	9.3%	68,115	10.6%	78,752	9.9%
- Leisure and hospitality	28,456	4.3%	32,784	5.1%	42,965	5.4%
- Plantation	21,190	3.2%	19,250	3.0%	16,579	2.1%
- Others	12,020	1.8%	16,084	2.5%	11,512	1.4%
<u>Singapore</u>						
- Property development	-	-	-	-	2,810	0.3%
- Property investment	5,035	0.7%	-	-	-	-
- Leisure and hospitality	-	-	-	-	-	-
- Plantation	-	-	-	-	-	-
- Others	-	-	-	-	-	-
<b>Total</b>	<b>664,956</b>	<b>100%</b>	<b>640,791</b>	<b>100%</b>	<b>797,105</b>	<b>100%</b>

GP Margin	FYE 30 June		
	2011	2012	2013
	%	%	%
<u>Malaysia</u>			
- Property development	55.6%	60.3%	59.6%
- Property investment	67.6%	70.8%	74.0%
- Leisure and hospitality	44.4%	44.7%	49.3%
- Plantation	71.5%	68.0%	65.5%
- Others	77.1%	91.8%	87.6%
<u>Singapore</u>			
- Property development	-	-	29.6%
- Property investment	90.0%	-	-
- Leisure and hospitality	-	-	-
- Plantation	-	-	-
- Others	-	-	-
<b>Overall GP Margin</b>	<b>56.8%</b>	<b>60.9%</b>	<b>60.2%</b>

## GP and GP Margin of Our Property Development Products

GP	Year <sup>(1)</sup>	FYE 30 June					
		2011		2012		2013	
		RM'000	%	RM'000	%	RM'000	%
<u>Residential</u>							
Bandar Puteri, Puchong	2000	96,013	17.9%	66,482	13.2%	10,835	1.7%
Bandar Puchong Jaya	1990	60,209	11.2%	18,071	3.6%	55,510	8.6%
16 Sierra, South Puchong	2008	54,063	10.1%	117,467	23.3%	93,259	14.4%
IOI Resort, Putrajaya	1995	34,537	6.4%	43,033	8.5%	46,684	7.2%
Bandar Putra, Kulai	1995	45,097	8.4%	48,171	9.5%	96,979	15.0%
Taman Legenda Putra	2006	12,023	2.2%	11,080	2.2%	19,269	3.0%
Taman Kempas Utama	2007	16,116	3.0%	9,688	1.9%	34,149	5.3%
The Platino, Johor Bahru	2013	-	-	-	-	2,597	0.4%
Bandar Putra, Segamat	1995	7,350	1.4%	11,582	2.3%	11,519	1.8%
Desaria, Sungai Ara	2001	49,519	9.2%	6,971	1.4%	6,654	1.0%
The Trilling, Singapore	2013	-	-	-	-	2,810	0.4%
Others		64	Neg	-	-	52	Neg
<b>Total</b>		<b>374,991</b>	<b>69.9%</b>	<b>332,545</b>	<b>65.9%</b>	<b>380,317</b>	<b>58.8%</b>

## 10. FINANCIAL INFORMATION (Cont'd)

<b>Commercial</b>							
Bandar Puteri, Puchong	2000	102,770	19.2%	110,564	21.9%	137,256	21.2%
Bandar Puchong Jaya	1990	29,719	5.5%	15,283	3.0%	38,973	6.0%
16 Sierra, South Puchong	2008	-	-	-	-	-	0.0%
IOI Resort, Putrajaya	1995	-	-	-	-	-	0.0%
Bandar Putra, Kulai	1995	6,604	1.2%	11,089	2.2%	25,138	3.9%
Taman Lagenda Putra	2006	3,075	0.6%	4,580	0.9%	5,179	0.8%
Taman Kempas Utama	2007	15,389	2.9%	19,378	3.8%	42,580	6.6%
Bandar Putra, Segamat	1995	3,729	0.7%	2,184	0.4%	5,729	0.9%
Desaria, Sungai Ara	2001	-	-	1,727	0.3%	12,125	1.9%
Others		222	Neg	7,208	1.4%	-	0.0%
<b>Total</b>		<b>161,508</b>	<b>30.1%</b>	<b>172,013</b>	<b>34.1%</b>	<b>266,980</b>	<b>41.2%</b>
<b>Grand Total</b>		<b>536,499</b>	<b>100.0%</b>	<b>504,558</b>	<b>100.0%</b>	<b>647,297</b>	<b>100.0%</b>
<b>Property developments within the Klang Valley</b>			<b>70.4%</b>		<b>73.5%</b>		<b>59.1%</b>
<b>Property developments not within the Klang Valley</b>			<b>29.6%</b>		<b>26.5%</b>		<b>40.9%</b>

GP Margin	Year <sup>(1)</sup>	FYE 30 June		
		2011 %	2012 %	2013 %
<b>Residential</b>				
Bandar Puteri, Puchong	2000	58.7%	57.6%	57.5%
Bandar Puchong Jaya	1990	60.9%	58.4%	59.9%
16 Sierra, South Puchong	2008	63.2%	68.2%	62.6%
IOI Resort, Putrajaya	1995	55.8%	55.4%	60.2%
Bandar Putra, Kulai	1995	43.2%	49.6%	48.4%
Taman Lagenda Putra	2006	39.2%	54.7%	48.1%
Taman Kempas Utama	2007	38.3%	51.5%	53.1%
The Platino, Johor Bahru	2013	-	-	45.1%
Bandar Putra, Segamat	1995	32.7%	41.0%	43.0%
Desaria, Sungai Ara	2001	47.2%	70.7%	47.5%
The Trilling, Singapore	2013	-	-	29.6%
Others		13.6%	-	100.0%
<b>Overall GP Margin</b>		<b>52.5%</b>	<b>58.3%</b>	<b>54.4%</b>
<b>Commercial</b>				
Bandar Puteri, Puchong	2000	77.0%	82.3%	82.4%
Bandar Puchong Jaya	1990	70.2%	64.6%	52.1%
16 Sierra, South Puchong	2008	-	-	-
IOI Resort, Putrajaya	1995	-	-	-
Bandar Putra, Kulai	1995	42.5%	39.0%	58.6%
Taman Lagenda Putra	2006	40.3%	27.9%	30.9%
Taman Kempas Utama	2007	34.0%	43.3%	66.2%
Bandar Putra, Segamat	1995	72.3%	62.8%	59.0%
Desaria, Sungai Ara	2001	-	69.4%	70.2%
Others		37.9%	57.4%	-
<b>Overall GP Margin</b>		<b>64.6%</b>	<b>64.6%</b>	<b>68.0%</b>
<b>Property developments within the Klang Valley</b>		<b>64.4%</b>	<b>66.9%</b>	<b>66.0%</b>
<b>Property developments not within the Klang Valley</b>		<b>42.0%</b>	<b>47.3%</b>	<b>52.2%</b>

## Notes:-

Neg

Negligible

(1)

Year of commencement of the respective projects for our property development activities



**10. FINANCIAL INFORMATION (Cont'd)****(iii) Jointly Controlled Entities ("JCE")**

JCEs are accounted for in the consolidated financial statements using the equity method of accounting. The consolidated financial statements include the Group's share of the income and expenses of the equity accounted JCEs, after adjustments to align the accounting policies with those of the Group, if applicable, from the date that joint control commences until the date that joint control ceases.

- Our Group has established several strategic partnerships to undertake real estate projects locally and overseas. In this respect, our share of JCEs' results during the financial years under review amounted to RM167.5million, which is almost entirely contributed by our ventures in Singapore.
- The JCEs and projects which are the main contributors to our results were :-
  - (i) Seaview (Sentosa), the JCE for Seascape at Sentosa Cove, a luxury condominium development with estimated GDV of SGD1,068 million which was launched in year 2010. The said project contributed a total of RM78.8 million to our Group's results, over the entire financial years under review.
  - (ii) Mergui Development, the JCE for Cityscape at Farrer Park, a high rise residential project with estimated GDV of SGD403 million which was launched in October 2010. The said project contributed a total of RM98.4 million to our Group's results, mainly during FYE 30 June 2012 and FYE 30 June 2013.

**(iv) Other Operating Income**

Other operating income comprises:-

	FYE 30 June					
	2011		2012		2013	
	RM'000	%	RM'000	%	RM'000	%
Fair value gain on						
- Investment properties	113,289	41.1%	160,683	81.0%	162,573	77%
- Other investments	2,254	0.8%	96	Neg	24	Neg
- Revaluation of previously held investments	-	-	-	-	21,125	10%
- Short terms funds	1,408	0.5%	3,027	1.5%	-	-
Management fees received from						
- Holding company	7,760	2.8%	7,760	3.9%	7,760	4%
- Related company	240	0.1%	300	0.2%	360	Neg
Gain on bargain purchase	-	-	-	-	8,326	4%
Gain on disposal of						
- Investment properties	62,717	22.7%	826	0.4%	162	Neg
- Land from compulsory acquisition	24,342	8.8%	16,083	8.1%	-	-
- Other investment	-	-	-	-	-	-
- Short term funds	-	-	-	-	-	-
- Subsidiary	-	-	-	-	923	Neg
- Property, plant and equipment	41,044	14.9%	352	0.2%	484	Neg
Rental income	874	0.3%	805	0.4%	711	Neg
Dividend income	150	0.1%	-	-	-	-
Foreign currency translation gain	15,400	5.6%	989	0.5%	106	Neg
Others	6,220	2.3%	7,395	3.8%	7,944	4%
<b>Total</b>	<b>275,698</b>	<b>100%</b>	<b>198,316</b>	<b>100%</b>	<b>210,498</b>	<b>100%</b>

Notes:-

Neg Negligible

Our other operating income mainly consists of fair value gains on investment properties and other investments, management fees, gain on disposals of assets, rental income and foreign currency translation gains, amongst others.

**10. FINANCIAL INFORMATION (Cont'd)****(v) Administrative / Marketing and Selling Expenses**

The breakdown of administrative / marketing and selling expenses are as follows:-

	FYE 30 June					
	2011		2012		2013	
	RM'000	%	RM'000	%	RM'000	%
Depreciation	1,347	1.5%	2,379	2.2%	3,598	2.7%
Directors remuneration	3,539	3.9%	3,578	3.2%	3,830	2.9%
Donation, insurance, quit rent and assessment	5,187	5.8%	2,723	2.5%	2,595	2.0%
Legal and professional fees	2,297	2.6%	2,031	1.9%	1,739	1.3%
Marketing and selling expenses	21,838	24.4%	22,545	20.5%	45,503	34.6%
Petrol, toll, parking and travelling expenses	600	0.7%	529	0.5%	723	0.6%
Postage, printing and stationery	974	1.1%	881	0.8%	1,592	1.2%
Staff costs	46,759	52.2%	52,259	47.5%	56,953	43.3%
Upkeep and maintenance charges	3,205	3.6%	3,981	3.6%	4,701	3.6%
Utilities, telephone and fax charges	1,299	1.4%	1,441	1.3%	1,665	1.3%
Withholding tax	-	-	13,430	12.2%	2,792	2.1%
Other administrative expenses	2,480	2.8%	4,149	3.8%	5,752	4.4%
<b>Total</b>	<b>89,525</b>	<b>100%</b>	<b>109,926</b>	<b>100%</b>	<b>131,443</b>	<b>100%</b>

**Notes:-**

*Neg*      *Negligible*

The major components of our administrative / marketing and selling expenses comprise mainly salary and staff-related expenses, directors' remunerations and emoluments, advertisement and marketing distribution, utilities charges, amongst others.

Increase in marketing and selling expenses during FYE 2013 mainly due to the commencement of sales of IOIPG Group's first wholly-owned project in Singapore, namely the Trilling whereby the main cost incurred relates to the appointment of sales agent in Singapore, show units expenses as well as other administrative cost incurred. In addition, included in the said expenses are also agency cost incurred in the appointment of sales representatives in Singapore to promote the sales of the Group's high rise Johor project, namely The Platino during FYE 2013. In addition, higher sales incentives were accrued to sales personnel in FYE 2013 as compared to FYE 2012 as such incentives were only introduced in end FYE 2012.

**(vi) Other Operating Expenses**

The breakdown of other operating expenses are as follows:-

	FYE 30 June					
	2011		2012		2013	
	RM'000	%	RM'000	%	RM'000	%
Audit fees	37	0.1%	43	0.1%	35	0.1%
Depreciation	10,687	21.0%	11,438	19.2%	11,026	17.8%
Impairment losses on goodwill on consolidation	2,948	5.8%	-	-	-	-
Financial charges	2,597	5.1%	129	0.2%	4,749	7.7%
Rental expenses	185	0.4%	90	0.2%	216	0.3%
Management fee	540	1.1%	187	0.3%	593	1.0%
Loss on disposal of:-						
- Property, plant and equipment	4	<i>Neg</i>	5	<i>Neg</i>	171	0.3%
- Land held for development	-	-	1,629	2.7%	-	-
- Investment properties	-	-	112	0.2%	1,404	2.3%
Inventories written down	-	-	227	0.4%	-	-
Impairment loss on receivables	1,480	2.9%	1,518	2.5%	1,307	2.1%
Bad debts written off	431	0.9%	381	0.6%	131	0.2%
Property, plant and equipment written off	705	1.4%	2,957	5.0%	40	0.1%
Stock written off	-	-	-	-	-	-
Replanting expenditure	786	1.6%	683	1.1%	604	1.0%
Foreign exchange losses:-						
- Realised	3,172	6.3%	4	<i>Neg</i>	8,656	14.0%
- Unrealised	733	1.4%	686	1.2%	-	-
Fair value loss on:-						
- ST investment	-	-	1,384	2.3%	3	<i>Neg</i>
- ST funds	-	-	-	-	78	0.1%

**10. FINANCIAL INFORMATION (Cont'd)**

- Investment properties	-	-	8,616	14.4%	-	-
Other expenses	26,307	52.0%	29,551	49.6%	32,952	53.2%
<b>Total</b>	<b>50,612</b>	<b>100%</b>	<b>59,640</b>	<b>100%</b>	<b>61,965</b>	<b>100%</b>

**Notes:-**

Neg Negligible

Our other operating expenses consist mainly of depreciation expenses, losses on disposal, fair value losses on investment properties and foreign currency transaction losses. For information purposes, the other expenses herein mainly relates to quit rent and assessment, upgrading works on completed projects, upkeep of building / sites as well as utilities expenses.

**(vii) Finance Costs**

Our finance costs mainly consist of interest expenses incurred for loans / credit facilities granted by several financial institutions as well as borrowings from related companies. Our borrowings were mainly utilised for working capital purposes of IOIPG Group including JCEs.

**(viii) Interest Income**

Our interest income is mainly derived from placement of funds with financial institutions and interest charged to our JCEs for advances provided to them.

**(ix) Effective Tax Rate**

Our PAT from FYE 2011 to FYE 2013 were RM765.6 million, RM610.9 million and RM713.6 million respectively.

The statutory tax rate for the corresponding financial years was 25.0%. Our effective tax rates over the FYE 2011 to 2013 were 14.0%, 19.2% and 21.1% respectively.

**10.4.2 Commentary on past performance**Comparison between FYE 30 June 2011 and FYE 30 June 2012**Revenue**

Our Group's revenue had registered a decrease of RM119.0 million or 10.2% from RM1,171.2 million in FYE 2011 to RM1,052.2 million in FYE 2012. Revenue from our property development business were the main income stream of our Group in both FYE 2011 and 2012, contributing approximately 82% and 80% respectively of our Group's overall revenue in the respective years.

Property Development

Our property development revenue decreased by RM128.1 million or 13.3% from RM964.9 million in FYE 2011 to RM836.8 million in FYE 2012.

In FYE 2012, our property development revenue was mainly contributed from development projects in Bandar Puteri Puchong (i.e Puteri Cental, Hijauan Puteri and The Cube), Bandar Putra Kulai, Taman Kempas Utama, 16 Sierra (i.e. Addenda, Areca, Dora and Leyden) and Puteri Palma Putrajaya amounting to RM688.9 million.

The decrease in our property development revenue is due to lower revenue contribution from the Bandar Puteri Puchong, Bandar Puchong Jaya and Desaria, Sungai Ara developments which amounted to RM316.7 million in FYE 2012 as compared to RM543.1 million in FYE 2011. The lower revenue contributions from the three (3) mentioned developments were due to no new launches in Bandar Puchong Jaya and only one new launch in Bandar Puteri Puchong as well as lower sales recorded for some projects within the township (i.e. Zarra, Green Edge, Puteri Central in Bandar Puteri Puchong and IOI Boulevard and Skyville in Bandar Puchong Jaya) as these projects have been launched in prior financial years. The management had in FYE 2012, concentrated their efforts in the design and planning for development of future phases in the two townships which had resulted in no new launches in Bandar Puchong Jaya and fewer launches in Bandar Puteri Puchong during the financial year. The lower contributions were also due to lower sales from its Taman Kempas Utama township in Johor mainly due to the timing of certain project launches which were only undertaken towards the financial year end.

**10. FINANCIAL INFORMATION (Cont'd)**

However, this was offset by higher revenue contribution from the 16 Sierra development which contributed RM172.2 million in FYE 2012 as compared to RM85.6 million in FYE 2011. The higher contribution from the 16 Sierra development was due to, inter-alia, a new property launch i.e. Lyden in September 2011 as well as higher sales from its Adora and Areca project. There was also higher contribution from the Cube in Bandar Puteri Puchong which was launched in June 2011, which had contributed to revenue of RM47.3 million as well as higher sales for its Hijauan Puteri project which was launched in 2010. The higher contributions were also due to several new launches from its Bandar Putra Kulai township which comprised of, inter-alia single and double storey terrace houses, semi-detached houses and double storey shop offices.

**Property Investment**

Our property investment revenue decreased by RM0.7 million or 0.7% from RM97.0 million in FYE 2011 to RM96.3 million in FYE 2012. In FYE 2011, property investment revenue was mainly contributed by IOI Mall, Puchong, IOI Mall, Kulai, IOI Plaza, Singapore and IOI One & Two Square amounting to RM83.1 million. In FYE 2012, revenue was mainly contributed by IOI Mall, Puchong, IOI Mall, Kulai, IOI One & Two Square and IOI Boulevard amounting to RM85.5 million.

The decrease in our property investment revenue was due to the decrease in revenue contribution from the IOI One & Two Square and bungalow houses in IOI Resort of RM4.6 million from RM20.2 million in FYE 2011 to RM15.6 million in FYE 2012 due to a reduction in tenants for the mentioned investment properties. The reduction in tenants in IOI One & Two Square was due to several government agencies anchor tenants terminating their lease due to relocation to the newly completed Putrajaya government complexes whilst the reduction in tenants of the bungalow houses in IOI Resort was due to several foreign tenants terminating their leases during the FYE 2012. In addition, there was also a loss in revenue contribution of RM5.6 million in FYE 2012 from the IOI Plaza, Singapore due to the disposal of the IOI Plaza, Singapore in the FYE 2011. However, the decrease in revenue from the mentioned investment properties were partially offset by an increase in revenue from the IOI Mall, Puchong and IOI Mall, Kulai of RM6.9 million from RM61.1 million in FYE 2011 to RM68.0 million in FYE 2012 due to better rental rates for the IOI Mall, Puchong and IOI Mall, Kulai. In addition, the occupancy rates of IOI Mall, Kulai had also improved arising from the company's efforts to subdivide bigger lots into smaller lots, which had better tenancy prospects.

**Leisure and Hospitality**

Our leisure and hospitality revenue increased by RM9.3 million or 14.5% from RM64.0 million in FYE 2011 to RM73.3 million in FYE 2012.

The increase in our leisure and hospitality revenue was due to an increase in revenue from the Putrajaya Marriott Hotel and Palm Garden Hotel of RM6.2 million from RM56.8 million in FYE 2011 to RM63.0 million in FYE 2012 due to increase in occupied rooms by 11,331 rooms or approximately 14% and 9% increase in our sales of F&B from Putrajaya Marriott Hotel.

In addition, there was also an increase in revenue from the golf course of RM3.0 million from RM7.3 million in FYE 2011 to RM10.3 million in FYE 2012 mainly due to additional revenue generated from Palm Garden golf course in Putrajaya which commenced business in April 2012.

**Cost of Sales, GP and GP Margin**

Our Group's cost of sales had decreased by RM94.8 million or 18.7% from RM506.2 million in FYE 2011 to RM411.4 million in FYE 2012. Cost of sales from our property development business was the major cost contributor in both FYE 2011 and 2012, contributing approximately 85% and 81% respectively of our Group's overall cost of sales.

Our Group's GP decreased by RM24.2 million or 3.6% from RM665.0 million in FYE 2011 to RM640.8 million in FYE 2012 whilst our overall GP margin increased by 4.1% from 56.8% in FYE 2011 to 60.9% in FYE 2012. The overall increase in the GP margin despite a decrease in GP was due to a 4.7% increase in GP margin of our property development activities from 55.6% in FYE 2011 to 60.3% in FYE 2012.

**Property Development**

Cost of sales of our property development operations decreased by RM96.1 million or 22.4% from RM428.4 million in FYE 2011 to RM332.3 million in FYE 2012, which is in line with the decrease in revenue from property development.

**10. FINANCIAL INFORMATION (Cont'd)**

The decrease in our property development cost of sales is in line with the lower revenue recognized for our Bandar Puteri Puchong, Bandar Puchong Jaya, Desaria, Sungai Ara developments which amounted to RM97.7 million in FYE 2012 as compared to RM204.9 million in FYE 2011. The decrease is largely due to several of our projects being completed and nearing completion in Bandar Puteri Puchong (i.e. Green Edge, Zarra and Puteri Central), Bandar Puchong Jaya (i.e. Skyville) and Desaria, Sungai Ara during FYE 2012 as well as fewer launches in FYE 2012.

Gross profit decreased by RM31.9 million or 5.95% from RM536.5 million in FYE 2011 to RM504.6 million in FYE 2012.

Notwithstanding a decrease in gross profit, the overall GP margin for our property development activities has increased by 4.7% from 55.6% in FYE 2011 to 60.3% in FYE 2012. In view of the improving prospects of the property sector, the benchmark prices in Klang Valley had been revised upwards. This had resulted in better GP margins for Bandar Puteri Puchong and Lyden, 16 Sierra.

**Property Investment**

Cost of sales of our property investment business decreased by RM2.1 million or 6.6% from RM30.2 million in FYE 2011 to RM28.1 million in FYE 2012. Our property investment cost of sales was mainly incurred for the IOI Mall, Puchong, IOI Mall, Kulai and IOI One & Two Square amounting to RM24.0 million and RM23.5 million for the FYE 2011 and FYE 2012 respectively.

The decrease in cost of sales of our property investment was due to a decrease in cost of sales incurred for the IOI One & Two Square, IOI Boulevard and bungalow houses in IOI Resort of RM1.3 million from RM9.0 million in FYE 2011 to RM7.7 million in FYE 2012 due to a reduction in tenants for the mentioned investment properties. In addition, there was also a decrease in cost of sales of RM0.6 million in FYE 2012 from the IOI Plaza, Singapore due to the disposal of the IOI Plaza, Singapore in the FYE 2011. The decrease in the cost of sales of our property investment business is in line with the decrease in revenue of our property investment business for the FYE 2011 to FYE 2012.

Gross profit increased by RM1.3 million or 1.9% from RM66.8 million in FYE 2011 to RM68.1 million in FYE 2012.

GP margin for property investment activities has increased slightly by 1.9% from 68.9% in FYE 2011 to 70.8% in FYE 2012. The increase in GP margin is due to, inter-alia, better rental rates from our IOI Mall, Puchong and IOI Mall, Kulai.

**Leisure and Hospitality**

Cost of sales of our leisure and hospitality business increased by RM4.9 million or 13.8% from RM35.6 million in FYE 2011 to RM40.5 million in FYE 2012. This was due to the increase in cost of sales for the Putrajaya Marriott Hotel by RM4.0 million from RM23.0 million in FYE 2011 to RM27.0 million in FYE 2012 due to higher food cost incurred for on-going promotional packages being offered to travel agents and cost increase in gas which resulted higher cost incurred for utilities expenses.

**Other Operating Income**

Our other operating income has decreased by RM77.4 million or 28.1% in FYE 2012 mainly due to certain non-recurring transaction being recorded in FYE 2011 consisting, inter-alia, the gain on disposal of IOI Plaza, Singapore and a parcel of land within IOI Resort of RM62.7 and RM41.0 million respectively and realisation of foreign exchange gain of RM15.4 million. This decrease was offset by the higher fair value gain of investment property of RM47.4 million, which was largely from our IOI City development. For information purposes, the said disposal of a parcel of land within IOI Resort forms part of a land exchange transaction with Mayang Development Sdn Bhd in 2011.

**Administrative / Marketing and Selling Expenses**

Our administration, marketing and selling expenses increased by RM20.4 million or 22.8% from RM89.5 million in FYE 2011 to RM109.9 million in FYE 2012 mainly due to the increase in staff cost of RM5.5 million and withholding tax payment to Inland Revenue of Singapore amounting to approximately RM13.4 million.

**10. FINANCIAL INFORMATION (Cont'd)****Other Operating Expenses**

There was an increase in other operating expenses of RM9.0 million or 17.8% from RM50.6 million in FYE 2011 to RM59.6 million in FYE 2012. This increase was mainly due to the losses arising from revaluation of our investment properties of RM8.6 million in FYE 2012.

**Finance Costs / Interest Income**

The interest expense was higher in FYE 2012 by RM2.6 million as compared to FYE 2011. The additional interest expense was mainly due to a full financial year interest charge of term loan drawn down in May 2011.

Interest income was higher due to higher interest earned from higher amount of funds placed with financial institutions during the year.

**Taxation**

Our taxation increased by RM20.5 million or 16.5% from RM124.3 million in FYE 2011 to RM144.8 million in FYE 2012 despite a decrease in PBT during the period under review. This is due to lower tax exempt income recorded in FYE 2012 as compared to FYE 2011 (which comprises of fair value gain on investment properties and gain on disposal of IOI Plaza, Singapore).

Our effective tax rate for FYE 2012 is 19.2% as compared to 14.0% in FYE 2011 mainly due to lower reversal of overprovision of taxation in FYE 2012 compared to FYE 2011. The lower effective tax rate, as compared to the statutory rate, was mainly due to tax exempt income arising from a fair value gain on investment property of RM160.7 million recorded during the period under review.

Comparison between FYE 30 June 2012 and FYE 30 June 2013**Revenue**

Our Group's revenue had registered an increase of RM271.1 million or 25.8% from RM1,052.2 million in FYE 2012 to RM1,323.3 million in FYE 2013. Revenue from our property development business were the main income stream of our Group in both FYE 2012 and FYE 2013, contributing approximately 79.5% and 82.5% respectively of our Group's overall revenue in the respective financial years.

Property Development

Our property development revenue increased by RM254.4 million or 30.4% from RM836.8 million in FYE 2012 to RM1,091.2 million in FYE 2013.

In FYE 2012, our property development revenue was mainly contributed from sales arising from the townships of Bandar Puteri Puchong (i.e. Puteri Central, Hijauan Puteri and The Cube), Bandar Puchong Jaya (i.e. Skyville), 16 Sierra (i.e. Odora, Areca and Lyden), Puteri Palma Putrajaya, Taman Kempas Utama and Bandar Putra Kulai amounting to RM743.5 million.

In FYE 2013, our property development revenue was mainly contributed from development projects in Bandar Puteri Puchong (i.e. Puteri Central and The Cube), Bandar Puchong Jaya (i.e. Skypod Residences, Prima Avenue 3 and Puchong Square), 16 Sierra (i.e. Odora and Lyden), Puteri Palma Putrajaya, Taman Kempas Utama, Taman Lagenda Putra Kulai and Bandar Putra Kulai amounting to RM1,008.1 million.

The increase in our property development revenue were due to higher revenue contributions from Bandar Puchong Jaya, Bandar Putra Kulai and Taman Kempas Utama developments which amounted to RM539.3 million in FYE 2013 as compared to RM243.8 million in FYE 2012. The higher revenue contribution was mainly due to, inter-alia, launching of new phases in Bandar Puchong Jaya (i.e. Skypod Residence in May 2012 and Puchong Square in July 2012) as well as new development, including double storey terrace houses and shop offices within its Johor township (i.e. Mesmaria in Taman Kempas Utama). The higher revenue in FYE 2013 was also due to higher sales from our projects in Bandar Puchong Jaya (i.e. Prima Avenue 3) and Bandar Puteri Puchong (i.e. The Cube), as well as our Johor township i.e. Bandar Putra Kulai and Taman Kempas Utama.

**10. FINANCIAL INFORMATION (Cont'd)**Property Investment

Our property investment revenue increased by RM10.2 million or 10.6% from RM96.3 million in FYE 2012 to RM106.4 million in FYE 2013. In FYE 2012, property investment revenue was mainly contributed by IOI Mall, Puchong, IOI Mall, Kulai and IOI One & Two Square amounting to RM80.9 million. In FYE 2013, revenue was mainly contributed by IOI Mall, Puchong, IOI Mall, Kulai, IOI One & Two Square and PFCC Tower 1 & 2 amounting to RM93.8 million.

The increase in our property investment revenue was largely due to the increase in revenue contribution from the IOI Mall, Puchong and PFCC Tower 1 & 2 of RM7.8 million from RM63.7 million in FYE 2012 to RM71.4 million in FYE 2013 mainly due to improved rental and occupancy rates from IOI Mall, Puchong and full financial year of rental income being recognised for its major tenants in PFCC, comprising amongst others OCBC Bank, Bank of China and VAT, the tenancy of which commenced between December 2011 and April 2012.

Leisure and Hospitality

Our leisure and hospitality revenue increased by RM13.9 million or 19.0% from RM73.3 million in FYE 2012 to RM87.2 million in FYE 2013.

The increase in our leisure and hospitality revenue was due to an increase in revenue from the Putrajaya Marriott Hotel and golf course of RM14.3 million from RM57.0 million in FYE 2012 to RM71.3 million in FYE 2013. The increase in revenue from Marriott Hotel Putrajaya was due to an increase in occupied rooms by 4,997 rooms per annum or approximately 4% together with a 5% increase in average room rates. Additionally, our Group also achieved an 18% increase in sales of F&B from the Putrajaya Marriott Hotel which was attributed to higher occupancy rate of rooms as well as higher sales from meetings and seminar packages. The increase in revenue from the golf course was due to an increase in rates and number of customers.

**Cost of Sales, GP and GP Margin**

Our Group's cost of sales had increased by RM114.7 million or 27.9% from RM411.4 million in FYE 2012 to RM526.1 million in FYE 2013. Cost of sales from our property development business was the major cost contributor in both FYE 2012 and 2013, contributing approximately 80.8% and 84.4% respectively of our Group's overall cost of sales.

Our Group's GP increased by RM156.3 million or 24.4% from RM640.8 million in FYE 2012 to RM797.1 million in FYE 2013 whilst our overall GP margin decreased by 0.7% to 60.2% in FYE 2013 from 60.9% in FYE 2012. The overall decrease in our GP margin is due to decrease in the GP margin of our property development activities from 60.3% in FYE 2012 to 59.3% in FYE 2013.

Property Development

Cost of sales of our property development operations increased by RM111.6 million or 33.6% from RM332.3 million in FYE 2012 to RM443.9 million in FYE 2013, which is in line with the increase in revenue from property development. The increase in our property development cost of sales is incurred for the Bandar Puchong Jaya, Taman Kempas Utama and Bandar Putra Kulai developments which amounted to RM293.3 million in FYE 2013 as compared to RM121.2 million in FYE 2012. The increase in cost of sales in FYE 2013 was mainly from Skypod Residences, Bandar Puchong Jaya which was launched on 24 May 2012 as well as higher on-going developments in 16 Sierra (i.e. Lyden), the Cube in Bandar Puteri Puchong and Bandar Putra Kulai GP margin for 16 Sierra in FYE 2013 is slightly lower compared to preceding FYE due to the commencement of 16 Sierra's maiden high-end project, namely Lyden, which has a lower GP margin (approximately 47%) compared to 16 Sierra's previous double storey and townhouse projects which generated GP margin of between 50% and 53%.

Gross profit increased by RM142.7 million or 28.3% from RM504.6 million in FYE 2012 to RM647.3 million in FYE 2013.

Notwithstanding an increase in gross profit, our Group recorded lower GP margins for FYE 2013 of 59.3% as compared to 60.3% for FYE 2012, a decrease of approximately 0.9%. The lower margins of our Group for FYE 2013 was mainly due to higher revenue contribution from products which generally have lower GP margins such as service apartments (i.e. Skypod Residence in Bandar Puchong Jaya and D'Summit in Bandar Putra Kulai) as compared to sales of landed residential properties within matured townships. In FYE 2013, our Johor projects form a higher component of total revenue as compared to FYE 2012 (FYE 2013 : 39.8% and FYE 2012 : 27.0%). In this respect, given the lower GP margins for Johor projects as compared to Klang Valley, overall GP margin is slightly lower in FYE 2013.

**10. FINANCIAL INFORMATION (Cont'd)****Property Investment**

Cost of sales of our property investment business decreased by RM0.4 million or 1.4% from RM28.1 million in FYE 2012 to RM27.7 million in FYE 2013. In FYE 2012 and FYE 2013, our property investment cost of sales was mainly incurred for the IOI Mall, Puchong, IOI Mall, Kulai and IOI One & Two Square amounting to RM23.5 million and RM23.3 million respectively.

The decrease in cost of sales of our property investment was due to a decrease in cost of sales incurred for the IOI Mall, Kulai and IOI One & Two Square of RM0.6 million from RM9.0 million in FYE 2012 to RM8.4 million in FYE 2013. The decrease in the cost of sales of our property investment business was mainly due to cost savings from the utilisation of improved energy saving equipments for IOI One & Two Square in FYE 2013. GP margin remained fairly consistent at 70.8% and 74.0% for FYE 2012 and FYE 2013 respectively.

**Leisure and Hospitality**

Cost of sales of our leisure and hospitality business increased by RM3.7 million or 9.2% from RM40.5 million in FYE 2012 to RM44.2 million in FYE 2013. This was due to the increase in cost of sales for the Marriott Hotel by RM3.3 million from RM27.0 million in FYE 2012 to RM30.3 million in FYE 2013 due higher food cost incurred which is in proportion with higher revenue generated from our F&B sales, higher expenses incurred to replenish room supplies, electrical and mechanical repairs and improvement on staff benefit for training, meals and accommodation. Notwithstanding the increase in cost of sales, the GP margins of our leisure and hospitality business improved from 44.7% in FYE 2012 to 49.3% in FYE 2013 due to increase in revenue from our golf course operations in Putrajaya which has a higher GP margin.

**Other Operating Income**

Our other operating income increased by RM12.2 million or 6.2% from RM198.3 million in FYE 2012 to RM210.5 million in FYE 2013. This increase in other operating income is mainly due to the gain of RM21.1 million arising from a remeasurement of our previously held JCE, namely Prime Joy, following the acquisition of additional interests in the JCE in FYE 2013. In addition, there was a one off gain on bargain purchase of RM8.3 million arising from the accounting adjustment incorporating the effects of the Internal Reorganisation as at 30 June 2013. In FYE 2012, other operating income was mainly contributed by a one off gain on disposal of a land located in Puchong, which was result of a compulsory acquisition by authorities for purposes of the construction of the light rail transit project of RM13.8 million in FYE 2012.

**Administrative / Marketing and Selling Expenses**

Our administration, marketing and selling expenses increased by RM21.7 million or 19.8% from RM109.9 million in FYE 2012 to RM131.4 million in FYE 2013. The increase in administration, marketing and selling expenses is mainly due to increase in staff costs, sales commission and advertising expenses for Trilling project in Singapore as well as our Group's first high rise project in Johor, i.e. The Platino, both of which was launched in FYE 2013.

**Other Operating Expenses**

There was an increase in other operating expenses of RM2.4 million or 4.0% from RM59.6 million in FYE 2012 to RM62.0 million in FYE 2013. This increase was mainly due to the increase in financial charges and realized foreign exchange losses of RM13.3 million in FYE 2013. Included in other operating expenses for FYE 2012 was mainly a fair value loss of our investment properties of RM8.6 million.

**Finance Costs / Interest Income**

The interest expense was higher in FYE 2013 by RM35.6 million as compared to FYE 2012. The additional interest expense was mainly due to higher advances / loans from a related company for the acquisition of land in Xiamen, PRC as well as certain land banks within Klang Valley.

Interest income decreased in FYE 2013 due to lower interest earned from lesser amount of funds placed with financial institutions during the year.

**Taxation**

Our taxation increased by RM46.4 million or 32.1% from RM144.8 million in FYE 2012 to RM191.2 million in FYE 2013. This is mainly due to the increase in PBT of RM149.1 million during the year under review.

Our effective tax rate for FYE 2013 is 21.1% as compared to 19.2% in FYE 2012. This was mainly due to higher tax exempt income recorded in FYE 2012.



**10. FINANCIAL INFORMATION (Cont'd)****10.4.3 Significant Factors Materially Affecting Our Group's Operating Results and Financial Condition**

The main factors that have affected and are expected to continue to affect the results of our Group's operations in the future are substantially similar to those affecting us historically and the industry we operate in. Property related activities are influenced by, amongst others, the success of the sales of our development projects, our ability to complete our projects within the budgeted timeframe, our continuing cost management efforts to improve operating margins and maintain adequate operating cash flows, a stable and predictable regulatory environment and general economic and property market conditions.

Our business operations and financial condition have been and will continue to be affected by internal and external factors predominantly affecting the property development industries including but not limited to the following: -

**(i) Demand and supply conditions**

The demand for our properties is affected by the economic climate, conditions of the property market, buyers' perception and negative consumer sentiment and changes in market rental yields and interest rates, which we may not have any control over. We continuously seek to mitigate these risks by constantly reviewing our development and marketing strategies in response to the ever-changing market conditions and adopting different development concepts and techniques that position our Group to meet the needs of our target markets. Further information is set out in Section 3.1(iii) of this Prospectus.

**(ii) Fluctuations in prices of raw materials**

Our profitability may be affected by any increase in land acquisition costs and fluctuation of construction costs which are inherent to our industry. Higher cost of materials (including steel, cement and tiles), labour costs, contractor fees and overheads, will reduce our profit margin in the event we are unable to pass these increased costs to customers in the form of higher selling prices. Further information and the mitigating factors are set out in Section 3.1(iii) of this Prospectus.

**(iii) Delay in completion of projects, uncontrollable and unforeseen delays in project launching and completion as well as cost overruns**

We sell most of our properties prior to the completion of their construction i.e. sell and build concept. Therefore, we may be affected by external factors which may give rise to delay in delivery of our properties to our buyers. These external factors include, but are not limited to, regulatory approvals and permits from various authorities, adverse weather conditions, unsatisfactory performance of contractors, accidents at project sites, labour disputes and availability of quality materials and labour. Further information and the mitigating factors are set out in Section 3.1(iv) of this Prospectus.

**(iv) Regulatory, Political and economic considerations**

The business operations of our Group are closely linked to the economic fundamentals and political stability of Malaysia and other countries in which we operate. Any political and economic uncertainties including, but are not limited to, risks of war, expropriation, nationalisation and unfavourable changes in government policies such as changes in interest rates, methods of taxation, exchange control regulations or the introduction of new rules and regulations could result in material adverse effects on the financial performance and position of our Group. Further information and the mitigating factors are set out in Section 3.2(iii) of this Prospectus.

**10.5 LIQUIDITY AND CAPITAL RESOURCES****10.5.1 Working capital**

We have been financing our operations through cash generated from our operations and external sources of funds as well as loans from our related companies. Our Group's external source of funds mainly comprises of shareholders' equity and bank borrowings.

As at 30 June 2013, our Group had cash and cash equivalents of approximately RM441.33 million, which consist of short term trust funds, deposit with financial institution and cash and bank balances of RM59.93 million, RM99.46 million and RM281.94 million respectively. Included in the Group's cash and bank balances are amounts of RM136.87 million and SGD20.33 million (or RM51.07 million) held under designated Malaysian Housing Development Accounts pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and under Singapore's Housing Developers (Project Account) (Amendment) Rules 1997 respectively are in connection with the

**10. FINANCIAL INFORMATION (Cont'd)**

Group's property development projects ("HDA Balances"). The utilisation of these HDA Balances are restricted before completion of the housing development projects and fulfilling all relevant obligations to the purchasers. As at 30 June 2013, our Group has unutilised bank facilities amounting to RM3.90 million.

Based on our proforma consolidated statements of financial position as at 30 June 2013, our current ratio amounts to approximately 1.42 times, comprising current assets of approximately RM2,936 million and current liabilities of approximately RM2,064 million.

Our directors are of the opinion that, after taking into account our cash flow position, banking facilities available, existing unutilised sources for liquidity and capacity to obtain further financing based on our relatively low gearing level, we will have adequate working capital for a period of twelve (12) months from the date of this prospectus.

**10.5.2 Cash flow**

Save and except for potential restrictive covenants under loan documentation should our Group undertake banking and loan facilities in the future, our Directors are of the opinion that there are no economic restrictions on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances and we can reasonably meet our cash obligations as and when due, i.e. for working capital requirements and repayment of bank borrowings.

A summary of our Group's proforma cash flow statement for the FYE 30 June 2013 is as follows:-

	<b>FYE 30 June 2013</b> <b>RM'000</b>
Net cash from operating activities	459,044
Net cash used in investing activities	(2,188,378)
Net cash from financing activities	1,535,166
Net decrease in cash and cash equivalents	(194,167)
Cash and cash equivalents at the beginning of the financial period	632,356
Effect of exchange rate changes	3,140
Cash and cash equivalents at the end of the financial period	<u>441,329</u>

**Net cash from operating activities**

For the FYE 30 June 2013, our Group generated net cash from operating activities of approximately RM459.0 million.

The changes in working capital were mainly due to net increase in property development costs of RM133.9 million, trade receivable of RM106.8 million and amount due from related companies of RM123.9 million. This is partly offset by an increase in trade payables of RM149.6 million and a decrease in inventories of RM100.6 million.

Our Group has net income tax payment of approximately RM165.8 million for the FYE 30 June 2013.

**Net cash from investing activities**

For the FYE 30 June 2013, the net cash used in investing activities is approximately RM2,188.4 million which mainly comprised of:-

- advances of approximately RM221.0 million to a JCE (i.e. Pinnacle (Sentosa)) to fund the construction costs of the JCE's project;
- acquisition of the balance 50% of the issued and paid up share capital in Palmy Max, not owned by IOIPG, for amount of RM28.2 million and full settlement of shareholder's advances of approximately RM91.8 million;
- acquisition of land for future development, property, plant and equipment as well as additions to investment properties mainly relating to, inter-alia, the acquisition of a plot of 43.55 acres of mixed development leasehold land for RMB1.21 billion (equivalent to approximately RM595 million in Xiamen, China by Palmy Max, acquisition of various parcels of freehold land with areas of approximately 91 hectares in Beranang, Ulu Langat for RM383.6 million, acquisition of two (2) pieces of freehold land with areas of approximately 82 hectares in the State of Selangor for RM200.8 million, acquisition of one piece of freehold land in Senai, Johor measuring approximately 507.2 acres for RM89.5 million, progress work done on IOI Resort City, Putrajaya amounting to RM288.7 million.

**10. FINANCIAL INFORMATION (Cont'd)**

However, the above outgoings were partially offset by repayment of shareholders' advances from JCEs (namely, Seaview (Sentosa) and Mergui Development) amounting to RM46.7 million and RM45.2 million respectively.

**Net cash used in financing activities**

For the FYE 30 June 2013, our Group recorded net cash generated in financing activities of approximately RM1,535.2 million. This was mainly due to the inflow of advances from IOI Management Sdn Bhd, a wholly owned subsidiary of IOIC of RM1,504.9 million.

**10.5.3 Borrowings**

As at LPD, the total borrowings of our Group in the form of term loan amounted to approximately SGD200 million.

Our Group's borrowings can be analysed as follows:-

	Audited 30 June 2013 RM'000
<b>Interest bearing short term borrowings</b>	
- Foreign currency denominated term loan (SGD200 million)	502,420
Less : Cash and cash equivalents and fixed deposits	(441,329)
<b>Net borrowings</b>	<b>61,091</b>
Gearing ratio (times)	0.05 <sup>(1)</sup>
Equity (Net Assets)	10,335,384

Note:-

(1) Based on total interest bearing borrowings divided by proforma shareholders' funds of approximately RM10.3 billion upon completion of the Internal Reorganisation.

For FYE 2013, the term loan bears an interest rate ranging from approximately 0.68% to 0.88% (based on 0.50% and 0.72% plus Swap Offer Rate in Singapore).

Our Group has not defaulted on any payments of either interest and / or principal sums in relation to any borrowings for FYE 30 June 2013 and in the subsequent period up to LPD. Based on the outstanding borrowings as at 30 June 2013, our Group is confident that it is able to service its borrowings obligations from internally generated funds.

**10.5.4 Breach of Terms and Conditions / Covenants Associated with Credit Arrangement/ Bank Loan**

To the best of our Directors' knowledge, as at LPD, neither we nor our subsidiaries are in breach of any terms and conditions or covenants associated with credit arrangements or bank loans, which can materially affect our financial position and results or business corporations, or the investments by holders of securities in our Company and/or our subsidiaries.

**10.5.5 Type of Financial Instruments Used**

Financial instruments, from an accounting perspective, may include investments, short term funds, borrowings, trade and other receivables, amounts due to and / or from related companies and associates, trade and other payables, as shown on the proforma consolidated statements of financial position. The abovementioned financial instruments are used in our Group's ordinary course of business.

As at LPD, save for the credit facilities as mentioned in Section 10.5.3 and 10.5.6 of this Prospectus, we do not use any other financial instruments.

**10.5.6 Treasury Policies and Objectives**

Our Group operates internationally and is exposed to various currencies, mainly RM, SGD, USD and RMB. Foreign currency denominated assets and liabilities together with expected cash flows from committed purchases and sales give rise to foreign currency exposures.

Our Group finances its activities through cash generated from operations, shareholder's funds and external borrowings. Currently, our external sources of funds comprise foreign currency denominated term facilities and advances from a related party, which were also partly denominated in foreign currency. Please refer to Section 8.3.2 for further details.

**10. FINANCIAL INFORMATION (Cont'd)**

In future, our Group may raise additional borrowings both in RM and foreign currency denominated facilities. Where feasible, our Group would match its foreign currency borrowings vis a vis its foreign operations. Nevertheless, our Group will consider such foreign currencies' overall position and borrowing costs before deciding on the foreign currency borrowings. Where appropriate, our Group may also undertake cross currency swaps to hedge foreign currency exposures of borrowings.

However, it is the objective of our Group to minimize external borrowings to a minimum level so as to reduce risks related to borrowings.

Our Group transacts in RM, SGD, USD and RMB. Consequently, our Group maintains RM and foreign currency bank accounts to facilitate the relevant transactions. Some of the earnings generated from our foreign currency operations/transactions are maintained in the respective foreign currency accounts, which are later used to facilitate payments for operating expenses in the respective foreign currencies and to make dividend distribution to parent companies.

It is also the objective of our Group to allocate funds in such a manner that all business units maintain optimum levels of liquidity sufficient for their operations without leaving them unutilized. To this end, daily cash flow forecasts are prepared taking into account all major transactions. Any excess funds from operating cash cycles, which are temporary in nature, are invested in deposits as and when available with financial institutions at the most competitive interest rates obtainable.

**10.5.7 Material litigation, contingent liabilities and material commitments****(a) Material Litigation / Arbitration**

Save as disclosed in Section 14.5 of this Prospectus, we are not engaged whether as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence which has a material effect on the financial position of our Group and the Directors do not know of proceedings pending or threatened or any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group.

**(b) Contingent Liabilities**

Save as disclosed below, our Directors are not aware of any material contingent liabilities as at LPD, which upon becoming enforceable may have a material impact on the financial position of our Group :-

- In April 2012, legal suits were brought against a subsidiary for alleged damages to the plaintiff's properties due to the occurrence of a landslide and collapse of the retaining wall located at certain development project of the Group. As at LPD, the legal suits are presently at pleading and case management stage and the probable outcome is not determinable.

Having considered the legal advice from their solicitors, the Directors are of the opinion that any outflow arising from the disposal of the above legal suits is not expected to be substantial or material to the Group.

**(c) Material Commitments**

Save as disclosed below, our Directors are not aware of any material commitments as at LPD, which upon becoming enforceable may have a material impact on the financial position of our Group :-

	RM'000
<b><u>Approved and contracted for :</u></b>	
Property, plant and equipment	68,885
Land held for property development	476,309
Investment properties	825,654
Prepaid lease payment	2,879
<b><u>Approved and not contracted for :</u></b>	
Property, plant and equipment	174,713
Investment properties	42,458
Land held for property development	62,478

*Note : For information purposes, the material commitments of our JCEs amounts to approximately RM887.2 million as at 30 June 2013, which are in relation to, inter-alia, future development and capital expenditures.*

**10. FINANCIAL INFORMATION (Cont'd)**

Our future commitment for property, plant and equipment mainly relates to planned development expenditure of two (2) hotels within our IOI PFCC and IOI City Development whilst our commitment for land held for property development mainly relates to acquisition of certain parcels of land earmarked for future property development purposes. Our commitment for investment properties mainly relates to planned development expenditures for the construction of our investment properties.

We expect to fund our material commitments primarily through a combination of borrowings and internally generated funds.

**10.5.8 KEY FINANCIAL RATIOS**

The key financial ratios of our Group based on our audited proforma consolidated financial statements for the FYE 30 June 2011 to FYE 30 June 2013 are as follows:-

	FYE 30 June		
	2011	2012	2013
<b><u>Property Development</u></b>			
Trade receivables turnover period (months) <sup>(1)</sup>	2.10	1.71	1.70
Trade payables turnover period (months) <sup>(2)</sup>	1.67	2.33	2.04
Inventories turnover period (months)	3.01	4.08	3.42
<b><u>Property Investment</u></b>			
Trade receivables turnover period (months) <sup>(1)</sup>	0.28	0.28	0.30
Trade payables turnover period (months) <sup>(2)</sup>	2.85	2.02	1.10
Inventories turnover period (months)	-	-	-
<b><u>Leisure and Hospitality</u></b>			
Trade receivables turnover period (months) <sup>(1)</sup>	0.88	0.59	1.04
Trade payables turnover period (months) <sup>(2)</sup>	1.14	2.67	1.04
Inventories turnover period (months)	0.33	0.33	0.32

Notes:-

(1) *Property development / Property investment / leisure and hospitality trade receivables turnover period computation excludes accrued billings.*

(2) *Property development / Property investment / leisure and hospitality trade payables turnover period computation excludes retention sums.*

**Trade receivables turnover period***Property Development*

Trade receivables turnover period for our property development activities were generally within our credit period provided to our customers of between 1.70 months to 2.10 months for the financial years under review.

The higher trade receivables turnover period of 2.10 months for the FYE 2011 was in line with the higher revenue recorded during the financial year. The higher receivables turnover during the financial year was due to commercial properties comprising a higher percentage of our total sales (i.e. Puteri Central). The loan application for corporate purchasers of commercial properties generally requires longer processing time. During the FYE 2011, there were also higher billings for some of the projects during the later part of the financial year which had contributed to the higher trade receivables balances as at FYE 2011.

For FYE 2013, trade receivables turnover period remains consistent with that of FYE 2012, notwithstanding the higher revenue achieved for our property development segment.

*Property Investment*

Trade receivables turnover period for our property investment activities has been fairly consistent and within our credit period provided to our customers of between 0.28 months to 0.30 months for the financial years under review.

*Leisure and Hospitality*

Trade receivables turnover period for our leisure and hospitality activities has been fairly consistent and within our credit period provided to our customers of between 0.59 months to 1.04 months for the financial years under review.

**10. FINANCIAL INFORMATION (Cont'd)****Trade payables turnover period***Property Development*

Trade payables turnover period of our property development activities ranged from 1.67 months to 2.33 months. For the FYE 2012, the trade payables turnover period of 2.33 months was mainly due to higher claims made by our contractors and suppliers towards the end of the financial year.

For the FYE 2013, the trade payables turnover period of 2.04 months was mainly due to amount owing to main / sub-contractors for finalisation / minor rectification works on our completed projects whereby payments are usually made upon final inspection of the completed works.

*Property Investment*

Trade payables turnover period of our property investment activities for the financial years under review ranged from 1.10 months to 2.85 months. The higher trade payables turnover period in FYE 2011 and FYE 2012 as compared to FYE 2013 related mainly to the commencement of construction works for our major investment properties, namely IOI City development in 2011. The trade payable balance consist mainly amount owing to contractors and suppliers for the aforesaid investment property.

Trade payables turnover period was reduced to 1.10 months in FYE 2013 as compared to previous FYEs mainly due to certain large purchases/cost being incurred towards the end of the respective FYEs whereas for FYE 2013, the Group's purchases / costs are incurred consistently over the financial year.

*Leisure and Hospitality*

Trade payables turnover period of our leisure and hospitality activities for the financial years under review ranged from 1.14 months to 2.67 months. The trade payables turnover period of 2.67 months for the FYE 2012 was mainly due to amount owing to main / sub-contractors for finalisation / minor rectification works on our new golf course which was completed around April 2012.

**Inventories turnover period***Property Development*

Inventories turnover period of our property development activities for the financial years under review are fairly consistent and ranged between 3.01 months to 4.08 months. For the FYE 2012, the higher inventories turnover period of 4.08 months was contributed by the addition of completed units from the Puteri Central and Puteri Palma projects during FYE 2012.

*Leisure and Hospitality*

Inventories turnover period of our leisure and hospitality activities for the financial years under review had been fairly consistent which ranges between 0.32 months to 0.35 months.

**Aging Analysis***Trade Receivables*

The ageing analysis of our Group's trade receivables as at 30 June 2013 is as follows:-

	Within Credit Period	Exceeding Credit Period by		Total
	RM'000	0-30 days RM'000	More than 30days RM'000	
<b><u>Property Development</u></b>				
Trade receivables	145,765	3,744	5,487	154,996
Impairment losses on trade receivables	-	-	(162)	(162)
Net trade receivables	145,765	3,744	5,325	154,834
<b><u>Property Investment</u></b>				
Trade receivables	977	357	5,979	7,313
Impairment losses on trade receivables	-	-	(4,651)	(4,651)
Net trade receivables	977	357	1,328	2,662
<b><u>Leisure and Hospitality</u></b>				
Trade receivables	6,585	242	710	7,537
Impairment losses on trade receivables	-	-	-	-
Net trade receivables	6,585	242	710	7,537

**10. FINANCIAL INFORMATION (Cont'd)**

The normal credit terms given to our property development customers are generally 90 days. The trade receivables for our property development activities mainly consist of payment for sales of our properties as well as certain miscellaneous billings (i.e. quit rent and assessment, late payment interests, administration fees) due from our customers. Approximately RM9.2 million out of a total of RM155.0 million trade receivables for our property development activities as at 30 June 2013 have exceeded our normal credit terms, mainly due to delays in payment by our customers pending loan release from financial institutions. In addition, the trade receivables exceeding normal credit terms are also due to the mentioned miscellaneous billings which are generally paid by our customers prior to release of document of title. For information purposes, the release of document of title would not be delivered to these customers until such full amounts are recovered from them.

In this respect, we have only provided impairment loss on receivables of approximately RM0.162 million of the RM9.2 million exceeding our normal credit terms as at the FYE 30 June 2013. As at LPD, approximately RM7.2 million of the mentioned property development trade receivables exceeding credit terms has been collected.

The normal credit terms given to our property investment tenants are generally 7 days. The trade receivables for our property investment activities mainly consist of rental payments due from our tenants. Approximately RM6.3 million out of a total of RM7.3 million trade receivables for our property investment activities as at 30 June 2013 have exceeded our normal credit terms mainly due to non payment of rental by some of our tenants. We have provided impairment loss on receivables of approximately RM4.7 million of the RM6.3 million exceeding our normal credit terms as at the FYE 30 June 2013. The remaining RM1.6 million has not been provided for as they are securitised by rental, utilities and security deposits received from the tenants. As at LPD, approximately RM3.2 million of the mentioned property investment trade receivables exceeding credit terms has been collected.

The normal credit terms given to our leisure and hospitality customers are generally between 45 to 90 days. The trade receivables for our leisure and hospitality activities mainly consist of amount due from our customers in relation to, inter-alia, rental of our hotel rooms, suites, conference rooms and / or banquet halls. Approximately RM0.952 million out of a total of RM7.5 million trade receivables for our leisure and hospitality activities as at 30 June 2013 have exceeded our normal credit terms. As at LPD, approximately RM0.73 million of the mentioned leisure and hospitality trade receivables exceeding credit terms has been collected.

In respect of the above, our Directors are of the opinion that the remaining balances that exceeded the respective credit period are recoverable and that no further impairment losses for doubtful debts are required.

**Trade Payables**

The ageing analysis of our Group's trade payables as at 30 June 2013 is as follows:-

	Within Credit Period		Exceeding Credit Period		Total RM'000
	0-30 days RM'000	31-60 days RM'000	61-90 days RM'000	> 90 days RM'000	
Property Development	58,524	1,459	827	14,526	75,336
Property Investment	21,172	9,696	97	-	30,965
Leisure & Hospitality	2,218	1,577	7	23	3,825

The normal credit period granted by our contractors and suppliers are generally 60 days.

Approximately RM15.4 million out of a total of RM75.3 million trade payables for our property development activities as at 30 June 2013 have exceeded the normal credit period granted by our creditors. This was mainly due to amount owing to our main / sub-contractors for the remaining works undertaken including finalisation / minor rectification works for certain of our on-going township developments as well as certain retention sum due but yet to be claimed by the relevant suppliers / contractors. As at LPD approximately RM7.6 million of the mentioned property development trade payables exceeding credit period has been paid.

Approximately RM97,000 out of a total of RM31.0 million trade payables for our property investment activities as at 30 June 2013 have exceeded the normal credit period granted by our creditors. As at LPD, the RM10,000 of the mentioned property investment trade payables exceeding credit period has been paid.

Approximately RM30,000 out of a total of RM3.8 million trade payables for our leisure and hospitality activities as at 30 June 2013 have exceeded the normal credit period granted by our creditors. As at

**10. FINANCIAL INFORMATION (Cont'd)**

LPD, approximately RM13,000 of the mentioned leisure and hospitality trade payables exceeding credit period has been paid.

In view of the good relationship with our major suppliers and contractors, as at LPD there were no significant matters in dispute with respect to trade payables for the past three (3) financial years ended review and there was no legal action initiated by any one of our suppliers or contractors to demand for payment.

**10.6 TREND INFORMATION**

As at LPD, to the best of our Directors' knowledge and belief, our operations have not been and are not expected to be affected by any of the following:-

- (i) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those disclosed in this Section and Sections 3 and 4 of this Prospectus;
- (ii) material commitments for capital expenditures, save as set out in Section 10.5.7(c) of this Prospectus;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, save as disclosed in this Section and Section 3 of this Prospectus;
- (iv) known trends, demands, commitments, events or uncertainties that have resulted in a material impact on our Group revenue and/or profits save for those that have been disclosed in this Section, industry overview as set out in Section 5 of this Prospectus and the future plans and strategies as set out in Section 4.15 of this Prospectus;
- (v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position other than those disclosed in this Section and Section 3 of this Prospectus; and
- (vi) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's liquidity and capital resources, other than those discussed in this Section, Sections 3 and 4 of this Prospectus.

Our Board is optimistic about the future prospects of our Group and the outlook of the property development / property investment and leisure and hospitality industry due to the factors set out in Section 4.15.5 of this Prospectus, in consideration of our Group's competitive strengths as set out in Section 4.4 of this Prospectus, the significant factors materially affecting our Group's operating results and financial condition as set out in Sections 10.4.3 of this Prospectus, and our Group's dedication to implement the future plans and strategies as set out in Section 4.15 of this Prospectus.

**10.7 ORDER BOOK**

Due to the nature of our business as property developer, we do not maintain an order book as our Group's construction business is outsourced and no external orders are taken by our Group. For further information on our on-going and future projects, kindly refer to Section 4 of this Prospectus.

**10.8 DIVIDEND POLICY**

Our ability to pay dividends or make other distributions to our shareholders is subject to various factors, such as having profits and excess funds not required to be retained to fund our business. Our Directors will consider the following factors, amongst others, when recommending dividends for approval by our shareholders or when declaring any interim dividends:-

- (i) the availability of adequate distributable reserves and cash flows;
- (ii) our operating cash flow requirements and financing commitments; and
- (iii) our anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans.

Any declaration and payment of interim dividends in the future will be at the discretion of the Board of Directors. It is subject to approval by our shareholders when the Company declares any final dividends. There is no assurance on whether dividend distributions will occur as intended, the amount of dividend payment, or timing of such payments.

No inference should or can be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.



## 11. ACCOUNTANTS' REPORT



The Board of Directors  
IOI Properties Group Berhad  
Two IOI Square  
IOI Resort  
62502 Putrajaya  
Malaysia

6 December 2013  
Our ref: BDO/AO/CKW

Dear Sirs

IOI PROPERTIES GROUP BERHAD ("IOIPG" OR "THE COMPANY") AND ITS SUBSIDIARIES ("IOIPG GROUP" OR "THE GROUP")  
ACCOUNTANTS' REPORT ("THE REPORT")

## 1. INTRODUCTION

This Report has been prepared by BDO, an approved company auditor, for inclusion in the Prospectus of IOIPG in connection with the listing of and quotation for the enlarged issued and paid-up share capital of IOIPG on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") (hereinafter defined as "the Listing"), and should not be relied on for any other purposes. The details of the Listing Scheme are disclosed in Section 2 of this Report.

## 2. DETAILS OF THE LISTING SCHEME

In conjunction with and as an integral part of the listing of IOIPG on Main Market of Bursa Securities, the Company undertakes the following transactions:

## 2.1 Internal Reorganisation

## 2.1.1 Acquisition of IOI Properties Berhad ("IOIP")

Acquisition by IOIPG for the entire equity interests of IOI Corporation Berhad ("IOIC") in IOIP and its direct and indirect subsidiaries, associated companies and jointly controlled entities ("IOIP Group") for a total consideration of RM9,768,980,000 which was satisfied via the issuance of 2,163,866,849 new ordinary shares of RM1.00 each in IOIPG ("IOIPG Shares") to IOIC;

## 2.1.2 Acquisition of Other Property Companies

Acquisition by IOIPG for the entire equity interests of IOIC in certain other subsidiaries which are involved in property development, property investment and other property related businesses ("Other Property Companies") for a total consideration of RM2,581,311,000 which was satisfied via the issuance of 571,770,369 new IOIPG Shares to IOIC;

## 2.1.3 Acquisition of Lands

Acquisition by IOIPG from IOIC for two (2) parcels of agricultural land (which are converted to commercial/residential use) measuring approximately 500 acres, located in Mukim Rompin, District of Jempol, State of Negeri Sembilan ("Bahau Land") and approximately 1,279 acres located in Mukim of Sungai Segamat, District of Segamat, State of Johor ("Segamat Land"), for a total consideration of RM276,200,000 which were satisfied via the issuance of 61,179,368 new IOIPG Shares to IOIC;

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 2. DETAILS OF THE LISTING SCHEME (Continued)

## 2.1 Internal Reorganisation (Continued)

## 2.1.4 Acquisition of 10% equity interests in Property Village Bhd ("PVB") and Property Skyline Sdn. Bhd. ("PSSB")

Acquisition by IOIPG of 10% equity interest in PVB from Summervest Sdn. Bhd. (a company controlled by Tan Sri Dato' Lee Shin Cheng ("TSDLSC"), a major shareholder of IOIC) ("Summervest" or "Vendor") and acquisition by IOIPG of 10% equity interest in PSSB from Summervest, for an aggregate consideration of RM196,345,000 which was satisfied via the issuance of 43,491,177 new IOIPG Shares to Summervest; and

## 2.1.5 Debt Settlement

Capitalisation of approximately RM1.8 billion, being an amount owing by IOIP Group and/or the Other Property Companies to IOIC Group by way of issuance of 398,706,961 new IOIPG Shares to IOIC.

The Acquisition of IOIP, Acquisition of Other Property Companies, Acquisition of Lands, Acquisition of PVB and PSSB are collectively referred to as the Acquisitions. The Acquisitions had been completed as at the date of this report and the dates of completion of the Acquisitions are stated in Section 4 in this Report.

## 2.2 Distribution

Distribution of 2,130,349,033 IOIPG Shares which are held by IOIC to all IOIC shareholders post the Internal Reorganisation (as defined in Section 2.1 above), by way of distribution-in-specie on the basis of one (1) IOIPG Share for every three (3) ordinary shares held in IOIC ("IOIC Shares"), which indicatively amounts to approximately 66% of the enlarged IOIPG Shares ("Distribution") via, *inter alia*, implementation of a reduction of the share premium account of IOIC in accordance with the provisions of Sections 60(2) and 64 of the Companies Act, 1965 ("Act") and via retained earnings of IOIC.

## 2.3 Restricted Offer for Sale

Non-renounceable restricted offer for sale of all of the remaining IOIPG Shares which are held by IOIC after the Distribution amounting 1,065,174,516 IOIPG Shares, to the entitled shareholders of IOIC on the basis of one (1) IOIPG Share for every six (6) IOIC shares.

## 2.4 Listing and Quotation

Listing of and quotation for the entire enlarged issued and paid-up share capital of IOIPG on the Official List of the Main Market of Bursa Securities.

## GENERAL INFORMATION

The Company was incorporated in Malaysia under the Companies Act, 1965 on 25 February 2013 as a private limited liability company and subsequently changed its status to become a public limited liability company on 4 June 2013. The registered office of the Company is located at Two IOI Square, IOI Resort, 62502 Putrajaya, Malaysia.

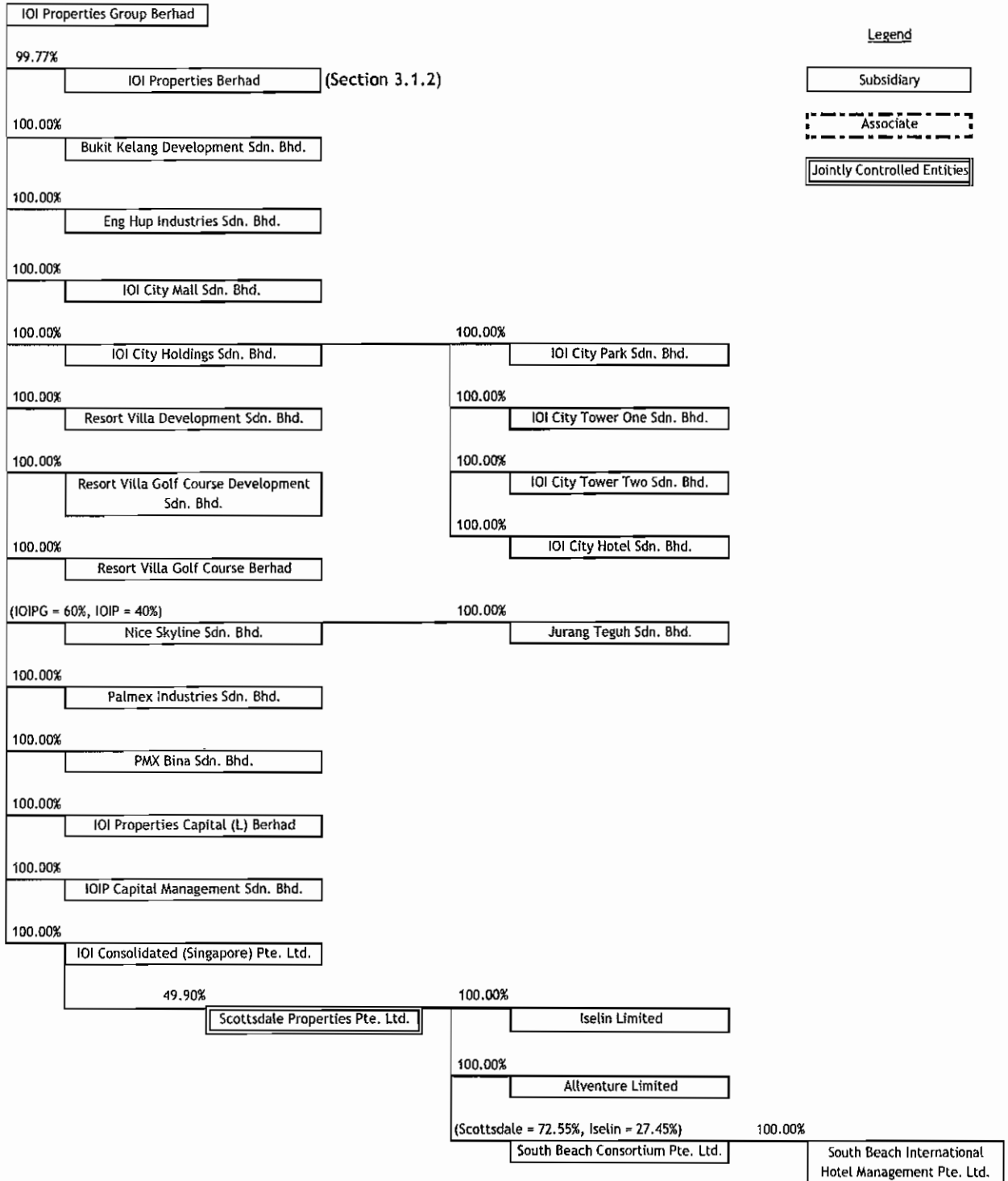
11. ACCOUNTANTS' REPORT (Cont'd)



3. GENERAL INFORMATION (Continued)

3.1 Group Structure

3.1.1 As at the date of this Report, the corporate structure of the IOIPG Group is as follows:



11. ACCOUNTANTS' REPORT (Cont'd)



3. GENERAL INFORMATION (Continued)

3.1 Group Structure (Continued)

3.1.2 As at the date of this Report, the corporate structure of the IOIP Group is as follows:

IOI Properties Berhad	100.00%	IOI Building Services Sdn Bhd	100.00%	Muti Wealth (Singapore) Pte Ltd	60.00%	Mergul Development Pte Ltd	100.00%	IOI Prima Property Sdn. Bhd.
Cahaya Kota Development Sdn Bhd	100.00%	Lush Development Sdn Bhd	100.00%	Future Link Properties Ptd Ltd	88.00%	Clement Development Pte Ltd	100.00%	IOI Medini Management Sdn. Bhd.
Flora Development Sdn Bhd	100.00%	Riang Takzim Sdn. Bhd.	100.00%	IOI Properties (Singapore) Pte Ltd	65.00%	Pinnacle (Bentosa) Pte Ltd	100.00%	IOI Lavender Sdn. Bhd.
Kumpulan Wayang Sdn Bhd	100.00%	Tanda Bestari Development Sdn Bhd	100.00%	IOI Landscape Services Sdn. Bhd.	100.00%	IOI Harbour Front Sdn. Bhd.	100.00%	IOI Harbour Front Sdn. Bhd.
Pine Properties Sdn Bhd	100.00%		24.19%	IOI Commercial Estate Sdn Bhd				
Dynamic Management Sdn Bhd	100.00%	Paksi Teguh Sdn Bhd	100.00%	Nice Skyline Sdn Bhd	100.00%	Jurang Teguh Sdn. Bhd.		
Commercial Wings Sdn Bhd	100.00%	Pilihan Megah Sdn Bhd	100.00%	Nice Skyline Sdn Bhd	100.00%	Prime Joy Investment Ltd	100.00%	Xiamen Double Prosperous Real Estate Development Co Ltd
Pilihan Teraju Sdn Bhd	100.00%	Legend Advance Sdn Bhd	70.00%	Palmx Axax Limited	100.00%	IOI (Xiamen) Properties Co. Ltd.	100.00%	
IOI Land Singapore Pte Ltd	100.00%	Seaview (Sintosa) Pte Ltd	50.00%	IOI PFCC Hotel Sdn. Bhd.	100.00%			
Property Skyline Sdn Bhd	90.00%	Nice Frontier Sdn Bhd	(PSS = 75% , IOIP = 25%)	Speed Mediation Sdn. Bhd.	100.00%			
Flora Horizon Sdn Bhd	98.50%	Trilink Pyramid Sdn Bhd	90.00%	Knowledge Vision Sdn. Bhd.	100.00%			
Hertawan Development Sdn Bhd	100.00%	Wealthy Growth Sdn Bhd	100.00%	P.J Midtown Development Sdn. Bhd.	50.00%			
Jutawan Development Sdn Bhd	80.00%	Property Village Berhad	100.00%	IOI Medini Sdn. Bhd.	100.00%			
Pastia Development Sdn Bhd	100.00%			IOI Auberry Sdn. Bhd.	100.00%			
				Baycrest Sdn Bhd	100.00%			

Legend

Subsidiary

Associate

Jointly Controlled Entities

## 11. ACCOUNTANTS' REPORT (Cont'd)

IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 3. GENERAL INFORMATION (Continued)

## 3.2 Principal Activities

The principal activity of the Company is investment holding and property investment whilst the details of the subsidiaries, associates and jointly controlled entities as at the date of this Report are as follows:

Subsidiaries	Date and place of incorporation	Issued and paid-up share capital	Effective equity interest (%)	Principal activities
IOI Properties Berhad	24 December 1975 / Malaysia	RM406,393,125	99.8	Property development, property investment and investment holding
Other Property Companies				
Bukit Kelang Development Sdn. Bhd.	19 September 1977 / Malaysia	RM1,000,000	100.0	Property development and cultivation of plantation produce
Eng Hup Industries Sdn. Berhad	12 October 1982 / Malaysia	RM5,200,000	100.0	Property development, and property investment
IOI City Mall Sdn. Bhd. (formerly known as Dreammont Development Sdn. Bhd.)	13 May 2008 / Malaysia	RM10,000,000 <sup>(1)</sup>	100.0	Property investment
Resort Villa Golf Course Berhad	25 April 1991 / Malaysia	RM5,275,000 <sup>(4)</sup>	100.0	Development and management of a golf club
Resort Villa Golf Course Development Sdn. Bhd.	8 November 1991 / Malaysia	RM1,132,500 <sup>(5)</sup>	100.0	Hotel and hospitality Services
Resort Villa Development Sdn. Bhd.	30 May 1994 / Malaysia	RM4,050,000 <sup>(2)</sup>	100.0	Property investment and hotel and resort development
IOI City Holdings Sdn. Bhd. (formerly known as IOI Properties Holdings Sdn. Bhd.)	14 September 2012 / Malaysia	RM2	100.0	Investment holding and property investment
Nice Skyline Sdn. Bhd.	18 November 1994 / Malaysia	RM5,000,000	99.9	Property development and investment holding
Palmex Industries Sdn. Berhad	6 April 1973 / Malaysia	RM35,500,000	100.0	Property development and investment holding
PBX Bina Sdn. Bhd.	19 June 1984 / Malaysia	RM750,000	100.0	Property construction

## 11. ACCOUNTANTS' REPORT (Cont'd)

IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 3. GENERAL INFORMATION (Continued)

## 3.2 Principal Activities (Continued)

Subsidiaries	Date and place of incorporation	Issued and paid-up share capital	Effective equity interest (%)	Principal activities
Other Property Companies (Continued)				
IOI Consolidated (Singapore) Pte. Ltd.	15 July 1982 / Singapore	S\$593,611,491 <sup>(2)</sup>	100.0	Property development and investment holding
IOI Properties Capital (L) Berhad	14 November 2013 / Malaysia	USD100	100.0	Provision of treasury management services
IOIP Capital Management Sdn. Bhd.	22 November 2013 / Malaysia	RM2	100.0	Provision of treasury management services
Subsidiaries of IOI Properties Berhad				
Cahaya Kota Development Sdn. Bhd.	8 December 1978 / Malaysia	RM19,400,000 <sup>(12)</sup>	99.8	Property development, property investment and investment holding
Commercial Wings Sdn. Bhd.	31 May 1994 / Malaysia	RM10,000,000	99.8	Property investment
Dynamic Management Sdn. Bhd.	27 August 1984 / Malaysia	RM250,000	99.8	Property development, investment holding and provision of management services
Flora Development Sdn. Bhd.	16 June 1994 / Malaysia	RM2,000,000	99.8	Property development and property investment
Flora Horizon Sdn. Bhd.	16 June 1994 / Malaysia	RM100,000	98.3	Property development and cultivation of plantation produce
Future Link Properties Pte. Ltd.	24 April 1996 / Singapore	S\$10,000,000	99.8	Property investment, property development and investment holding
Hartawan Development Sdn. Bhd.	22 February 1982 / Malaysia	RM2,617,500 <sup>(13)</sup>	99.8	Property development and cultivation of plantation produce
IOI Harbour Front Sdn. Bhd.	12 August 2013 / Malaysia	RM250,000	99.8	Property development and property investment
IOI Landscape Services Sdn. Bhd.	19 July 1991 / Malaysia	RM100,000	99.8	Landscape services, sale of ornamental plants and turfing grass
IOI Land Singapore Pte. Ltd.	9 May 2005 / Singapore	S\$5,000,000	99.8	Property investment and investment holding
IOI Lavender Sdn. Bhd.	12 August 2013 / Malaysia	RM250,000	99.8	Property development and property investment

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 3. GENERAL INFORMATION (Continued)

## 3.2 Principal Activities (Continued)

Subsidiaries	Date and place of incorporation	Issued and paid-up share capital	Effective equity interest (%)	Principal activities
Subsidiaries of IOI Properties Berhad (Continued)				
IOI Medini Sdn. Bhd.	15 January 2013 / Malaysia	RM250,000	99.8	Property development and property investment
IOI Medini Management Sdn. Bhd.	25 July 2013 / Malaysia	RM100,000	99.8	Provision of management, supervisory or marketing services
IOI Mulberry Sdn. Bhd.	11 April 2013 / Malaysia	RM250,000	99.8	Property development and property investment
IOI PFCC Hotel Sdn. Bhd. (formerly known as Violet Bayview Sdn. Bhd.)	30 July 2012 / Malaysia	RM4,583,800 <sup>(1*)</sup>	99.8	Property investment, property development, hotel and hospitality services
IOI Prima Property Sdn. Bhd.	7 October 2013 / Malaysia	RM2	99.8	Property development and property investment
IOI Properties (Singapore) Pte. Ltd.	20 July 2007 / Singapore	S\$416,000,002 <sup>(2*)</sup>	99.8	Property investment and investment holding
Jutawan Development Sdn. Bhd.	5 June 1981 / Malaysia	RM250,000	79.8	Property development and property investment
Knowledge Vision Sdn. Bhd.	12 December 2012 / Malaysia	RM8,770,000 <sup>(1*)</sup>	99.8	Property development and property investment
Kumpulan Mayang Sdn. Bhd.	12 June 1982 / Malaysia	RM300,000	99.8	Property development
Multi Wealth (Singapore) Pte. Ltd.	1 June 2007 / Singapore	S\$182,521,802 <sup>(6*)</sup>	99.8	Property investment and investment holding
Palmy Max Limited	6 July 2010 / Hong Kong	HK\$19,590,000 <sup>(7*)</sup>	99.8	Investment holding
Paska Development Sdn. Bhd.	15 June 1981 / Malaysia	RM250,000	99.8	Property development and property investment
Piithan Terraju Sdn. Bhd.	14 November 1995 / Malaysia	RM14,700,000 <sup>(1*)</sup>	99.8	Property development and property investment

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 3. GENERAL INFORMATION (Continued)

## 3.2 Principal Activities (Continued)

Subsidiaries	Date and place of incorporation	Issued and paid-up share capital	Effective equity interest (%)	Principal activities
Subsidiaries of IOI Properties Berhad (Continued)				
Pine Properties Sdn. Bhd.	9 June 1994 / Malaysia	RM250,000	99.8	Property development and property investment
Property Skyline Sdn. Bhd.	19 November 1993 / Malaysia	RM11,111,111	89.8	Provision of management services and investment holding
Speed Modulation Sdn. Bhd.	2 August 2007 / Malaysia	RM6,141,302 <sup>(1*)</sup>	99.8	Property investment
Subsidiaries of Cahaya Kota Development Sdn. Bhd.				
IOI Building Services Sdn. Bhd.	4 August 1993 / Malaysia	RM2	99.8	Building maintenance services
Lush Development Sdn. Bhd.	28 June 1995 / Malaysia	RM16,200,000 <sup>(1*)</sup>	99.8	Property development
Riang Takzim Sdn. Bhd.	14 February 2000 / Malaysia	RM1,000,000	99.8	Investment holding
Tanda Bestari Development Sdn. Bhd.	3 October 2000 / Malaysia	RM1,635,202 <sup>(1*)</sup>	99.8	Property development
Subsidiaries of Dynamic Management Sdn. Bhd.				
Legend Advance Sdn. Bhd.	20 July 1995 / Malaysia	RM6,000,000 <sup>(1*)</sup>	69.8	Property development and property investment
Paksi Teguh Sdn. Bhd.	6 August 1992 / Malaysia	RM750,000	99.8	General contractors
Piithan Megah Sdn. Bhd.	27 March 1990 / Malaysia	RM2,000,000	99.8	Property development, property investment, investment holding and provision of management services

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 3. GENERAL INFORMATION (Continued)

## 3.2 Principal Activities (Continued)

Subsidiaries	Date and place of incorporation	Issued and paid-up share capital	Effective equity interest (%)	Principal activities
Subsidiary of Multi Wealth (Singapore) Pte. Ltd. Clementi Development Pte. Ltd. Subsidiaries of Palmy Max Limited	2 February 2012 / Singapore	S\$171,992,045 <sup>(20)</sup>	87.8	Property development
IOI (Xiamen) Properties Co. Ltd.	14 December 2012 / People's Republic of China	US\$213,199,980	99.8	Property development, management of hotel shopping mall and commercial properties
Prime Joy Investments Limited	30 December 2009 / Hong Kong	HK\$58,505,800 <sup>(21)</sup>	99.8	Investment holding
Subsidiary of Prime Joy Investments Limited	4 August 2010 / People's Republic of China	US\$74,999,994	99.8	Property development and property management services
Xiamen Double Prosperous Real Estate Development Co. Ltd.				
Subsidiaries of Property Skyline Sdn. Bhd.	12 May 1994 / Malaysia	RM10,000,000	92.3	Property development, property investment and cultivation of plantation produce
Nice Frontier Sdn. Bhd.				
Property Village Berhad	19 November 1993 / Malaysia	RM10,000,000	80.8	Property development, recreational services and investment holding
Trilink Pyramid Sdn. Bhd.	18 September 2009 / Malaysia	RM1,000,000	89.8	Property development
Wealthy Growth Sdn. Bhd.	10 July 2006 / Malaysia	RM1,000,000	89.8	Property development
Subsidiary of Property Village Berhad	6 September 1994 / Malaysia	RM750,000	80.8	General contractors

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 3. GENERAL INFORMATION (Continued)

## 3.2 Principal Activities (Continued)

Subsidiaries	Date and place of incorporation	Issued and paid-up share capital	Effective equity interest (%)	Principal activities
Subsidiaries of IOI City Holdings Sdn. Bhd. (formerly known as IOI Properties Holdings Sdn. Bhd)				
IOI City Park Sdn. Bhd.	24 December 2012 / Malaysia	RM2	100.0	Car park operator and provision of car park management services
IOI City Tower One Sdn. Bhd. (formerly known as Veto Circle Sdn. Bhd.)	30 August 2012 / Malaysia	RM2	100.0	Property investment, property development and property management
IOI City Tower Two Sdn. Bhd.	24 December 2012 / Malaysia	RM2	100.0	Property investment, property development and property management
IOI City Hotel Sdn. Bhd. (formerly known as My Plenitude Sdn. Bhd.)	15 August 2012 / Malaysia	RM2	100.0	Property investment, property development, hotel and hospitality services
Subsidiary of Nice Skyline Sdn. Bhd.				
Jurang Teguh Sdn. Bhd.	13 April 1995 / Malaysia	RM750,000	99.9	General contractors
Associate				
Associate of IOI Properties Berhad				
Continental Estates Sdn. Bhd.	24 May 1995 / Malaysia	RM52,343,805 <sup>(6)</sup>	24.2	Property development and cultivation of plantation produce

## 11. ACCOUNTANTS' REPORT (Cont'd)

IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 3. GENERAL INFORMATION (Continued)

## 3.2 Principal Activities (Continued)

Jointly Controlled Entities	Date and place of incorporation	Issued and paid-up share capital	Effective equity interest (%)	Principal activities
Jointly controlled entity of IOI Properties Berhad PJ Midtown Development Sdn. Bhd. (formerly known as Sime Darby Brunsfield Darby Hills Sdn. Bhd.)	8 June 2006 / Malaysia	RM2,000,000	49.9	Property development
Jointly controlled entity of IOI Land Singapore Pte. Ltd.	13 March 2007 / Singapore	S\$1,000,000	49.9	Property development
Seaview (Sentosa) Pte. Ltd.	7 January 2008 / Singapore	S\$641,000,000 <sup>(23)</sup>	64.9	Property development
Jointly controlled entity of IOI Properties (Singapore) Pte. Ltd.	21 November 2007 / Singapore	S\$1,000,000	59.9	Property development
Jointly controlled entity of IOI Consolidated (Singapore) Pte. Ltd.	2 July 2007 / Singapore	S\$806,211,761 <sup>(19)</sup>	49.9	Investment holding

## 11. ACCOUNTANTS' REPORT (Cont'd)

IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 3. GENERAL INFORMATION (Continued)

## 3.2 Principal Activities (Continued)

Jointly Controlled Entities	Date and place of incorporation	Issued and paid-up share capital	Effective equity interest (%)	Principal activities
Subsidiaries of Scottsdale Properties Pte. Ltd.				
Isetlin Limited	4 January 2011 / Cayman Islands	S\$292,737,571 <sup>(11)</sup>	49.9	Investment holding
South Beach Consortium Pte. Ltd.	12 October 2007 / Singapore	S\$1,301,047,069	49.9	Investment holding, property owner and developer
Allventure Limited	4 June 2009 / Republic of Mauritius	S\$150,000	49.9	Investment holding
Subsidiary of South Beach Consortium Pte. Ltd.				
South Beach International Hotel Management Pte. Ltd.	25 September 2012 / Singapore	S\$2	49.9	Hotel management

## Notes:

- (1) The issued and paid-up share capital of IOI City Mall Sdn. Bhd. (formerly known as Dreammont Development Sdn. Bhd.) consists of 2 ordinary shares of RM1 each and 100,000,000 redeemable non-cumulative preference shares of RM0.10 each.
- (2) The issued and paid-up share capital of IOI Consolidated (Singapore) Pte. Ltd. consists of 2 ordinary shares of S\$1 each and 593,611,489 redeemable preference shares of S\$1 each.
- (3) The issued and paid-up share capital of Resort Villa Development Sdn. Bhd. consists of 3,500,000 ordinary shares of RM1 each and 1,100,000 redeemable preference shares of RM0.50 each.
- (4) The issued and paid-up share capital of Resort Villa Golf Course Berhad consists of 5,050,000 ordinary shares of RM1 each and 450,000 redeemable preference shares of RM0.50 each.
- (5) The issued and paid-up share capital of Resort Villa Golf Course Development Sdn. Bhd. consists of 1,125,000 ordinary shares of RM1 each and 15,000 redeemable preference shares of RM0.50 each.
- (6) The issued and paid-up share capital of Multi Wealth (Singapore) Pte. Ltd. consists of 2 ordinary shares of S\$1 each and 182,521,800 redeemable preference shares of S\$1 each.
- (7) The issued and paid-up share capital of Palmy Max Limited consists of 10,000 ordinary shares of HK\$1 each and 195,800,000 redeemable preference shares of HK\$0.10 each.
- (8) The issued and paid-up share capital of Legend Advance Sdn. Bhd. consists of 5,000,000 ordinary shares of RM1 each and 1,000,000 irredeemable preference shares of RM1 each.

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 3. GENERAL INFORMATION (Continued)

## 3.2 Principal Activities (Continued)

## Notes (Continued):

- (9) The issued and paid-up share capital of Continental Estates Sdn. Bhd. consists of 50,600,000 ordinary shares of RM1 each and 174,380,450 cumulative redeemable preference shares of RM0.01 each.
- (10) The issued and paid-up share capital of Scottsdale Properties Pte. Ltd. consists of 230,000,000 ordinary shares of S\$1 each and 576,211,761 redeemable preference shares of S\$1 each.
- (11) The issued and paid-up share capital of Iselin Limited consists of 1 ordinary shares of S\$1 each and 292,737,570 cumulative redeemable preference shares of S\$1 each.
- (12) The issued and paid-up share capital of Cahaya Kota Development Sdn. Bhd. consists of 5,000,000 ordinary shares of RM1 each and 144,000,000 redeemable non-cumulative preference shares of RM0.10 each.
- (13) The issued and paid-up share capital of Hartawan Development Sdn. Bhd. consists of 100,000 ordinary shares of RM1 each and 25,175,000 redeemable non-cumulative preference shares of RM0.10 each.
- (14) The issued and paid-up share capital of IOI PFCC Hotel Sdn. Bhd. consists of 100,000 ordinary shares of RM1 each and 44,838,000 redeemable non-cumulative preference shares of RM0.10 each.
- (15) The issued and paid-up share capital of Knowledge Vision Sdn. Bhd. consists of 2,000,000 ordinary shares of RM1 each and 67,700,000 redeemable non-cumulative preference shares of RM0.10 each.
- (16) The issued and paid-up share capital of Pilihan Teraju Sdn. Bhd. consists of 2,000,000 ordinary shares of RM1 each and 127,000,000 redeemable non-cumulative preference shares of RM0.10 each.
- (17) The issued and paid-up share capital of Speed Modulation Sdn. Bhd. consists of 2 ordinary shares of RM1 each and 61,413,000 redeemable non-cumulative preference shares of RM0.10 each.
- (18) The issued and paid-up share capital of Lush Development Sdn. Bhd. consists of 500,000 ordinary shares of RM1 each and 157,000,000 redeemable non-cumulative preference shares of RM0.10 each.
- (19) The issued and paid-up share capital of Tanda Bestari Development Sdn. Bhd. consists of 2 ordinary shares of RM1 each and 16,352,000 redeemable non-cumulative preference shares of RM0.10 each.
- (20) The issued and paid-up share capital of Clementi Development Pte. Ltd. consists of 1,000,000 ordinary shares of S\$1 each and 170,992,045 redeemable preference shares of S\$1 each.
- (21) The issued and paid-up share capital of Prime Joy Investments Limited consists of 10,000 ordinary shares of HK\$1 each and 584,958,000 redeemable preference shares of HK\$0.10 each.
- (22) The issued and paid-up share capital of IOI Properties (Singapore) Pte. Ltd. consists of 2 ordinary shares of S\$1 each and 416,000,000 redeemable preference shares of S\$1 each.
- (23) The issued and paid-up share capital of Pinnacle (Sentosa) Pte. Ltd. consists of 1,000,000 ordinary shares of S\$1 each and 640,000,000 redeemable preference shares of S\$1 each.

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 4. SHARE CAPITAL

The Company was incorporated with an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each. On 10 May 2013, the authorised share capital of IOIPG increased by RM49,999,900,000 to RM50,000,000,000.

Details of the changes in the issued and paid up share capital of the Company since the date of incorporation are as follows:

Date of allotment	No. of shares allotted ('000)	Cumulative no. of shares allotted ('000)	Par value (RM)	Purpose	Cumulative total issued and paid-up share capital (RM'000)
25 February 2013	*	*	1.00	Incorporation	*
3 December 2013	2,163,867	2,163,867	1.00	Acquisition of IOIP	2,163,867
5 December 2013	571,770	2,735,637	1.00	Acquisition of Other Property Companies	2,735,637
5 December 2013	61,180	2,796,817	1.00	Acquisition of Lands	2,796,817
5 December 2013	43,491	2,840,308	1.00	Acquisition of 10% equity interest in PVB and PSSB	2,840,308
5 December 2013	398,707	3,239,015	1.00	Debt settlement	3,239,015

\* Represents 2 ordinary shares of RM1.00 each

Upon completion of the Acquisitions and Debt Settlement as mentioned in Section 2, the issued and fully paid-up share capital of the Company had been enlarged to RM3,239,014,726 comprising 3,239,014,726 ordinary shares of RM1 each.

## 5. DIVIDEND

No dividend was declared by the Company since the date of its incorporation.

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## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 6. FINANCIAL STATEMENTS AND AUDITORS

Set out below are the relevant financial periods/years of audited financial statements presented for the purpose of this Report and the respective auditors (where applicable) of the companies in IOIPG Group:

Company	Relevant Financial Periods/Years	Auditors
IOI Properties Group Berhad	Financial period 25 February 2013 (date of incorporation) to 30 June 2013	BDO
IOI Properties Berhad	Financial year ended ("FYE") 30 June 2011	BDO
	FYE 30 June 2012	BDO
	FYE 30 June 2013	BDO
Bukit Kelang Development Sdn. Bhd.	FYE 30 June 2011	BDO
	FYE 30 June 2012	BDO
	FYE 30 June 2013	BDO
Eng Hup Industries Sdn. Berhad	FYE 30 June 2011	BDO
	FYE 30 June 2012	BDO
	FYE 30 June 2013	BDO
IOI City Mall Sdn. Bhd. (formerly known as Dreammont Development Sdn. Bhd.)	FYE 30 June 2011	BDO
	FYE 30 June 2012	BDO
	FYE 30 June 2013	BDO
Resort Villa Golf Course Berhad	FYE 30 June 2011	BDO
	FYE 30 June 2012	BDO
	FYE 30 June 2013	BDO
Resort Villa Golf Course Development Sdn. Bhd.	FYE 30 June 2011	BDO
	FYE 30 June 2012	BDO
	FYE 30 June 2013	BDO
Resort Villa Development Sdn. Bhd.	FYE 30 June 2011	BDO
	FYE 30 June 2012	BDO
	FYE 30 June 2013	BDO
IOI City Holdings Sdn. Bhd. (formerly known as IOI Properties Holdings Sdn. Bhd.)	Financial period 14 September 2012 (date of incorporation) to 30 June 2013	BDO
Nice Skyline Sdn. Bhd.	FYE 30 June 2011	BDO
	FYE 30 June 2012	BDO
	FYE 30 June 2013	BDO
Palmex Industries Sdn. Berhad	FYE 30 June 2011	KPMG
	FYE 30 June 2012	KPMG
	FYE 30 June 2013	KPMG
PWX Bina Sdn. Bhd.	FYE 30 June 2011	KPMG
	FYE 30 June 2012	KPMG
	FYE 30 June 2013	KPMG
IOI Consolidated (Singapore) Pte. Ltd.	FYE 30 June 2011	BDO, Singapore
	FYE 30 June 2012	BDO, Singapore
	FYE 30 June 2013	BDO, Singapore

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 6. FINANCIAL STATEMENTS AND AUDITORS (Continued)

Company	Relevant Financial Periods/Years	Auditors
Jointly controlled entity of IOI Consolidated (Singapore) Pte. Ltd.	Financial period 8 April 2011 to 30 June 2011	KPMG, Singapore
Scottsdale Properties Pte. Ltd. *	FYE 30 June 2012	KPMG, Singapore
	FYE 30 June 2013	KPMG, Singapore
Subsidiaries of IOI Properties Berhad		
Cahaya Kota Development Sdn. Bhd.	FYE 30 June 2011	BDO
	FYE 30 June 2012	BDO
	FYE 30 June 2013	BDO
Commercial Wings Sdn. Bhd.	FYE 30 June 2011	BDO
	FYE 30 June 2012	BDO
	FYE 30 June 2013	BDO
Dynamic Management Sdn. Bhd.	FYE 30 June 2011	BDO
	FYE 30 June 2012	BDO
	FYE 30 June 2013	BDO
Flora Development Sdn. Bhd.	FYE 30 June 2011	BDO
	FYE 30 June 2012	BDO
	FYE 30 June 2013	BDO
Flora Horizon Sdn. Bhd.	FYE 30 June 2011	BDO
	FYE 30 June 2012	BDO
	FYE 30 June 2013	BDO
Future Link Properties Pte. Ltd.	FYE 30 June 2013	Low Kok Kim, Singapore
Hartawan Development Sdn. Bhd.	FYE 30 June 2011	BDO
	FYE 30 June 2012	BDO
	FYE 30 June 2013	BDO
IOI Landscape Services Sdn. Bhd.	FYE 30 June 2011	BDO
	FYE 30 June 2012	BDO
	FYE 30 June 2013	BDO
IOI Land Singapore Pte. Ltd.	FYE 30 June 2011	BDO, Singapore
	FYE 30 June 2012	BDO, Singapore
	FYE 30 June 2013	BDO, Singapore
IOI Medini Sdn. Bhd.	Financial period 15 January 2013 (date of incorporation) to 30 June 2013	BDO
IOI Muiberry Sdn. Bhd.	Financial period 11 April 2013 (date of incorporation) to 30 June 2013	BDO
IOI Properties (Singapore) Pte. Ltd.	FYE 30 June 2011	BDO, Singapore
	FYE 30 June 2012	BDO, Singapore
	FYE 30 June 2013	BDO, Singapore

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
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## 6. FINANCIAL STATEMENTS AND AUDITORS (Continued)

Company	Relevant Financial Periods/Years	Auditors
<b>Subsidiaries of IOI Properties Berhad (Continued)</b>		
IOI PFCC Hotel Sdn. Bhd. (formerly known as Violet Bayview Sdn. Bhd.)	Financial period 30 July 2012 (date of incorporation) to 30 June 2013	BDO
Jutawan Development Sdn. Bhd.	FYE 30 June 2011 FYE 30 June 2012 FYE 30 June 2013	BDO BDO BDO
Knowledge Vision Sdn. Bhd.	Financial period 12 December 2012 (date of incorporation) to 30 June 2013	BDO
Kumpulan Mayang Sdn. Bhd.	FYE 30 June 2011 FYE 30 June 2012 FYE 30 June 2013	BDO BDO BDO
Multi Wealth (Singapore) Pte. Ltd.	FYE 30 June 2011 FYE 30 June 2012 FYE 30 June 2013	BDO, Singapore BDO, Singapore BDO, Singapore
Palmy Max Ltd.	FYE 30 June 2011 FYE 30 June 2012 FYE 30 June 2013	BDO, Hong Kong BDO, Hong Kong BDO, Hong Kong
Paska Development Sdn. Bhd.	FYE 30 June 2011 FYE 30 June 2012 FYE 30 June 2013	BDO BDO BDO
Pitihan Teraju Sdn. Bhd.	FYE 30 June 2011 FYE 30 June 2012 FYE 30 June 2013	BDO BDO BDO
Pine Properties Sdn. Bhd.	FYE 30 June 2011 FYE 30 June 2012 FYE 30 June 2013	BDO BDO BDO
Property Skyline Sdn. Bhd.	FYE 30 June 2011 FYE 30 June 2012 FYE 30 June 2013	BDO BDO BDO
Speed Modulation Sdn. Bhd.	FYE 30 June 2011 FYE 30 June 2012 FYE 30 June 2013	BDO BDO BDO
<b>Subsidiaries of Cahaya Kota Development Sdn. Bhd.</b>		
IOI Building Services Sdn. Bhd.	FYE 30 June 2011 FYE 30 June 2012 FYE 30 June 2013	BDO BDO BDO
Lush Development Sdn. Bhd.	FYE 30 June 2011 FYE 30 June 2012 FYE 30 June 2013	BDO BDO BDO

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 6. FINANCIAL STATEMENTS AND AUDITORS (Continued)

Company	Relevant Financial Periods/Years	Auditors
<b>Subsidiaries of Cahaya Kota Development Sdn. Bhd. (Continued)</b>		
Riang Takzim Sdn. Bhd.	FYE 30 June 2011 FYE 30 June 2012 FYE 30 June 2013	BDO BDO BDO
Tanda Bestari Development Sdn. Bhd.	FYE 30 June 2011 FYE 30 June 2012 FYE 30 June 2013	BDO BDO BDO
<b>Subsidiaries of Dynamic Management Sdn. Bhd.</b>		
Legend Advance Sdn. Bhd.	FYE 30 June 2011 FYE 30 June 2012 FYE 30 June 2013	BDO BDO BDO
Paksi Teguh Sdn. Bhd.	FYE 30 June 2011 FYE 30 June 2012 FYE 30 June 2013	BDO BDO BDO
Pitihan Megah Sdn. Bhd.	FYE 30 June 2011 FYE 30 June 2012 FYE 30 June 2013	BDO BDO BDO
<b>Subsidiary of Pitihan Megah Sdn. Bhd.</b>		
Future Link Properties Pte. Ltd.	FYE 30 June 2011 FYE 30 June 2012	Low Kok Kim, Singapore Low Kok Kim, Singapore
<b>Subsidiary of Multi Wealth (Singapore) Pte. Ltd.</b>		
Clementi Development Pte. Ltd.	Financial period 2 February 2012 (date of incorporation) to 30 June 2013	BDO, Singapore
<b>Subsidiaries of Palmy Max Ltd.</b>		
IOI (Xiamen) Properties Co. Ltd.	FYE 30 June 2013	Xiamen Zhong You Certified Public Accountant Firm
Prime Joy Investments Ltd.	FYE 30 June 2011 FYE 30 June 2012 FYE 30 June 2013	BDO, Hong Kong BDO, Hong Kong BDO, Hong Kong
<b>Subsidiary of Prime Joy Investments Ltd.</b>		
Xiamen Double Prosperous Real Estate Development Co. Ltd.	FYE 30 June 2011 FYE 30 June 2012 FYE 30 June 2013	BDO, Hong Kong BDO, Hong Kong Xiamen Zhong You Certified Public Accountant Firm

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 6. FINANCIAL STATEMENTS AND AUDITORS (Continued)

Company	Relevant Financial Periods/Years	Auditors
Subsidiaries of Property Skyline Sdn. Bhd.		
Nice Frontier Sdn. Bhd.	FYE 30 June 2011 FYE 30 June 2012 FYE 30 June 2013	BDO BDO BDO
Property Village Berhad	FYE 30 June 2011 FYE 30 June 2012 FYE 30 June 2013	BDO BDO BDO
Trilink Pyramid Sdn. Bhd.	FYE 30 June 2011 FYE 30 June 2012 FYE 30 June 2013	BDO BDO BDO
Wealthy Growth Sdn. Bhd.	FYE 30 June 2011 FYE 30 June 2012 FYE 30 June 2013	BDO BDO BDO
Subsidiary of Property Village Berhad		
Baycrest Sdn. Bhd.	FYE 30 June 2011 FYE 30 June 2012 FYE 30 June 2013	BDO BDO BDO
Subsidiaries of IOI City Holdings Sdn. Bhd. (formerly known as IOI Properties Holdings Sdn. Bhd.)		
IOI City Park Sdn. Bhd.	Financial period 24 December 2012 (date of incorporation) to 30 June 2013	BDO
IOI City Tower One Sdn. Bhd. (formerly known as Veto Circle Sdn. Bhd.)	Financial period 30 August 2012 (date of incorporation) to 30 June 2013	BDO
IOI City Tower Two Sdn. Bhd.	Financial period 24 December 2012 (date of incorporation) to 30 June 2013	BDO
IOI City Hotel Sdn. Bhd. (formerly known as My Plenitude Sdn. Bhd.)	Financial period 15 August 2012 (date of incorporation) to 30 June 2013	BDO
Subsidiary of Nice Skyline Sdn. Bhd.		
Jurang Teguh Sdn. Bhd.	FYE 30 June 2011 FYE 30 June 2012 FYE 30 June 2013	BDO BDO BDO

\* - The statutory financial year for Scottsdale Properties Pte. Ltd. is 31 December. However, for the purpose of the statutory audit reporting of IOI Corporation Berhad special audits had been performed for the financial period ended/financial years ended 30 June. Accordingly, the special audit accounts for June are presented instead of their statutory audited financial statements.

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 6. FINANCIAL STATEMENTS AND AUDITORS (Continued)

IOIPG was incorporated on 25 February 2013, and its first set of audited statutory financial statements which covered the financial period from 25 February 2013 to 30 June 2013 was presented in this Report.

The financial statements of all the companies within the Group for the relevant financial periods were not subject to any audit qualification, except for the following:

- The auditors of Scottsdale Properties Pte. Ltd. and its subsidiaries ("Scottsdale Properties Group") have expressed a qualified opinion on the financial statements for the FYE 30 June 2012 and 30 June 2011 as Scottsdale Properties Group did not present the statements of cash flows for the FYE 30 June 2012 and 30 June 2011, which constitutes a departure from International Accounting Standard 7 *Statement of Cash Flows*.

However, the above qualifications do not have any significant impact on the financial position, performance and cash flows of the Group for the relevant financial periods/years.

The audited reports of IOIPG Group for the Relevant Financial Periods/Years are enclosed in Appendix 1 of this Report.

## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

## 7.1 Basis of preparation

The financial information and financial statements of the Group as presented in Section 9.1 to 9.14 are prepared based on the audited financial statements of the Group.

The financial statements of the Group are prepared on a basis consistent with the accounting policies adopted by the Group as disclosed in Section 7.6 of this Report in accordance with Financial Reporting Standards ("FRSs") in Malaysia. The financial statements of IOI Consolidated (Singapore) Pte. Ltd. ("IOICSP") and Scottsdale Properties Group which were incorporated in Singapore are prepared in accordance with Singapore Financial Reporting Standards ("SFRSs").

IOICSP is exempted from applying proportionate consolidation and equity method to account for its investment in Scottsdale Properties Group under SFRS 31 *Interests in Joint Ventures* as IOICSP's holding company, IOI Corporation Berhad, a company incorporated in Malaysia and listed on the main market of Bursa Malaysia Securities Berhad, produces consolidated financial statements available for public use. Accordingly, for the purpose of this Report, the financial statements of IOICSP and Scottsdale Properties Group are presented in Section 9.12 and 9.13 respectively of this Report.

Certain entities being non-transitioning entities as defined by Malaysian Accounting Standards Board ("MASB") have adopted the Malaysian Financial Reporting Standards ("MFRSs") that were issued by MASB during the financial year 1 July 2012 to 30 June 2013 and reflected such adoption of the MFRSs for the FYE 30 June 2012 and FYE 30 June 2013 in this Report. The effects of these adoptions, if any, are disclosed accordingly at the respective entities' level.

## 7.2 Basis of Accounting

The financial statements of the Group have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with FRSS requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Section 7.5 of this Report. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

## 7.3 Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency other than IOICSP and Scottsdale Properties Group. The functional currency of IOICSP and Scottsdale Properties Group is Singapore Dollar ("SGD"). For the purpose of this Report, the financial information and financial statements are translated into RM for information purposes only.

The exchange rates used for the purpose of this Report are as follows:

Financial periods/years ended	Closing rate	SGD1.00	Average rate
30 June 2011	RM2.4557		RM2.3853
30 June 2012	RM2.4967		RM2.4762
30 June 2013	RM2.5121		RM2.5044

(Source: Citibank Berhad)

## 7.4 Adoption of New FRSS and Amendment to FRSS

## 7.4.1 New FRSS adopted during the current financial period/year

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

Title	Effective Date
Amendments to FRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7 Disclosures - Transfer of Financial Assets	1 January 2012
Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets	1 January 2012
FRS 124 Related Party Disclosures	1 January 2012
Mandatory Effective Date of FRS 9 and Transition Disclosures	1 March 2012
Amendments to FRS 101 Presentation of Items of Other Comprehensive Income	1 July 2012

There is no impact upon adoption of the above new FRSS and Amendments to FRSS during the current financial period/year.

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## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

## 7.4 Adoption of New FRSS and Amendment to FRSS (Continued)

## 7.4.2 New FRSS that have been issued, but only effective for annual periods beginning on or after 1 January 2013

The following are accounting standards, amendments and interpretations of the FRS Framework that have been issued by the MASB but have not been adopted by the Group.

Title	Effective Date
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of Interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 Employee Benefits (revised)	1 January 2013
FRS 127 Separate Financial Statements	1 January 2013
FRS 128 Investments in Associates and Joint Ventures	1 January 2013
Amendments to FRS 1 Government Loans	1 January 2013
Amendments to FRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Improvements to FRSS (2012)	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 132 Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127 Investment Entities	1 January 2014
FRS 9 Financial Instruments	1 January 2015

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

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

Based on the MASB announcement on 30 June 2012, the effective date of MFRS framework for transitioning entities (i.e. entities affected by MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for Construction of Real Estate) was deferred from financial year ending 30 June 2013 to 30 June 2016.

The Group being a transitioning entity as defined by the MASB has elected to continue to apply the FRS Framework up till its financial year ending 30 June 2015 and has yet to adopt the following Standards of the MFRSs Framework that were issued by the MASB during the financial period/year.

Title
MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2 Share-based Payment
MFRS 3 Business Combinations
MFRS 4 Insurance Contracts
MFRS 5 Non-current Assets Held for Sale and Discontinued Operations
MFRS 6 Exploration for and Evaluation of Mineral Resources
MFRS 7 Financial Instruments: Disclosures
MFRS 8 Operating Segments

## 11. ACCOUNTANTS' REPORT (Cont'd)

IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 7.4 Adoption of New FRSS and Amendment to FRSS (Continued)
- 7.4.3 New MFRS that have been issued, but have yet to be adopted during the current financial period/year (Continued)

Title	Amendments to MFRS
MFRS 10 Consolidated Financial Statements	MFRS 10
MFRS 11 Joint Arrangements	MFRS 11
MFRS 12 Disclosure of Interests in Other Entities	MFRS 12
MFRS 13 Fair Value Measurement	MFRS 13
MFRS 101 Presentation of Financial Statements	MFRS 101
MFRS 102 Inventories	MFRS 102
MFRS 107 Statement of Cash Flows	MFRS 107
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	MFRS 108
MFRS 110 Events After the Reporting Period	MFRS 110
MFRS 111 Construction Contracts	MFRS 111
MFRS 112 Income Taxes	MFRS 112
MFRS 116 Property, Plant and Equipment	MFRS 116
MFRS 117 Leases	MFRS 117
MFRS 118 Revenue	MFRS 118
MFRS 119 Employee Benefits	MFRS 119
MFRS 120 Accounting for Government Grants and Disclosure of Government Assistance	MFRS 120
MFRS 121 The Effects of Changes in Foreign Exchange Rates	MFRS 121
MFRS 123 Borrowing Costs	MFRS 123
MFRS 124 Related Party Disclosures	MFRS 124
MFRS 126 Accounting and Reporting by Retirement Benefit Plans	MFRS 126
MFRS 127 Separate Financial Statements	MFRS 127
MFRS 128 Investments in Associates and Joint Ventures	MFRS 128
MFRS 129 Financial Reporting in Hyperinflationary Economies	MFRS 129
MFRS 132 Financial Instruments: Presentation	MFRS 132
MFRS 133 Earnings Per Share	MFRS 133
MFRS 134 Interim Financial Reporting	MFRS 134
MFRS 136 Impairment of Assets	MFRS 136
MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	MFRS 137
MFRS 139 Financial Instruments: Recognition and Measurement	MFRS 139
MFRS 140 Investment Property	MFRS 140
MFRS 141 Agriculture	MFRS 141
Improvements to MFRSS (2008)	MFRS (2008)
Improvements to MFRSS (2009)	MFRS (2009)
Improvements to MFRSS (2010)	MFRS (2010)
IC Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities	IC Interpretation 1
IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments	IC Interpretation 2
IC Interpretation 4 Determining Whether an Arrangement Contains a Lease	IC Interpretation 4
IC Interpretation 5 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	IC Interpretation 5
IC Interpretation 6 Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment	IC Interpretation 6
IC Interpretation 7 Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies	IC Interpretation 7
IC Interpretation 9 Reassessment of Embedded Derivatives	IC Interpretation 9
IC Interpretation 10 Interim Financial Reporting and Impairment	IC Interpretation 10
IC Interpretation 12 Service Concession Arrangements	IC Interpretation 12
IC Interpretation 13 Customer Loyalty Programmes	IC Interpretation 13
IC Interpretation 14 MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	IC Interpretation 14

## 11. ACCOUNTANTS' REPORT (Cont'd)

IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 7.4 Adoption of New FRSS and Amendment to FRSS (Continued)
- 7.4.3 New MFRSs that have been issued, but have yet to be adopted during the current financial period/year (Continued)

Title	Amendments to MFRS
IC Interpretation 15 Agreements for the Construction of Real Estate	IC Interpretation 15
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	IC Interpretation 16
IC Interpretation 17 Distributions of Non-cash Assets to Owners	IC Interpretation 17
IC Interpretation 18 Transfers of Assets from Customers	IC Interpretation 18
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	IC Interpretation 19
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	IC Interpretation 20
IC Interpretation 107 Introduction of the Euro	IC Interpretation 107
IC Interpretation 110 Government Assistance - No Specific Relation to Operating Activities	IC Interpretation 110
IC Interpretation 112 Consolidation - Special Purpose Entities	IC Interpretation 112
IC Interpretation 113 Jointly Controlled Entities - Non-Monetary Contributions by Venturers	IC Interpretation 113
IC Interpretation 115 Operating Leases - Incentives	IC Interpretation 115
IC Interpretation 125 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	IC Interpretation 125
IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease	IC Interpretation 127
IC Interpretation 129 Service Concession Arrangements: Disclosures	IC Interpretation 129
IC Interpretation 131 Revenue - Barter Transactions Involving Advertising Services	IC Interpretation 131
IC Interpretation 132 Intangible Assets - Web Site Costs	IC Interpretation 132
Amendments to MFRS 1 Government Loans	MFRS 1
Amendments to MFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities	MFRS 7
Amendments to MFRS 7 Disclosures - 2009 - 2011 Cycle	MFRS 7 (2009-2011)
Amendments to MFRS 10, MFRS 11 and MFRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	MFRS 10, 11, 12
Amendments to MFRS 10, MFRS 12 and MFRS 127 Investment Entities	MFRS 10, 12, 127
Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income	MFRS 101
Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities	MFRS 132
Mandatory Effective Date of MFRS 9 and Transition Disclosures	MFRS 9
MFRS 9 Financial Instruments	MFRS 9
The Group is in the process of assessing the impact of implementing these accounting standards, amendments and interpretations, as the effects would only be observable in future financial years.	
7.5 Significant Accounting Estimates and Judgements	
7.5.1 Changes In estimates	
Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Directors are of the opinion that there are no material changes in estimates during the financial period/year.	
7.5.2 Critical judgements made in applying accounting policies	
The following judgements are made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.	
(a) Classification between investment properties and property, plant and equipment	
The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held for capital appreciation or to earn rental or for both.	
Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.	

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 7.5 Significant Accounting Estimates and Judgements (Continued)
- 7.5.2 Critical judgements made in applying accounting policies (Continued)

## (b) Contingent liabilities

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

## (c) Classification of leasehold land

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

## 7.5.3 Key sources of estimation uncertainty

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

## (a) Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the Cash-generating Units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are disclosed in Section 9.2.17 of this Report.

## (b) Property development

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

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

A 10% difference in the estimated total development revenue or costs would result in approximately 9% variance in the Group's revenue and 9% variance in the Group's cost of sales.

## (c) Income taxes

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

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 7.5 Significant Accounting Estimates and Judgements (Continued)

## 7.5.3 Key sources of estimation uncertainty (Continued)

## (d) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit would be available against which the unutilised tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

## (e) Impairment of receivables

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

## (f) Fair values of borrowings

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

## (g) Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on an assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recoverable. The management specifically analyses sales trend and current economic trends when making this judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. When expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

## (h) Valuation of investment properties

The fair value of investment property is arrived at by reference to market evidence of transaction prices for similar property and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

## (i) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. The estimated useful lives applied by the Group as disclosed in Section 7.6.3 of this Report reflect the Directors' estimate of the period that the Group expects to derive future economic benefits from the use of the Group's property, plant and equipment. These common life expectancies are applied in the business segment of the Group. Changes in the expected level of usage and technological developments could impact the economic useful lives or principal annual rates of depreciation and the residual values of these assets and therefore, depreciation charges could be revised.

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

## 7.6 Significant Accounting Policies

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

## 7.6.1 Basis of consolidation

## (a) Business combinations

Business combinations from 1 July 2010 onwards

Business combinations are accounted for by applying the acquisition method of accounting. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, except that:

- i. deferred tax assets or liabilities and liabilities or assets related to employees benefit arrangements are recognised and measured in accordance with FRS 112 *Income Taxes* and FRS 119 *Employee Benefits* respectively;
- ii. liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with FRS 2 *Share-based Payment* at the acquisition date; and
- iii. assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

- i. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity; and
- ii. Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of FRS 139 are recognised either in profit or loss or in statements of other comprehensive income in accordance with FRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Section 7.6.11 of this Report. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss at the acquisition date.

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

## 7.6 Significant Accounting Policies (Continued)

## 7.6.1 Basis of consolidation (Continued)

## (a) Business combinations (Continued)

Business combinations before 1 July 2010

Under the purchase method of accounting, the cost of business combination is measured at the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

At the acquisition date, the cost of business combination is allocated to identifiable assets acquired, liabilities assumed and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill (see Section 7.6.11 of this Report on goodwill). If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

- i. reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination; and
- ii. recognise immediately in profit or loss any excess remaining after that reassessment.

When a business combination includes more than one exchange transaction, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

## (b) Subsidiaries

Subsidiaries are entities in which the Group and the Company have the ability to control the financial and operating policies so as to obtain benefits from their activities. Control exists when the Group has the power to govern the financial and operating policies of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing the existence of control.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses, if any. Investments accounted for at cost shall be accounted for in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with FRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to the end of the reporting period, using consistent accounting policies.

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

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

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

## 7.6 Significant Accounting Policies (Continued)

## 7.6.1 Basis of consolidation (Continued)

## (b) Subsidiaries (Continued)

Non-controlling interests represent the equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at either fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition date fair values, unless another measurement basis is required by FRSS. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

The Group has applied the revised FRS 3 *Business Combinations* in accounting for business combinations from 1 July 2010 onwards. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the Standard.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of a subsidiary as a result of a transaction, event or other circumstance, profit or loss on disposal is calculated as the difference between:

- i. the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- ii. the previous carrying amounts of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed off. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or jointly controlled entity.

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

## 7.6 Significant Accounting Policies (Continued)

## 7.6.1 Basis of consolidation (Continued)

## (c) Associates

Associates are entities in which the Group and the Company have significant influence and that is neither subsidiaries nor interest in jointly controlled entities. Significant influence is the power to participate in the financial and operating policy decisions of the investees but is not control or jointly control over those policies.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses, if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting based on the latest financial statements of the associates concerned, from the date significant influence commences until the date the Group ceases to have significant influence over the associates. The investment in associates in the consolidated statement of financial position are initially recognised at cost and adjusted thereafter for the post-acquisition changes in the Group's share of net assets of the investments.

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

The excess of the cost of investment over the Group's share of the net fair value of net assets of the associates' identifiable assets, liabilities and contingent liabilities at the date of acquisition represents goodwill. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the Group's share of the fair value of the net assets of the associates' identifiable assets, liabilities and contingent liabilities over the cost of investment at the date of acquisition is recognised in consolidated profit or loss.

The Group's share of results of the associates during the financial year is recognised in the consolidated profit or loss, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associates reduce the carrying amount of the investments. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign currency translation differences. The Group's share of those changes is recognised directly in equity of the Group.

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

The most recent available financial statements of the associates are used by the Group in applying the equity method. Where the reporting period of the financial statements are not contemporaneous, the share of results is arrived at using the latest financial statements for which the difference in reporting period is no more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

Upon disposal of an investment in associate, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.



## 11. ACCOUNTANTS' REPORT (Cont'd)



**IOI Properties Group Berhad (Company No. 1035807 - A)**  
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## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

## 7.6 Significant Accounting Policies (Continued)

## 7.6.1 Basis of consolidation (Continued)

## (d) Jointly controlled entities

Jointly controlled entities are joint ventures that involve the establishment of a corporation, partnership or other entities over which there is a contractually agreed sharing of joint control over the economic activities of the entities. Joint control exists when strategic financial and operational decisions relating to the activities require the unanimous consent of all the parties sharing control.

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

Jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting. The consolidated financial statements include the Group's share of the income and expenses of the equity accounted jointly controlled entities, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss. When necessary, in applying the equity method, adjustments are made of this Report of the jointly controlled entity to ensure consistency of accounting policies with those of the Group.

Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the jointly controlled entity arising from changes in the jointly controlled entity's equity that have not been recognised in the jointly controlled entity's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The Group's share of those changes is recognised directly in equity of the Group.

Upon disposal of such investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

## (e) Transactions eliminated on consolidation

Intragroup transactions and balances and the resulting unrealised gains are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

Unrealised profits arising on transactions between the Group and its associates and jointly controlled entities, which are included in the carrying amount of the related assets and liabilities are eliminated partially to the extent of the Group's interests in the associates and jointly controlled entities. Unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered.

## 7.6.2 Foreign currency

## (a) Functional and presentation currency

The separate financial statements of each entity of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency other than IOICSP, Scottsdale Properties Group and Palmy Max Group. The financial statements of IOICSP and Scottsdale Properties Group are presented in SGD which is also IOICSP and Scottsdale Properties Group's functional currency. The financial statements of Palmy Max Group are presented in USD which is also Palmy Max Group's functional currency.

## 11. ACCOUNTANTS' REPORT (Cont'd)



**IOI Properties Group Berhad (Company No. 1035807 - A)**  
Accountants' Report

## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

## 7.6 Significant Accounting Policies (Continued)

## 7.6.2 Foreign currency (Continued)

## (b) Foreign currency translation and balances

Transactions in foreign currencies are converted into the relevant functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into the relevant functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

## (c) Foreign operations

Financial statements of foreign operations are translated at the end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of profit or loss and statement of other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

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

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of the reporting period.

## 7.6.3 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that future economic benefits associated with the cost would flow to the Group and the cost of the item could be measured reliably. The carrying amount of parts that are replaced is derecognised. The cost of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and which have different useful lives, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated.

Construction-in-progress is also not depreciated until such time when the asset is available for use.

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

## 7.6 Significant Accounting Policies (Continued)

## 7.6.3 Property, plant and equipment and depreciation (Continued)

Other property, plant and equipment are depreciated on the straight-line method so as to write off the cost of the assets over their estimated useful lives. The principal annual depreciation rates are as follows:

Golf course development expenditure	2%
Buildings and improvements	2% - 10%
Plant and machinery	4% - 20%
Motor vehicles	10% - 20%
Furniture, fittings and equipment	5% - 33%

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write-down is made if the carrying amount exceeds the recoverable amount.

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. The estimates of the residual values, useful lives and the related depreciation charges for the property, plant and equipment are determined based on commercial and production factors. The Group anticipates that the residual values of its property, plant and equipment will be insignificant.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is recognised in profit or loss.

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

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

## 7.6.4 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing costs is suspended during the extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

## 7.6 Significant Accounting Policies (Continued)

## 7.6.5 Leases

## (a) Finance leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Assets acquired under finance leases are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations, net of finance charges, are included in borrowings. The property, plant and equipment capitalised are depreciated on the same basis as owned assets as disclosed in Section 7.6.3 of this Report.

The minimum lease payments are allocated between finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining finance lease obligations.

Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. The land and buildings elements of a lease are considered separately for the purpose of lease classification. All leases that do not transfer substantially all the risks and the rewards are classified as operating leases other than the following:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and
  - land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.
- (b) Operating lease - the Group as lessee
- Leases of assets under which all the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.
- (c) Lease of land and building
- The minimum lease payments including lump-sum upfront payments made to acquire the interest in the land and building are allocated between land and building elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element at the inception of the lease.
- The lump-sum upfront lease payments made represent prepaid lease payments and are amortised over the lease term on a straight-line basis, except for leasehold land that is classified as an investment property or an asset held under property development.

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

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

## 7.6 Significant Accounting Policies (Continued)

## 7.6.6 Property development activities

## (a) Land held for property development

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

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

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

## (b) Property development costs

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

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

The excess of revenue recognised in profit or loss over billings to purchasers is shown as accrued billings under trade and other receivables and the excess of billings to purchasers over revenue recognised in profit or loss is shown as progress billings under trade and other payables.

## 7.6.7 Investment properties

Investment properties are properties, which are held either to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Such properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence, transaction prices for similar properties and is performed by registered independent valuers having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued and where appropriate, on the investment method.

If the Group determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Group is able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Group shall measure that property at its fair value.

Properties that are occupied by companies in the Group are accounted for as owner-occupied rather than as investment properties in the consolidated financial statements.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the financial period/year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

## 7.6 Significant Accounting Policies (Continued)

## 7.6.7 Investment properties (Continued)

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The gain or loss arising from the retirement or disposal of an investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

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

## 7.6.8 Construction contracts

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

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

## 7.6.9 Inventories

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

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

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

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

## 7.6.10 Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, deposits and other short term, highly liquid investments and short term funds with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

## 7.6.11 Goodwill

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

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

## 7.6 Significant Accounting Policies (Continued)

## 7.6.11 Goodwill (Continued)

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered profitability or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

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

## 7.6.12 Impairment of non-financial assets

The carrying amount of assets, other than inventories, deferred tax assets, assets arising from construction contracts, investment properties measured at fair value, property development costs and financial assets (other than investments in subsidiaries, associates and jointly controlled entities) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, the recoverable amount is estimated at the end of each reporting period or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the Cash-generating Unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of the CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with FRS 8 Operating Segments.

Recoverable amount is the higher of net selling price and value-in-use, which is measured by reference to discounted future cash flows. In estimating the value-in-use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it will be charged to equity.

Impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
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## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

## 7.6 Significant Accounting Policies (Continued)

## 7.6.12 Impairment of non-financial assets (Continued)

The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

## 7.6.13 Financial Instruments

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

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument. Interest, dividends and losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss. Distributions to holders of an equity instrument are debited directly to equity, net of any related tax effect. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

## (a) Financial assets

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

## i. Financial assets at fair value through profit or loss

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

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

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
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## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

## 7.6 Significant Accounting Policies (Continued)

## 7.6.13 Financial instruments (Continued)

## (a) Financial assets (Continued)

## i. Financial assets at fair value through profit or loss (Continued)

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

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

## ii. Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

## iii. Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

## iv. Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

## 7.6 Significant Accounting Policies (Continued)

## 7.6.13 Financial instruments (Continued)

## (a) Financial assets (Continued)

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

## (b) Financial liabilities

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

## i. Financial liabilities at fair value through profit or loss

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

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

## ii. Other financial liabilities

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

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

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

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

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

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

## 7.6 Significant Accounting Policies (Continued)

## 7.6.13 Financial Instruments (Continued)

## (b) Financial liabilities (Continued)

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

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of every reporting period, the Group shall assess whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

## (c) Equity instruments

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

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

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

## (d) Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured at their fair value. Any gains or losses arising from changes in the fair value of these contracts are recognised in profit or loss.

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

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
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## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

## 7.6 Significant Accounting Policies (Continued)

## 7.6.14 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

## i. Held-to-maturity investments and loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments by the receivables, to determine whether there is objective evidence that an impairment loss on held-to-maturity investments and loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

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

## ii. Available-for-sale financial assets

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

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

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

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

## 7.6.15 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
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## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

## 7.6 Significant Accounting Policies (Continued)

## 7.6.15 Provisions (Continued)

Provisions are reviewed at the end of each reporting period and adjusted to reflect current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

## 7.6.16 Contingent liabilities and contingent assets

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

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

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interest.

## 7.6.17 Revenue recognition

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

## (a) Property development

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

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

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

## (b) Construction contracts

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

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

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
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## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

## 7.6 Significant Accounting Policies (Continued)

## 7.6.17 Revenue recognition (Continued)

## (b) Construction contracts (Continued)

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

## (c) Dividend income

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

## (d) Rental income

Rental income is recognised based on the accruals basis.

## (e) Interest income

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

## (f) Club membership license fees

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

## (g) Management fees

Management fees are recognised when services are rendered.

## (h) Commodities, other products and services

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

## 7.6.18 Employee benefits

## (a) Short term employee benefits

Wages, salaries, other monetary and non-monetary benefits are measured on an undiscounted basis and are accrued in the period in which the associated services are rendered by employees of the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

## (b) Retirement benefits

The Group has various retirement benefit plans in accordance with local conditions and practices in the countries in which it operates. These benefit plans are either defined contribution or defined benefit plans.

## 11. ACCOUNTANTS' REPORT (Cont'd)



101 Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

## 7.6 Significant Accounting Policies (Continued)

## 7.6.18 Employee benefits (Continued)

## (b) Retirement benefits (Continued)

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that defines the amount of pension benefit to be provided, usually as a function of one or more factors such as age and years of service.

## i. Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund. Contributions to defined contribution plans are recognised as an expense in the period in which the employees render their services. Once the contributions have been paid, the Group has no further payment obligations.

## ii. Defined benefit plans

The Group operates various defined benefit plans for eligible employees of the Group. The amount recognised as a liability in respect of the defined benefit plan is the present value of the defined benefit obligations at the end of the reporting period less fair value of plan assets, together with adjustments for unrecognised actuarial gains and losses and unrecognised past service cost.

If the amount calculated results in an asset, the Group measures the resulting asset at the lower of the amount calculated and the net total of any cumulative unrecognised actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group determines the present value of the defined benefit obligations and the fair value of the plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

The present values of the defined benefit obligations and the related current service cost and past service cost are determined using the projected unit credit method by an actuary. The rate used to discount the obligations is based on market yields at the reporting period for high quality corporate bonds or government bonds.

Actuarial gains and losses resulting from changes in the present value of the plan assets are recognised as income or expense over the expected average remaining working lives of the employees participating in that plan when the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceed the higher of:

- 10% of the present value of the defined benefit obligations at that date (before deducting plan assets); and
- 10% of the fair value of any plan assets at that date.

## 11. ACCOUNTANTS' REPORT (Cont'd)



101 Properties Group Berhad (Company No. 1035807 - A)  
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## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

## 7.6 Significant Accounting Policies (Continued)

## 7.6.18 Employee benefits (Continued)

## (b) Retirement benefits (Continued)

## ii. Defined benefit plans (Continued)

In measuring its defined benefit liability, the Group recognises past service cost as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, the defined benefit plan, the Group recognises past service cost immediately in profit or loss.

Where the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reduction in future contributions to the plan.

## (c) Equity compensation benefits

The Group operates equity-settled share-based compensation plans, allowing certain employees of the Group to acquire ordinary share of the Company at pre-determined prices. The compensation expense relating to share options is now recognised within staff costs in profit or loss over the vesting periods of the grants with a corresponding increase in equity.

The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by the vesting date. The fair value of the share options is computed using a binomial options pricing model performed by an actuary.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in capital reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

In the event that modification increases the fair value of the equity instruments granted, measured immediately before and after the modification, the Group includes the incremental fair value granted in the measurement of the amount recognised for services received as consideration for the equity instruments granted. The incremental fair value granted is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification.

If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognised for services received over the period from the modification date until the date when the modified equity instruments vest. In addition to the amount based on the grant date fair value of the original equity instruments, which is recognised over the remainder of the original vesting period, if the modification occurs after vesting date, the incremental fair value granted is recognised immediately.

If the Group modifies the terms and conditions of the equity instruments granted in a manner that reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employees, the Group continues to account for the revised services received as consideration for the equity instruments granted as if that modification had not occurred, other than a cancellation of some or all of the equity instruments granted.



## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

## 7.6 Significant Accounting Policies (Continued)

## 7.6.19 Income taxes

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

Taxation in profit or loss comprises current and deferred tax.

## (a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties.

## (b) Deferred tax

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

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profits will be available, such reductions will be reversed to the extent of the taxable profits.

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

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

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantial effect of actual enactment by the end of the reporting period.

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
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## 7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

## 7.6 Significant Accounting Policies (Continued)

## 7.6.20 Operating segments

Operating segments are defined as components of the Group that:

- i. engage in business activities from which it could earn revenues and incur expenses (including revenue and expenses relating to transactions with other components of the Group);
- ii. whose operating results are regularly reviewed by the Group's chief operating decision maker (i.e. the Group's Chief Executive Officer) in making decisions about resources to be allocated to the segment and assessing its performance; and
- iii. for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenue.

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

- i. The reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (10) per cent or more of the combined revenue, internal and external, of all operating segments.
- ii. The absolute amount of reported profit or loss is ten (10) per cent or more, in absolute terms of the greater of:
  - the combined reported profit of all operating segments that did not report a loss; and
  - the combined reported loss of all operating segments that reported a loss.
- iii. The assets are ten (10) per cent or more of the combined assets of all operating segments.

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

Total external revenue reported by operating segments shall constitute at least seventy five (75) percent of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior year's segment data for comparative purposes.

## 7.6.21 Earnings per share

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

## 7.6.22 New planting and replanting expenditure

New planting expenditure, which represents the total cost incurred from land clearing to the point of harvesting, is capitalised under plantation development expenditure and is not amortised. Replanting expenditure, which represents cost incurred in replanting old planted areas, is charged to profit or loss in the financial period/year it is incurred.

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 8. FINANCIAL INFORMATION AND LIMITATION

The financial information of IOIPG, IOIPB, IOIPB, Resort Villa Development Sdn. Bhd., Resort Villa Golf Course Berhad, Resort Villa Golf Course Development Sdn. Bhd., Nice Skyline Group, IOI City Mall Sdn. Bhd. (formerly known as Dreammont Development Sdn. Bhd.), Bukit Kelang Development Sdn. Bhd., Eng Hup Industries Sdn. Berhad., Palmex Industries Sdn. Berhad, PMX Bina Sdn. Bhd., IOI Consolidated (Singapore) Pte. Ltd., Scotsdale Properties Group and IOI City Holdings Group (formerly known as IOI Properties Holdings Group) as presented in Section 9.1 to Section 9.14, are based on their respective audited financial statements, with appropriate adjustments and reclassification made for the purpose of this Report.

The scope of work conducted in the preparation of this Report does not, in itself, constitute an audit in accordance with the International Standards on Auditing. Except where otherwise explicitly stated, information contained in this Report had not been independently verified by us. In preparing this Report, we have relied upon information and representations given to us by the directors, officers and employees of the respective companies and sought explanations for apparent discrepancies, if any.

All information is extracted from audited financial statements except those in *italics*, which are prepared based on calculation, management accounts and/or explanations provided by management of the Group.

## 9. HISTORICAL FINANCIAL INFORMATION

## Key Financial Ratios

The key financial ratios used in the following sections are derived as follows:

- (a) Earnings before interest, tax, depreciation and amortisation ("EBITDA") is the total net profit for the financial period/year before interest, tax, depreciation and amortisation for the respective financial period/years.
- (b) Number of ordinary shares is the number of shares in issue at the end of the respective financial period/years.
- (c) Gross earnings per share is computed by dividing profit before tax for the respective financial period/years over the number of ordinary shares in issue at the end of the respective period/years.
- (d) Net earnings per share is computed by dividing profit after tax that are attributable to the owners of the Company for the respective financial period/years over the number of ordinary shares in issue at the end of the respective period/years.
- (e) Gross profit margin is computed by dividing gross profit over revenue earned in the respective financial period/years.
- (f) Profit before tax ("PBT") margin is computed by dividing the profit before tax over revenue earned in the respective financial period/years.
- (g) Profit after tax ("PAT") margin is computed by dividing net profit over revenue in the respective financial period/years.
- (h) EBITDA margin is computed by dividing EBITDA over revenue earned in the respective financial period/years.
- (i) Effective tax rate is computed by dividing tax expense over profit before tax in the respective financial period/years.
- (j) Net assets per ordinary share is computed by dividing net assets over number of ordinary shares in issue at the end of the respective period/years.

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No.1035807 - A)  
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## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## Key Financial Ratios (Continued)

- (k) Trade receivables' turnover period is computed by dividing total net trade receivables over revenue earned and multiply by 365 days.
- (l) Trade payables' turnover period is computed by dividing total trade payables net of retention sum over cost of goods sold and multiply by 365 days. Trade payables' turnover period of company which principally engaged in property investment is computed by dividing total trade payables over cost of goods sold plus additional cost incurred on investment properties and multiply by 365 days.
- (m) Gearing ratio (times) is computed by dividing total borrowings over total shareholders' equity.
- (n) Inventories turnover period is computed by dividing average inventories balances over cost of sales and multiply by 365 days.

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## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
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## 9. HISTORICAL FINANCIAL INFORMATION

## 9.1 IOI Properties Group Berhad ("IOIPG")

## 9.1.1 Statement of profit or loss of IOIPG

The statement of profit or loss of IOIPG, which is extracted from the audited financial statements of IOIPG for the financial period from 25 February 2013 (date of incorporation) to 30 June 2013, is set out below:

	25 February 2013 (Date of incorporation) to 30 June 2013 RM	Section
Revenue	(83,236)	
Administration expenses	(2)	
Other operating expenses	(83,238)	9.1.6
Loss before taxation	-	9.1.7
Taxation	(83,238)	
Loss for the financial period	-	

## 9.1.2 Statement of other comprehensive income of IOIPG

The statement of other comprehensive income of IOIPG, which is extracted from the audited financial statements of IOIPG for the financial period from 25 February 2013 (date of incorporation) to 30 June 2013, is set out below:

	25 February 2013 (Date of incorporation) to 30 June 2013 RM	Section
Loss for the financial period	(83,238)	
Other comprehensive income	-	
Total comprehensive loss for the financial period	(83,238)	
Loss before interest, tax, depreciation and amortisation ("LBITDA")	(83,238)	
Weighted average number of ordinary shares of RM1.00 each	2	
Gross loss per share (RM)	(41,619)	
Net loss per share (RM)	(41,619)	

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.1 IOI Properties Group Berhad ("IOIPG") (Continued)

## 9.1.3 Statement of financial position of IOIPG

The statement of financial position of IOIPG, which is extracted from the audited financial statements of IOIPG as at 30 June 2013, is set out below:

	As at 30 June 2013 RM	Section
<b>ASSET</b>		
Current asset	2	
Cash and cash equivalent	2	
<b>TOTAL ASSET</b>	<b>2</b>	
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to owner of IOIPG		
Share capital	2	9.1.8
Accumulated losses	(83,238)	
<b>CAPITAL DEFICIENCY</b>	<b>(83,236)</b>	
<b>LIABILITIES</b>		
Current liabilities		
Accruals	6,500	
Amount due to holding company	76,738	9.1.9
<b>TOTAL LIABILITIES</b>	<b>83,238</b>	
<b>TOTAL LIABILITIES NET OF CAPITAL DEFICIENCY</b>	<b>2</b>	
Number of ordinary shares of RM1.00 each in issue	2	
Net liabilities (RM)	(83,236)	
Net liabilities per ordinary share of RM1.00 each (RM)	(41,618)	

## 11. ACCOUNTANTS' REPORT (Cont'd)

IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.1 IOI Properties Group Berhad ("IOIPG") (Continued)

## 9.1.4 Statement of changes in equity of IOIPG

The statement of changes in equity of IOIPG, which is extracted from the audited financial statements of IOIPG for the financial period from 25 February 2013 (date of incorporation) to 30 June 2013, is set out below:

	Share capital RM	Accumulated losses RM	Total RM
As at 25 February 2013 (date of incorporation)	2	-	2
Total comprehensive loss - Loss for the financial period	-	(83,238)	(83,238)
As at 30 June 2013	2	(83,238)	(83,236)

## 9.1.5 Statement of cash flows of IOIPG

The statement of cash flows of IOIPG, which is extracted from the audited financial statements of IOIPG for the financial period from 25 February 2013 (date of incorporation) to 30 June 2013, is set out below:

	25 February 2013 (Date of incorporation) to 30 June 2013 RM	Section
<b>Cash Flows from Operating Activities</b>		
Loss before taxation/Operating loss before working capital changes	(83,238)	
Increase in accruals	6,500	
Net cash used in operating activities	(76,738)	
<b>Cash Flows from Financing Activity</b>		
Advances from holding company	76,738	
Net cash from financing activity	76,738	
Net movement in cash and cash equivalent	-	
Cash and cash equivalent at date of incorporation	2	
Cash and cash equivalent at end of financial period	2	

## 11. ACCOUNTANTS' REPORT (Cont'd)

IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.1 IOI Properties Group Berhad ("IOIPG") (Continued)

## 9.1.6 Loss before taxation

	Financial period ended ("FPE") 30 June 2013 RM
Loss before taxation is arrived at after charging:	
Auditors' remuneration	5,000
<b>Taxation</b>	
There is no tax expense for the current FPE 30 June 2013 as IOIPG does not have any chargeable income.	
A numerical reconciliation between the effective tax rate and the applicable tax rate of IOIPG is as follows:	
Applicable tax rate	FPE 30 June 2013 %
Tax effect in respect of non-allowable expenses	(25.00)
	25.00
	-

## 9.1.7

Taxation  
There is no tax expense for the current FPE 30 June 2013 as IOIPG does not have any chargeable income.  
A numerical reconciliation between the effective tax rate and the applicable tax rate of IOIPG is as follows:

	FPE 30 June 2013 %
Applicable tax rate	(25.00)
Tax effect in respect of non-allowable expenses	25.00
	-

Malaysian income tax is calculated at the statutory tax rate of 25% of the estimated assessable profit for the period.

## 9.1.8 Share capital

	As at 30 June 2013 RM
Ordinary shares of RM1.00 each Authorised	100,000
At date of incorporation	49,999,900,000
Increased during the financial period	
At end of the financial period	50,000,000,000
Issued and fully paid-up At date of incorporation/end of financial period	2

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

The owner of IOIPG is entitled to receive dividends as declared from time to time and is entitled to one (1) vote per share at meetings of IOIPG. All ordinary shares rank equally with regard to IOIPG's residual assets.

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.1 IOI Properties Group Berhad ("IOIPG") (Continued)

## 9.1.9 Amount due to holding company

The amount due to holding company represents payments made on behalf, which are unsecured, non-interest bearing and payable upon demand in cash and cash equivalents.

Amount due to holding company is denominated in Ringgit Malaysia ("RM").

## 9.1.10 Significant related party disclosure

## 9.1.10.1 Identities of related parties

Parties are considered to be related to IOIPG if IOIPG has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where IOIPG and the party are subject to common control or common significant influence. Related parties may be individual or other entities.

Related parties of IOIPG include:

- i. IOI Corporation Berhad, the holding company;
- ii. Direct and indirect subsidiaries of the holding company;
- iii. Vertical Capacity Sdn. Bhd. and its holding company, Progressive Holdings Sdn. Bhd., the major corporate shareholders of the holding company;
- iv. Associates and jointly controlled entities of the holding company;
- v. Key management personnel which comprises persons (including the Directors of IOIPG) having authority and responsibility for planning, directing and controlling the activities of IOIPG directly or indirectly; and
- vi. Affiliates, companies in which certain Directors who are also the substantial shareholders of the holding company have substantial shareholdings interest.

## 9.1.10.2 Significant related party transactions

Other than those disclosed elsewhere in this Report, there were no material related party transactions carried out by IOIPG during the financial period.

## 9.1.10.3 Key management personnel compensation

There is no compensation paid to Directors or other keys management personnel during the financial period.

## 9.1.11 Capital management

The primary objective of IOIPG's capital management is to ensure that IOIPG is being able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity mix.

IOIPG's capital structure is represented by the equity of IOIPG and its capital ratio is determined by the holding company. No changes were made in the objectives, policies or processes during the financial period ended 30 June 2013.

IOIPG is not subject to any externally imposed capital requirements.

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.1 IOI Properties Group Berhad ("IOIPG") (Continued)

## 9.1.12 Financial instruments

## Financial risk management objectives and policies

IOIPG's activities expose it to liquidity and cash flow risk. IOIPG's overall financial risk management objective is to ensure that IOIPG creates value for its shareholder whilst minimising potential adverse effects on its financial performance and position. IOIPG operates within an established risk management framework and clearly defined guidelines that are approved by the Board of Directors of the holding company.

## 9.1.12.1 Liquidity and cash flow risk

Liquidity and cash flow risk arises when financial resources are insufficient to meet financial obligations as and when they fall due, or have to be met at excessive cost.

IOIPG actively manages its operating cash flows and the availability of funding so as to ensure all operating, investing and financing needs are met. To mitigate liquidity risk, management measures and forecasts its cash commitments, monitors and maintains a level of cash and cash equivalents deemed adequate to finance IOIPG's operations.

## Liquidity risk exposure

The table below summarises the maturity profile of IOIPG's financial liabilities at the end of reporting period based on contractual undiscounted repayment obligations.

	On demand RM	Less than 1 year RM	Total RM
2013 Financial liabilities			
Accruals	76,738	6,500	6,500
Amount due to holding company	76,738	6,500	76,738
	<u>76,738</u>	<u>6,500</u>	<u>83,238</u>

IOIPG will be able to meet its obligations as and when they fall due with the continuous financial support from its holding company.

## 9.1.12.2 Fair values

## Methods/Assumptions used to estimate fair values

The carrying amounts of financial instruments maturing within twelve (12) months at the end of the reporting period approximate their fair values due to the relatively short term maturity of the financial instruments.

## 9.1.12.3 Classification of financial instruments

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

	Other financial liabilities RM	Fair value through profit or loss RM	Total RM
2013 Financial liabilities			
Accruals	6,500	-	6,500
Amount due to holding company	76,738	-	76,738
	<u>83,238</u>	<u>-</u>	<u>83,238</u>

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

9. HISTORICAL FINANCIAL INFORMATION (Continued)  
9.2 IOI Properties Berhad ("IOIP Group") (Continued)  
9.2.1 Consolidated statements of profit or loss of IOIP Group (Continued)

Section	Financial year ended 30 June		
	2011 RM'000	2012 RM'000	2013 RM'000
Profit before taxation	738,980	720,532	741,687
Taxation	9.2.11 (105,185)	(132,347)	(167,041)
Profit for the financial year	<u>633,795</u>	<u>588,185</u>	<u>574,646</u>
Attributable to:			
Owners of the parent	593,542	577,019	554,664
Non-controlling interests	<u>40,253</u>	<u>11,166</u>	<u>19,982</u>
	<u>633,795</u>	<u>588,185</u>	<u>574,646</u>

The consolidated statements of profit or loss of IOIP Group for the FYE 30 June 2011 did not include the results of Clementi Development Pte. Ltd. and PJ Midtown Development Sdn. Bhd. (formerly known as Sime Darby Brunfield Darby Hills Sdn. Bhd.) as the said subsidiary and jointly controlled entity respectively, were only acquired during the FYE 30 June 2012.

The consolidated statements of profit or loss of IOIP Group for the FYE 30 June 2011 and 30 June 2012 did not include the results of IOI (Xiamen) Properties Co., Ltd. as the said subsidiary was only acquired during the FYE 30 June 2013.

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

9. HISTORICAL FINANCIAL INFORMATION (Continued)  
9.2 IOI Properties Berhad ("IOIP Group")  
9.2.1 Consolidated statements of profit or loss of IOIP Group

The consolidated statements of profit or loss of IOIP Group, which are extracted from the audited financial statements for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Financial year ended 30 June		
	2011 RM'000	2012 RM'000	2013 RM'000
Revenue	9.2.6 959,555	912,221	1,158,701
Cost of sales	(396,738)	(343,393)	(449,619)
Gross profit	562,817	568,828	709,082
Other operating income	9.2.7 193,813	179,106	79,754
Marketing and selling expenses	(18,248)	(18,810)	(38,905)
Administration expenses	(51,024)	(67,989)	(64,825)
Other operating expenses	<u>(33,854)</u>	<u>(31,426)</u>	<u>(47,279)</u>
Operating profit	9.2.8 653,504	629,709	637,827
Interest income	9.2.9 33,644	47,023	39,780
Finance costs	9.2.10 (2,630)	(4,336)	(38,720)
Share of results of associates	8,037	12,554	11,255
Share of results of jointly controlled entities	<u>46,425</u>	<u>35,582</u>	<u>91,545</u>
Profit before taxation	738,980	720,532	741,687

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 IOI Properties Berhad ("IOIP Group") (Continued)

## 9.2.2 Consolidated statements of other comprehensive income of IOIP Group (Continued)

	Financial year ended 30 June		
	2011	2012	2013
Earnings before interest, tax, depreciation and amortisation ("EBITDA") (RM'000)	714,769	684,525	746,400
Weighted average number of ordinary shares of RM0.50 each ('000)	812,786	812,786	812,786
Gross earnings per share (RM)	0.91	0.89	0.91
Net earnings per share (RM)	0.82	0.76	0.72
Gross profit ("GP") margin (%)	59	62	61
Profit before tax margin (%)	77	79	64
Profit after tax margin (%)	66	64	50
EBITDA margin (%)	74	75	64
Effective tax rate (%)	14	18	23

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 IOI Properties Berhad ("IOIP Group") (Continued)

## 9.2.2 Consolidated statements of other comprehensive income of IOIP Group

The consolidated statements of other comprehensive income of IOIP Group, which are extracted from the audited financial statements for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Financial year ended 30 June		
	2011 RM'000	2012 RM'000	2013 RM'000
Profit for the financial year	633,795	588,185	574,646
Other comprehensive income			
- Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	99,564	49,545	40,916
Tax effect	(24,891)	(12,386)	(10,229)
Total other comprehensive income, net of tax	74,673	37,159	30,687
Total comprehensive income for the financial year	708,468	625,344	605,333
Total comprehensive income attributable to:			
Owners of the parent	666,362	613,823	585,350
Non-controlling interests	42,106	11,521	19,983
	708,468	625,344	605,333

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 IOI Properties Berhad ("IOIP Group") (Continued)

## 9.2.3 Consolidated statements of financial position of IOIP Group

The consolidated statements of financial position of IOIP Group, which are extracted from the audited financial statements for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	As at 30 June		
	2011 RM'000	2012 RM'000	2013 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	50,938	46,298	113,490
Prepaid lease payments	-	-	99,353
Land held for property development	804,025	1,827,486	1,819,051
Investment properties	906,658	1,113,805	1,477,107
Goodwill on consolidation	1,222	1,222	3,802
Investments in associates	107,236	99,226	98,182
Interests in jointly controlled entities	1,665,720	1,999,045	2,176,239
Deferred tax assets	12,711	17,361	21,705
	3,548,510	5,104,443	5,808,929
<b>Current assets</b>			
Property development costs	222,267	328,880	1,798,927
Inventories	89,017	131,191	119,815
Trade and other receivables	288,599	333,134	416,412
Amounts due from related companies	324,059	793	562
Amount due from holding company	980	9,284	3,726
Current tax assets	3,017	2,603	1,062
Other investments	3,894	1,036	1,060
Short term funds	321,478	464,117	59,930
Deposits with financial institutions	296,816	23,869	99,464
Cash and bank balances	114,625	84,437	217,344
	1,664,752	1,379,344	2,718,302
<b>TOTAL ASSETS</b>	<b>5,213,262</b>	<b>6,483,787</b>	<b>8,527,231</b>

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 IOI Properties Berhad ("IOIP Group") (Continued)

## 9.2.3 Consolidated statements of financial position of IOIP Group (Continued)

The consolidated statements of financial position of IOIP Group, which are extracted from the audited financial statements for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	As at 30 June		
	2011 RM'000	2012 RM'000	2013 RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	406,393	406,393	406,393
Reserves	988,132	1,020,185	1,050,871
Retained earnings	3,019,336	3,591,962	4,120,698
	4,413,861	5,018,540	5,577,962
Non-controlling interests	89,666	101,517	100,020
<b>Total equity</b>	<b>4,503,527</b>	<b>5,120,057</b>	<b>5,677,982</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	491,140	-	502,420
Amounts due to non-controlling interests	-	129,703	138,430
Amount due to a related company	-	492,083	-
Deferred tax liabilities	20,022	20,933	38,436
	511,162	642,719	679,286
<b>Current liabilities</b>			
Trade and other payables	174,982	197,434	341,182
Borrowings	-	499,340	-
Amount due to a related company	-	-	1,786,050
Current tax liabilities	23,591	24,237	42,731
	198,573	721,011	2,169,963
<b>Total liabilities</b>	<b>709,735</b>	<b>1,363,730</b>	<b>2,849,249</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,213,262</b>	<b>6,483,787</b>	<b>8,527,231</b>



## 11. ACCOUNTANTS' REPORT (Cont'd)



## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 IOI Properties Berhad ("IOIP Group") (Continued)

## 9.2.4 Consolidated statements of changes in equity of IOIP Group

The consolidated statements of changes in equity of IOIP Group, which are extracted from the audited financial statements for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

	Non-Distributable			Foreign currency translation reserve RM'000	Distributable	Total attributable to owners of the parent RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Capital reserves RM'000		Retained earnings RM'000			
As at 1 July 2010								
As previously reported	406,393	881,345	45,841	(11,874)	2,424,384	3,746,089	113,580	3,859,669
Effect of adopting FRS 139	-	-	-	-	1,410	1,410	-	1,410
As restated	406,393	881,345	45,841	(11,874)	2,425,794	3,747,499	113,580	3,861,079
Total comprehensive income								
Profit for the financial year	-	-	-	-	593,542	593,542	40,253	633,795
Exchange differences on translation of foreign operations	-	-	-	72,820	-	72,820	1,853	74,673
	-	-	-	72,820	593,542	666,362	42,106	708,468
Transactions with owners								
Dividend paid to non-controlling interests	-	-	-	-	-	-	(66,020)	(66,020)
As at 30 June 2011	406,393	881,345	45,841	60,946	3,019,336	4,413,861	89,666	4,503,527

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## 11. ACCOUNTANTS' REPORT (Cont'd)



## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 IOI Properties Berhad ("IOIP Group") (Continued)

## 9.2.3 Consolidated statements of financial position of IOIP Group (Continued)

Section	As at 30 June		
	2011	2012	2013
Number of ordinary shares of RM0.50 each in issue ('000)	812,786	812,786	812,786
Net assets (RM'000)	4,503,527	5,120,057	5,677,982
Net assets per ordinary shares of RM0.50 each (RM'000)	5.54	6.30	6.99
Trade receivables turnover periods (days)	61	47	48
Trade payables turnover periods (days)	57	67	56
Inventories turnover period (days)	82	139	97
Gearing ratio (times)	0.11	0.10	0.09

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## 11. ACCOUNTANTS' REPORT (Cont'd)

IOI Properties Group Berhad (Company No.1035807 - A)  
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## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 IOI Properties Berhad ("IOIP Group") (Continued)

## 9.2.4 Consolidated statements of changes in equity of IOIP Group (Continued)

	Non-Distributable				Distributable	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Capital reserves RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000			
As at 1 July 2012	406,393	881,345	41,090	97,750	3,591,962	5,018,540	101,517	5,120,057
<b>Total comprehensive income</b>								
Profit for the financial year	-	-	-	-	554,664	554,664	19,982	574,646
Exchange differences on translation of foreign operations	-	-	-	30,686	-	30,686	1	30,687
	-	-	-	30,686	554,664	585,350	19,983	605,333
<b>Transactions with owners</b>								
Capital repayment to non-controlling interests	-	-	-	-	-	-	(10,284)	(10,284)
Changes in equity interest in a subsidiary	-	-	-	-	2,601	2,601	2	2,603
Dividend paid (Section 9.2.12)	-	-	-	-	(28,529)	(28,529)	-	(28,529)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(11,198)	(11,198)
As at 30 June 2013	406,393	881,345	41,090	128,436	4,120,698	5,577,962	100,020	5,677,982

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## 11. ACCOUNTANTS' REPORT (Cont'd)

IOI Properties Group Berhad (Company No.1035807 - A)  
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## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 IOI Properties Berhad ("IOIP Group") (Continued)

## 9.2.4 Consolidated statements of changes in equity of IOIP Group (Continued)

	Non-Distributable				Distributable	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Capital reserves RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000			
As at 1 July 2011	406,393	881,345	45,841	60,946	3,019,336	4,413,861	89,666	4,503,527
<b>Total comprehensive income</b>								
Profit for the financial year	-	-	-	-	577,019	577,019	11,166	588,185
Exchange differences on translation of foreign operations	-	-	-	36,804	-	36,804	355	37,159
	-	-	-	36,804	577,019	613,823	11,521	625,344
<b>Transactions with owners</b>								
Termination of share options	-	-	(4,751)	-	4,751	-	-	-
Dividend paid (Section 9.2.12)	-	-	-	-	(9,144)	(9,144)	-	(9,144)
Changes in equity interest in a subsidiary	-	-	-	-	-	-	330	330
As at 30 June 2012	406,393	881,345	41,090	97,750	3,591,962	5,018,540	101,517	5,120,057

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## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
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9. HISTORICAL FINANCIAL INFORMATION (Continued)  
9.2 IOI Properties Berhad ("IOIP Group") (Continued)

9.2.5 Consolidated statements of cash flows of IOIP Group

The consolidated statements of cash flows of IOIP Group, which are extracted from the audited financial statements for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Financial year ended 30 June		
	2011 RM'000	2012 RM'000	2013 RM'000
<b>Cash Flows From Operating Activities</b>	<b>738,980</b>	<b>720,532</b>	<b>741,687</b>
Profit before taxation			
Adjustments for:			
Depreciation of property, plant and equipment	6,803	6,680	5,773
Interest expenses	2,630	4,336	38,720
Land held for property development written off	-	1,629	-
Impairment losses on receivables	1,467	1,453	1,154
Fair value (gain)/loss on other investments	(2,254)	1,288	(24)
Reversal of inventories previously written down	-	-	(227)
Inventories written down to net realisable value	-	227	-
Property, plant and equipment written off	41	52	37
Bad debts written off	246	15	3
Loss on disposal of property, plant and equipment	4	-	-
Impairment losses on receivables written back	-	(14)	(2)
Gain on disposal of property, plant and equipment	(211)	(132)	(249)
Unrealised gain on foreign currency transactions (Gain)/Loss on disposal of investment properties	-	(144)	-
Dividend income	(62,691)	(710)	1,240
Share of results of associates	(92)	(1,729)	(36)
Gain on disposal of land from compulsory acquisitions	(8,037)	(12,554)	(11,255)
Gain on remeasurement of previously held investment	(24,270)	(16,000)	-
Share of results of jointly controlled entities	-	-	(21,125)
Interest income	(46,425)	(35,582)	(91,545)
Fair value gain on investment properties	(33,644)	(47,023)	(39,780)
Impairment loss on goodwill on consolidation	(74,289)	(144,439)	(39,648)
	<b>2,948</b>	<b>-</b>	<b>-</b>
Operating profit before working capital changes	<b>501,206</b>	<b>477,885</b>	<b>584,723</b>

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.2 IOI Properties Berhad ("IOIP Group") (Continued)

9.2.5 Consolidated statements of cash flows of IOIP Group (Continued)

Section	Financial year ended 30 June		
	2011 RM'000	2012 RM'000	2013 RM'000
<b>Cash Flows From Operating Activities (Continued)</b>			
Operating profit before working capital changes	501,206	477,885	584,723
Decrease/(Increase) in property development costs	87,394	(51,422)	(120,616)
Decrease in inventories	45,923	55,950	98,325
Increase in trade receivables	(48,678)	(4,298)	(92,733)
Decrease/(Increase) in other receivables, deposits and prepayments	37,388	(21,285)	10,403
(Increase)/Decrease in amounts due from related companies	(323,926)	332,252	(21,872)
(Increase)/Decrease in amount due from holding company	(694)	(8,304)	5,544
Increase/(Decrease) in trade payables	22,096	(587)	69,070
(Decrease)/Increase in other payables and accruals	(77,534)	21,386	62,595
(Increase)/Decrease in amounts due from contracts customers	(677)	(329)	59
Cash generated from operations	242,498	801,248	595,698
Tax paid	(150,630)	(136,084)	(147,943)
Tax refunded	345	1,046	1
<b>Net cash from operating activities</b>	<b>92,213</b>	<b>666,210</b>	<b>447,756</b>

## 11. ACCOUNTANTS' REPORT (Cont'd)



I/OI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 I/OI Properties Berhad ("IOIP Group") (Continued)

## 9.2.5 Consolidated statements of cash flows of IOIP Group (Continued)

Section	Financial year ended 30 June		
	2011 RM'000	2012 RM'000	2013 RM'000
<b>Cash Flows From Investing Activities</b>			
Repayments from a jointly controlled entity	200,808	56,171	91,943
Repayments to a joint venture partner	-	-	(91,848)
Dividends received	92	22,293	12,335
Interest received	14,488	20,097	11,463
Proceeds from compulsory land acquisition	32,156	17,242	-
Proceeds from disposal of investment properties	332,825	6,752	5,313
Proceeds from disposal of other investments	4,817	3,202	-
Proceeds from disposal of property, plant and equipment	249	218	357
Proceeds from dilution of interest in a subsidiary	-	37	2,603
Proceeds from liquidation of a subsidiary	-	-	271
Investment in a jointly controlled entity	(2)	(1,000)	-
Additions to other investments	(806)	(1,632)	-
Additions to property, plant and equipment	(4,795)	(2,398)	(31,041)
Additions to prepaid lease payments	-	(20,077)	(95,213)
Deposit paid for purchase of land	-	(75,243)	(30,816)
Additions to investment properties	(25,755)	(293,056)	(362,505)
Advances to jointly controlled entities	(150,525)	(1,173,161)	(220,966)
Additions to land held for property development	(34,231)	-	(1,144,791)
Acquisition of a subsidiaries, net of cash and cash equivalents	-	-	753
Additional investment in subsidiaries	-	-	(10,169)
<b>Net cash from/(used in) investing activities</b>	<b>369,321</b>	<b>(1,440,555)</b>	<b>(1,862,311)</b>

## 11. ACCOUNTANTS' REPORT (Cont'd)



I/OI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 I/OI Properties Berhad ("IOIP Group") (Continued)

## 9.2.5 Consolidated statements of cash flows of IOIP Group (Continued)

Section	Financial year ended 30 June		
	2011 RM'000	2012 RM'000	2013 RM'000
<b>Cash Flows From Financing Activities</b>			
Advances from non-controlling interests	-	129,703	6,154
Proceeds from issuance of shares to non-controlling interests	-	293	2
Interest paid	(2,719)	(3,149)	(3,765)
Dividend paid	-	(9,144)	(28,529)
Drawdown of long term borrowings	491,140	-	502,420
Repayments of long term borrowings	(35,843)	-	-
Repayments of short term borrowings	(423,865)	-	(502,420)
Dividend paid to non-controlling interests	(66,020)	-	(11,198)
Advances from a related company	-	492,083	1,253,067
<b>Net cash (used in)/from financing activities</b>	<b>(37,307)</b>	<b>609,786</b>	<b>1,215,731</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>424,227</b>	<b>(164,559)</b>	<b>(198,824)</b>
<b>Cash and cash equivalents at beginning of financial year</b>	<b>308,059</b>	<b>732,919</b>	<b>572,423</b>
<b>Effect of exchange rate changes</b>	<b>633</b>	<b>4,063</b>	<b>3,139</b>
<b>Cash and cash equivalents at end of financial year</b>	<b>732,919</b>	<b>572,423</b>	<b>376,738</b>

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## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

9. HISTORICAL FINANCIAL INFORMATION (Continued)	IOI Properties Berhad ("IOIP Group") (Continued)		
	2011 RM'000	FYE 30 June 2012 RM'000	2013 RM'000
9.2.6 Revenue			
Sales of			
- development properties	831,836	780,160	1,023,318
- plantation produce	25,433	24,671	21,819
Rental from			
- investment properties	80,526	83,382	93,514
- others	8,298	7,481	7,480
Rendering of services	13,370	14,798	12,534
Dividend income from			
- other investments in Malaysia	92	1,729	36
	959,555	912,221	1,158,701

## 9.2.7 Other operating income

9.2.7 Other operating income	IOI Properties Berhad ("IOIP Group") (Continued)		
	2011 RM'000	FYE 30 June 2012 RM'000	2013 RM'000
Fair value gain on			
- investment properties	74,289	144,439	39,648
- other investments	2,254	96	24
- short term funds	1,408	3,027	-
Management fees received from			
- holding company	7,760	7,760	7,760
- related companies	240	300	3,788
Gain on disposal of			
- investment properties	62,691	822	162
- land from compulsory acquisition	24,270	16,000	-
- property, plant and equipment	211	132	418
- Gain on remeasurement of previously held investment	-	-	21,125
Impairment losses on receivables written back (Section 9.2.23)	-	14	2
Reversal of inventories previously written down	-	-	227
Realised gain on foreign currency transactions	15,398	826	105
Unrealised gain on foreign currency transactions	-	144	-
Others	5,292	5,546	6,495
	193,813	179,106	79,754

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 IOI Properties Berhad ("IOIP Group") (Continued)

9.2.8 Operating profit	IOI Properties Berhad ("IOIP Group") (Continued)		
	2011 RM'000	FYE 30 June 2012 RM'000	2013 RM'000
(a) Operating profit has been arrived at after charging:			
Auditors' remuneration BDO and affiliates	254	253	267
Statutory audit			
- Non-statutory audit			
- tax compliance and advisory services	103	34	-
- others	4	9	4
Member firms of BDO International			
Statutory audit	44	61	78
Non-statutory audit			
- tax compliance and advisory services	16	11	25
Other auditors			
Statutory audit	17	10	19
Bad debts written off	246	15	3
Depreciation of property, plant and equipment (Section 9.2.13)	6,803	6,680	5,773
Direct operating expenses of investment properties	24,254	22,779	22,618
Fair value loss on			
- other investments	-	1,384	-
- short term funds	-	-	78
Inventories written down to net realisable value	-	227	-
Land held for property development written off (Section 9.2.15)	-	-	-
Loss on disposal of			
- property, plant and equipment	4	-	169
- investment properties	-	112	1,402
Property, plant and equipment written off (Section 9.2.13)	41	52	37
Rental of premises paid to			
- related company	3,768	3,768	3,768
- external parties	114	35	160
Realised loss on foreign currency translations	3,172	4	8,656
Impairment losses on			
- goodwill	2,948	-	-
- receivables (Section 9.2.23)	1,467	1,453	1,154



## 11. ACCOUNTANTS' REPORT (Cont'd)



## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 IOI Properties Berhad ("IOIP Group") (Continued)

## 9.2.13 Property, plant and equipment

2011	At beginning of financial year RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	At end of financial year RM'000
<b>At Cost</b>					
Freehold land	5,419	-	-	-	5,419
Golf course development expenditure	13,528	-	-	-	13,528
Buildings and improvements	10,237	52	-	(4)	10,285
Plant and machinery	53,076	282	(117)	(150)	53,091
Motor vehicles	11,666	2,857	(872)	(101)	13,550
Furniture, fittings and equipment	18,023	1,604	(100)	(213)	19,314
	<b>111,949</b>	<b>4,795</b>	<b>(1,089)</b>	<b>(468)</b>	<b>115,187</b>
<b>Accumulated Depreciation</b>					
Golf course development expenditure	1,288	322	-	-	1,610
Buildings and improvements	2,202	201	-	(3)	2,400
Plant and machinery	34,118	3,281	(113)	(148)	37,138
Motor vehicles	8,913	1,401	(871)	(83)	9,360
Furniture, fittings and equipment	12,399	1,598	(63)	(193)	13,741
	<b>58,920</b>	<b>6,803</b>	<b>(1,047)</b>	<b>(427)</b>	<b>64,249</b>

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## 11. ACCOUNTANTS' REPORT (Cont'd)



## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 IOI Properties Berhad ("IOIP Group") (Continued)

## 9.2.11 Taxation (Continued)

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

	2011 %	FYE 30 June 2012 %	2013 %
Applicable tax rate	25.00	25.00	25.00
Tax effects in respect of:			
Depreciation of non-qualifying property, plant and equipment	0.05	0.05	0.05
Non allowable expenses	2.98	1.78	3.94
Tax exempt income	(8.40)	(6.62)	(3.36)
Different tax rates in foreign jurisdiction	(0.04)	(0.02)	(0.26)
Unused tax losses and unabsorbed capital allowances not recognised in loss making subsidiaries	0.35	0.01	0.20
Utilisation of previously unutilised tax losses	-	-	(0.01)
Share of post tax results of associate	(0.27)	(0.44)	(0.38)
Share of post tax results of jointly controlled entities	(1.57)	(1.23)	(3.09)
(Over)/Under-provision in prior years	18.10 (3.87)	18.53 (0.16)	22.09 0.43
	<b>14.23</b>	<b>18.37</b>	<b>22.52</b>

The amount of tax savings arising from the utilisation of unutilised tax losses brought forward of IOIP Group amounted to RM301,000 (2012: RM25,000 and 2011: Nil).

Subject to agreement with the tax authorities, certain subsidiaries of IOIP Group have unutilised tax losses of approximately RM6,785,000 (2012: RM945,000 and 2011: RM35,000), for which the related tax effects have not been recognised in the financial statements. These losses are available to be carried forward for set off against future chargeable income when these subsidiaries derive future assessable income of a nature and amount sufficient for the tax losses to be utilised.

Malaysian income tax is calculated at the statutory rate of 25% (2012 and 2011: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Deferred tax is calculated on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

## 9.2.12 Dividend

	2011 RM'000	FYE 30 June 2012 RM'000	2013 RM'000
First interim dividend of 1.50 sen per ordinary share, less tax of 25%, paid on 8 May 2012	-	9,144	-
First interim dividend of 4.68 sen per ordinary share, less tax of 25%, paid on 30 April 2013	-	-	28,529
		<b>9,144</b>	<b>28,529</b>

No final dividend has been recommended for the FYE 30 June 2013.

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## 11. ACCOUNTANTS' REPORT (Cont'd)



## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 IOI Properties Berhad ("IOIP Group") (Continued)

## 9.2.13 Property, plant and equipment (Continued)

2013	At beginning of financial year RM'000	Additions RM'000	Transfer from investment properties (Section 9.2.16) RM'000	Acquisition of a subsidiary RM'000	Foreign currency translation differences RM'000	Disposals RM'000	Written off RM'000	At end of financial year RM'000
<b>At Cost</b>								
Freehold land	5,419	167	25,140	-	-	-	-	30,726
Golf course development expenditure	13,528	-	-	-	-	-	-	13,528
Buildings and improvements	10,285	5,723	-	-	-	-	-	16,008
Plant and machinery	53,081	372	-	-	-	-	(4)	53,449
Motor vehicles	13,945	2,225	-	87	5	(1,684)	(32)	14,546
Furniture, fittings and equipment	20,296	2,117	-	89	4	(139)	(385)	21,982
Construction-in-progress	-	20,437	16,779	-	-	-	-	37,216
	116,554	31,041	41,919	176	9	(1,823)	(421)	187,455
<b>Accumulated Depreciation</b>								
Golf course development expenditure	1,932	322	-	-	-	-	-	2,254
Buildings and improvements	2,602	250	-	-	1	-	-	2,853
Plant and machinery	39,699	2,165	-	-	-	-	(3)	41,861
Motor vehicles	10,319	1,456	11	-	-	(1,601)	(25)	10,160
Furniture, fittings and equipment	15,704	1,580	22	1	-	(114)	(356)	16,837
	70,256	5,773	33	2	(1,715)	(384)	(384)	73,965

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 IOI Properties Berhad ("IOIP Group") (Continued)

## 9.2.13 Property, plant and equipment (Continued)

2012	At beginning of financial year RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Transfer to investment properties (Section 9.2.16) RM'000	At end of financial year RM'000
<b>At Cost</b>						
Freehold land	5,419	-	-	-	-	5,419
Golf course development expenditure	13,528	-	-	-	-	13,528
Buildings and improvements	10,285	-	-	-	-	10,285
Plant and machinery	53,091	247	(2)	(35)	(220)	53,081
Motor vehicles	13,550	931	(536)	-	-	13,945
Furniture, fittings and equipment	19,314	1,220	(74)	(164)	-	20,296
	115,187	2,398	(612)	(199)	(220)	116,554
<b>Accumulated Depreciation</b>						
Golf course development expenditure	1,610	322	-	-	-	1,932
Buildings and improvements	2,400	202	-	-	-	2,602
Plant and machinery	37,138	2,597	(1)	(35)	-	39,699
Motor vehicles	9,360	1,447	(488)	-	-	10,319
Furniture, fittings and equipment	13,741	2,112	(37)	(112)	-	15,704
	64,249	6,680	(526)	(147)	-	70,256



## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

9. HISTORICAL FINANCIAL INFORMATION (Continued)	9.2 IOI Properties Berhad ("IOIP Group") (Continued)	9.2.13 Property, plant and equipment (Continued)	As at 30 June		
			2011 RM'000	2012 RM'000	2013 RM'000
		Carrying Amount			
		Freehold land	5,419	5,419	30,726
		Golf course development expenditure	11,918	11,596	11,274
		Buildings and improvements	7,885	7,683	13,155
		Plant and machinery	15,953	13,382	11,588
		Motor vehicles	4,190	3,626	4,386
		Furniture, fittings and equipment	5,573	4,592	5,145
		Construction in progress	-	-	37,216
			<u>50,938</u>	<u>46,298</u>	<u>113,490</u>
		9.2.14 Prepaid lease payments			Long term leasehold land RM'000
		At Cost			
		At beginning of financial year			-
		Additions			99,361
		Exchange differences			(8)
		At end of financial year			<u>99,353</u>

Included in prepaid lease payments are interest expenses charged by a related company during the financial year amounting to RM4,148,000 (2012 and 2011: Nil).

## 9.2.15 Land held for property development

2011	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Development costs RM'000	Total RM'000
At Cost					
At beginning of financial year	431,497	118,073	173	330,758	880,501
Costs incurred	9,935	-	-	24,296	34,231
Transfer to investment properties (Section 9.2.16)	(1,593)	-	-	(35,704)	(37,297)
Transfer to property development costs (Section 9.2.21)	(23,039)	(4,662)	-	(45,212)	(72,913)
Disposals	(237)	-	-	(260)	(497)
At end of financial year	<u>416,563</u>	<u>113,411</u>	<u>173</u>	<u>273,878</u>	<u>804,025</u>

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 IOI Properties Berhad ("IOIP Group") (Continued)

## 9.2.15 Land held for property development (Continued)

2012	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Development costs RM'000	Total RM'000
At Cost					
At beginning of financial year	416,563	113,411	173	273,878	804,025
Costs incurred	1,067,617	67	-	105,477	1,173,161
Transfer to investment properties (Section 9.2.16)	(58)	-	-	(629)	(687)
Transfer to property development costs (Section 9.2.21)	(23,541)	(12,303)	-	(110,298)	(146,142)
Written off	-	-	-	(1,629)	(1,629)
Disposals	(432)	(251)	-	(559)	(1,242)
At end of financial year	<u>1,460,149</u>	<u>100,924</u>	<u>173</u>	<u>266,240</u>	<u>1,827,486</u>

## 2013

## At Cost

## At beginning of financial year

1,460,149  
699,430  
-  
-  
-  
-

## At end of financial year

1,102,913  
408,426  
173  
307,539  
1,819,051

Included in land held for property development of IOIP Group are plantation land of RM98,626,000 (2012: RM94,832,000 and 2011: RM95,298,000) acquired in the previous financial years, which are intended to be used for property development. Currently, the subsidiaries are harvesting oil palm crops from the said land.

Included in land held for property development of IOIP Group are interest expenses charged by a related company and non-controlling interests during the financial year amounting to RM15,636,000 (2012 and 2011: Nil) and RM1,773,000 (2012: RM443,000 and 2011: Nil) respectively.

Certain titles of the freehold land, whereby IOIP Group are the beneficiary owner, are registered under the name of the holding company, IOI Corporation Berhad.

## 11. ACCOUNTANTS' REPORT (Cont'd)

IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 IOI Properties Berhad ("IOIP Group") (Continued)

## 9.2.16 Investment properties (Continued)

Included in investment properties of IOIP Group are interest expenses charged by a related company during the financial year amounting to RM9,589,000 (2012 and 2011: Nil).

Certain titles of the investment properties, whereby IOIP Group are the beneficiary owner, are registered under the name of the holding company, IOI Corporation Berhad.

Investment properties comprise:

Name of building/location	Description	Tenure of land	Net lettable area
IOI Mail Bandar Puchong Jaya Puchong Selangor Darul Ehsan	3 storey shopping mall	Freehold	57,588 sq. m.
IOI Mail (new wing) Bandar Puchong Jaya Puchong Selangor Darul Ehsan	4 storey shopping mall	Freehold	22,662 sq. m.
Puchong Financial Corporate Centre 1 & 2 Bandar Puteri Puchong Selangor Darul Ehsan	2 blocks of purpose - built office building	Freehold	34,980 sq. m.
Puchong Financial Corporate Centre 4 & 5 Bandar Puteri Puchong Selangor Darul Ehsan	Purpose - built office building	Freehold	Currently under construction
IOI Boulevard Bandar Puchong Jaya Puchong Selangor Darul Ehsan	104 units of commercial lot	Freehold	26,184 sq. m.
IOI Business Park Bandar Puchong Jaya Puchong Selangor Darul Ehsan	10 units of commercial lot and 902 car park bays	Freehold	1,978 sq. m.
Lot No. 40338 Mukim Petaling Selangor Darul Ehsan	Petrol station land	Freehold	1,699 sq. m.
HS(D) 41529 PT No. 9411 Mukim Petaling Selangor Darul Ehsan	Petrol station land	Freehold	2,690 sq. m.
PT No. 82181 Lebuh Putra Utama Bandar Putra, Kulai Johor Darul Takzim	Commercial land	Freehold	2,323 sq. m.
IOI Resort Putrajaya	37 units of residential bungalow	Freehold	24,909 sq. m.

## 11. ACCOUNTANTS' REPORT (Cont'd)

IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 IOI Properties Berhad ("IOIP Group") (Continued)

## 9.2.16 Investment properties

	At beginning of financial year RM'000	Transfer from/(to) property, plant and equipment (Section 9.2.13) RM'000	Transfer from land held for property development (Section 9.2.15) RM'000	Transfer from/(to) property development costs (Section 9.2.21) RM'000	Fair value adjustments RM'000	Additions RM'000	Disposals RM'000	Foreign currency translation differences RM'000	At end of financial year RM'000
<b>2011</b>									
Freehold land and buildings	716,050	-	37,297	62,185	74,289	25,755	(8,918)	-	906,658
Leasehold land and buildings	260,415	-	-	-	-	-	(268,605)	8,190	-
	<u>976,465</u>	<u>-</u>	<u>37,297</u>	<u>62,185</u>	<u>74,289</u>	<u>25,755</u>	<u>(277,523)</u>	<u>8,190</u>	<u>906,658</u>
<b>2012</b>									
Freehold land and buildings	906,658	220	687	(7,400)	144,439	75,243	(6,042)	-	1,113,805
<b>2013</b>									
Freehold land and buildings	1,113,805	(41,919)	-	-	36,499	83,438	(6,553)	-	1,185,270
Leasehold land	-	-	-	-	3,149	288,656	-	32	291,837
	<u>1,113,805</u>	<u>(41,919)</u>	<u>-</u>	<u>-</u>	<u>39,648</u>	<u>372,094</u>	<u>(6,553)</u>	<u>32</u>	<u>1,477,107</u>

The fair values of the investment properties above were estimated based on valuations by independent registered valuers. Valuations were based on market evidence of transaction prices for similar properties for certain properties and where appropriate, the investment method reflecting receipts of contractual rentals, expected future market rentals, current market yields, void periods, sinking funds and maintenance requirements and approximate capitalisation rates are used. IOIP Group uses assumptions that are mainly based on market conditions existing at each reporting date.

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 IOI Properties Berhad ("IOIP Group") (Continued)

## 9.2.16 Investment properties (Continued)

Name of building/location	Description	Tenure of land	Net lettable area
Puteri Mart Bandar Puteri Puchong Selangor Darul Ehsan	1 ½ storey semi - wet market	Freehold	4,265 sq. m.
IOI Mall Bandar Putra Kulai Johor Bahru Johor Darul Takzim	3 storey shopping mall	Freehold	23,027 sq. m.
IOI Mart Taman Lagenda Putra Senai-Kulai Johor Bahru Johor Darul Takzim	1 storey semi - wet market retail complex	Freehold	7,057 sq. m.
Bandar Baru Satak Tinggi District of Sepang Selangor Darul Ehsan	Vacant land	99 years leasehold	*
Lot No. 2012JP01 Jimei District, Xiamen, Fujian Province, The People's Republic of China	Vacant land for proposed commercial and office development	40 years leasehold	*

\* Development at site has yet to commence as at the reporting date.

## 9.2.17 Goodwill on consolidation

	2011 RM'000	2012 RM'000	2013 RM'000
At beginning of financial year	4,170	1,222	1,222
Less: Impairment losses	(2,948)	-	-
Add: Arising from acquisition of subsidiaries	-	-	2,580
At end of financial year	1,222	1,222	3,802

For the purpose of impairment testing, goodwill is allocated to IOIP Group's Cash-generating Units ("CGUs") identified according to the operating segments as follows:

	2011 RM'000	2012 RM'000	2013 RM'000
Property development	1,222	1,222	3,802

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 IOI Properties Berhad ("IOIP Group") (Continued)

## 9.2.17 Goodwill on consolidation (Continued)

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGUs based on value-in-use. Value-in-use is determined by discounting the future cash flows to be generated from the continuing use of the CGUs based on the following assumptions:

- Cash flows are projected based on the management's most recent three (3) years business plan.
- Discount rates used for cash flows discounting purpose is the IOIP Group's weighted average cost of capital. The average discount rate applied for cash flow projections is 10.00% (2012: 10.61% and 2011: 12.50%).
- Growth rates of property and other segments are determined based on the industry trends and past performances of the segments.
- Profit margins are projected based on the industry trends, historical profit margin achieved or predetermined profit margin for property projects.

The management is not aware of any reasonably possible change in the above key assumptions that would cause the carrying amounts of the CGUs to materially exceed their recoverable amounts.

9.2.18 Associates  
Investments in associates

	2011 RM'000	2012 RM'000	2013 RM'000
Unquoted shares, at cost	27,285	27,285	27,285
Ordinary shares	34,876	34,876	34,876
Preference shares	62,161	62,161	62,161
Negative goodwill recognised in prior years	18,758	18,758	18,758
Share of post acquisition results and reserves	80,919	80,919	80,919
	26,317	18,307	17,263
	107,236	99,226	98,182

Details of the associates are set out in Section 3.2 of this Report.

## Summary of financial information of associates

	2011 RM'000	2012 RM'000	2013 RM'000
Assets and liabilities	445,779	424,588	373,442
Total assets	54,089	57,437	34,525
Total liabilities			
Results			
Revenue	71,071	62,712	87,792
Profit for the financial year	27,765	44,831	39,559

## 11. ACCOUNTANTS' REPORT (Cont'd)



I/OI Properties Group Berhad (Company No. 1035807 - A)  
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## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 IOI Properties Berhad ("IOIP Group") (Continued)

## 9.2.19 Jointly controlled entities

Interests in jointly controlled entities

	As at 30 June		2013
	2011	2012	2013
	RM'000	RM'000	RM'000
Unquoted shares, at cost	4,056	5,056	5,054
Share of post acquisition results and reserves	(175,075)	(140,376)	(52,565)
Amounts due from jointly controlled entities	1,836,739	2,134,365	2,223,750
	1,665,720	1,999,045	2,176,239

Details of the jointly controlled entities are set out in Section 3.2 of this Report.

Amounts due from jointly controlled entities represent outstanding amounts arising from the IOIP Group's proportionate advances and working capital for the acquisition of land and its development projects in Singapore and China, which are unsecured, bear interest at rates ranging from 0.20% to 1.41% (2012: 0.91% to 2.05% and 2011: 0.91% to 1.91%) per annum and are not repayable within the next twelve (12) months.

Guarantees given by IOIP Group for credit facilities of jointly controlled entities amounted to RM109,508,000 (2012: RM167,260,000 and 2011: RM164,513,000).

IOIP Group's share of assets, liabilities, income and expenses of the jointly controlled entities are as follows:

	As at 30 June		2013
	2011	2012	2013
	RM'000	RM'000	RM'000
<b>Assets and liabilities</b>			
Current assets	2,755,511	3,147,450	3,436,361
Total assets	2,755,511	3,147,450	3,436,361
Current liabilities	1,580,507	1,618,096	1,750,886
Non-current liabilities	1,346,023	1,664,674	1,732,986
Total liabilities	2,926,530	3,282,770	3,483,872
<b>Results</b>			
Revenue	157,276	139,935	270,660
Expenses, including finance costs and tax expense	(110,044)	(104,353)	(179,115)

## 11. ACCOUNTANTS' REPORT (Cont'd)



I/OI Properties Group Berhad (Company No. 1035807 - A)  
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## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 IOI Properties Berhad ("IOIP Group") (Continued)

## 9.2.19 Jointly controlled entities (Continued)

Capital commitments of jointly controlled entities

	As at 30 June		2013
	2011	2012	2013
	RM'000	RM'000	RM'000
Authorised capital expenditure of jointly controlled entities			
Construction-in-progress - contracted	453,312	282,888	122,826

## 9.2.20 Deferred taxation

	As at 30 June		2013
	2011	2012	2013
	RM'000	RM'000	RM'000
At beginning of financial year	34,281	7,311	3,572
Recognised in profit of loss (Section 9.2.11)			
- Current year	(2,716)	(2,728)	(2,066)
- Prior years	(24,680)	(1,011)	1,131
Addition through acquisition of a subsidiary	(27,396)	(3,739)	(935)
Foreign currency translation differences	-	-	14,084
	426	-	10
At end of the financial year	7,311	3,572	16,731

Presented after appropriate offsetting as follows:

	As at 30 June		2013
	2011	2012	2013
	RM'000	RM'000	RM'000
Deferred tax liabilities	20,022	20,933	38,436
Deferred tax assets	(12,711)	(17,361)	(21,705)
	7,311	3,572	16,731

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
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## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 IOI Properties Berhad ("IOIP Group") (Continued)

## 9.2.20 Deferred taxation (Continued)

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

	FYE 30 June		
	2011 RM'000	2012 RM'000	2013 RM'000
<b>Deferred tax liabilities</b>			
At beginning of financial year	46,051	20,022	20,933
Acquisition of a subsidiary	-	-	14,084
Recognised in profit or loss			
Temporary differences on accelerated capital allowances	(137)	104	93
Temporary differences on amortisation of fair value adjustments on business combinations	(2,141)	(2,174)	(2,139)
Temporary differences on fair value adjustments on investment properties	(24,177)	2,981	5,465
Foreign currency translation differences	(26,455)	911	3,419
	426	-	-
At end of financial year	20,022	20,933	38,436
<b>Deferred tax assets</b>			
At beginning of financial year	11,770	12,711	17,361
Recognised in profit or loss			
Temporary differences on unutilised tax losses	79	151	854
Temporary differences on unabsorbed capital allowances	(367)	(220)	18
Other deductible temporary differences	1,229	4,719	3,472
At end of financial year	941	4,650	4,344
	12,711	17,361	21,705

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
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## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 IOI Properties Berhad ("IOIP Group") (Continued)

## 9.2.20 Deferred taxation (Continued)

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

	As at 30 June		
	2011 RM'000	2012 RM'000	2013 RM'000
<b>Deferred tax liabilities</b>			
Temporary differences on accelerated capital allowances	3,146	3,250	3,343
Temporary differences on amortisation of fair value adjustments on business combinations	15,063	12,889	24,834
Temporary differences on fair value adjustments on investment properties	1,813	4,794	10,259
	20,022	20,933	38,436
<b>Deferred tax assets</b>			
Unutilised tax losses	1,049	1,200	2,054
Unabsorbed capital allowances	804	584	602
Other deductible temporary differences	10,858	15,577	19,049
	12,711	17,361	21,705

The following deferred tax assets have not been recognised:

	As at 30 June		
	2011 RM'000	2012 RM'000	2013 RM'000
Unutilised tax losses	11,561	880	6,635
Unabsorbed capital allowance	33	65	150
	11,594	945	6,785

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

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 IOI Properties Berhad ("IOIP Group") (Continued)

## 9.2.21 Property development costs (Continued)

	Freehold land RM'000	Long term leasehold land RM'000	Development costs RM'000	Accumulated cost charged to profit or loss RM'000	Total RM'000
2013					
At Cost					
At beginning of financial year	318,561	22,420	3,862,711	(3,874,812)	328,880
Costs incurred	3,034	-	456,522	-	459,556
Transfer from land held for property development (Section 9.2.15)	1,062,949	223,883	149,541	-	1,436,373
Transfer to inventories	(5,991)	(650)	(80,281)	-	(86,922)
Exchange differences	-	-	-	(20)	(20)
Recognised as expenses in profit or loss as part of cost of sales	-	-	-	(338,940)	(338,940)
At end of financial year	1,378,553	245,653	4,388,493	(4,213,772)	1,798,927

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 IOI Properties Berhad ("IOIP Group") (Continued)

## 9.2.21 Property development costs

	Freehold land RM'000	Long term leasehold land RM'000	Development costs RM'000	Accumulated cost charged to profit or loss RM'000	Total RM'000
2011					
At Cost					
At beginning of financial year	266,098	5,865	3,299,402	(3,253,399)	317,966
Costs incurred	3,034	-	247,430	-	250,464
Transfer from land held for property development (Section 9.2.15)	23,039	4,662	45,212	-	72,913
Transfer to investment properties (Section 9.2.16)	(235)	-	(61,950)	-	(62,185)
Transfer to inventories	(777)	-	(18,256)	-	(19,033)
Recognised as expenses in profit or loss as part of cost of sales	-	-	-	(337,858)	(337,858)
At end of financial year	291,159	10,527	3,511,838	(3,591,257)	222,267
2012					
At Cost					
At beginning of financial year	291,159	10,527	3,511,838	(3,591,257)	222,267
Costs incurred	3,035	-	331,942	-	334,977
Transfer from land held for property development (Section 9.2.15)	23,541	12,303	110,298	-	146,142
Transfer from investment properties (Section 9.2.16)	7,400	-	-	-	7,400
Transfer to inventories	(6,574)	(410)	(91,367)	-	(98,351)
Recognised as expenses in profit or loss as part of cost of sales	-	-	-	(283,555)	(283,555)
At end of financial year	318,561	22,420	3,862,711	(3,874,812)	328,880

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No.1035807 - A)  
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## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 IOI Properties Berhad ("IOIP Group") (Continued)

## 9.2.22 Inventories

	2011 RM'000	As at 30 June 2012 RM'000	2013 RM'000
<b>At Cost</b>			
Completed development properties	85,284	127,933	115,446
Raw materials and consumables	1,060	940	1,736
Nursery inventories	1,247	1,442	1,655
Others	536	468	570
	88,127	130,783	119,407
<b>At Net Realisable Value</b>			
Completed development properties	890	408	408
	89,017	131,191	119,815

IOIP Group reversed RM227,000 (2012 and 2011: Nil) in respect of inventories written down in the FYE 30 June 2012 as IOIP Group was able to sell those inventories above their carrying amounts during the FYE 30 June 2013.

## 9.2.23 Trade and other receivables

	2011 RM'000	As at 30 June 2012 RM'000	2013 RM'000
Trade receivables	158,174	114,981	146,501
Other receivables, deposits and prepayments	13,845	54,823	46,529
Accrued billings	115,903	162,324	222,435
Amounts due from contracts customers	677	1,006	947
	288,599	333,134	416,412

Trade receivables

	2011 RM'000	As at 30 June 2012 RM'000	2013 RM'000
Trade receivables	160,728	118,588	151,200
Less: Impairment losses	(2,554)	(3,607)	(4,699)
	158,174	114,981	146,501

(a) Included in trade receivables of IOIP Group is amount due from affiliates of RM128,000 (2012: RM5,128,000 and 2011: RM1,785,000) for property management services, provision of landscaping services and related costs provided by a subsidiary, which is unsecured, non-interest bearing and payable within the credit period in cash and cash equivalents.

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No.1035807 - A)  
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## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 IOI Properties Berhad ("IOIP Group") (Continued)

## 9.2.23 Trade and other receivables (Continued)

Trade receivables (Continued)

	2011 RM'000	As at 30 June 2012 RM'000	2013 RM'000
(b) The normal trade credit terms granted by IOIP Group range from 7 to 90 days (2012 and 2011: 7 to 90 days) from date of invoice and progress billing. They are recognised at their original invoiced amounts, which represent their fair values on initial recognition.	2,550	2,554	3,607
(c) The reconciliation of movements in the impairment losses of trade receivables is as follows:	1,464	1,067	1,101
	(1,486)	(12)	(2)
	26	(2)	(7)
	2,554	3,607	4,699

Other receivables, deposits and prepayments

	2011 RM'000	As at 30 June 2012 RM'000	2013 RM'000
Other receivables	9,296	15,086	7,909
Less: Impairment losses	(1,115)	(1,498)	(1,551)
Deposits	8,181	13,588	6,358
Prepayments	4,947	40,382	39,316
	717	853	855
	13,845	54,823	46,529

Included in deposits of IOIP Group was an amount of RM30,816,000 (2012: RM20,077,000 and 2011: Nil) paid during the FYE 30 June 2013 for new land acquisitions.

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

	2011 RM'000	As at 30 June 2012 RM'000	2013 RM'000
At beginning of financial year	1,127	1,115	1,498
Charge for the financial year	3	386	53
Written back	-	(2)	-
Written off	(15)	(1)	-
At end of financial year	1,115	1,498	1,551

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
Accountants' Report

## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 IOI Properties Berhad ("IOIP Group") (Continued)

## 9.2.23 Trade and other receivables (Continued)

	2011 RM'000	As at 30 June 2012 RM'000	2013 RM'000
Amounts due from contracts customers	25,453	19,488	26,091
Aggregate costs incurred to date	5,721	4,510	6,123
Recognised profit	31,174	23,998	32,214
	(30,497)	(22,992)	(31,267)
Progress billings	677	1,006	947
Amounts due from contracts customers			
Amounts due from/(to) related companies			

## 9.2.24 Amounts due from/(to) related companies

The amounts due from related companies consist of trade and non-trade balances. The non-trade balances represent advances and payments made on behalf, which are unsecured, non-interest bearing and payable upon demand in cash and cash equivalents except for an amount due from a related company of Nil (2012: Nil and 2011: RM322,757,000), which bears interest at rate of 0.50% plus Swap Offer Rate per annum. This said advance was part of the term loan of SGD200.0 million obtained by IOIP Group in the previous financial years as disclosed in Section 9.2.33 of this Report.

Amount due to a related company represent advances and payments made on behalf, which are unsecured, bear interest at rates ranging from 1.01% to 4.63% (2012: 1.04% and 2011: Nil) per annum. This amount has been classified to current as the amount will be fully settled within the next twelve (12) months in conjunction to the internal reorganisation and demerger exercise.

## 9.2.25 Amount due from holding company

The amount due from holding company represents payments made on behalf, which are unsecured interest-free and payable within the credit period in cash and cash equivalents.

## 9.2.26 Other investments

	2011 RM'000	As at 30 June 2012 RM'000	2013 RM'000
At fair value through profit of loss	3,894	1,036	1,060
- Quoted shares in Malaysia			
Short term funds			

## 9.2.27 Short term funds

	2011 RM'000	As at 30 June 2012 RM'000	2013 RM'000
Investments in fixed income trust funds in Malaysia	321,478	464,117	59,930
- At fair value through profit or loss			

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

## 11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)  
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## 9. HISTORICAL FINANCIAL INFORMATION (Continued)

## 9.2 IOI Properties Berhad ("IOIP Group") (Continued)

## 9.2.28 Deposits with financial institutions

	2011 RM'000	As at 30 June 2012 RM'000	2013 RM'000
Deposits with licensed banks	296,816	23,869	99,464
Cash and bank balances			

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

(a) RM125,213,000 (2012: RM64,643,000 and 2011: RM89,072,000) held under the Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulation, 2002, which is not available for general use by IOIP Group.

(b) SGD20,330,000 (2012 and 2011: Nil), equivalents to approximately RM51,071,000 (2012 and 2011: Nil) held under Housing Developers (Project Account) (Amendment) Rules 1997, which is not available for general use by IOIP Group.

## 9.2.30 Share capital

	2011 RM'000	As at 30 June 2012 RM'000	2013 RM'000
Ordinary shares of RM0.50 each	500,000	500,000	500,000
Authorised			
Issued and fully paid-up	406,393	406,393	406,393

The owners of the parent are entitled to receive dividends as declared from time to time and are entitled to one (1) vote per share at meetings of IOIP. All ordinary shares rank equally with regard to IOIP's residual assets.

## Executive Share Option Scheme

An Executive Share Option Scheme ("ESOS") was established on 23 November 2005 for the benefit of the executives and full time Executive Directors of IOIP Group. The ESOS was terminated on 21 October 2011 by the shareholders at IOIP's Annual General Meeting.

The salient features of the ESOS are as follows:

## a) Maximum number of shares available under the ESOS

The total number of new ordinary shares in IOIP ("IOIP Shares"), which may be made available under the ESOS shall not exceed 10% of the total issued and paid-up ordinary share capital of IOIP at the time an offer of options is made in writing by a committee appointed by the Board to administer the ESOS ("Option Committee") to any executive or Executive Director of IOIP Group ("Offer") who meets the criteria of eligibility for participation in the ESOS as set out in the rules, terms and conditions of the ESOS ("Bye-Laws").