

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)
9.2.30 Share capital (Continued)

Executive Share Option Scheme (Continued)

b) Eligibility

Save for executives who are employed by the foreign subsidiaries of IOIP (including the Malaysian subsidiaries of such foreign subsidiaries), and executives who are employed by subsidiaries of IOIP, of which IOIP holds less than 75% of the issued and paid-up share capital, any executive (including Executive Director) of IOIP Group shall be eligible to participate in the ESOS if, as at the date of the Offer ("Offer Date"), the executive:

- i. has attained the age of 18 years;
- ii. is in the full time employment and payroll of a company within IOIP Group (other than a company which is dormant) for at least 3 years; and
- iii. falls within such other categories and criteria that the Option Committee may from time to time at its absolute discretion determine.

(The eligible employees above are hereinafter referred to as "Eligible Executive(s)")

No executive of IOIP Group shall participate at any time in more than one ESOS implemented by any company within IOIP Group. The executive to whom the option has been granted has also no right to participate, by virtue of the option, in any ordinary share issue of any other company.

c) Maximum allowable allotment and basis of allocation

- i. The aggregate maximum number of new IOIP Shares that may be offered and allotted to any of the Eligible Executives of IOIP Group shall not exceed the maximum allowable allotment set out in the Bye-Laws and subject to the following:
 - the number of new IOIP Shares allotted, in aggregate, to the Executive Directors and senior management of the IOIP Group shall not exceed 50% of the total new IOIP Shares that are available to be issued under the ESOS; and
 - the number of new IOIP Shares allotted to any individual Eligible Executive, who either singularly or collectively through persons connected with him/her (as defined under the Listing Requirements of Bursa Malaysia Securities Berhad) holds 20% or more in the issued and paid-up capital of the IOIP, shall not exceed 10% of the total new IOIP Shares that are available to be issued under the ESOS.
- ii. The number of new IOIP Shares that may be offered and allotted to any of the Eligible Executive shall, subject to the maximum allowable allotment, be at the sole and absolute discretion of the Option Committee after taking into consideration the length of service and the performance of the Eligible Executive in the IOIP Group as provided in the Bye-Laws or such other matters which the Option Committee may in its sole and absolute discretion deem fit.

d) Subscription price

The subscription price shall be higher of the following:

- i. the weighted average market price of the IOIP Shares for the 5 market days immediately preceding the Offer Date; or
 - ii. the par value of the IOIP Shares;
- and subject to adjustments stipulated in the Bye-Laws, where applicable.

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Executive Share Option Scheme (Continued)

e) Duration and termination of the ESOS

- i. The ESOS came into force on 23 November 2005 and shall be for a duration of 10 years.
- ii. The ESOS may be terminated by IOIP prior to the expiry of its duration or tenure provided that the following conditions have been satisfied:
 - the consent from IOIP's shareholders by ordinary resolution at a general meeting have been obtained; and
 - the written consent from all Grantees who have yet to exercise their Option, either in part or in whole, have been obtained.

f) Exercise of option

- i. Options are exercisable only upon the expiry of the first anniversary of the Offer Date.
- ii. Options which are subject of the same Offer shall be exercisable only in 4 tranches over 4 years with a maximum of 25% of such options exercisable in any year.
- iii. Where the maximum of 25% within a particular year has not been exercised by the Grantee, the percentage unexercised shall be carried forward to subsequent years and shall not be subject to the maximum percentage for the following year provided that such unexercised options shall not be carried forward beyond the option period.
- iv. The Grantee shall be entitled to exercise all remaining options after the 9th anniversary of the ESOS.

g) Rights attaching to the IOIP Shares

The new IOIP Shares to be allotted upon any exercise of the option shall, upon allotment and issue, rank *pari passu* in all respects with the existing ordinary shares of IOIP save and except that the new IOIP Shares will not be entitled to participate in any dividends, rights, allotments and/or other distributions that may be declared, where the record date precedes the date of allotment of the said shares. The option shall not carry any right to vote at a general meeting of IOIP.

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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.2 IOI Properties Berhad ("IOIP Group") (Continued)

9.2.30 Share capital (Continued)

Executive Share Option Scheme (Continued)

i. Share options outstanding at the end of the financial year

Option price RM	No. of share options	Weighted average exercise price RM	Exercisable period
2011			
3.80	6,293,600	3.80	24 January 2007 - 23 November 2015
4.75	988,600	4.75	8 March 2008 - 23 November 2015
	<u>7,282,200</u>	<u>3.93</u>	
2012			
3.80	-	-	
4.75	-	-	
	<u>-</u>	<u>-</u>	

ii. Share options exercised

In 2011, IOIP had obtained the written consent from all Grantees who had yet to exercise their options granted under the existing ESOS to terminate the existing ESOS and pursuant to the provisions of the Bye-Laws 18.3: following the approval from IOIP's shareholders for the termination of the existing ESOS, all options unexercised or partially exercised were terminated and null and void on 21 October 2011, being the date on which the last of the conditions stipulated under Bye-Laws 18.3 is fulfilled.

There were no options granted and no share options exercised for the FYE 30 June 2011, 30 June 2012 and 30 June 2013.

9.2.31 Reserves

	2011 RM'000	As at 30 June 2012 RM'000	2013 RM'000
Share premium	881,345	881,345	881,345
Capital reserves	45,841	41,090	41,090
Foreign currency translation reserve	60,946	97,750	128,436
	<u>988,132</u>	<u>1,020,185</u>	<u>1,050,871</u>

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

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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.2 IOI Properties Berhad ("IOIP Group") (Continued)

9.2.30 Share capital (Continued)

Executive Share Option Scheme (Continued)

The movements of the options over the unissued ordinary shares of RM0.50 each in IOIP and the weighted average exercise price in the relevant financial years are as follows:

Option price (RM)	Date of offer	No. of options over ordinary shares				Outstanding as at end of the financial year	Exercisable as at end of the financial year
		Outstanding as at beginning of the financial year	Exercised	Lapsed	Terminated		
2011							
3.80	24 January 2006	7,121,600	-	-	(828,000)	6,293,600	6,293,600
4.75	8 March 2007	1,143,200	-	-	(154,600)	988,600	988,600
		<u>8,264,800</u>	<u>-</u>	<u>-</u>	<u>(982,600)</u>	<u>7,282,200</u>	<u>7,282,200</u>
Weighted average exercise price		<u>RM3.90</u>	<u>-</u>	<u>-</u>	<u>RM3.90</u>	<u>RM3.90</u>	<u>RM3.90</u>
2012							
3.80	24 January 2006	6,293,600	-	-	(6,293,600)	-	-
4.75	8 March 2007	988,600	-	-	(988,600)	-	-
		<u>7,282,200</u>	<u>-</u>	<u>-</u>	<u>(7,282,200)</u>	<u>-</u>	<u>-</u>
Weighted average exercise price		<u>RM3.90</u>	<u>-</u>	<u>-</u>	<u>RM3.90</u>	<u>-</u>	<u>-</u>

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9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.2 IOI Properties Berhad ("IOIP Group") (Continued)
- 9.2.31 Reserves (Continued)

	2011 RM'000	As at 30 June 2012 RM'000	2013 RM'000
Net accretion in IOIP Group's share of net assets arising from shares issued by certain subsidiaries to non-controlling interests	32,355	32,355	32,355
Capital redemption reserves arising from the cancellation of treasury shares	8,735	8,735	8,735
Share option reserves	4,751	-	-
	45,841	41,090	41,090

Foreign currency translation reserve

The foreign currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of IOIP Group's presentation currency. It is also used to record the exchange differences arising from monetary items, which form part of IOIP Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

9.2.32 Retained earnings

Effective 1 January 2008, IOIP was given the option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act, 1967 in Malaysia for the purpose of dividend distribution until the tax credit is fully utilised or latest, by 31 December 2013.

IOIP has decided not to make this election and has sufficient tax credit under Section 108 of the Income Tax Act, 1967 amounting to RM49,936,000 (2012: RM78,465,000 and 2011: RM87,609,000) and balance in the tax exempt account amounting to RM20,452,000 (2012: RM20,452,000 and 2011: RM3,560,750) to frank the payment of dividends out of its retained earnings as at end of the reporting period. Retained earnings not covered by tax credit amounted to approximately RM1,999,735,000 (2012: RM1,608,379,000 and 2011: RM402,980,000).

9.2.33 Borrowings

	2011 RM'000	As at 30 June 2012 RM'000	2013 RM'000
Non-current liabilities			
Unsecured			
Term loans	491,140	499,340	502,420
Less: Portion due within 12 months included under short term borrowings	-	(499,340)	-
	491,140	-	502,420
Current liabilities			
Unsecured			
Term loans - portion due within 12 months	-	499,340	-
	491,140	499,340	502,420

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9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.2 IOI Properties Berhad ("IOIP Group") (Continued)
- 9.2.33 Borrowings (Continued)

Term loans

Term loans of IOIP Group include:

Unsecured

- i. IOIP Group obtained a new term loan of SGD200.0 million during the FYE 30 June 2013 to finance its existing term loan of SGD200.0 million. This new term loan bears interest at 0.72% plus Swap Offer Rate per annum and is repayable in 36 months from the drawdown date in May 2013.
- ii. SGD200.0 million term loan pertaining to a foreign incorporated subsidiary. The outstanding amount as at end of the reporting period is SGD200.0 million. This floating-rate term loan bears interest at 0.50% plus Swap Offer Rate per annum and is repayable in 24 months from drawdown date in May 2011. This term loan has been fully settled during the FYE 30 June 2013 by IOIP Group through the drawdown of a new term loan of SGD200.0 million.
- iii. SGD15.0 million term loan pertaining to a foreign incorporated subsidiary. The outstanding amount as at end of the financial year was Nil (2010: SGD15.0 million). This term loan bore interest at rates ranging from 0.84% to 1.30% per annum and was repayable in 60 months from the date of first drawdown commencing June 2008 or June 2013 whichever is earlier. This bank loan was settled by the foreign incorporated subsidiary during the FYE 30 June 2011.
- v. SGD166.0 million term loan pertaining to a foreign incorporated subsidiary. The outstanding amount as at end of the financial year was Nil (2010: SGD166.0 million). This term loan bore interest at rates ranging from 0.85% to 1.19% per annum and was repayable in 3 1/2 years from drawdown date in September 2007. This bank loan was settled by the foreign incorporated subsidiary during the FYE 30 June 2011.

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

	2011 RM'000	As at 30 June 2012 RM'000	2013 RM'000
Less than 1 year	-	499,340	-
1 - 2 years	491,140	-	-
2 - 3 years	-	-	502,420
3 - 4 years	-	-	-
4 - 5 years	-	-	-
More than 5 years	-	-	-
	491,140	499,340	502,420

9.2.34 Amounts due to non-controlling interests

The amounts due to non-controlling interests represent outstanding amounts arising from the non-controlling interests' proportionate advances and working capital for the acquisition of land and its development projects in Singapore which are unsecured, bear interest at rates ranging from 1.18% to 1.38% (2012: 1.41% to 1.56% and 2011: Nil) per annum. Subsequent to the FYE 30 June 2013, an amount of SGD20,519,000 (equivalent to RM51,546,000) has been capitalised as redeemable preference shares.

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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.2 IOI Properties Berhad ("IOIP Group") (Continued)

9.2.35 Trade and other payables

	As at 30 June		
	2011	2012	2013
	RM'000	RM'000	RM'000
Trade payables	115,395	125,764	135,347
Other payables and accruals	45,790	68,829	143,507
Progress billings	13,797	2,841	62,328
	<u>174,982</u>	<u>197,434</u>	<u>341,182</u>

Trade Payables

Included in trade payables of the IOIP Group are retention monies of RM66,111,000 (2012: RM62,927,000 and 2011: RM53,956,000) respectively.

Credit terms of trade payables vary from 14 to 60 days (2012 and 2011: 14 to 60 days) from date of invoice and progress claim. The retention monies are repayable upon expiry of the defect liability period of 12 to 18 months.

Other payables and accruals

	As at 30 June		
	2011	2012	2013
	RM'000	RM'000	RM'000
Other payables	10,325	6,361	26,896
Customer deposits and other deposits	24,763	29,372	32,700
Accruals	10,702	33,096	83,911
	<u>45,790</u>	<u>68,829</u>	<u>143,507</u>

Included in other payables of IOIP Group is land cost payable of Nil (2012: Nil and 2011: RM2,600,000).

9.2.36

Cash and cash equivalents

Cash and cash equivalents at end of financial year comprise:

	As at 30 June		
	2011	2012	2013
	RM'000	RM'000	RM'000
Short term funds (Section 9.2.27)	321,478	464,117	59,930
Deposits with financial institutions (Section 9.2.28)	296,816	23,869	99,464
Cash and bank balances (Section 9.2.29)	114,625	84,437	217,344
	<u>732,919</u>	<u>572,423</u>	<u>376,738</u>

IOIP Group has undrawn borrowing facilities of RM3,946,000 (2012: RM10,875,000 and 2011: RM7,145,000) at end of the financial year.

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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.2 IOI Properties Berhad ("IOIP Group") (Continued)

9.2.37 Significant related party disclosures

Identities of related parties

Parties are considered to be related to IOIP Group if IOIP Group 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 IOIP Group and the party are subject to common control or common significant influence. Related parties may be individual or other entities.

Related parties of IOIP Group include:

- IOI Corporation Berhad, the holding company;
- Direct and indirect subsidiaries as disclosed in Section 3.2 of this Report;
- Direct and indirect subsidiaries of the holding company;
- Vertical Capacity Sdn. Bhd. and its holding company, Progressive Holdings Sdn. Bhd., the major corporate shareholder of the holding company;
- Associates and jointly controlled entities as disclosed in Section 3.2 of this Report;
- Key management personnel which comprises persons (including the Directors of IOIP) having authority and responsibility for planning, directing and controlling the activities of IOIP Group directly or indirectly; and
- Affiliates, companies in which the Directors who are also the substantial shareholders of IOIP have substantial shareholdings interest.

Significant related party transactions

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

	FYE 30 June		
	2011	2012	2013
	RM'000	RM'000	RM'000
Affiliates			
Property project management services	3,840	5,718	3,746
Sale of plant and landscaping services	597	796	691
Rendinger of building maintenance services	-	480	545
Acquisition of additional interests in a subsidiary	-	-	(6,519)
Holding company			
Rental of land	419	419	419
Rendinger of management services	7,760	7,760	7,760
Subsidiaries of holding company			
Sale of palm products	25,433	24,671	21,819
Rendinger of management services	240	300	3,788
Rental of premises	(3,768)	(3,768)	(3,768)
Interest expenses	-	(1,124)	(34,480)
Acquisition of land	-	-	(3,600)

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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.2 IOI Properties Berhad ("IOIP Group") (Continued)

9.2.37 Significant related party disclosures (Continued)

Significant related party transactions (Continued)

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

	FYE 30 June	
	2011	2013
	RM'000	RM'000
Jointly controlled entities		
Interest income	-	27,787
Associate		
Sales of palm products	36,558	20,818
Agency fees paid	(1,815)	(900)

The related party transactions described above were carried out on negotiated terms and conditions and in the ordinary course of business between the related parties and IOIP Group.

Information regarding outstanding balances arising from related party transactions as at 30 June 2011, 30 June 2012 and 30 June 2013 are disclosed in Section 9.2.19, Section 9.2.23, Section 9.2.24 and Section 9.2.25 of this Report.

Key management personnel compensation

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

	FYE 30 June	
	2011	2013
	RM'000	RM'000
Directors		
Fees	216	240
Remuneration	2,867	3,366
Estimated monetary value of benefits-in-kind	152	190
Total short term employee benefits	3,235	3,796
		5,671

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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.2 IOI Properties Berhad ("IOIP Group") (Continued)

9.2.37 Significant related party disclosures (Continued)

Key management personnel compensation (Continued)

Number of share options granted to the key management personnel during the financial year is as follows:

	FYE 30 June		
	2011	2012	2013
	RM'000	RM'000	RM'000
ESOS of IOIP			
At beginning of financial year	1,300	1,300	-
Termination of ESOS during the financial year	-	(1,300)	-
At end of financial year	1,300	-	-
ESOS of the holding company			
At beginning of financial year	18,296	22,528	17,485
Granted	5,463	-	-
Exercised	(1,231)	(5,043)	(613)
Lapsed	-	-	(1,950)
At end of financial year	22,528	17,485	14,922

The share options were granted on the same terms and conditions as those to other employees of IOIP Group.

9.2.38 Contingent liabilities - unsecured

(a)

	As at 30 June	
	2011	2013
	RM'000	RM'000
Litigations involving claims for damages and compensation	6,000	6,000

The Directors are of the opinion that the possibility of any outflow in settlement arising from the litigations involving claims for damages and compensation is remote. During the FYE 30 June 2013, the abovementioned litigation has been settled out of court for RM4,000,000. The amount has been fully settled subsequent to FYE 30 June 2013.

In April 2012, legal suits were brought against a subsidiary for alleged damages to the plaintiffs' properties due to the occurrence of landslide and collapse of the retaining wall located at certain development project of IOIP Group. As at the date of this report, 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 IOIP Group.

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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.2 IOI Properties Berhad ("IOIP Group") (Continued)

9.2.39 Capital management

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

IOIP Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. Capital of IOIP Group comprises equity, borrowings and other long term liabilities. To maintain or adjust the capital structure, IOIP Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the FYE 30 June 2011, 30 June 2012 and 30 June 2013.

IOIP Group monitors capital using a gearing ratio, which is net debt divided by equity attributable to owners of the parent. IOIP Group's net debt includes borrowings less cash and cash equivalents. IOIP Group has an appropriate target gearing ratio, which is monitored by IOIP Group on an ongoing basis.

	As at 30 June		
	2011 RM'000	2012 RM'000	2013 RM'000
Borrowings (Section 9.2.33)	491,140	499,340	502,420
Less: Cash and cash equivalents (Section 9.2.36)	(732,919)	(572,423)	(376,738)
Net debt/(Net asset)	(241,779)	(73,083)	125,682
Equity	4,413,861	5,018,540	5,577,962

Gearing ratio

* It is not applicable to net asset position.

9.2.40 Financial instruments

Financial risk management objectives and policies

IOIP Group's activities expose it to a variety of financial risks, including foreign currency risk, interest rate risk, price fluctuation risk, credit risk and liquidity and cash flow risk. IOIP Group's overall financial risk management objective is to ensure that IOIP Group creates value for its shareholders whilst minimising potential adverse effects on its financial performance and positions. IOIP Group operates within an established risk management framework and clearly defined guidelines that are approved by the Board of Directors of the holding company.

IOIP Group operates within an established Enterprise Risk Management framework with clearly defined policies and guidelines which are administered via divisional Risk Management Committees. Divisional Risk Management Committees report regularly to the Audit Committee of the holding company which oversees the management of risk in IOIP Group on behalf of the Board of Directors.

Foreign currency risk

IOIP Group operates internationally and is exposed to various currencies, mainly Singapore Dollar ("SGD"), Renminbi ("RMB") and US Dollar ("USD"). Foreign currency denominated assets and liabilities together with expected cash flows from committed purchases and sales give rise to foreign currency exposure. IOIP Group's foreign currency risk management objective is to minimise foreign currency exposure that gives rise to economic impact, both at transaction and reporting period translation levels.

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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.2 IOI Properties Berhad ("IOIP Group") (Continued)

9.2.40 Financial instruments (Continued)

Foreign currency risk (Continued)

(a) Risk management approach

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

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

(b) Foreign currency risk exposure

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

Net financial assets/(liabilities) held in

	SGD		USD		Total RM'000
	RM'000	RM'000	RM'000	RM'000	
Functional currency 2011					
Financial assets in foreign currencies	322,757	-	-	-	322,757
Amounts due from related companies	243,378	8	8	243,386	
Deposits with financial institutions	1,529	34	34	1,563	
Cash and bank balances	2	-	-	-	2
Trade and other receivables					
Financial liabilities in foreign currencies	(208)	(4)	(4)	(212)	
Trade and other payables	(491,140)	-	-	-	(491,140)
Borrowings					
Net exposure 2012	76,318	38	38	76,356	
Financial assets in foreign currencies					
Deposits with financial institutions	1,873	-	-	-	1,873
Cash and bank balances	6,910	40	40	6,950	
Financial liabilities in foreign currencies	(3,270)	(5)	(5)	(3,275)	
Trade and other payables					
Amounts due to non-controlling interests	(129,703)	-	-	-	(129,703)
Amount due to a related company	(492,083)	-	-	-	(492,083)
Borrowings	(499,340)	-	-	-	(499,340)
Net exposure	(1,115,613)	35	35	(1,115,578)	

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.2 IOI Properties Berhad ("IOIP Group") (Continued)

9.2.40 Financial Instruments (Continued)

Interest rate risk (Continued)

(b) Interest rate risk exposure

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

2011	Section	Repricing Brackets					Total	Weighted average effective interest rate %
		Less than 1 year	1 - 2 years	2 - 3 years	3 - 4 years	More than 4 years		
Interest bearing financial assets								
Fixed rate instruments								
Deposits with financial institutions	9.2.28	296,816	-	-	-	-	296,816	0.72
Short term funds	9.2.27	321,478	-	-	-	-	321,478	2.48
		618,294	-	-	-	-	618,294	
Floating rate instruments								
Cash held in Housing Development Accounts	9.2.29	89,072	-	-	-	-	89,072	1.97
Amount due from a related company	9.2.24	322,757	-	-	-	-	322,757	0.72
		411,829	-	-	-	-	411,829	
Total assets repricing		1,030,123	-	-	-	-	1,030,123	
Interest bearing financial liabilities								
Floating rate instruments								
Term loans	9.2.33	491,140	-	-	-	-	491,140	0.72
Total liabilities repricing		491,140	-	-	-	-	491,140	
Net repricing gap		538,983	-	-	-	-	538,983	

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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.2 IOI Properties Berhad ("IOIP Group") (Continued)

9.2.40 Financial Instruments (Continued)

Foreign currency risk (Continued)

(b) Foreign currency risk exposure (Continued)

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

(c) Sensitivity analysis

The foreign currencies held as at the end of the reporting period comprise mainly of USD, SGD and RMB. A 500 basis points movement upwards or downwards in these currencies would have equally decreased or increased the profit or loss for IOIP Group by approximately RM49,033,000 (2012: RM22,342,000 and 2011: RM1,555,000).

Interest rate risk

IOIP Group's interest rate risk arises from its interest bearing financial instruments that could impact fair value and future cash flows due to fluctuation in market interest rates.

IOIP Group's objective on interest rate risk management is to achieve a balance in repricing risks and the optimisation of its cost of funds whilst ensuring sufficient liquidity to meet funding needs.

(a) Risk management approach

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

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

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.2 IOI Properties Berhad ("IOIP Group") (Continued)

9.2.40 Financial Instruments (Continued)

Interest rate risk (Continued)

(b) Interest rate risk exposure (Continued)

2013	Section	Less than 1 year	Repricing Brackets				More than 4 years	Total	Weighted average effective interest rate %
			1 - 2 years	2 - 3 years	3 - 4 years	RM'000			
Interest bearing financial assets									
Fixed rate Instruments									
Deposits with financial institutions	9.2.28	99,464	-	-	-	-	99,464	1.20	
Short term funds	9.2.27	59,930	-	-	-	-	59,930	3.21	
		159,394	-	-	-	-	159,394		
Floating rate instruments									
Cash held in Housing Development Accounts									
	9.2.29	125,213	-	-	-	-	125,213	1.73	
		125,213	-	-	-	-	125,213		
Total assets repricing		284,607	-	-	-	-	284,607		
Interest bearing financial liabilities									
Floating rate instruments									
Term loans	9.2.33	-	-	502,420	-	-	502,420	1.01	
Amount due to a related company	9.2.24	1,786,050	-	-	-	-	1,786,050	3.23	
Amounts due to non-controlling interests	9.2.34	138,430	-	-	-	-	138,430	1.30	
Total liabilities repricing		1,924,480	-	502,420	-	-	2,426,900		
Net repricing gap		(1,639,873)	-	(502,420)	-	-	(2,142,293)		

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11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.2 IOI Properties Berhad ("IOIP Group") (Continued)

9.2.40 Financial Instruments (Continued)

Interest rate risk (Continued)

(b) Interest rate risk exposure (Continued)

2012	Section	Less than 1 year	Repricing Brackets				More than 4 years	Total	Weighted average effective interest rate %
			1 - 2 years	2 - 3 years	3 - 4 years	RM'000			
Interest bearing financial assets									
Fixed rate Instruments									
Deposits with financial institutions	9.2.28	23,869	-	-	-	-	23,869	2.74	
Short term funds	9.2.27	464,117	-	-	-	-	464,117	2.90	
		487,986	-	-	-	-	487,986		
Floating rate instruments									
Cash held in Housing Development Accounts									
	9.2.29	64,643	-	-	-	-	64,643	2.05	
		64,643	-	-	-	-	64,643		
Total assets repricing		552,629	-	-	-	-	552,629		
Interest bearing financial liabilities									
Floating rate instruments									
Term loans	9.2.33	499,340	-	-	-	-	499,340	0.84	
Amount due to a related company	9.2.24	492,083	-	-	-	-	492,083	1.04	
Amounts due to non-controlling interests	9.2.34	129,703	-	-	-	-	129,703	1.48	
Total liabilities repricing		1,121,126	-	-	-	-	1,121,126		
Net repricing gap		(568,497)	-	-	-	-	(568,497)		

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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)
- 9.2.40 Financial instruments (Continued)

Interest rate risk (Continued)

- (c) Sensitivity analysis

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

A 50 basis points movement in interest rates would have increased or decreased the profit or loss for IOIP Group by approximately RM1,508,000 (2012: RM5,282,000 and 2011: RM397,000). The sensitivity is higher in the FYE 30 June 2013 than in the FYE 30 June 2012 and 30 June 2011 because of an increase in amount due to a related company.

Price fluctuation risk

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

- (a) Price risk exposure

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

	Notional value		Fair value attributed to price changes at period closing	
	< 1 year RM'000	> 1 year RM'000	< 1 year RM'000	> 1 year RM'000
2011				
Equity based				
Other investments	2,460	-	3,894	-
2012				
Equity based				
Other investments	806	-	1,036	-
2013				
Equity based				
Other investments	806	-	1,060	-

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)
- 9.2.40 Financial instruments (Continued)

- (a) Price risk exposure (Continued)

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value attributed to price changes at period closing		
	Hierarchy of the underlying variable input used in measuring fair valuation		
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
2011			
Equity based			
Other investments	3,894	-	-
2012			
Equity based			
Other investments	1,036	-	-
2013			
Equity based			
Other investments	1,060	-	-

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

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

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)

9.2.40 Financial Instruments (Continued)

Credit risk

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

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

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

(a) Risk management approach

Credit risk or financial loss from the failure of customers or counter parties to discharge their financial and contractual obligations from trade credits is managed through the application of credit approvals, credit limits, insurance programmes and monitoring procedures on an on-going basis. If necessary, IOIP Group may obtain collateral from counter parties as a mean of mitigating losses in the event of default.

IOIP Group's credit risk varies with the different classes of counter-parties as outlined below:

i. Property

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

Policies and procedures

- a) Tail-end progress billings on property units sold that serve as retention sum are closely monitored and claimed upon expiry of retention period;
- b) Credit where granted for corporate clients in the hospitality sub-segment are duly assessed and selectively approved with established limits;
- c) All tenants of its investment properties are subjected to deposits requirement averaging 3 months rental; and
- d) Credit exposure is monitored on limits and aging, managed and reviewed periodically. Debtors with emerging credit problems are identified early and remedial actions are taken promptly to minimise further exposure and to restore past due status.

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)

9.2.40 Financial Instruments (Continued)

Credit risk (Continued)

(a) Risk management approach (Continued)

i. Property (Continued)

Collateral and credit enhancement

In general, a combination of:

- a) Title retention and conveyance on clearance for property development;
- b) Cash deposits/advance for hospitality sub-segment; and
- c) Deposits for rental sub-segment.

ii. Financial institutions and exchanges

IOIP Group places its working capital and surplus funds in current account, money market, and time-deposits with banks; and in security papers and investment trusts managed by licensed institutions. Beyond the minimal deposit guarantee offered by certain sovereign nation's deposit insurance schemes, IOIP Group is exposed to a degree of counter-parties' credit risk in times of severe economic or financial crisis.

Policies and procedures

- a) Funds are placed only with licensed financial institutions with credit rating of "A- and above"; and
- b) Funds placements are centrally monitored, and where applicable are spread out based on location need.

Collateral and credit enhancement

In general, a combination of:

- a) National deposit insurance; and
- b) Fidelity guarantee

In general, all business units in IOIP Group have a comprehensive policy that governs the need for formal credit rating system and evaluation on counter parties prior to any contractual arrangement that would result in credit risk exposure. Besides exposure amount, credit risk is also measured and monitored by way of credit quality segregation, past due aging analysis, and limits breach alerts. Reviews on credit impairment needs are made quarterly based on objective evidence of loss events.

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.2 IOI Properties Berhad ("IOIP Group") (Continued)

9.2.40 Financial instruments (Continued)

Credit risk (Continued)

(b) Credit risk exposures and concentration (Continued)

2012	Section	Maximum exposure RM'000	Collateral and enhancement obtained RM'000	Net exposure to credit risk RM'000	Collateral or credit enhancement obtained
Financial assets					
Cash and bank balances		84,437	36	84,401	Fidelity guarantee and cash-in-transit insurance coverage
Deposits with financial institutions	9.2.28	23,869	-	23,869	
Trade and other receivables, excluded deposits and prepayments		128,569	2,489	126,080	Security deposits from tenancy contracts
Amounts due from related companies		793	-	793	
Amount due from holding company		9,284	-	9,284	
Other investments	9.2.26	1,036	-	1,036	
Short term funds	9.2.27	464,117	-	464,117	
		<u>712,105</u>	<u>2,525</u>	<u>709,580</u>	

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.2 IOI Properties Berhad ("IOIP Group") (Continued)

9.2.40 Financial instruments (Continued)

Credit risk (Continued)

(b) Credit risk exposures and concentration

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

2011	Section	Maximum exposure RM'000	Collateral and enhancement obtained RM'000	Net exposure to credit risk RM'000	Collateral or credit enhancement obtained
Financial assets					
Cash and bank balances		114,625	37	114,588	Fidelity guarantee and cash-in-transit insurance coverage
Deposits with financial institutions	9.2.28	296,816	-	296,816	
Trade and other receivables, excluded deposits and prepayments		166,355	2,056	164,299	Security deposits from tenancy contracts
Amounts due from related companies		324,059	-	324,059	
Amount due from holding company		980	-	980	
Other investments	9.2.26	3,894	-	3,894	
Short term funds	9.2.27	321,478	-	321,478	
		<u>1,228,207</u>	<u>2,093</u>	<u>1,226,114</u>	

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.2 IOI Properties Berhad ("IOIP Group") (Continued)

9.2.40 Financial instruments (Continued)

Credit risk (Continued)

(b) Credit risk exposures and concentration (Continued)

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

2011	Section	Neither past due nor impaired Strong RM'000	Medium RM'000	Weak RM'000	Renegotiated RM'000	Past due not impaired RM'000	Total RM'000	Impairment charged in reporting period RM'000	Impairment at end of reporting period RM'000
Cash and bank balances		114,625	-	-	-	-	114,625	-	-
Deposits with financial institutions	9.2.28	296,816	-	-	-	-	296,816	-	-
Trade and other receivables, excluded deposits and prepayments		119,820	6,267	4,421	9,208	26,639	166,355	1,467	3,669
Amounts due from related companies		324,059	-	-	-	-	324,059	-	-
Amount due from holding company		980	-	-	-	-	980	-	-
Other investments	9.2.26	3,894	-	-	-	-	3,894	-	-
Short term funds	9.2.27	321,478	-	-	-	-	321,478	-	-
		<u>1,181,672</u>	<u>6,267</u>	<u>4,421</u>	<u>9,208</u>	<u>26,639</u>	<u>1,228,207</u>	<u>1,467</u>	<u>3,669</u>

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.2 IOI Properties Berhad ("IOIP Group") (Continued)

9.2.40 Financial instruments (Continued)

Credit risk (Continued)

(b) Credit risk exposures and concentration (Continued)

2013	Section	Maximum exposure RM'000	Collateral and enhancement obtained RM'000	Net exposure to credit risk RM'000	Collateral or credit enhancement obtained
Financial assets					
Cash and bank balances		217,344	36	217,308	Fidelity guarantee and cash-in-transit insurance coverage
Deposits with financial institutions	9.2.28	99,464	-	99,464	
Trade and other receivables, excluded deposits and prepayments		152,859	2,630	150,229	Security deposits from tenancy contracts
Amounts due from related companies		562	-	562	
Amount due from holding company		3,726	-	3,726	
Other investments	9.2.26	1,060	-	1,060	
Short term funds	9.2.27	59,930	-	59,930	
		<u>534,945</u>	<u>2,666</u>	<u>532,279</u>	

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.2 IOI Properties Berhad ("IOIP Group") (Continued)

9.2.40 Financial instruments (Continued)

Credit risk (Continued)

(b) Credit risk exposures and concentration (Continued)

2013	Section	Neither Strong RM'000	past due Medium RM'000	nor impaired Weak RM'000	Renegotiated RM'000	Past due not impaired RM'000	Total RM'000	Impairment charged in reporting period RM'000	Impairment at end of reporting period RM'000
Cash and bank balances		217,344	-	-	-	-	217,344	-	-
Deposits with financial institutions	9.2.28	99,464	-	-	-	-	99,464	-	-
Trade and other receivables, excluded deposits and prepayments		114,938	744	159	11,189	25,829	152,859	1,154	6,250
Amounts due from related companies		562	-	-	-	-	562	-	-
Amount due from holding company		3,726	-	-	-	-	3,726	-	-
Other investments	9.2.26	1,060	-	-	-	-	1,060	-	-
Short term funds	9.2.27	59,930	-	-	-	-	59,930	-	-
		<u>497,024</u>	<u>744</u>	<u>159</u>	<u>11,189</u>	<u>25,829</u>	<u>534,945</u>	<u>1,154</u>	<u>6,250</u>

Credit quality is analysed into the categories of Strong, Medium and Weak, whereby:

Strong = Strong financial standing, low probability of default

Medium = Low to moderate risk of default

Weak = Weak financial standing, history of past due

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.2 IOI Properties Berhad ("IOIP Group") (Continued)

9.2.40 Financial instruments (Continued)

Credit risk (Continued)

(b) Credit risk exposures and concentration (Continued)

2012	Section	Neither Strong RM'000	past due Medium RM'000	nor impaired Weak RM'000	Renegotiated RM'000	Past due not impaired RM'000	Total RM'000	Impairment charged in reporting period RM'000	Impairment at end of reporting period RM'000
Cash and bank balances		84,437	-	-	-	-	84,437	-	-
Deposits with financial institutions	9.2.28	23,869	-	-	-	-	23,869	-	-
Trade and other receivables, excluded deposits and prepayments		102,973	1,279	3,239	3,460	17,618	128,569	1,453	5,105
Amounts due from related companies		793	-	-	-	-	793	-	-
Amount due from holding company		9,284	-	-	-	-	9,284	-	-
Other investments	9.2.26	1,036	-	-	-	-	1,036	-	-
Short term funds	9.2.27	464,117	-	-	-	-	464,117	-	-
		<u>686,509</u>	<u>1,279</u>	<u>3,239</u>	<u>3,460</u>	<u>17,618</u>	<u>712,105</u>	<u>1,453</u>	<u>5,105</u>

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.2 IOI Properties Berhad ("IOIP Group") (Continued)

9.2.40 Financial instruments (Continued)

Credit risk (Continued)

(b) Credit risk exposures and concentration (Continued)

The credit risk concentration of IOIP Group is mainly in the "receivables" class, except for deposits and prepayments, and this is further analysed below to reveal the credit risk concentration by geographic location and business segment.

	Property development		Property investment		Others		Total	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
2011								
Malaysia	162,682	100	2,572	100	1,098	100	166,352	100
Asia (excluding Malaysia)	-	-	3	-	-	-	3	-
	<u>162,682</u>	<u>100</u>	<u>2,575</u>	<u>100</u>	<u>1,098</u>	<u>100</u>	<u>166,355</u>	<u>100</u>
2012								
Malaysia	123,663	100	2,951	100	1,955	100	128,569	100
Asia (excluding Malaysia)	-	-	-	-	-	-	-	-
	<u>123,663</u>	<u>100</u>	<u>2,951</u>	<u>100</u>	<u>1,955</u>	<u>100</u>	<u>128,569</u>	<u>100</u>
2013								
Malaysia	145,073	97	3,373	100	497	100	148,943	97
Asia (excluding Malaysia)	3,916	3	-	-	-	-	3,916	3
	<u>148,989</u>	<u>100</u>	<u>3,373</u>	<u>100</u>	<u>497</u>	<u>100</u>	<u>152,859</u>	<u>100</u>

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.2 IOI Properties Berhad ("IOIP Group") (Continued)

9.2.40 Financial Instruments (Continued)

Credit risk (Continued)

(b) Credit risk exposures and concentration (Continued)

From the above table, more than 93% (2012: 96% and 2011: 94%) in value of IOIP Group's financial assets are of "strong" credit quality, with only the "receivables" class having past due and impairment. Besides the objective evidence of loss events, it is also IOIP Group's policy to provide impairment for any amount past due in aging brackets above 120 days unless supported by valid reasons. The table below provides an aging analysis of past due but not impaired alongside with the rationale for deferment of impairment on those past due above 120 days.

	Past due but not impaired					Total RM'000	Estimated fair values of collateral and credit enhancement held RM'000
	1 - 30 days RM'000	31 - 60 days RM'000	61 - 90 days RM'000	91 - 120 days RM'000	>120 days RM'000		
2011							
Trade receivables	19,625	4,673	1,273	242	726	26,539	2,006
Other receivables	36	25	22	17	-	100	50
	<u>19,661</u>	<u>4,698</u>	<u>1,295</u>	<u>259</u>	<u>726</u>	<u>26,639</u>	<u>2,056</u>
2012							
Trade receivables	7,115	2,981	5,179	710	1,614	17,599	2,461
Other receivables	9	5	4	1	-	19	28
	<u>7,124</u>	<u>2,986</u>	<u>5,183</u>	<u>711</u>	<u>1,614</u>	<u>17,618</u>	<u>2,489</u>
2013							
Trade receivables	18,013	1,714	2,514	2,187	1,359	25,787	2,554
Other receivables	21	11	6	4	-	42	76
	<u>18,034</u>	<u>1,725</u>	<u>2,520</u>	<u>2,191</u>	<u>1,359</u>	<u>25,829</u>	<u>2,630</u>

Receivables of IOIP Group that are past due but not impaired are mainly related to the progress billings to be settled by end-buyers' financiers. It is IOIP Group's policy to monitor the financial standing of these receivables on an ongoing basis to ensure that IOIP Group is exposed to minimal credit risk.

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.2 IOI Properties Berhad ("IOIP Group") (Continued)

9.2.40 Financial instruments (Continued)

Liquidity and cash flow risk (Continued)

(b) Liquidity risk exposure

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

	On demand RM'000	Less than 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	More than 4 years RM'000	Total RM'000
2011							
Financial liabilities							
Trade and other payables	-	136,422	-	-	-	-	136,422
Borrowings	-	-	491,140	-	-	-	491,140
	-	136,422	491,140	-	-	-	627,562
2012							
Financial liabilities							
Trade and other payables	-	165,221	-	-	-	-	165,221
Amounts due to non-controlling interests	-	-	-	-	129,703	-	129,703
Amount due to a related company	-	-	-	-	-	492,083	492,083
Borrowings	-	499,340	-	-	-	-	499,340
	-	664,561	-	-	129,703	492,083	1,286,347

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.2 IOI Properties Berhad ("IOIP Group") (Continued)

9.2.40 Financial instruments (Continued)

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. IOIP Group's liquidity risk also includes non-financial instruments.

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

(a) Risk management approach

IOIP Group leverages on IOI Corporation Berhad as the public listed parent company whereby treasury related activities are centralised and where the optimal weighted-average-costs-of-funds is managed. The parent company plays a central liquidity management role where IOIP Group's longer term funding requirements are managed based on business and liquidity needs, whilst the day-to-day operational liquidity needs are decentralised at the business unit level. IOIP Group practises an arm's-length market based policy with regard to funding costs and encourages its business units to seek localised trade financing facilities where appropriate.

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

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

- Maintain a balanced contractual maturity profile of financial assets to meet financial liabilities (particularly on near and immediate term maturity);
- Maintain a diversified range of funding sources with adequate back-up facilities;
- Maintain debt financing and servicing plan; and
- Maintain medium to long term cash-flow planning incorporating funding positions and requirements of all its subsidiaries.

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

- Perform annual cash-flow budgeting and medium-term cash-flow planning, in which the timing of operational cash-flows and its resulting surplus or deficit is reasonably determined. (The aggregation of these allows for an overview of IOIP Group's forecast cash-flow and liquidity position, which in-turn facilitates further consolidated cash-flow planning);
- Manage contingent liquidity commitment and exposures;
- Monitor liquidity ratios against internal thresholds;
- Manage working capital for efficient use of tied-in funds and optimise cash conversion cycle; and
- Manage concentration and maturity profile of both financial and non-financial liabilities.

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)

9.2.40 Financial Instruments (Continued)

Fair values

2011 / 2012 / 2013

The carrying amounts of financial assets and financial liabilities, are approximate their fair values as at the end of the reporting period due to the relatively short term nature of the financial instruments or there is no significant difference between the historical interest rate at the point when liabilities were undertaken and the current prevailing market interest rate.

The following methods and assumptions were used to estimate the fair values of financial instruments:

- i. The carrying amounts of financial assets and liabilities maturing within twelve (12) months approximate their fair values due to the relatively short term maturity of these financial instruments.
- ii. The fair values of quoted investments and short term funds are their quoted market prices at the end of reporting period.

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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)

9.2.40 Financial Instruments (Continued)

Liquidity and cash flow risk (Continued)

(b) Liquidity risk exposure (Continued)

	On demand RM'000	Less than 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	More than 4 years RM'000	Total RM'000
2013							
Financial liabilities							
Trade and other payables	-	246,154	-	-	-	-	246,154
Amounts due to non-controlling interests	138,430	-	-	-	-	-	138,430
Amount due to a related company	1,786,050	-	-	-	-	-	1,786,050
Borrowings	-	-	-	502,420	-	-	502,420
	<u>1,924,480</u>	<u>246,154</u>	<u>-</u>	<u>502,420</u>	<u>-</u>	<u>-</u>	<u>2,673,054</u>

- i. IOIP Group has ample liquidity to meet its "on-demand" financial liabilities and obligations maturing in the next 12 months;
- i. Financial liabilities contractual maturity periods exceeding 12 months are within comfortable levels, and should be well covered by its annual free-cash-flow to be generated from its operations; and
- ii. Liquidity risk concentration is evident in maturity bucket financial year 2014 and financial year 2016 onwards, where IOIP Group's borrowing commitments are due.

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)
 9.2.40 Financial instruments (Continued)

Classification of financial instruments

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

Financial assets	Loan and receivables RM'000	Fair value through profit or loss RM'000	Available-for-sale RM'000	Held-to-maturity RM'000	Total RM'000
2011					
Trade and other receivables, excluded deposits and prepayments	166,355	-	-	-	166,355
Amounts due from related companies	324,059	-	-	-	324,059
Amount due from holding company	980	-	-	-	980
Other investments	-	3,894	-	-	3,894
Short term funds	-	321,478	-	-	321,478
Deposits with financial institutions	296,816	-	-	-	296,816
Cash and bank balances	114,625	-	-	-	114,625
	902,835	325,372	-	-	1,228,207
2012					
Trade and other receivables, excluded deposits and prepayments	128,569	-	-	-	128,569
Amounts due from related companies	793	-	-	-	793
Amount due from holding company	9,284	-	-	-	9,284
Other investments	-	1,036	-	-	1,036
Short term funds	-	464,117	-	-	464,117
Deposits with financial institutions	23,869	-	-	-	23,869
Cash and bank balances	84,437	-	-	-	84,437
	246,952	465,153	-	-	712,105
2013					
Trade and other receivables, excluded deposits and prepayments	152,859	-	-	-	152,859
Amounts due from related companies	562	-	-	-	562
Amount due from holding company	3,726	-	-	-	3,726
Other investments	-	1,060	-	-	1,060
Short term funds	-	59,930	-	-	59,930
Deposits with financial institutions	99,464	-	-	-	99,464
Cash and bank balances	217,344	-	-	-	217,344
	473,955	60,990	-	-	534,945

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)
 9.2.40 Financial instruments (Continued)

Classification of financial instruments (Continued)

Financial liabilities	Other financial liabilities RM'000	Fair value through profit or loss RM'000	Total RM'000
2011			
Borrowings	491,140	-	491,140
Trade and other payables	136,422	-	136,422
	627,562	-	627,562
2012			
Borrowings	499,340	-	499,340
Trade and other payables	165,221	-	165,221
Amount due to a related company	492,083	-	492,083
Amounts due to non-controlling interests	129,703	-	129,703
	1,286,347	-	1,286,347
2013			
Borrowings	502,420	-	502,420
Trade and other payables	246,154	-	246,154
Amount due to a related company	1,786,050	-	1,786,050
Amounts due to non-controlling interests	138,430	-	138,430
	2,673,054	-	2,673,054

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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)

9.2.41 Commitments

Capital commitments

Authorised capital expenditure not provided for in the financial statements

	2011 RM'000	As at 30 June 2012 RM'000	2013 RM'000
- Contracted			
Additions of property, plant and equipment	80	-	11,643
Additions of land held for property development	-	261,224	277,333
Additions of investment properties	98,209	80,077	13,356
Additions of prepaid lease payments	-	-	3,688
- Not contracted			
Additions of property, plant and equipment	2,251	3,196	33,965
Additions of land held for property development	48,927	36,383	-
Additions of investment properties	103,460	110,196	9,647

Operating lease commitments

(a) IOIP Group as lessee

IOIP Group has entered into a non-cancellable operating lease agreement for a lease of office space from a related company for a lease period of three (3) years with a renewal term of three (3) years which covers built-up area of 80,505 sq. ft..

The future aggregate minimum lease payments under non-cancellable operating lease contracted for as at end of the reporting period but not recognised as liabilities are as follows:

	2011 RM'000	As at 30 June 2012 RM'000	2013 RM'000
Not later than one (1) year			
Later than one (1) year and not later than five (5) years	3,773	1,256	-
	1,256	-	-
	5,029	1,256	-

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)

9.2.41 Commitments (Continued)

Operating lease commitments (Continued)

(b) IOIP Group as lessor

IOIP Group has entered into non-cancellable operating lease agreements on its investment properties and unsold properties. These leases have remaining non-cancellable lease terms of between 2 - 9 years. IOIP Group also entered into long term property leases on its future property investment land.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at end of reporting period but not recognised as receivables are as follows:

	2011 RM'000	As at 30 June 2012 RM'000	2013 RM'000
Not later than one (1) year	53,707	64,772	70,323
Later than one (1) year and not later than five (5) years	29,534	49,858	47,438
Later than five (5) years	7,248	6,542	2,447
	90,489	121,172	120,208

9.2.42 Segmental information

IOIP Group has three (3) reportable operating segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which require different business and marketing strategies. The reportable segments are summarised as follows.

Property development	Development of residential, commercial and industrial properties
Property investment	Investments in shopping mall, office complex and other properties
Other operations	Management and operation of golf course, cultivation of plantation produce, project and building services management, landscape services and other operations which are not sizeable to be reported separately

IOIP Group's chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain aspects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Segment assets exclude tax assets and assets used primarily for corporate purposes.

Segment liabilities exclude tax liabilities, loans and borrowings that are managed under centralised treasury function.

Details are provided in the reconciliations from segment assets and liabilities to IOIP group position.

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.2 IOI Properties Berhad ("IOIP Group") (Continued)

9.2.42 Segmental information (Continued)

2012	Property development RM'000	Property investment RM'000	Other operations RM'000	Total RM'000
Revenue				
Segment revenue	951,678	83,382	48,679	1,083,739
Result				
Operating profit	400,887	50,002	34,381	485,270
Fair value gain on investment properties	-	144,439	-	144,439
Share of results of associates	400,887	194,441	34,381	629,709
Share of results of jointly controlled entities	4,326	-	8,228	12,554
Segment results	35,582	-	-	35,582
Segment results	440,795	194,441	42,609	677,845
Assets				
Operating assets	2,598,401	1,130,251	147,692	3,876,344
Interests in associates	22,538	-	76,688	99,226
Interests in jointly controlled entities	1,999,045	-	-	1,999,045
Segment assets	4,619,984	1,130,251	224,380	5,974,615
Liabilities				
Segment liabilities	792,729	23,346	3,145	819,220
Other Information				
Capital expenditure	1,817	75,455	369	77,641
Depreciation and amortisation	2,697	2,454	1,529	6,680
Non-cash items other than depreciation and amortisation	2,116	1,182	1,578	4,876

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.2 IOI Properties Berhad ("IOIP Group") (Continued)

9.2.42 Segmental information (Continued)

2011	Property development RM'000	Property investment RM'000	Other operations RM'000	Total RM'000
Revenue				
Segment revenue	952,109	80,526	47,193	1,079,828
Result				
Operating profit	439,674	109,549	29,992	579,215
Fair value gain on investment properties	-	74,289	-	74,289
Share of results of associates	439,674	183,838	29,992	653,504
Share of results of jointly controlled entities	3,341	-	4,696	8,037
Segment results	46,425	-	-	46,425
Segment results	489,440	183,838	34,688	707,966
Assets				
Operating assets	1,818,770	855,111	131,181	2,805,062
Interests in associates	31,592	-	75,644	107,236
Interests in jointly controlled entities	1,665,720	-	-	1,665,720
Segment assets	3,516,082	855,111	206,825	4,578,018
Liabilities				
Segment liabilities	150,088	23,199	1,695	174,982
Other Information				
Capital expenditure	3,037	25,957	1,556	30,550
Depreciation and amortisation	2,206	3,162	1,435	6,803
Non-cash items other than depreciation and amortisation	269	1,450	3,453	5,172

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)

9.2.42 Segmental information (Continued)

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities to IOIP Group's corresponding amounts are as follows:

	FYE 30 June		
	2011	2012	2013
	RM'000	RM'000	RM'000
Revenue			
Segment revenue	1,079,828	1,083,739	1,270,572
Inter-segment sales	(120,273)	(171,518)	(111,871)
Total revenue	959,555	912,221	1,158,701
Profit or loss			
Segment results	707,966	677,845	740,627
Interest income	33,644	47,023	39,780
Finance costs	(2,630)	(4,336)	(38,720)
Profit before taxation	738,980	720,532	741,687
Taxation	(105,185)	(132,347)	(167,041)
Profit for the financial year	633,795	588,185	574,646
Assets			
Segment assets	4,578,018	5,974,615	8,341,268
Unallocated corporate assets	635,244	509,172	185,963
Total assets	5,213,262	6,483,787	8,527,231
Liabilities			
Segment liabilities	174,982	819,220	2,265,662
Unallocated corporate liabilities	534,753	544,510	583,587
Total liabilities	709,735	1,363,730	2,849,249

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)

9.2.42 Segmental information (Continued)

2013	Property development RM'000	Property investment RM'000	Other operations RM'000	Total RM'000
Revenue				
Segment revenue	1,135,189	93,514	41,869	1,270,572
Result				
Operating profit	514,858	59,489	25,072	599,419
Loss on disposal of investment properties	-	(1,240)	-	(1,240)
Fair value gain on investment properties	-	39,648	-	39,648
Share of results of associates	514,858	97,897	25,072	637,827
Share of results of jointly controlled entities	4,266	-	6,989	11,255
Segment results	91,545	-	-	91,545
Segment assets	610,669	97,897	32,061	740,627
Assets				
Operating assets	4,393,812	1,491,676	181,359	6,066,847
Interests in associates	26,804	-	71,378	98,182
Interests in jointly controlled entities	2,176,239	-	-	2,176,239
Segment assets	6,596,855	1,491,676	252,737	8,341,268
Liabilities				
Segment liabilities	2,229,391	24,928	11,343	2,265,662
Other Information				
Capital expenditure	9,904	372,512	13,856	396,272
Depreciation and amortisation	2,296	2,002	1,475	5,773
Non-cash items other than depreciation and amortisation	8,421	1,046	552	10,019

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)					
9.2.42 Segmental information (Continued)					
Geographical Segments					
IOIP Group's major businesses operate in the following principal geographical areas:					
Malaysia	Development of residential, commercial and industrial properties Investments in shopping mall, office complex and other properties Cultivation of plantation produce				
	Management and operation of golf course, project management, landscape services and other operations				
Singapore	Development of residential properties				
Others	Development of residential properties which are not sizeable to be reported separately				
2011		Malaysia RM'000	Singapore RM'000	Others RM'000	Consolidated RM'000
Revenue from external customers by location of customers		953,963	5,592	-	959,555
Segment assets by location of assets		3,388,405	1,746,481	78,376	5,213,262
Capital expenditure by location of assets		30,550	-	-	30,550
2012					
Revenue from external customers by location of customers		912,221	-	-	912,221
Segment assets by location of assets		3,551,249	2,848,745	83,793	6,483,787
Capital expenditure by location of assets		77,636	5	-	77,641
2013					
Revenue from external customers by location of customers		1,149,193	9,508	-	1,158,701
Segment assets by location of assets		4,265,457	3,260,450	1,001,324	8,527,231
Capital expenditure by location of assets		159,069	291	236,912	396,272

There is no single external customer that the revenue generated from exceeded 10% of IOIP Group's revenue.

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.3 Resort Villa Development Sdn. Bhd. ("RVDSB")

9.3.1 Statements of profit or loss of RVDSB

The statements of profit or loss of RVDSB, which are extracted from the audited financial statements of RVDSB for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

	Section	Financial years ended 30 June		
		2011 RM	2012 RM	2013 RM
Revenue	9.3.6	61,052,108	63,295,009	70,875,608
Cost of sales		(28,770,706)	(32,302,017)	(35,364,918)
Gross profit		32,281,402	30,992,992	35,510,690
Other operating income	9.3.7	39,636,872	882,406	6,335,490
Marketing and selling expenses		(1,335,470)	(2,254,358)	(2,259,451)
Administration expenses		(6,224,829)	(4,945,328)	(5,607,927)
Other operating expenses		(13,816,602)	(23,312,193)	(14,325,698)
Operating profit	9.3.8	50,541,373	1,363,519	19,653,104
Interest income	9.3.9	-	7,525	186,416
Finance costs	9.3.10	(189,462)	(143,497)	(83,844)
Profit before taxation		50,351,911	1,227,547	19,755,676
Taxation	9.3.11	(3,118,328)	(2,508,653)	(2,886,496)
Profit/(Loss) for the financial year		47,233,583	(1,281,106)	16,869,180

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)

9.3.2 Statements of other comprehensive income of RVDSB

The statements of other comprehensive income of RVDSB, which are extracted from the audited financial statements of RVDSB for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Financial years ended 30 June		
	2011 RM	2012 RM	2013 RM
Profit/(Loss) for the financial year	47,233,583	(1,281,106)	16,869,180
Other comprehensive income	-	-	-
Total comprehensive income/(loss) for the financial year	47,233,583	(1,281,106)	16,869,180
Earnings before interest, tax, depreciation and amortisation ("EBITDA") (RM)	59,513,195	11,030,896	29,396,970
Number of ordinary shares of RM1.00 each	3,500,000	3,500,000	3,500,000
Gross earnings per share (RM)	14.39	0.35	5.64
Net earnings/(loss) per share (RM)	13.50	(0.37)	4.82
Gross profit ("GP") margin (%)	53	49	50
Profit before tax margin (%)	82	2	28
Profit/(Loss) after tax margin (%)	77	(2)	24
EBITDA margin (%)	97	17	41
Effective tax rate (%)	6	204	15

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)

9.3.3 Statements of financial position of RVDSB

The statements of financial position of RVDSB, which are extracted from the audited financial statements of RVDSB 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	2012 RM	2013 RM
ASSETS			
Non-current assets			
Property, plant and equipment	9.3.12	137,356,817	129,926,199
Investment property	9.3.13	212,000,000	203,384,000
		349,356,817	333,310,199
Current assets			
Inventories	9.3.14	618,054	649,728
Trade and other receivables	9.3.15	4,639,130	3,627,265
Amounts due from related companies	9.3.16	138,137	374,020
Cash and cash equivalents	9.3.22	177,240	497,335
		5,572,561	5,148,348
TOTAL ASSETS		354,929,378	354,435,682
EQUITY AND LIABILITIES			
Equity attributable to owner of RVDSB			
Share capital	9.3.17	4,050,000	4,050,000
Share premium		109,450,000	109,450,000
Retained earnings	9.3.18	187,279,811	185,970,772
Total equity		300,779,811	299,470,772
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	9.3.19	11,687,828	11,484,126
Current liabilities			
Trade and other payables	9.3.20	9,568,767	9,057,225
Amount due to holding company	9.3.21	32,320,806	18,140,397
Amounts due to related companies	9.3.16	19,172	16,972
Current tax liabilities		552,994	289,055
		42,461,739	27,503,649
Total liabilities		54,149,567	38,987,775
TOTAL EQUITY AND LIABILITIES		354,929,378	354,435,682

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

- 9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)
9.3.3 Statements of financial position of RVDSB (Continued)

Section	As at 30 June	
	2011 RM	2012 RM
Number of ordinary shares of RM1.00 each in issue	3,500,000	3,500,000
Net assets (RM)	300,779,811	316,339,952
Net assets per ordinary share of RM1.00 each (RM)	85.94	85.56
Trade receivables turnover period (days)	20	15
Trade payables turnover period (days)	32	27
Inventories turnover period (days)	8	7

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11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

- 9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)
9.3.4 Statements of changes in equity of RVDSB

The statements of changes in equity of RVDSB, which are extracted from the audited financial statements of RVDSB for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Non - Distributable		Distributable		Total equity RM
	Share capital RM	Share premium RM	Share capital RM	Retained earnings RM	
As at 1 July 2010	4,050,000	109,450,000	140,046,228	140,046,228	253,546,228
Total comprehensive income - Profit for the financial year	-	-	47,233,583	47,233,583	47,233,583
As at 30 June 2011	4,050,000	109,450,000	187,279,811	187,279,811	300,779,811
As at 1 July 2011	4,050,000	109,450,000	187,279,811	187,279,811	300,779,811
Effect of adoption of MFRS 1	-	-	(27,933)	(27,933)	(27,933)
Restated balance as at 1 July 2011	4,050,000	109,450,000	187,251,878	187,251,878	300,751,878
Total comprehensive loss - Loss for the financial year	-	-	(1,281,106)	(1,281,106)	(1,281,106)
As at 30 June 2012	4,050,000	109,450,000	185,970,772	185,970,772	299,470,772
As at 1 July 2012	4,050,000	109,450,000	185,970,772	185,970,772	299,470,772
Total comprehensive income - Profit for the financial year	-	-	16,869,180	16,869,180	16,869,180
As at 30 June 2013	4,050,000	109,450,000	202,839,952	202,839,952	316,339,952

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)	Section	Financial years ended 30 June		
		2011 RM	2012 RM	2013 RM
9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)				
9.3.5 Statements of cash flows of RVDSB				
The statements of cash flows of RVDSB, which are extracted from the audited financial statements of RVDSB for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:				
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation		50,351,911	1,227,547	19,755,676
Adjustments for:				
Impairment losses on receivables written back	9.3.15	(5,460)	-	67,937
Receivables written off		133,866	358,310	
Depreciation of property, plant and equipment	9.3.12	8,971,822	9,667,377	9,743,866
Fair value (gain)/loss of investment property	9.3.13	(39,000,000)	8,616,000	(5,716,000)
Interest charged by holding company		189,462	143,497	82,528
Interest charged by related company		-	-	1,316
Interest income	9.3.9	-	(7,525)	(186,416)
Property, plant and equipment written off	9.3.12	349,277	-	2,961
Operating profit before working capital changes		20,990,878	20,005,206	23,751,868
(Increase)/Decrease in inventories		(51,900)	(31,674)	(2,347)
(Increase)/Decrease in trade receivables		(522,431)	666,715	(2,703,654)
Increase in other receivables, deposits and prepayments		(13,138)	(13,160)	(174,355)
Increase in amounts due from related companies		(60,000)	(235,883)	(14,862,562)
Increase/(Decrease) in trade payables		1,239,688	(179,788)	(362,981)
Increase/(Decrease) in other payables and accruals		1,731,976	(331,754)	166,078
(Decrease)/Increase in amounts due to related companies		(12,696)	(2,200)	136,072
Cash generated from operations		23,302,377	19,877,462	5,948,119

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)	Section	Financial years ended 30 June		
		2011 RM	2012 RM	2013 RM
9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)				
9.3.5 Statements of cash flows of RVDSB (Continued)				
Cash generated from operations (Continued)		23,302,377	19,877,462	5,948,119
Interest received		-	7,525	186,416
Tax paid		(3,096,770)	(2,976,294)	(1,712,787)
Net cash from operating activities		20,205,607	16,908,693	4,421,748
CASH FLOWS FROM INVESTING ACTIVITY				
Additions to property, plant and equipment	9.3.12	(10,278,349)	(2,264,692)	(2,508,866)
Net cash used in investing activity		(10,278,349)	(2,264,692)	(2,508,866)
CASH FLOWS FROM FINANCING ACTIVITY				
Repayments to holding company		(10,333,867)	(14,323,906)	(2,088,767)
Net cash used in financing activity		(10,333,867)	(14,323,906)	(2,088,767)
Net (decrease)/increase in cash and cash equivalents		(406,609)	320,095	(175,885)
Cash and cash equivalents at beginning of financial year		583,849	177,240	497,335
Cash and cash equivalents at end of financial year	9.3.22	177,240	497,335	321,450

11. ACCOUNTANTS' REPORT (Cont'd)

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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)

9.3.6 Revenue

	2011 RM	FYE 30 June 2012 RM	2013 RM
Room rental	15,644,275	17,137,331	19,363,659
Food and beverage	24,245,189	28,485,975	33,520,906
Rental of property	20,168,490	16,639,095	16,872,931
Others	994,154	1,032,608	1,118,112
	61,052,108	63,295,009	70,875,608

9.3.7 Other operating income

	2011 RM	FYE 30 June 2012 RM	2013 RM
Fair value gain on investment property (Section 9.3.13)	39,000,000	-	5,716,000
Rental income of premises	374,689	383,700	344,000
Retention sum forfeited	67,748	287,519	-
Other creditor written off	-	89,297	-
Impairment losses on receivables written back	5,460	-	-
Others	188,975	121,890	275,490
	39,636,872	882,406	6,335,490

9.3.8 Operating profit

	2011 RM	FYE 30 June 2012 RM	2013 RM
(a) Operating profit has been arrived at after charging:			
Auditors' remuneration	16,000	16,000	16,000
Bad debts written off	133,866	358,310	67,937
Depreciation of property, plant and equipment (Section 9.3.12)	8,971,822	9,667,377	9,743,866
Equipment rental	57,372	50,123	50,172

11. ACCOUNTANTS' REPORT (Cont'd)

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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)

9.3.8 Operating profit (Continued)

	2011 RM	FYE 30 June 2012 RM	2013 RM
(a) Operating profit has been arrived at after charging: (Continued)			
Fair value loss on investment property (Section 9.3.13)	-	8,616,000	-
Property, plant and equipment written off (Section 9.3.12)	349,277	-	2,961
Rental of car park	342,042	357,264	357,264
Realised foreign currency translation loss	-	-	2,379
and crediting:			
Impairment losses on receivables written back (Section 9.3.15)	5,460	-	-
Gain on disposal of property, plant and equipment	-	-	-
Fair value gain on investment property (Section 9.3.13)	39,000,000	-	5,716,000
Realised foreign currency translation gain	9,960	265	-
Rental income of premises	374,689	384,700	344,000

Cost of inventories recognised as an expense during the financial year amounted to RM10,654,577 (2012: RM9,305,133 and 2011: RM7,627,138).

(b) Employee information

The employee benefits expenses are as follows:

	2011 RM	FYE 30 June 2012 RM	2013 RM
Wages, salaries and others	10,851,151	11,500,051	12,488,681
Contribution to Employee's Provident Fund	1,071,708	1,142,656	1,258,146
	11,922,859	12,642,707	13,746,827

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.3 Resort Villa Development Sdn. Bhd. ("RYDSB") (Continued)

9.3.9 Interest income

	2011 RM	FYE 30 June 2012 RM	2013 RM
Interest income:			
Late payment from tenants	-	7,525	1,083
Related company	-	-	186,437
Purchaser	-	-	(1,104)
	-	7,525	186,416

9.3.10 Finance costs

	2011 RM	FYE 30 June 2012 RM	2013 RM
Interest expenses:			
Holding company	189,462	143,497	82,528
Related company	-	-	1,316
	189,462	143,497	83,844

9.3.11 Taxation

	2011 RM	FYE 30 June 2012 RM	2013 RM
Current year tax expense based on profit for the financial year			
Malaysian income taxation	3,373,826	2,704,468	2,769,013
Deferred taxation (Section 9.3.19)	(153,183)	153,440	1,120,410
	3,220,643	2,857,908	3,889,423
(Over)/Under-provision in prior years	(4,955)	7,887	(811,835)
Malaysian income taxation	(97,360)	(357,142)	(191,092)
Deferred taxation (Section 9.3.19)	(102,315)	(349,255)	(1,002,927)
	3,118,328	2,508,653	2,886,496

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.3 Resort Villa Development Sdn. Bhd. ("RYDSB") (Continued)

9.3.11 Taxation (Continued)

A numerical reconciliation between effective tax rate and the applicable tax rate of RYDSB is as follows:

	2011 %	FYE 30 June 2012 %	2013 %
Applicable tax rate	25.00	25.00	25.00
Tax effects in respect of:			
Depreciation on non-qualifying property, plant and equipment	0.55	46.86	1.84
Non-allowable expenses	0.21	157.88	0.08
Tax exempt income	(19.36)	-	(7.23)
Over-provision in prior years	6.40	229.74	19.69
	(0.20)	(25.38)	(5.08)
	6.20	204.36	14.61

Malaysian income tax is calculated at the statutory tax rate of 25% (2012 and 2011: 25%) of the estimated assessable profit for the year. Deferred tax is calculated on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

9.3.12 Property, plant and equipment

2011	At beginning of financial year RM	Additions RM	Written off RM	At end of financial year RM
At Cost				
Freehold land	5,698,944	-	-	5,698,944
Buildings and improvements	120,145,086	4,799,251	(188,041)	124,756,296
Furniture, fittings and equipment	29,898,442	3,104,734	-	33,003,196
Motor vehicles	185,970	-	-	185,970
Plant and machinery	44,036,971	1,794,250	(436,274)	45,394,947
Operating equipment	5,008,496	232,734	-	5,241,230
Construction-in-progress	-	347,360	-	347,360
	204,973,909	10,278,349	(624,315)	214,627,943

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)

9.3.12 Property, plant and equipment (Continued)

2011	At beginning of financial year RM	Current year depreciation charge RM	Written off RM	At end of financial year RM
Accumulated Depreciation				
Buildings and improvements	18,090,597	2,853,594	(32,907)	20,911,284
Furniture, fittings and equipment	24,103,401	1,533,691	-	25,637,092
Motor vehicles	143,020	26,261	-	169,281
Plant and machinery	21,508,244	4,361,199	(242,131)	25,627,312
Operating equipment	4,729,080	197,077	-	4,926,157
	68,574,342	8,971,822	(275,038)	77,271,126

2012	At beginning of financial year RM	Current year depreciation charge RM	Additions RM	At end of financial year RM
At Cost				
Freehold land	5,698,944	-	-	5,698,944
Buildings and improvements	124,756,296	150,282	150,282	124,906,578
Furniture, fittings and equipment	33,003,196	941,101	941,101	33,944,297
Motor vehicles	185,970	-	-	185,970
Plant and machinery	45,394,947	158,010	158,010	45,552,957
Operating equipment	5,208,537	413,351	413,351	5,621,888
Construction-in-progress	347,360	601,948	601,948	949,308
	214,595,250	2,264,692	2,264,692	216,859,942

	At beginning of financial year RM	Current year depreciation charge RM	At end of financial year RM
Accumulated Depreciation			
Buildings and improvements	20,911,284	3,076,102	23,987,386
Furniture, fittings and equipment	25,637,092	1,835,551	27,472,643
Motor vehicles	169,281	11,594	180,875
Plant and machinery	25,627,312	4,569,223	30,196,535
Operating equipment	4,921,397	174,907	5,096,304
	77,266,366	9,667,377	86,933,743

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)

9.3.12 Property, plant and equipment (Continued)

2013	At beginning of financial year RM	Additions RM	Written off RM	Reclassification RM	At end of financial year RM
At Cost					
Freehold land	5,698,944	-	-	-	5,698,944
Buildings and improvements	124,906,578	71,089	-	1,303,205	126,280,872
Furniture, fittings and equipment	33,944,297	1,368,800	(500)	-	35,312,597
Motor vehicles	185,970	208,844	-	-	394,814
Plant and machinery	45,552,957	9,700	(7,993)	-	45,554,664
Operating equipment	5,621,888	496,536	-	-	6,118,424
Construction-in-progress	949,308	353,897	-	(1,303,205)	-
	216,859,942	2,508,866	(8,493)	-	219,360,315

2013	At beginning of financial year RM	Current year depreciation charge RM	Written off RM	At end of financial year RM
Accumulated Depreciation				
Buildings and improvements	23,987,386	3,087,408	-	27,074,794
Furniture, fittings and equipment	27,472,643	1,834,371	(96)	29,306,918
Motor vehicles	180,875	31,847	-	212,722
Plant and machinery	30,196,535	4,580,440	(5,436)	34,771,539
Operating equipment	5,096,304	209,800	-	5,306,104
	86,933,743	9,743,866	(5,532)	96,672,077

	2011 RM	2012 RM	2013 RM
Carrying Amount			
Freehold land	5,698,944	5,698,944	5,698,944
Buildings and improvements	103,845,012	100,919,192	99,206,078
Furniture, fittings and equipment	7,366,104	6,471,654	6,005,679
Motor vehicles	16,689	5,095	182,092
Plant and machinery	19,767,635	15,356,422	10,783,125
Operating equipment	315,073	525,584	812,320
Construction-in-progress	347,360	949,308	-
	137,356,817	129,926,199	122,688,238

The title of the freehold land, whereby RVDSB is the beneficiary owner, is 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

	2011 RM	As at 30 June 2012 RM	2013 RM
9. HISTORICAL FINANCIAL INFORMATION (Continued)			
9.3 Resort Villa Development Sdn. Bhd. ("RYDSB") (Continued)			
9.3.17 Share capital			
Authorised			
Ordinary shares of RM1.00 each	6,000,000	6,000,000	6,000,000
Redeemable preference shares of RM0.50 each	2,000,000	2,000,000	2,000,000
	8,000,000	8,000,000	8,000,000
Issued and fully paid-up			
Ordinary shares of RM1.00 each	3,500,000	3,500,000	3,500,000
Redeemable preference shares of RM0.50 each	550,000	550,000	550,000
	4,050,000	4,050,000	4,050,000

The owner of RYDSB is entitled to receive dividends as declared from time to time and is entitled to one (1) vote per share at meetings of RYDSB. All ordinary shares rank equally with regard to RYDSB's residual assets.

9.3.18 Retained earnings

Effective 1 January 2008, RYDSB was given the option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act, 1967 in Malaysia for the purpose of dividend distribution until the tax credit is fully utilised or latest, by 31 December 2013.

RYDSB has decided not to make this election and has tax credit under Section 108 of the Income Tax Act, 1967 in Malaysia amounting to approximately RM12,232,000 (2012 and 2011: RM12,232,000) to frank the payment of dividends out of its retained earnings as at end of the reporting period. Retained earnings not covered by tax credit amounted to approximately RM190,608,000 (2012: RM173,739,000 and 2011: RM175,048,000).

9.3.19 Deferred taxation liabilities

	2011 RM	As at 30 June 2012 RM	2013 RM
At beginning of financial year	11,938,371	11,687,828	11,484,126
Recognised in profit or loss (Section 9.3.11)	(153,183)	153,440	1,120,410
- Current year	(97,360)	(357,142)	(191,092)
- Prior years			
At end of financial year	11,687,828	11,484,126	12,413,444

11. ACCOUNTANTS' REPORT (Cont'd)



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

	2011 RM	As at 30 June 2012 RM	2013 RM
9. HISTORICAL FINANCIAL INFORMATION (Continued)			
9.3 Resort Villa Development Sdn. Bhd. ("RYDSB") (Continued)			
9.3.19 Deferred taxation liabilities (Continued)			
Presented after appropriate offsetting as follows:			
Deferred tax liabilities	16,147,366	15,233,899	14,257,615
Deferred tax assets	(4,459,538)	(3,749,773)	(1,844,171)
	11,687,828	11,484,126	12,413,444

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

	2011 RM	FYE 30 June 2012 RM	2013 RM
Deferred tax liabilities			
At beginning of financial year	16,458,607	16,147,366	15,233,899
Recognised in profit or loss			
Temporary differences on accelerated capital allowances	(311,241)	(916,467)	(976,284)
At end of financial year	16,147,366	15,233,899	14,257,615

	2011 RM	FYE 30 June 2012 RM	2013 RM
Deferred tax assets			
At beginning of financial year	4,520,236	4,459,538	3,749,773
Recognised in profit or loss			
Temporary differences on unabsorbed capital allowances	(60,698)	(709,765)	(1,905,602)
At end of financial year	4,459,538	3,749,773	1,844,171

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

	2011 RM	As at 30 June 2012 RM	2013 RM
Deferred tax liabilities			
Temporary differences on accelerated capital allowances	16,147,366	15,233,899	14,257,615

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)		As at 30 June	
9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)		2011	2013
9.3.19 Deferred taxation liabilities (Continued)		RM	RM
The components of deferred tax liabilities and assets at end of the reporting period comprise the tax effects of (Continued):			
Deferred tax assets			
		4,459,538	1,844,171
Unabsorbed capital allowances		3,749,773	
Trade and other payables			
		2,545,423	2,002,654
Trade payables (Section 9.3.20.1)		7,023,344	6,857,668
Other payables and accruals (Section 9.3.20.2)		9,568,767	8,860,322

9.3.20.1 Trade Payables

Credit terms of trade payables vary from 30 to 60 days (2012 and 2011: 30 to 60 days) from the date of invoice.

9.3.20.2 Other payables and accruals

	As at 30 June		2013
	2011	2012	RM
	RM	RM	RM
Other payables	3,572,015	1,910,639	2,209,875
Tenant deposits	1,382,936	1,424,471	1,384,558
Deposits	-	-	876,183
Accruals	2,068,393	3,356,480	2,387,052
	7,023,344	6,691,590	6,857,668

Included in other payables of RVDSB are retention monies due to contractors for the construction of hotel and office towers amounting to RM9,583 (2012: RM125,747 and 2011: RM415,014).

Trade and other payables are denominated in RM.

9.3.21 Amount due to holding company

The amount due to holding company represents advances and payments made on behalf, which is unsecured, bears interest at rates of 0.50% (2012 and 2011: 0.50%) per annum and payable upon demand in cash and cash equivalents.

Amount due to holding company is denominated in RM.

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)		As at 30 June	
9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)		2011	2013
9.3.22 Cash and cash equivalents		RM	RM
Cash and bank balances		177,240	497,335
Bank balances are deposits held at call with a licensed bank, which is denominated in RM.			321,450
Significant related party disclosures			
Identities of related parties			

9.3.23 Significant related party disclosures

9.3.23.1 Identities of related parties

Parties are considered to be related to RVDSB if RVDSB 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 RVDSB and the party are subject to common control or common significant influence. Related parties may be individual or other entities.

Related parties of RVDSB include:

- IOI Corporation Berhad, the holding company;
- Direct and indirect subsidiaries of the holding company;
- Vertical Capacity Sdn. Bhd. and its holding company, Progressive Holdings Sdn. Bhd., the major corporate shareholder of the holding company;
- Associates and jointly controlled entities of the holding company;
- Key management personnel which comprises persons (including the Directors of RVDSB) having authority and responsibility for planning, directing and controlling the activities of RVDSB directly or indirectly; and
- Affiliates, companies in which certain Directors who are also the substantial shareholders of the holding company have substantial shareholdings interest.

9.3.23.2 Significant related party transactions

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

	As at 30 June		2013
	2011	2012	RM
	RM	RM	RM
Holding company			
Interest expenses	189,462	143,497	82,528
Rental income (inclusive service charges)	1,274,364	1,274,364	1,274,364
Sales	384,929	544,260	589,599
Related companies			
Garden and road maintenance expenses	15,600	321,491	252,200
Interest income	-	6,750	186,437
Purchases			
Rental income (inclusive service charges)	3,767,634	3,767,634	3,767,634
Sales	392,246	319,215	462,539

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)
- 9.3.25 Financial Instruments (Continued)
- 9.3.25.2 Interest rate risk (Continued)
- 9.3.25.2.1 Risk management approach

RVDSB actively reviews its debt portfolio, taking into account the nature and requirements of its businesses as well as the current business and economic environment.

Funds held for liquidity purposes and temporary surpluses are placed in short term interest bearing financial instruments through RVDSB's holding company, whereby treasury activities are centralised.

- 9.3.25.2.2 Interest rate risk exposure

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

Section	Repricing Brackets					Total RM	Weighted average effective interest rate %
	Less than 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	More than 4 years RM		
2011							
Interest bearing financial liability							
Fixed rate instrument							
Amount due to holding company	9.3.21	32,320,806	-	-	-	32,320,806	0.50
Total liability repricing		32,320,806	-	-	-	32,320,806	
2012							
Interest bearing financial liability							
Fixed rate instrument							
Amount due to holding company	9.3.21	18,140,397	-	-	-	18,140,397	0.50
Total liability repricing		18,140,397	-	-	-	18,140,397	

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11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)
- 9.3.23 Significant related party disclosures (Continued)
- 9.3.23.2 Significant related party transactions (Continued)
- In addition to the transactions detailed elsewhere in the financial statements, RVDSB had undertaken the following transactions with the related parties during the financial year (Continued):
- | | As at 30 June | | |
|-----------------------------|---------------|------------|------------|
| Affiliate | 2011
RM | 2012
RM | 2013
RM |
| Rental expenses on car park | 342,042 | 357,264 | 357,264 |
- The related party transactions described above were carried out on negotiated terms and conditions and in the ordinary course of business between the related parties and RVDSB.
- Information regarding outstanding balances arising from related party transactions as at 30 June 2011, 30 June 2012 and 30 June 2013 are disclosed in Section 9.3.16 and Section 9.3.21 of this Report.
- 9.3.23.3 Key management personnel compensation
- There is no compensation paid to Directors or other key management personnel during the financial year.
- 9.3.24 Capital management
- The primary objective of RVDSB's capital management is to ensure that RVDSB is able to continue as a going concern while maximising the return to shareholder through the optimisation of the debt and equity mix.
- RVDSB's capital structure is represented by the equity and debt of RVDSB and its capital ratio is determined by the holding company. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2013, 30 June 2012 and 30 June 2011.
- RVDSB is not subject to any externally imposed capital requirement.
- 9.3.25 Financial instruments
- Financial risk management objectives and policies
- RVDSB's activities expose it to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk and liquidity and cash flow risk. RVDSB's overall financial risk management objective is to ensure that RVDSB creates value for its shareholders whilst minimising potential adverse effects on its financial performance and positions. RVDSB operates within an established risk management framework and clearly defined guidelines that are approved by the Board of Directors of the holding company.
- 9.3.25.1 Foreign currency risk
- RVDSB incurs foreign currency risk on transactions that are denominated in a currency other than Ringgit Malaysia. These foreign exchange exposures are kept to an acceptable level.
- 9.3.25.2 Interest rate risk
- RVDSB's interest rate risk arises from its interest bearing financial instruments that could impact fair value and future cash-flows due to fluctuation in market interest rates.
- RVDSB's objective on interest rate risk management is to achieve a balance in re-pricing risks and the optimisation of its cost of funds whilst ensuring sufficient liquidity to meet funding needs.

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No.1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)

9.3.25 Financial Instruments (Continued)

9.3.25.2 Interest rate risk (Continued)

9.3.25.2.2 Interest risk exposure (Continued)

Sensitivity analysis

Sensitivity analysis on interest rate is applied on floating rate financial instruments only, as the carrying amount of fixed rate financial instruments is measured at amortised cost, sensitivity analysis was not presented.

9.3.25.3 Credit risk

RVDSB monitors its credit risk in accordance with IOI Corporation Berhad group's risk management approach.

RVDSB does not have any significant exposure to any individual customer or counter party nor does it have any major concentrations of credit risk related to any financial asset. RVDSB does not extend any loans or financial guarantees to third parties.

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

Risk management approach

Credit risk or financial loss from the failure of customers or counter parties to discharge their financial and contractual obligations from trade credits is managed through the application of credit approvals, credit limits, insurance programmes and monitoring procedures on an on-going basis. If necessary, RVDSB may obtain collateral from counter parties as a mean of mitigating losses in the event of default.

Policies and procedures

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

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No.1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)

9.3.25 Financial Instruments (Continued)

9.3.25.2 Interest rate risk (Continued)

9.3.25.2.2 Interest rate risk exposure (Continued)

Section	Repricing Brackets					Total RM	Weighted average effective interest rate %
	Less than 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	More than 4 years RM		
2013							
Interest bearing financial asset							
Fixed rate instrument							
Amounts due from related companies	7,466,516	-	-	-	-	7,466,516	2.90
Total asset repricing	7,466,516	-	-	-	-	7,466,516	
Interest bearing financial liability							
Fixed rate instrument							
Amount due to holding company	(16,134,158)	-	-	-	-	(16,134,158)	0.50
Total liability repricing	(16,134,158)	-	-	-	-	(16,134,158)	
Net repricing gap	(8,667,642)	-	-	-	-	(8,667,642)	

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
 9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)
 9.3.25 Financial instruments (Continued)
 9.3.25.3 Credit risk (Continued)

Credit risk exposures and concentration (Continued)

2013	Section	Maximum exposure RM	Collateral and enhancement RM	Net exposure to credit risk RM	Collateral or credit enhancement obtained
Cash and bank balances	9.3.22	321,450	101,000	220,450	Cash in transit Insurance coverage
Trade and other receivables, excluded deposits and prepayments	9.3.15	5,392,138	-	5,392,138	
Amounts due from related companies	9.3.16	15,236,582	-	15,236,582	
		<u>20,950,170</u>	<u>101,000</u>	<u>20,849,170</u>	

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
 9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)
 9.3.25 Financial instruments (Continued)
 9.3.25.3 Credit risk (Continued)

Credit risk exposures and concentration

RVDSB's credit risks are mainly on financial assets relating to cash and bank balances, trade and other receivables, excluded deposits and prepayments and amounts due from related companies as summarised in the table below:

2011	Section	Maximum exposure RM	Collateral and enhancement RM	Net exposure to credit risk RM	Collateral or credit enhancement obtained
Cash and bank balances	9.3.22	177,240	101,000	76,240	Cash in transit Insurance coverage
Trade and other receivables, excluded deposits and prepayments	9.3.15	3,887,498	-	3,887,498	
Amounts due from related companies	9.3.16	138,137	-	138,137	
		<u>4,202,875</u>	<u>101,000</u>	<u>4,101,875</u>	
2012					
Cash and bank balances	9.3.22	497,335	101,000	396,335	Cash in transit Insurance coverage
Trade and other receivables, excluded deposits and prepayments	9.3.15	2,845,064	-	2,845,064	
Amounts due from related companies	9.3.16	374,020	-	374,020	
		<u>3,716,419</u>	<u>101,000</u>	<u>3,615,419</u>	

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
 9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)
 9.3.25 Financial Instruments (Continued)
 9.3.25.3 Credit risk (Continued)

Credit risk exposures and concentration (Continued)

	Section	Neither past due nor Strong RM	Medium RM	Weak RM	Renegotiated RM	Past due not impaired RM	Total RM	Impairment charged in reporting period RM	Impairment allowance at end of reporting period RM
2013									
Cash and bank balances	9.3.22	321,450	-	-	-	-	321,450	-	-
Trade and other receivables, excluded deposits and prepayments	9.3.15	4,066,114	675,126	45,630	-	605,268	5,392,138	-	46,602
Amounts due from related companies	9.3.16	15,236,582	-	-	-	-	15,236,582	-	-
		<u>19,624,146</u>	<u>675,126</u>	<u>45,630</u>	<u>-</u>	<u>605,268</u>	<u>20,950,170</u>	<u>-</u>	<u>46,602</u>

Credit quality is analysed into the categories of Strong, Medium and Weak, whereby:

- Strong = Strong financial standing, low probability of default
 Medium = Low to moderate risk of default
 Weak = Weak financial standing, history of past due

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
 9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)
 9.3.25 Financial Instruments (Continued)
 9.3.25.3 Credit risk (Continued)

Credit risk exposures and concentration (Continued)

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

	Section	Neither past due nor Strong RM	Medium RM	Weak RM	Renegotiated RM	Past due not impaired RM	Total RM	Impairment charged in reporting period RM	Impairment allowance at end of reporting period RM
2011									
Cash and bank balances	9.3.22	177,240	-	-	-	-	177,240	-	-
Trade and other receivables, excluded deposits and prepayments	9.3.15	2,589,386	-	-	-	1,298,112	3,887,498	-	46,602
Amounts due from related companies	9.3.16	138,137	-	-	-	-	138,137	-	-
		<u>2,904,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,298,112</u>	<u>4,202,875</u>	<u>-</u>	<u>46,602</u>
2012									
Cash and bank balances	9.3.22	497,335	-	-	-	-	497,335	-	-
Trade and other receivables, excluded deposits and prepayments	9.3.15	1,702,490	-	-	-	1,142,574	2,845,064	-	46,602
Amounts due from related companies	9.3.16	374,020	-	-	-	-	374,020	-	-
		<u>2,573,845</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,142,574</u>	<u>3,716,419</u>	<u>-</u>	<u>46,602</u>

11. ACCOUNTANTS' REPORT (Cont'd)

IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)

9.3.25 Financial instruments (Continued)

9.3.25.4 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.

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

Risk management approach

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

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

- i. Maintain a balanced contractual maturity profile of financial assets to meet financial liabilities (particularly on near and immediate term maturity);
- ii. Maintain a diversified range of funding sources with adequate back-up facilities;
- iii. Maintain debt financing and servicing plan; and
- iv. Maintain medium to long term cash-flow planning.

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

- i. Perform annual cash-flow budgeting and medium-term cash-flow planning, in which the timing of operational cash-flows and its resulting surplus or deficit is reasonably determined. (The aggregation of these allows for an overview of RVDSB's forecast cash-flow and liquidity position, which in-turn facilitates further cash-flow planning);
- ii. Manage contingent liquidity commitment and exposures;
- iii. Monitor liquidity ratios against internal thresholds;
- iv. Manage working capital for efficient use of tied-in funds and optimise cash conversion cycle; and
- v. Manage concentration and maturity profile of both financial and non-financial liabilities.

11. ACCOUNTANTS' REPORT (Cont'd)

IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)

9.3.25 Financial instruments (Continued)

9.3.25.3 Credit risk (Continued)

Credit risk exposures and concentration (Continued)

From the above table, almost 94% (2012 and 2011: 69%) in value of RVDSB's financial assets are of "strong" credit quality, with only the "receivables" class having past due and impairment. Besides the objective evidence of loss events, it is also RVDSB's policy to provide impairment for any amount past due in aging brackets above 120 days unless supported by valid reasons. Table below provides an aging analysis of past due but not impaired alongside with the rationale for deferment of impairment on those past due above 120 days.

	Past due but not impaired					Total	Estimate fair value collateral and credit enhancement held
	1 - 30 days	31 - 60 days	61 - 90 days	91 - 120 days	>120 days		
	RM	RM	RM	RM	RM	RM	RM
2011							
Trade and other receivables, excluded deposits and prepayments	439,142	375,296	91,568	-	392,106	1,298,112	-
2012							
Trade and other receivables, excluded deposits and prepayments	571,758	205,251	174,783	-	190,782	1,142,574	-
2013							
Trade and other receivables, excluded deposits and prepayments	159,808	120,140	35,947	81,883	207,490	605,268	-

Receivables of RVDSB that are past due but not impaired are mainly represented by reputable organisations.

It is RVDSB's policy to monitor the financial standing of these receivables on an ongoing basis to ensure that RVDSB is exposed to minimal credit risk.

The credit risk concentration of RVDSB is mainly in the "receivables" net of deposits and prepayments.

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)

9.3.25 Financial Instruments (Continued)

9.3.25.4 Liquidity and cash flow risk (Continued)

Liquidity risk exposure

The table below summarises the maturity profile of RVDSB's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand RM	Less than 1 year RM	Total RM
2011			
Financial liabilities			
Trade and other payables	-	8,185,831	8,185,831
Amount due to holding company	32,320,806	-	32,320,806
Amounts due to related companies	19,172	-	19,172
2012			
Financial liabilities			
Trade and other payables	-	7,632,754	7,632,754
Amount due to holding company	18,140,397	-	18,140,397
Amounts due to related companies	16,972	-	16,972
2013			
Financial liabilities			
Trade and other payables	-	6,599,581	6,599,581
Amount due to holding company	16,134,158	-	16,134,158
Amounts due to related companies	154,360	-	154,360
	16,288,518	6,599,581	22,888,099

RVDSB will be able to meet its obligations as and when they fall due with the continuous support from its holding company.

9.3.25.5 Fair values

Methods/Assumptions used to estimate fair values.

The carrying amounts of financial assets and liabilities maturing within twelve (12) months approximate their fair values due to the relatively short term maturity of these financial instruments.

11. ACCOUNTANTS' REPORT (Cont'd)



101 Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)

9.3.25 Financial Instruments (Continued)

9.3.25.6 Classification of financial instruments

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

	Loan and receivables RM	Fair value through profit or loss RM	Available-for-sale RM	Held-to-maturity RM	Total RM
Financial assets					
2011					
Amounts due from related companies	138,137	-	-	-	138,137
Trade and other receivables, excluded deposits and prepayments	3,887,498	-	-	-	3,887,498
Cash and bank balances	177,240	-	-	-	177,240
	4,202,875	-	-	-	4,202,875
2012					
Amounts due from related companies	374,020	-	-	-	374,020
Trade and other receivables, excluded deposits and prepayments	2,845,064	-	-	-	2,845,064
Cash and bank balances	497,335	-	-	-	497,335
	3,716,419	-	-	-	3,716,419
2013					
Amounts due from related companies	15,236,582	-	-	-	15,236,582
Trade and other receivables, excluded deposits and prepayments	5,392,138	-	-	-	5,392,138
Cash and bank balances	321,450	-	-	-	321,450
	20,950,170	-	-	-	20,950,170

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)

9.3.25 Financial Instruments (Continued)

9.3.25.6 Classification of financial instruments (Continued)

	Other financial liabilities RM	Fair value through profit or loss RM	Total RM
Financial liabilities			
2011			
Trade and other payables	8,185,831	-	8,185,831
Amount due to a holding company	32,320,806	-	32,320,806
Amounts due to related companies	19,172	-	19,172
	<u>40,525,809</u>	<u>-</u>	<u>40,525,809</u>
2012			
Trade and other payables	7,632,754	-	7,632,754
Amount due to a holding company	18,140,397	-	18,140,397
Amounts due to related companies	16,972	-	16,972
	<u>25,790,123</u>	<u>-</u>	<u>25,790,123</u>
2013			
Trade and other payables	6,599,581	-	6,599,581
Amount due to a holding company	16,134,158	-	16,134,158
Amounts due to related companies	154,360	-	154,360
	<u>22,888,099</u>	<u>-</u>	<u>22,888,099</u>

9.3.26 Commitments

9.3.26.1 Capital commitment

	2011 RM	As at 30 June 2012 RM	2013 RM
Authorised capital expenditure not provided for in the financial statements:			
- Contracted			
Purchase of property, plant and equipment	33,225	95,373	250,500
Addition of investment property	141,097	-	-
	<u>174,322</u>	<u>95,373</u>	<u>250,500</u>

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)

9.3.26 Commitments (Continued)

9.3.26.2 Operating lease commitments - RVDSB as lessor

RVDSB has entered into non-cancellable operating lease agreements on its investment property. These leases have remaining non-cancellable lease terms of between 1 - 5 years.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at end of the reporting period but not recognised as receivables are as follows:

	2011 RM	As at 30 June 2012 RM	2013 RM
Not later than one (1) year	9,410,843	12,882,713	15,962,125
Later than one (1) year and not later than five (5) years	2,586,245	5,382,230	10,569,374
	<u>11,997,088</u>	<u>18,264,943</u>	<u>26,531,499</u>

Operating lease commitments - RVDSB as Lessee

RVDSB has entered into non-cancellable operating lease agreements on carpark land. These leases have remaining non-cancellable lease terms of between 1 - 5 years.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at end of the reporting period but not recognised as receivables are as follows:

	2011 RM	As at 30 June 2012 RM	2013 RM
Not later than one (1) year	-	-	226,314
Later than one (1) year and not later than five (5) years	-	-	91,332
	<u>-</u>	<u>-</u>	<u>317,646</u>

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)

9.3.27 Explanation of transition to MFRS

RVDSB is a non-transitioning entity as defined by the MASB, and has adopted the MFRS Framework during the FYE 30 June 2013. Accordingly, this is the first financial statements of RVDSB prepared in accordance with MFRSs.

The accounting policies set out in Section 7 of this Report have been applied in preparing the financial statements of RVDSB for the FYE 30 June 2013, as well as comparative information presented in these financial statements for the FYE 30 June 2012 and in the preparation of the opening MFRS statements of financial position at 1 July 2011 (the date of transition of RVDSB to MFRSs).

RVDSB has adjusted amounts previously reported in financial statements that were prepared in accordance with the previous FRs Frameworks. In preparing the opening statements of financial position at 1 July 2011, an explanation on the impact arising from the transition from FRs to MFRSs on RVDSB's financial position, financial performance and cash flows is set out as follows:

(a) Reconciliation of financial position as at 1 July 2011

Section	Previously reported under FRs RM	Effect on adoption of MFRSs RM	Restated under MFRSs RM
ASSETS			
Non-current assets			
Property, plant and equipment	137,356,817	(27,933)	137,328,884
Investment property	212,000,000	-	212,000,000
	349,356,817	(27,933)	349,328,884
Current assets			
Inventories	618,054	-	618,054
Trade and other receivables	4,639,130	-	4,639,130
Amounts due from related companies	138,137	-	138,137
Cash and cash equivalents	177,240	-	177,240
	5,572,561	-	5,572,561
TOTAL ASSETS	354,929,378	(27,933)	354,901,445

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)

9.3.27 Explanation of transition to MFRS (Continued)

(a) Reconciliation of financial position as at 1 July 2011 (Continued)

Section	Previously reported under FRs RM	Effect on adoption of MFRSs RM	Restated under MFRSs RM
EQUITY AND LIABILITIES			
Equity attributable to owner of RVDSB			
Share capital	4,050,000	-	4,050,000
Share premium	109,450,000	-	109,450,000
Retained earnings	187,279,811	(27,933)	187,251,878
TOTAL EQUITY	300,779,811	(27,933)	300,751,878
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	11,687,828	-	11,687,828
Current liabilities			
Trade and other payables	9,568,767	-	9,568,767
Amount due to holding company	32,320,806	-	32,320,806
Amounts due to related companies	19,172	-	19,172
Current tax liabilities	552,994	-	552,994
	42,461,739	-	42,461,739
TOTAL LIABILITIES	54,149,567	-	54,149,567
TOTAL EQUITY AND LIABILITIES	354,929,378	(27,933)	354,901,445

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)

9.3.27 Explanation of transition to MFRS (Continued)

(b) Reconciliation of financial position as at 30 June 2012

Section	Previously reported under FRSS RM	Effect on adoption of MFRSs RM	Restated under MFRSs RM
ASSETS			
Non-current assets			
Property, plant and equipment	130,102,889	(176,690)	129,926,199
Investment property	203,384,000	-	203,384,000
	<u>333,486,889</u>	<u>(176,690)</u>	<u>333,310,199</u>
Current assets			
Inventories	649,728	-	649,728
Trade and other receivables	3,627,265	-	3,627,265
Amounts due from related companies	374,020	-	374,020
Cash and cash equivalents	497,335	-	497,335
	<u>5,148,348</u>	<u>-</u>	<u>5,148,348</u>
TOTAL ASSETS	<u>338,635,237</u>	<u>(176,690)</u>	<u>338,458,547</u>

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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)

9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)

9.3.27 Explanation of transition to MFRS (Continued)

(b) Reconciliation of financial position as at 30 June 2012 (Continued)

Section	Previously reported under FRSS RM	Effect on adoption of MFRSs RM	Restated under MFRSs RM
EQUITY AND LIABILITIES			
Equity attributable to owner of RVDSB			
Share capital	4,050,000	-	4,050,000
Share premium	109,450,000	-	109,450,000
Retained earnings	186,147,462	(176,690)	185,970,772
	<u>299,647,462</u>	<u>(176,690)</u>	<u>299,470,772</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	11,484,126	-	11,484,126
Current liabilities			
Trade and other payables	9,057,225	-	9,057,225
Amount due to holding company	18,140,397	-	18,140,397
Amounts due to related companies	16,972	-	16,972
Current tax liabilities	289,055	-	289,055
	<u>27,503,649</u>	<u>-</u>	<u>27,503,649</u>
TOTAL LIABILITIES	<u>38,987,775</u>	<u>-</u>	<u>38,987,775</u>
TOTAL EQUITY AND LIABILITIES	<u>338,635,237</u>	<u>(176,690)</u>	<u>338,458,547</u>

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)

9.3.27 Explanation of transition to MFRS (Continued)

(c) Reconciliation of profit and loss and other comprehensive income as at 30 June 2012

The statement of profit or loss and statement of other comprehensive income for the FYE 30 June 2012 have been restated arising from the adoption of MFRS as follows:

	Previously reported under FRSS RM	Effects on adoption of MFRS RM	As restated under MFRS RM
Revenue	63,295,009	-	63,295,009
Cost of sales	(32,302,017)	-	(32,302,017)
Gross profit	30,992,992	-	30,992,992
Other operating income	882,406	-	882,406
Marketing and selling expenses	(1,364,325)	(890,033)	(2,254,358)
Administration expenses	(6,340,867)	1,395,539	(4,945,328)
Other operating expenses	(22,657,930)	(654,263)	(23,312,193)
Operating profit	1,512,276	(148,757)	1,363,519
Interest income	7,525	-	7,525
Finance cost	(143,497)	-	(143,497)
Profit before taxation	1,376,304	(148,757)	1,227,547
Taxation	(2,508,653)	-	(2,508,653)
Loss for the financial year	(1,132,349)	(148,757)	(1,281,106)
Loss for the financial year	(1,132,349)	(148,757)	(1,281,106)
Other comprehensive income	-	-	-
Total comprehensive loss for the financial year	(1,132,349)	(148,757)	(1,281,106)

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.3 Resort Villa Development Sdn. Bhd. ("RVDSB") (Continued)

9.3.27 Explanation of transition to MFRS (Continued)

(d) Notes to reconciliation

(i) Property, plant and equipment

RVDSB elected to measure property, plant and equipment at cost in accordance with MFRS 116 Property, Plant and Equipment at the date of transition to MFRS. Upon transition to MFRS, RVDSB derecognised certain previously capitalised costs which are not permitted in accordance with MFRS 116.

The costs of property, plant and equipment as at 1 July 2011 and 30 June 2012 were determined to be RM137,328,884 and RM129,926,199, respectively under MFRSs as compared with the carrying amounts of RM137,356,817 and RM130,102,889, respectively under FRSS.

(ii) Retained earnings

The changes described earlier resulted in the following impact on retained earnings:

	30.6.2012 RM	1.7.2011 RM
Decrease in retained earnings	176,690	27,933

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11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.4 Resort Villa Golf Course Berhad ("RVGCB")

9.4.1 Statements of profit or loss of RVGCB

The statements of profit or loss of RVGCB, which are extracted from the audited financial statements of RVGCB for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Financial years ended 30 June		
	2011 RM	2012 RM	2013 RM
Revenue	1,090,742	3,843,984	11,492,368
Cost of sales	-	(171,451)	(709,104)
Gross profit	1,090,742	3,672,533	10,783,264
Other operating income	41,270,113	489,842	3,710,501
Staff costs	(2,871,420)	(3,451,228)	(4,322,502)
Depreciation of property, plant and equipment	(1,064,807)	(2,075,194)	(3,597,916)
Other operating expenses	(3,563,873)	(7,984,796)	(4,172,141)
Operating profit/(loss)	34,860,755	(9,348,843)	2,401,206
Interest income	31,950	12,236	1,864
Finance costs	(94,402)	(236,333)	(423,935)
Profit/(Loss) before taxation	34,798,303	(9,572,940)	1,979,135
Taxation	-	26,750	-
Profit/(Loss) for the financial year	34,798,303	(9,546,190)	1,979,135

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)

9.4.2 Statements of other comprehensive income of RVGCB

The statements of other comprehensive income of RVGCB, which are extracted from the audited financial statements of RVGCB for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Financial years ended 30 June		
	2011 RM	2012 RM	2013 RM
Profit/(Loss) for the financial year	34,798,303	(9,546,190)	1,979,135
Other comprehensive income	-	-	-
Total comprehensive income/(loss) for the financial year	34,798,303	(9,546,190)	1,979,135
Earnings/(loss) before interest, tax, depreciation and amortisation ("EBITDA/(LBITDA)") (RM)	35,925,562	(7,273,649)	5,999,122
Number of ordinary shares of RM1.00 each	5,050,000	5,050,000	5,050,000
Gross earnings/(loss) per share (RM)	6.89	(1.90)	0.39
Net earnings/(loss) per share (RM)	6.89	(1.89)	0.39
Gross profit ("GP") margin (%)	100	96	94
Profit/(Loss) before tax margin (%)	3,190	(249)	17
Profit/(Loss) after tax margin (%)	3,190	(248)	17
EBITDA/(LBITDA) margin (%)	3,294	(189)	52
Effective tax rate (%)	-	-	-

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)

9.4.3 Statements of financial position of RVGCB
The statements of financial position of RVGCB, which are extracted from the audited financial statements of RVGCB for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

ASSETS	Section	As at 30 June		
		2011 RM	2012 RM	2013 RM
Non-current assets				
Property, plant and equipment	9.4.12	129,094,756	137,479,960	144,623,416
Current assets				
Inventories	9.4.14	104,587	220,773	249,340
Trade and other receivables	9.4.15	827,550	374,799	579,517
Amounts due from related companies	9.4.16	346,848	320,627	371,806
Unsecured notes redemption fund account	9.4.13	588,457	-	-
Repairs and replacement sinking fund account	9.4.13	815,208	-	-
Trust account	9.4.13	699	-	-
Cash and cash equivalents	9.4.21	190,853	174,296	425,298
		2,874,202	1,090,495	1,625,961
TOTAL ASSETS		131,968,958	138,570,455	146,249,377
EQUITY AND LIABILITIES				
Equity attributable to owner of RVGCB				
Share capital	9.4.17	5,275,000	5,275,000	5,275,000
Share premium		44,775,000	44,775,000	44,775,000
Retained earnings	9.4.22	33,552,923	23,193,138	25,172,273
Total equity		83,602,923	73,243,138	75,222,273
LIABILITIES				
Current liabilities				
Trade and other payables	9.4.19	12,114,714	15,289,965	9,671,906
Amount due to holding company	9.4.20	36,135,355	49,960,665	53,763,879
Amounts due to related companies	9.4.16	-	44,989	7,586,021
Unsecured notes	9.4.18	110,668	26,400	-
Current tax liabilities		5,298	5,298	5,298
Total liabilities		48,366,035	65,327,317	71,027,104
TOTAL EQUITY AND LIABILITIES		131,968,958	138,570,455	146,249,377

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)

9.4.3 Statements of financial position of RVGCB (Continued)

	Section	As at 30 June		
		2011 RM	2012 RM	2013 RM
Number of ordinary shares of RM1.00 each in issue		5,050,000	5,050,000	5,050,000
Net assets (RM)		83,602,923	73,243,138	75,222,273
Net assets per ordinary share of RM1.00 each		16.56	14.50	14.90
Trade receivables turnover period (days)		6	12	13
Trade payables turnover period (days)		88	163	172

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)

9.4.4 Statements of changes in equity of RVGCB

The statements of changes in equity of RVGCB, which are extracted from the audited financial statements of RVGCB for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Non - Distributable			(Accumulated losses)/ Retained earnings RM	Total equity RM
	Share capital RM	Share premium RM	Share capital RM		
As at 1 July 2010	5,275,000	44,775,000	44,775,000	(1,245,380)	48,804,620
Total comprehensive income - Profit for the financial year				34,798,303	34,798,303
As at 30 June 2011	5,275,000	44,775,000	44,775,000	33,552,923	83,602,923
As at 1 July 2011	5,275,000	44,775,000	44,775,000	33,552,923	83,602,923
Effect of adoption of MFRS 1				(813,595)	(813,595)
Restated balance as at 1 July 2011	5,275,000	44,775,000	44,775,000	32,739,328	82,789,328
Total comprehensive loss - Loss for the financial year				(9,546,190)	(9,546,190)
As at 30 June 2012	5,275,000	44,775,000	44,775,000	23,193,138	73,243,138
As at 1 July 2012	5,275,000	44,775,000	44,775,000	23,193,138	73,243,138
Total comprehensive income - Profit for the financial year				1,979,135	1,979,135
As at 30 June 2013	5,275,000	44,775,000	44,775,000	25,172,273	75,222,273

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)

9.4.5 Statements of cash flows of RVGCB

The statements of cash flows of RVGCB, which are extracted from the audited financial statements of RVGCB for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Financial years ended 30 June		
	2011 RM	2012 RM	2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxation	34,798,303	(9,572,940)	1,979,135
Adjustments for:			
Impairment losses on receivables	15,984	-	-
Impairment losses on receivables written back	(4,740)	(15,984)	-
Depreciation of property, plant and equipment	1,064,807	2,075,194	3,597,916
Interest expenses	94,402	236,333	423,935
Interest income from late payment	(1,353)	(1,797)	(1,864)
Interest income from sinking fund	(30,597)	(10,439)	-
Gain on disposal of property, plant and equipment	(40,832,664)	(151,063)	(3,410,050)
Property, plant and equipment written off	311,172	2,905,399	26,255
Bad debts written off	-	-	1,683
Operating (loss)/profit before working capital changes	(4,584,686)	(4,535,297)	2,617,010
Increase in inventories	(3,262)	(116,186)	(28,567)
(Increase)/Decrease in trade and other receivables	(658,957)	470,532	(204,537)
Decrease in trust account	-	699	-
Increase/(Decrease) in trade and other payables	5,593,090	3,175,251	(5,618,059)
Cash generated from/(used in) operations	346,185	(1,005,001)	(3,234,153)
Interest received from sinking fund	30,597	10,439	-
Tax refund	-	26,750	-
Net cash from/(used in) operating activities	376,782	(967,812)	(3,234,153)

11. ACCOUNTANTS' REPORT (Cont'd)

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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)

9.4.5 Statements of cash flows of RVGCB (Continued)

Section	Financial years ended 30 June		
	2011 RM	2012 RM	2013 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	(72,469,347)	(14,487,329)	(11,068,370)
Proceeds from disposal of property, plant and equipment	44,990,295	459,000	3,710,793
(Increase)/Decrease in unsecured notes redemption fund account	(13,950)	588,457	-
(Increase)/Decrease in repairs and replacement sinking fund account	(16,647)	815,208	-
(Advances to)/Net repayments from related companies	(126,175)	71,210	7,350,676
Net cash used in investing activities	(27,635,824)	(12,553,454)	(6,901)

CASH FLOWS FROM FINANCING ACTIVITIES

Decrease in unsecured notes	(118,532)	(84,268)	(26,400)
Advances from holding company	27,148,720	13,588,977	3,518,456
Net cash from financing activities	27,029,688	13,504,709	3,492,056
Net (decrease)/increase in cash and cash equivalents	(229,354)	(16,557)	251,002
Cash and cash equivalents at beginning of financial year	420,207	190,853	174,296
Cash and cash equivalents at end of financial year	190,853	174,296	425,298

11. ACCOUNTANTS' REPORT (Cont'd)

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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)

Section	FYE 30 June		
	2011 RM	2012 RM	2013 RM
Revenue	980,779	3,259,069	8,954,336
Golf club operations	17,755	464,563	2,115,993
Food and beverages	92,208	120,352	422,039
Others	1,090,742	3,843,984	11,492,368

9.4.7 Other operating income

	FYE 30 June		
	2011 RM	2012 RM	2013 RM
Gain on disposal of property, plant and equipment	40,832,664	151,063	3,410,050
Rental of premises	231,000	178,250	118,000
Impairment losses on receivables written back	4,740	15,984	-
Miscellaneous income	183,275	118,677	78,677
Others	18,434	25,868	103,774
Operating profit/(loss)	41,270,113	489,842	3,710,501

9.4.8 Operating profit/(loss)

	FYE 30 June		
	2011 RM	2012 RM	2013 RM
(a) Operating profit/(loss) has been arrived at after charging:			
Auditors' remuneration	10,000	10,000	10,000
Bad debts written off	-	-	1,683
Depreciation of property, plant and equipment (Section 9.4.12)	1,064,807	2,075,194	3,597,916
Property, plant and equipment written off (Section 9.4.12)	311,172	2,905,399	26,255
Rental of equipment	3,564	3,564	3,564
Rental of premises	31,810	22,890	16,200
Rental of land	2,180,539	1,020,809	-
Impairment losses on receivables (Section 9.4.15)	15,984	-	-
and crediting:			
Canteen rental income	9,000	7,000	-
Gain on disposal of property, plant and equipment	40,832,664	151,063	3,410,050
Impairment losses on receivables written back (Section 9.4.15)	4,740	15,984	-
Rental of golf equipment	8,199	8,794	-
Rental of premises	231,000	178,250	118,000

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)

(b) Employee information

The employee benefits cost are as follows:

	2011 RM	FYE 30 June 2012 RM	2013 RM
Wages, salaries and others	2,683,055	3,185,244	3,974,644
Contribution to Employee's Provident Fund	188,365	265,984	347,858
	<u>2,871,420</u>	<u>3,451,228</u>	<u>4,322,502</u>

9.4.9 Interest income

	2011 RM	FYE 30 June 2012 RM	2013 RM
Interest income	1,353	1,797	1,864
- late payment	30,597	10,439	-
- sinking funds			
	<u>31,950</u>	<u>12,236</u>	<u>1,864</u>

9.4.10 Finance costs

	2011 RM	FYE 30 June 2012 RM	2013 RM
Interest expenses:			
- Holding company	94,402	236,333	284,758
- Related companies	-	-	139,177
	<u>94,402</u>	<u>236,333</u>	<u>423,935</u>

9.4.11 Taxation

Current year tax expense based on profit for the financial year
Malaysian income tax
Deferred taxation (Section 9.4.23)

	2011 RM	FYE 30 June 2012 RM	2013 RM
Under/(Over)-provision in prior years	-	-	-
Malaysian income tax	-	(26,750)	-
Deferred taxation (Section 9.4.23)	-	(26,750)	-
	<u>-</u>	<u>(26,750)</u>	<u>-</u>

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)

9.4.11 Taxation (Continued)

A numerical reconciliation between effective tax rate and the applicable tax rate of RVGCB is as follows:

	2011 %	FYE 30 June 2012 %	2013 %
Applicable tax rate	25.00	(25.00)	25.00
Tax effects in respect of:			
- Depreciation on non-qualifying property, plant and equipment	0.30	2.90	26.74
- Non-allowable expenses	0.22	7.86	1.27
- Non-taxable income	(29.33)	-	(42.71)
- Deferred tax assets not recognised	3.81	14.24	-
- Utilisation of previously unrecognised deferred tax assets	-	-	(10.30)
Over-provision in prior years	-	(0.28)	-
	<u>-</u>	<u>(0.28)</u>	<u>-</u>

The amount of tax savings arising from the utilisation of brought forward unutilised tax losses of the Company amounted to RM815,481 (2012 and 2011: Nil).

Subject to agreement with the tax authorities, RVGCB has unutilised tax losses of approximately RM4,479,601 (2012: RM4,479,601 and 2011: RM3,087,939) available to set off against future taxable income.

Malaysian income tax is calculated at the statutory tax rate of 25% (2012 and 2011: 25%) of the estimated assessable profit for the year. Deferred tax is calculated on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

11. ACCOUNTANTS' REPORT (Cont'd)

IOI Properties Group Berhad (Company No. 1035807 - A)
Accountants' Report9. HISTORICAL FINANCIAL INFORMATION (Continued)
9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)
9.4.12 Property, plant and equipment

2011	At beginning of financial year RM	Additions RM	Disposals RM	Written off RM	At end of financial year RM
At Cost	14,726,780	41,600,000	(4,128,000)	-	52,198,780
Freehold land					
Golf course development expenditure	5,376,913	531,597	-	(322,624)	5,585,886
Clubhouse	12,953,018	-	(20,227)	(26,160)	12,906,631
Chinese restaurant	623,079	-	-	-	623,079
Furniture, fittings and equipment	5,815,261	1,437,959	(197,723)	(232,169)	6,823,328
Motor vehicles	2,817,747	326,170	(83,600)	(280,270)	2,780,047
Underpass bridge	853,262	-	-	-	853,262
Construction-in-progress	31,227,831	28,573,621	-	-	59,801,452
	74,393,891	72,469,347	(4,429,550)	(861,223)	141,572,465
		Current year depreciation charge RM			
At beginning of financial year RM	458,471	134,903	-	(36,295)	557,079
Golf course development expenditure	3,947,316	263,639	(3,492)	(2,762)	4,204,701
Chinese restaurant	623,067	-	-	-	623,067
Furniture, fittings and equipment	4,984,098	276,917	(184,831)	(231,079)	4,845,105
Motor vehicles	2,064,789	372,283	(83,596)	(279,915)	2,073,561
Underpass bridge	157,131	17,065	-	-	174,196
	12,234,872	1,064,807	(271,919)	(550,051)	12,477,709
	At beginning of financial year RM	Additions RM	Disposals RM	Written off RM	At end of financial year RM
2012					
At Cost	52,198,780	-	-	-	52,198,780
Freehold land					
Golf course development expenditure	5,585,886	15,146	-	(2,792,655)	47,892,421
Clubhouse	12,906,631	19,600	-	(644,451)	16,921,984
Chinese restaurant	623,079	-	-	-	623,079
Furniture, fittings and equipment	6,823,328	2,962,472	(102,000)	(1,117,370)	135,044
Motor vehicles	2,780,047	1,964,746	(1,260,000)	(66,542)	3,419,251
Staff quarters	853,262	-	-	-	853,262
Underpass bridge	853,262	-	-	-	853,262
Construction-in-progress	58,987,537	9,525,365	-	(68,512,902)	-
	140,758,550	14,487,329	(1,362,000)	(4,621,018)	149,262,861

11. ACCOUNTANTS' REPORT (Cont'd)

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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)

9.4.12 Property, plant and equipment (Continued)

2012	At beginning of financial year RM	Current year depreciation charge RM	Disposals RM	Written off RM	Reclassification RM	At end of financial year RM
Accumulated Depreciation						
Golf course development expenditure	556,759	586,460	-	(408,172)	-	735,047
Clubhouse	4,204,701	371,535	-	(133,765)	82,088	4,524,559
Chinese restaurant	623,067	-	-	-	-	623,067
Furniture, fittings and equipment	4,845,105	688,808	(40,800)	(1,107,143)	(82,088)	4,303,882
Motor vehicles	2,073,561	387,576	(1,013,263)	(66,539)	-	1,381,335
Staff quarters	23,750	-	-	-	-	23,750
Underpass bridge	174,196	17,065	-	-	-	191,261
	12,477,389	2,075,194	(1,054,063)	(1,715,619)	-	11,782,901
	At beginning of financial year RM	Additions RM	Disposals RM <td>Written off RM <td>Reclassification RM <td>At end of financial year RM</td> </td></td>	Written off RM <td>Reclassification RM <td>At end of financial year RM</td> </td>	Reclassification RM <td>At end of financial year RM</td>	At end of financial year RM
2013						
At Cost	52,198,780	-	(219,200)	-	-	51,979,580
Freehold land						
Golf course development expenditure	50,700,798	10,427,891	-	(17,131)	2,000	61,113,558
Clubhouse	29,203,764	13,296	(4,000)	(3,195)	(600)	29,209,265
Chinese restaurant	623,079	-	-	-	-	623,079
Furniture, fittings and equipment	8,701,474	627,183	(146,776)	(527,791)	(1,400)	8,652,690
Motor vehicles	3,419,251	-	(53,100)	(34,000)	-	3,332,151
Staff quarters	3,562,453	-	-	-	-	3,562,453
Underpass bridge	853,262	-	-	-	-	853,262
	149,262,861	11,068,370	(423,076)	(582,117)	-	159,326,038

11. ACCOUNTANTS' REPORT (Cont'd)



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

9.4.12	HISTORICAL FINANCIAL INFORMATION (Continued)					
	At beginning of financial year RM	Current year depreciation charge RM	Disposals RM	Written off RM	Reclassification RM	At end of financial year RM
Property, plant and equipment (Continued)						
2013						
Accumulated Depreciation						
Golf course development expenditure	735,047	1,420,498	-	(2,579)	(37,049)	2,115,917
Clubhouse	4,524,559	583,556	(603)	(631)	(115)	5,106,766
Chinese restaurant	623,067	-	-	-	-	623,067
Furniture, fittings and equipment	4,303,882	1,036,556	(103,145)	(518,653)	89,419	4,808,059
Motor vehicles	1,381,335	488,992	(18,585)	(33,999)	(52,255)	1,745,488
Staff quarters	23,750	71,249	-	-	-	94,999
Underpass bridge	191,261	17,065	-	-	-	208,326
	11,782,901	3,597,916	(122,333)	(555,862)	-	14,702,622
				As at 30 June 2012		
				RM		2013
Carrying Amount				RM		RM
Freehold land				52,198,780		51,979,580
Golf course development expenditure				49,965,751		58,997,641
Clubhouse				24,679,205		24,102,499
Chinese restaurant				12		12
Furniture, fittings and equipment				4,397,592		3,844,631
Motor vehicles				2,037,916		1,586,663
Staff quarters				3,538,703		3,467,454
Underpass bridge				679,066		644,936
Construction-in-progress				59,801,452		-
				129,094,756		144,623,416

The title of the freehold land, whereby RVGCB is the beneficiary owner, is registered under the name of the holding company, IOI Corporation Berhad.

9.4.13 Trust Fund Accounts

The Palm Garden Golf Club Unsecured Notes Redemption Fund Account, Repairs and Replacement Sinking Fund Account and Trust Account were established pursuant to the Trust Deed dated 31 March 1994, the Supplemental Trust Deed dated 6 June 1996, the Second Supplemental Trust Deed dated 3 December 1998, the Third Supplemental Trust Deed dated 20 December 2001, the Fourth Supplemental Trust Deed dated 17 December 2002, the Fifth Supplemental Trust Deed dated 19 April 2005, the Sixth Supplemental Trust Deed dated 19 August 2005, the Seventh Supplemental Trust Deed dated 11 November 2005 and the Eighth Supplemental Trust Deed dated 1 July 2008 amongst RVGCB, Pacific Trustee Berhad who assumed the Trustee role from AmTrustec Berhad effective from 19 April 2005 and the Members of the Club.

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)

9.4.13 Trust Fund Accounts (Continued)

The details on the various trust fund accounts are as follows:

(i) Unsecured Notes Redemption Fund Account

The Unsecured Notes Redemption Fund Account is established for the purpose of setting up a sinking fund to redeem the Unsecured Notes when they are due for redemption.

Pursuant to the Trust Deed, RVGCB shall within three (3) months from the end of each calendar year, deposit into the Unsecured Notes Redemption Fund Account a sum of RM23 for every RM1,000 nominal amount of Unsecured Note issued by RVGCB during that year.

All sums deposited in the Unsecured Notes Redemption Fund Account shall be invested by the Trustee in suitable secured bonds, government securities, bank guaranteed corporate bonds or other secured investments deemed fit by the Trustee and all interest or income earned thereon shall be accumulated to the principal in the Unsecured Notes Redemption Fund Account.

RVGCB may be requested to further deposit such sum as may be determined by the Trustee in the event that the Trustee is of the opinion that the fund in the account will not be sufficient to fully redeem the existing Unsecured Notes issued when the same is due for redemption.

(ii) Repairs and Replacement Sinking Fund Account

The Repairs and Replacement Sinking Fund Account is established for the purpose of setting up a sinking fund to cover costs for periodic major repairs or replacement of the facilities of the Club. Periodic major repairs or replacement denotes any periodic repairs or replacement incurred/to be incurred by RVGCB which exceed the sum of RM25,000 per item or job.

Pursuant to the Trust Deed, RVGCB shall deposit a sum equivalent to not less than 10% of the total monthly subscriptions received into the account within thirty (30) days from the date of receipt of the monies.

All sums deposited into the Repairs and Replacement Sinking Fund Account may be invested by the Trustee in suitable liquid and secured investments and any interest or income earned thereon shall be accumulated to the principal in the Repairs and Replacement Sinking Fund Account.

The Trustee shall release to RVGCB such expenditure as RVGCB shall incur in respect of any periodic major repairs or replacements to the Club. Any periodic repairs and replacements incurred or to be incurred by RVGCB which shall exceed the sum of RM25,000 per item or job shall be deemed a periodic major repair or replacement.

(iii) Trust Account

The Trust Account is established for the purpose of depositing and holding on trust by the Trustee for all Membership Price received by RVGCB until the expiry of the 10 days cooling-off period. The Trustee shall deposit the sum received in an interest earning account. The Membership Price and the interest income thereon are to be released to RVGCB upon the expiry of the cooling-off period.

11. ACCOUNTANTS' REPORT (Cont'd)

IOI Properties Group Berhad (Company No. 1035807 - A)
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	As at 30 June	
	2011 RM	2013 RM
9. HISTORICAL FINANCIAL INFORMATION (Continued)		
9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)		
9.4.17 Share capital		
Authorised		
Ordinary shares of RM1.00 each	6,000,000	6,000,000
Redeemable preference shares of RM0.50 each	500,000	500,000
	<u>6,500,000</u>	<u>6,500,000</u>
Issued and fully paid-up		
Ordinary shares of RM1.00 each	5,050,000	5,050,000
Redeemable preference shares of RM0.50 each	225,000	225,000
	<u>5,275,000</u>	<u>5,275,000</u>

The owner of RVGCB is entitled to receive dividend as declared from time to time and is entitled to one (1) vote per share at the meetings of RVGCB. All ordinary shares rank equally with regard to RVGCB's residual assets.

9.4.18 Unsecured notes

The non-interest bearing unsecured notes are issued pursuant to the Membership Agreement entered into between RVGCB and the Individual, Corporate and Non-Golfing Members under the Series A Memberships as evidence of the refundable security required to be paid by the said members. These unsecured notes are repayable in accordance with the Membership Agreement upon the expiry of the licence period of 60 years.

During the FYE 2012, RVGCB had terminated the membership and refunded to its members.

9.4.19 Trade and other payables

	As at 30 June	
	2011 RM	2013 RM
Trade payables (Section 9.4.19.1)	10,499,380	5,777,706
Other payables and accruals (Section 9.4.19.2)	<u>1,615,334</u>	<u>2,645,924</u>
	<u>12,114,714</u>	<u>8,423,630</u>
9.4.19.1 Trade payables		
Included in trade payables of RVGCB are retention monies of RM4,369,252 (2012: RM4,308,649 and 2011: Nil).		
Credit terms of trade payables is 45 days (2012 and 2011: 45 days) from the date of invoice.		

11. ACCOUNTANTS' REPORT (Cont'd)

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

	As at 30 June	
	2011 RM	2013 RM
9. HISTORICAL FINANCIAL INFORMATION (Continued)		
9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)		
9.4.19 Trade and other payables (Continued)		
9.4.19.2 Other payables and accruals		
Other payables	1,133,792	1,566,400
Accruals	167,247	774,242
Debtors security deposit	314,295	305,282
	<u>1,615,334</u>	<u>2,645,924</u>

Trade and other payables are denominated in RM.

9.4.20 Amount due to holding company

The amount due to holding company represents advances and payments made on behalf, which is unsecured, bears interest at rates of 0.50% (2012 and 2011: 0.50%) per annum and payable upon demand in cash and cash equivalents.

Amount due to holding company is denominated in RM.

9.4.21 Cash and cash equivalents

	As at 30 June	
	2011 RM	2013 RM
Cash and bank balances	190,853	174,296
Cash and cash equivalents are denominated in RM. Bank balances are deposits held at call with a licensed bank.		
	<u>190,853</u>	<u>174,296</u>

9.4.22 Retained earnings

Effective 1 January 2008, RVGCB is given the option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act, 1967 in Malaysia for the purpose of dividend distribution until the tax credit is fully utilised or latest, by 31 December 2013.

RVGCB has decided not to make this election and has sufficient tax credit under Section 108 of the Income Tax Act, 1967 amounting to approximately RM909 (2012: RM909 and 2011: RM909) to frank the payment of dividends out of its retained earnings at the end of the reporting period. Retained earnings not covered by tax credit amounting to approximately RM25,171,000 (2012: RM23,192,000 and 2011: RM33,952,000).

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)

9.4.23 Deferred taxation

The following deferred tax assets have not been recognised:

	As at 30 June		2013
	2011	2012	RM
	RM	RM	RM
Unutilised tax losses	3,087,939	4,479,601	4,479,601
Other deductible temporary differences	2,739,266	902,857	87,376
	5,827,205	5,382,458	4,566,977

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

9.4.24 Significant related party disclosures

9.4.24.1 Identities of related parties

Parties are considered to be related to RVGCB if RVGCB 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 RVGCB and the party are subject to common control or common significant influence. Related parties may be individual or other entities.

Related parties of RVGCB 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 shareholder 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 RVGCB) having authority and responsibility for planning, directing and controlling the activities of RVGCB directly or indirectly; and
- vi. Affiliates, companies in which certain Directors who are also the substantial shareholders of the holding company has substantial shareholdings interest.

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)

9.4.24 Significant related party disclosures (Continued)

9.4.24.2 Significant related party transactions

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

	As at 30 June		
	2011	2012	2013
	RM	RM	RM
Holding company			
Interest expenses	94,402	236,333	284,758
Related companies			
Interest expenses	-	-	139,177
Landscape services	-	-	64,371
Sales of land	-	-	3,600,000
Rental of staff apartment	15,100	7,490	-
Rental of premises	87,000	60,000	30,000
Revenue	83,515	317,185	531,307
Affiliate			
Rental of land	2,180,539	1,020,809	-

The related party transactions described above were carried out on negotiated terms and conditions and in the ordinary course of business between the related parties and RVGCB.

Information regarding outstanding balances arising from related party transactions as at 30 June 2011, 30 June 2012 and 30 June 2013 are disclosed in Section 9.4.16 and Section 9.4.20 of this Report.

9.4.24.3 Key management personnel compensation

There is no compensation paid to Directors or other key management personnel during the financial year.

9.4.25 Capital management

The primary objective of RVGCB's capital management is to ensure that RVGCB is able to continue as a going concern while maximising the return to shareholder through the optimisation of the debt and equity mix.

RVGCB's capital structure is represented by the equity and debt and its capital ratio is determined by the holding company. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2013, 30 June 2012 and 30 June 2011.

RVGCB is not subject to any externally imposed capital requirement.

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)
- 9.4.26 Financial instruments (Continued)
- 9.4.26.1 Interest rate risk (Continued)
- 9.4.26.1.2 Interest rate risk exposure

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

2011	Section	Repricing Brackets					Total RM	Weighted average effective interest rate %
		Less than 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	More than 4 years RM		
Interest bearing financial assets								
Fixed rate instruments								
Unsecured notes redemption fund account	9.4.13	588,457	-	-	-	-	588,457	2.80
Repairs and replacement sinking fund account	9.4.13	815,208	-	-	-	-	815,208	2.30
Trust account	9.4.13	699	-	-	-	-	699	4.45
Total assets repricing		1,404,364	-	-	-	-	1,404,364	
Interest bearing financial liability								
Fixed rate instrument								
Amount due to holding company	9.4.20	36,135,355	-	-	-	-	36,135,355	0.50
Total liability repricing		36,135,355	-	-	-	-	36,135,355	
Net repricing gap		(34,730,991)	-	-	-	-	(34,730,991)	

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11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)
- 9.4.26 Financial instruments
- Financial risk management objectives and policies
- RVGCB's activities expose it to a variety of financial risks, including interest rate risk, credit risk and liquidity and cash flow risk. RVGCB's overall financial risk management objective is to ensure that RVGCB creates value for its shareholders whilst minimising potential adverse effects on its financial performance and position. RVGCB operates within an established risk management framework and clearly defined guidelines that are approved by the Board of Directors of the holding company.
- 9.4.26.1 Interest rate risk
- RVGCB's interest rate risk arises from its interest bearing financial instruments that could impact fair value and future cash-flows due to fluctuation in market interest rates.
- RVGCB's objective on interest rate risk management is to achieve a balance in repricing risks and the optimisation of its cost of funds whilst ensuring sufficient liquidity to meet funding needs.
- 9.4.26.1.1 Risk management approach
- RVGCB actively reviews its debt portfolio, taking into account the nature and requirements of its businesses as well as the current business and economic environment.
- Funds held for liquidity purposes and temporary surpluses are placed in short term interest bearing financial instruments through RVGCB's holding company, whereby treasury activities are centralised.

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)

9.4.26 Financial instruments (Continued)

9.4.26.1 Interest rate risk (Continued)

9.4.26.1.3 Sensitivity analysis

Sensitivity analysis on interest rate is applied on floating rate financial instruments only, as the carrying amount of fixed rate financial instruments is measured at amortised cost, sensitivity analysis was not presented.

9.4.26.2 Credit risk

RVGCB monitors its credit risk in accordance with IOI Corporation Berhad group's risk management approach.

As at end of the reporting period, other than the amounts due from related companies constituting 39% (2012: 46% and 2011: 30%) of the total receivables of RVGCB, there was no significant concentration of credit risk. RVGCB does not extend any loans or financial guarantees to third parties.

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

9.4.26.2.1 Risk management approach

Credit risk or financial loss from the failure of customers or counter parties to discharge their financial and contractual obligations from trade credits is managed through the application of credit approvals, credit limits, insurance programmes and monitoring procedures on an on-going basis. If necessary, RVGCB may obtain collateral from counter parties as a means of mitigating losses in the event of default.

Policies and procedures

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

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)

9.4.26 Financial instruments (Continued)

9.4.26.1 Interest rate risk (Continued)

9.4.26.1.2 Interest rate risk exposure (Continued)

2012	Section	Repricing Brackets					Total RM	Weighted average effective interest rate %
		Less than 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	More than 4 years RM		
	Interest bearing financial liability							
	Fixed rate instrument							
	Amount due to holding company	9.4.20	49,960,665	-	-	-	49,960,665	0.50
	Total liability repricing		49,960,665	-	-	-	49,960,665	
	2013							
	Interest bearing financial liabilities							
	Fixed rate instruments							
	Amount due to holding company	9.4.20	53,763,879	-	-	-	53,763,879	0.50
	Amount due to a related company	9.4.16	7,586,021	-	-	-	7,586,021	3.10
	Total liability repricing		61,349,900	-	-	-	61,349,900	

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
 9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)
 9.4.26 Financial Instruments (Continued)
 9.4.26.2 Credit risk (Continued)
 9.4.26.2.2 Credit risk exposures and concentration (Continued)

2012	Section	Maximum exposure RM	Collateral and enhancement obtained RM	Net exposure to credit risk RM	Collateral or credit enhancement obtained
Financial assets					
Cash and bank balances	9.4.21	174,296	15,158	159,138	Cash in transit Insurance coverage
Trade and other receivables, excluded deposits and prepayments	9.4.15	145,343	-	145,343	
Amounts due from related companies	9.4.16	320,627	-	320,627	
		<u>640,266</u>	<u>15,158</u>	<u>625,108</u>	

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
 9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)
 9.4.26 Financial Instruments (Continued)
 9.4.26.2 Credit risk (Continued)
 9.4.26.2.2 Credit risk exposures and concentration

RVGCB's credit risks are mainly on financial assets relating to cash and bank balances, trade and other receivables, excluded deposits and prepayments and amounts due from related companies as summarised in the table below:

2011	Section	Maximum exposure RM	Collateral and enhancement obtained RM	Net exposure to credit risk RM	Collateral or credit enhancement obtained
Financial assets					
Cash and bank balances	9.4.21	190,853	13,580	177,273	Cash in transit Insurance coverage
Unsecured notes redemption fund account	9.4.13	588,457	-	588,457	
Repairs and replacement sinking fund account	9.4.13	815,208	-	815,208	
Trust account	9.4.13	699	-	699	
Trade and other receivables, excluded deposits and prepayments	9.4.15	80,007	14,151	65,856	
Amounts due from related companies	9.4.16	346,848	-	346,848	
		<u>2,022,072</u>	<u>27,731</u>	<u>1,994,341</u>	

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)
- 9.4.26 Financial instruments (Continued)
- 9.4.26.2 Credit risk (Continued)
- 9.4.26.2.2 Credit risk exposures and concentration (Continued)

The table below outlines the credit quality analysis of RVGCB's financial assets together with the impairment charge for the year.

2011	Section	Neither past due nor impaired				Past due not impaired	Total	Impairment charged in reporting period	Impairment allowance at end of reporting period
		Strong	Medium	Weak	Renegotiated				
		RM	RM	RM	RM	RM	RM	RM	
Cash and bank balances	9.4.21	190,853	-	-	-	-	190,853	-	-
Unsecured notes redemption fund account	9.4.13	588,457	-	-	-	-	588,457	-	-
Repairs and replacement sinking fund account	9.4.13	815,208	-	-	-	-	815,208	-	-
Trust account	9.4.13	699	-	-	-	-	699	-	-
Trade and other receivables, net of deposits and prepayments	9.4.15	74,400	-	-	-	5,607	80,007	15,984	15,984
Amounts due from related companies	9.4.16	346,848	-	-	-	-	346,848	-	-
		<u>2,016,465</u>	-	-	-	<u>5,607</u>	<u>2,022,072</u>	<u>15,984</u>	<u>15,984</u>

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)
- 9.4.26 Financial instruments (Continued)
- 9.4.26.2 Credit risk (Continued)
- 9.4.26.2.2 Credit risk exposures and concentration (Continued)

2013	Section	Maximum exposure	Collateral and enhancement obtained	Net exposure to credit risk	Collateral or credit enhancement obtained
		RM	RM	RM	
Financial assets					
Cash and bank balances	9.4.21	425,298	18,473	406,825	Cash in transit Insurance coverage
Trade and other receivables, excluded deposits and prepayments	9.4.15	422,746	-	422,746	
Amounts due from related companies	9.4.16	371,806	-	371,806	
		<u>1,219,850</u>	<u>18,473</u>	<u>1,201,377</u>	

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
 9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)
 9.4.26 Financial instruments (Continued)
 9.4.26.2 Credit risk (Continued)
 9.4.26.2.2 Credit risk exposures and concentration (Continued)

From the above table, more than 98% (2012: 97% and 2011: 99%) in value of RVGCB's financial assets are of "strong" credit quality, with only the "receivables" class having past due and impairment. Besides the objective evidence of loss events, it is also RVGCB's policy to provide impairment for any amount past due in aging brackets above 120 days unless supported by valid reasons. Table below provides an aging analysis of past due but not impaired alongside with the rationale for deferment of impairment on those past due above 120 days.

	Past due but not impaired					Total RM	Estimated fair value collateral and credit enhancement held RM
	1 - 30 days RM	31 - 60 days RM	61 - 90 days RM	91 - 120 days RM	>120 days RM		
2011							
Trade and other receivables	425	417	525	393	3,847	5,607	-
2012							
Trade and other receivables	9,544	3,210	878	788	6,202	20,622	-
2013							
Trade and other receivables	9,165	3,286	4,515	983	3,477	21,426	-

It is RVGCB's policy to monitor the financial standing of these receivables on an ongoing basis to ensure that RVGCB is exposed to minimal credit risk.

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
 9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)
 9.4.26 Financial instruments (Continued)
 9.4.26.2 Credit risk (Continued)
 9.4.26.2.2 Credit risk exposures and concentration (Continued)

	Section	Neither past due nor impaired			Past due not impaired RM	Total RM	Impairment charged in reporting period RM	Impairment at end of reporting period RM
		Strong RM	Medium RM	Weak RM				
2012								
Cash and bank balances	9.4.21	174,296	-	-	-	174,296	-	
Trade and other receivables, excluded deposits and prepayments	9.4.15	124,721	-	-	20,622	145,343	-	
Amounts due from related companies	9.4.16	320,627	-	-	-	320,627	-	
		619,644	-	-	20,622	640,266	-	
2013								
Cash and bank balances	9.4.21	425,298	-	-	-	425,298	-	
Trade and other receivables, excluded deposits and prepayments	9.4.15	401,320	-	-	21,426	422,746	-	
Amounts due from related companies	9.4.16	371,806	-	-	-	371,806	-	
		1,198,424	-	-	21,426	1,219,850	-	

Credit quality is analysed into the categories of Strong, Medium and Weak, whereby:

Strong = Strong financial standing, low probability of default
 Medium = Low to moderate risk of default
 Weak = Weak financial standing, history of past due

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)

9.4.26 Financial instruments (Continued)

9.4.26.3 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.

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

9.4.26.3.1 Risk management approach

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

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

- i. Maintain a balanced contractual maturity profile of financial assets to meet financial liabilities (particularly on near and immediate term maturity);
- ii. Maintain a diversified range of funding sources with adequate back-up facilities;
- iii. Maintain debt financing and servicing plan; and
- iv. Maintain medium to long term cash-flow planning.

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

- i. Perform annual cash-flow budgeting and medium-term cash-flow planning, in which the timing of operational cash-flows and its resulting surplus or deficit is reasonably determined. (The aggregation of these allows for an overview of RVGCB's forecast cash-flow and liquidity position, which in-turn facilitates further cash-flow planning);
- ii. Manage contingent liquidity commitment and exposures;
- iii. Monitor liquidity ratios against internal thresholds;
- iv. Manage working capital for efficient use of tied-in funds and optimise cash conversion cycle; and
- v. Manage concentration and maturity profile of both financial and non-financial liabilities.

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)

9.4.26 Financial instruments (Continued)

9.4.26.3 Liquidity and cash flow risk (Continued)

9.4.26.3.2 Liquidity risk exposure

The table below summarises the maturity profile of RVGCB's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand RM	Less than 1 year RM	Total RM
2011			
Financial liabilities			
Trade and other payables	-	11,800,419	11,800,419
Unsecured notes	110,668	-	110,668
Amount due to holding company	36,135,355	-	36,135,355
	36,246,023	11,800,419	48,046,442
2012			
Financial liabilities			
Trade and other payables	-	14,984,683	14,984,683
Unsecured notes	26,400	-	26,400
Amount due to holding company	49,960,665	-	49,960,665
Amount due to a related company	44,989	-	44,989
	50,032,054	14,984,683	65,016,737
2013			
Financial liabilities			
Trade and other payables	-	9,344,987	9,344,987
Amount due to holding company	53,763,879	-	53,763,879
Amount due to a related company	7,586,021	-	7,586,021
	61,349,900	9,344,987	70,694,887

RVGCB will be able to meet its obligations as and when they fall due with the continuous support from its holding company.

Fair values

9.4.26.4

Methods/Assumptions used to estimate fair values.

The carrying amounts of financial assets and liabilities maturing within twelve (12) months approximate their fair values due to the relatively short term maturity of these financial instruments.

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No.1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)		Fair value				Total
9.4	Resort Villa Golf Course Berhad ("RVGCB") (Continued)	Loan and receivables RM	through profit or loss RM	Available-for-sale RM	Held-to-maturity RM	RM
9.4.26	Financial instruments (Continued)					
9.4.26.5	Classification of financial instruments					
The financial assets and liabilities are classified into the following categories after initial recognition for the purpose of subsequent measurement:						
2011	Financial assets					
	Amounts due from related companies	346,848	-	-	-	346,848
	Trade and other receivables, excluded deposits and prepayments	80,007	-	-	-	80,007
	Unsecured notes redemption fund account	588,457	-	-	-	588,457
	Repair and replacement sinking fund account	815,208	-	-	-	815,208
	Trust account	699	-	-	-	699
	Cash and bank balances	190,853	-	-	-	190,853
		2,022,072	-	-	-	2,022,072
2012	Financial assets					
	Amounts due from related companies	320,627	-	-	-	320,627
	Trade and other receivables, excluded deposits and prepayments	145,343	-	-	-	145,343
	Cash and bank balances	174,296	-	-	-	174,296
		640,266	-	-	-	640,266
2013	Financial assets					
	Amounts due from related companies	371,806	-	-	-	371,806
	Trade and other receivables, excluded deposits and prepayments	422,746	-	-	-	422,746
	Cash and bank balances	425,298	-	-	-	425,298
		1,219,850	-	-	-	1,219,850

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No.1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)		Fair value		Total
9.4	Resort Villa Golf Course Berhad ("RVGCB") (Continued)	Other financial liabilities RM	through profit or loss RM	RM
9.4.26	Financial instruments (Continued)			
9.4.26.5	Classification of financial instruments (Continued)			
2011	Financial liabilities			
	Trade and other payables	11,800,419	-	11,800,419
	Amount due to holding company	36,135,355	-	36,135,355
	Unsecured notes	110,668	-	110,668
		48,046,442	-	48,046,442
2012	Financial liabilities			
	Trade and other payables	14,984,683	-	14,984,683
	Amount due to holding company	49,960,665	-	49,960,665
	Amount due to a related company	44,989	-	44,989
	Unsecured notes	26,400	-	26,400
		65,016,737	-	65,016,737
2013	Financial liabilities			
	Trade and other payables	9,344,987	-	9,344,987
	Amount due to holding company	53,763,879	-	53,763,879
	Amount due to a related company	7,586,021	-	7,586,021
		70,694,887	-	70,694,887
9.4.27	Capital commitments			
	Authorised capital expenditure not provided for in the financial statements:			
	Purchase of property, plant and equipment			
	- Contracted	14,244,089	5,869,000	-
	- Not contracted	17,620,000	-	-
		31,864,089	5,869,000	-

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)

9.4.28 Explanation of transition to MFRS

RVGCB is a non-transitioning entity as defined by the MASB, and has adopted the MFRS Framework during the FYE 30 June 2013. Accordingly, this is the first financial statements of RVGCB prepared in accordance with MFRSs.

The accounting policies set out in Section 7 of this Report have been applied in preparing the financial statements of RVGCB for the FYE 30 June 2013, as well as comparative information presented in these financial statements for the FYE 30 June 2012 and in the preparation of the opening MFRS statement of financial position at 1 July 2011 (the date of transition of RVGCB to MFRSs).

RVGCB has adjusted amounts previously reported in financial statements that were prepared in accordance with the previous FRs Frameworks. In preparing the opening statements of financial position at 1 July 2011, an explanation on the impact arising from the transition from FRs to MFRSs on RVGCB's financial position, financial performance and cash flows is set out as follows:

(a) Reconciliation of financial position as at 1 July 2011

ASSETS	Section	Previously reported under FRs RM	Effect on adoption of MFRSs RM	Restated under MFRSs RM
Non-current assets				
Property, plant and equipment	9.4.28(d)(i)	129,094,756	(813,595)	128,281,161
Current assets				
Inventories		104,587	-	104,587
Trade and other receivables		827,550	-	827,550
Amounts due from related companies		346,848	-	346,848
Unsecured notes redemption fund account		588,457	-	588,457
Repairs and replacement sinking fund account		815,208	-	815,208
Trust account		699	-	699
Cash and cash equivalents		190,853	-	190,853
		2,874,202	-	2,874,202
TOTAL ASSETS		131,968,958	(813,595)	131,155,363

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)

9.4.28 Explanation of transition to MFRS (Continued)

(a) Reconciliation of financial position as at 1 July 2011 (Continued)

EQUITY AND LIABILITIES	Section	previously reported under FRs RM	Effect on adoption of MFRSs RM	Restated under MFRSs RM
Equity attributable to owner of RVGCB				
Share capital		5,275,000	-	5,275,000
Share premium		44,775,000	-	44,775,000
Retained earnings	9.4.28(d)(ii)	33,552,923	(813,595)	32,739,328
TOTAL EQUITY		83,602,923	(813,595)	82,789,328

LIABILITIES

Current liabilities

Trade and other payables		12,114,714	-	12,114,714
Amount due to holding company		36,135,355	-	36,135,355
Amount due to a related company		-	-	-
Unsecured notes		110,668	-	110,668
Current tax liabilities		5,298	-	5,298
TOTAL LIABILITIES		48,366,035	-	48,366,035

TOTAL EQUITY AND LIABILITIES

		131,968,958	(813,595)	131,155,363
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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)

9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)

9.4.28 Explanation of transition to MFRS (Continued)

(b) Reconciliation of financial position as at 30 June 2012

ASSETS	Section	Previously reported under FRSs RM	Effect on adoption of MFRSs RM	Restated under MFRSs RM
Non-current assets				
Property, plant and equipment	9.4.28(d)(i)	138,334,902	(854,942)	137,479,960
Current assets				
Inventories		220,773	-	220,773
Trade and other receivables		374,799	-	374,799
Amounts due from related companies		320,627	-	320,627
Cash and cash equivalents		174,296	-	174,296
		1,090,495	-	1,090,495
TOTAL ASSETS		139,425,397	(854,942)	138,570,455

EQUITY AND LIABILITIES

Equity attributable to owner of RVGCB

Share capital	5,275,000	-	5,275,000
Share premium	44,775,000	-	44,775,000
Retained earnings	24,048,080	(854,942)	23,193,138
TOTAL EQUITY	74,098,080	(854,942)	73,243,138

LIABILITIES

Current liabilities

Trade and other payables	15,289,965	-	15,289,965
Amount due to holding company	49,960,665	-	49,960,665
Amount due to a related company	44,989	-	44,989
Unsecured notes	26,400	-	26,400
Current tax liabilities	5,298	-	5,298
TOTAL LIABILITIES	65,327,317	-	65,327,317

TOTAL EQUITY AND LIABILITIES

TOTAL EQUITY AND LIABILITIES	139,425,397	(854,942)	138,570,455
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11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)

9.4.28 Explanation of transition to MFRS (Continued)

(c) Reconciliation of profit and loss and other comprehensive income as at 30 June 2012

The statement of profit or loss and statement of other comprehensive income for the FYE 30 June 2012 have been restated arising from the adoption of MFRS as follows:

	Previously reported under FRSs RM	Effects on adoption of MFRSs RM	As restated under MFRSs RM
Revenue	3,843,984	-	3,843,984
Cost of sales	(171,451)	-	(171,451)
Gross profit	3,672,533	-	3,672,533
Other operating income	489,842	-	489,842
Staff costs	(3,451,228)	-	(3,451,228)
Depreciation of property, plant and equipment	(2,082,606)	7,412	(2,075,194)
Other operating expenses	(7,936,037)	(48,759)	(7,984,796)
Operating loss	(9,307,496)	(41,347)	(9,348,843)
Interest income	12,236	-	12,236
Finance cost	(236,333)	-	(236,333)
Loss before taxation	(9,531,593)	(41,347)	(9,572,940)
Taxation	26,750	-	26,750
Loss for the financial year	(9,504,843)	(41,347)	(9,546,190)
Loss for the financial year	(9,504,843)	(41,347)	(9,546,190)
Other comprehensive income	-	-	-
Total comprehensive loss for the financial year	(9,504,843)	(41,347)	(9,546,190)

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.4 Resort Villa Golf Course Berhad ("RVGCB") (Continued)

9.4.28 Explanation of transition to MFRS (Continued)

(d) Notes to reconciliation

(i) Property, plant and equipment

RVGCB elected to measure property, plant and equipment at cost in accordance with MFRS 116 *Property, Plant and Equipment* at the date of transition to MFRSs. Upon transition to MFRSs, RVGCB derecognised certain previously capitalised costs which are not permitted in accordance with MFRS 116.

The costs of property, plant and equipment as at 1 July 2011 and 30 June 2012 were determined to be RM128,282,161 and RM137,479,960, respectively under MFRSs as compared with the carrying amounts of RM129,094,756 and RM138,334,902, respectively under FRSS.

(ii) Retained earnings

The changes described earlier resulted in the following impact on retained earnings:

	30.6.2012	1.7.2011
	RM	RM
Decrease in retained earnings	854,942	813,595

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11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB")

9.5.1 Statements of profit or loss of RVGCDSB

The statements of profit or loss of RVGCDSB, which are extracted from the audited financial statements of RVGCDSB for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Financial years ended 30 June		
	2011 RM	2012 RM	2013 RM
Revenue	15,900,515	16,303,104	15,882,365
Cost of sales	<u>(7,252,379)</u>	<u>(7,698,758)</u>	<u>(7,438,319)</u>
Gross profit	8,648,136	8,604,346	8,444,046
Other operating income	315,683	294,967	397,582
Marketing and selling expenses	<u>(644,757)</u>	<u>(955,298)</u>	<u>(667,179)</u>
Administration expenses	<u>(3,021,701)</u>	<u>(3,392,029)</u>	<u>(3,787,835)</u>
Other operating expenses	<u>(96,058)</u>	<u>(96,732)</u>	<u>(48,050)</u>
Operating profit	5,201,303	4,455,254	4,338,564
Finance costs	<u>(5,692)</u>	<u>-</u>	<u>-</u>
Profit before taxation	5,195,611	4,455,254	4,338,564
Taxation	<u>(436,744)</u>	<u>(315,134)</u>	<u>(940,038)</u>
Profit for the financial year	<u>4,758,867</u>	<u>4,140,120</u>	<u>3,398,526</u>

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11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)

9.5.2 Statements of other comprehensive income of RVGCDSB

The statements of other comprehensive income of RVGCDSB, which are extracted from the audited financial statements of RVGCDSB for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Financial years ended 30 June		
	2011 RM	2012 RM	2013 RM
Profit for the financial year	4,758,867	4,140,120	3,398,526
Other comprehensive income			
Total comprehensive income for the financial year	4,758,867	4,140,120	3,398,526
Earnings before interest, tax, depreciation and amortisation ("EBITDA") (RM)	5,998,134	5,233,151	5,074,380
Number of ordinary shares of RM1.00 each	1,125,000	1,125,000	1,125,000
Gross earnings per share (RM)	4.62	3.96	3.86
Net earnings per share (RM)	4.23	3.68	3.02
Gross profit ("Gp") margin (%)	54	53	53
Profit before tax margin (%)	33	27	27
Profit after tax margin (%)	30	25	21
EBITDA margin (%)	38	32	32
Effective tax rate (%)	8	7	22

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)

9.5.3 Statements of financial position of RVGCDSB

The statements of financial position of RVGCDSB, which are extracted from the audited financial statements of RVGCDSB 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	2012 RM	2013 RM
ASSETS			
Non-current assets			
Property, plant and equipment	18,366,779	17,973,476	17,611,808
Current assets			
Inventories	248,738	224,802	204,059
Trade and other receivables	1,854,916	961,478	2,071,624
Amounts due from related companies	297,421	472,826	4,071,801
Amount due from holding company	1,286,050	407,527	-
Current tax assets	-	27,629	-
Cash and cash equivalents	173,752	397,004	225,658
TOTAL ASSETS	3,860,877	2,491,266	6,573,142
	22,227,656	20,464,742	24,184,950
EQUITY AND LIABILITIES			
Equity attributable to owner of RVGCDSB			
Share capital	1,160,000	1,132,500	1,132,500
Reserves	6,965,000	1,520,000	1,520,000
Retained earnings	10,926,908	15,028,004	18,426,530
Total equity	19,051,908	17,680,504	21,079,030
LIABILITIES			
Non-Current liabilities			
Deferred tax liabilities	710,810	745,573	807,078

11. ACCOUNTANTS' REPORT (Cont'd)

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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)

9.5.3 Statements of financial position of RVGCDSB (Continued)

Section	As at 30 June		2013 RM
	2011 RM	2012 RM	
Current liabilities			
Trade and other payables	2,331,765	1,955,660	1,880,380
Amount due to holding company	-	-	139,095
Amounts due to related companies	133,173	83,005	140,856
Current tax liabilities	-	-	138,511
Total liabilities	2,464,938	2,038,665	2,298,842
	3,175,748	2,784,238	3,105,920
TOTAL EQUITY AND LIABILITIES	22,227,656	20,464,742	24,184,950

Number of ordinary shares of RM1.00 each in issue

1,125,000

Net assets (RM)

19,051,908

Net assets per ordinary share of RM1.00 each (RM)

16.94

Trade receivables turnover period (days)

38

Trade payables turnover period (days)

37

Inventories turnover period (days)

13

11. ACCOUNTANTS' REPORT (Cont'd)

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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)

9.5.4 Statements of changes in equity of RVGCDSB

The statements of changes in equity of RVGCDSB, which are extracted from the audited financial statements of RVGCDSB for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Non - Distributable				Total equity RM
	Share capital RM	Share premium RM	Capital redemption reserve RM	Retained earnings RM	
As at 1 July 2010	1,160,000	6,965,000	-	6,168,041	14,293,041
Total comprehensive income	-	-	-	4,758,867	4,758,867
- Profit for the financial year	-	-	-	4,758,867	4,758,867
As at 30 June 2011	1,160,000	6,965,000	-	10,926,908	19,051,908
As at 1 July 2011	1,160,000	6,965,000	-	10,926,908	19,051,908
Effect of adoption of MFRS 1	-	-	-	(11,524)	(11,524)
Restated balance as at 1 July 2011	1,160,000	6,965,000	-	10,915,384	19,040,384
Total comprehensive income	-	-	-	4,140,120	4,140,120
- Profit for the financial year	-	-	-	4,140,120	4,140,120
Redemption of redeemable preference shares during the financial year	(27,500)	(5,472,500)	27,500	(27,500)	(5,500,000)
9.5.17					
As at 30 June 2012	1,132,500	1,492,500	27,500	15,028,004	17,680,504
As at 1 July 2012	1,132,500	1,492,500	27,500	15,028,004	17,680,504
Total comprehensive income	-	-	-	3,398,526	3,398,526
- Profit for the financial year	-	-	-	3,398,526	3,398,526
As at 30 June 2013	1,132,500	1,492,500	27,500	18,426,530	21,079,030

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)

9.5.5 Statements of cash flows of RVGCDSB

The statements of cash flows of RVGCDSB, which are extracted from the audited financial statements of RVGCDSB for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Financial years ended 30 June		
	2011 RM	2012 RM	2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	5,195,611	4,455,254	4,338,564
Adjustments for:			
Impairment losses on receivables	13,654	8,332	-
Impairment losses on receivables written back	-	(1,660)	-
Depreciation of property, plant and equipment	797,963	798,189	798,888
Interest charged by holding company	5,692	-	-
Interest income	-	-	(63,072)
Loss/(Gain) on disposal of property, plant and equipment	-	4,710	(5,054)
Operating profit before working capital changes	6,012,920	5,264,825	5,069,326
(Increase)/Decrease in inventories	(48,259)	23,936	20,743
(Increase)/Decrease in trade and other receivables	(755,514)	886,766	(1,110,146)
(Increase)/Decrease in amounts due from related companies	(297,402)	(175,405)	446,807
Increase/(Decrease) in trade and other payables	227,712	(376,105)	(75,280)
(Decrease)/Increase in amounts due to related companies	(3,162)	(50,168)	56,090
Cash generated from operations	5,136,295	5,573,849	4,407,540
Tax paid	-	(308,000)	(712,393)
Net cash from operating activities	5,136,295	5,265,849	3,695,147

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)

9.5.5 Statements of cash flows of RVGCDSB (Continued)

Section	Financial years ended 30 June		
	2011 RM	2012 RM	2013 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	(458,103)	(441,270)	(439,166)
Proceeds from disposal of property, plant and equipment	-	20,150	7,000
Net cash used in investing activities	(458,103)	(421,120)	(432,166)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayments to)/Advances from holding company	(4,618,367)	(4,621,477)	549,673
Advances to related company	-	-	(3,984,000)
Net cash used in financing activities	(4,618,367)	(4,621,477)	(3,434,327)
Net increase/(decrease) in cash and cash equivalents	59,825	223,252	(171,346)
Cash and cash equivalents at beginning of financial year	113,927	173,752	397,004
Cash and cash equivalents at end of financial year	173,752	397,004	225,658

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9.5.6	Revenue	FYE 30 June		
		2011 RM	2012 RM	2013 RM
	Room rental	6,816,624	6,976,639	6,994,229
	Food and beverage	8,980,419	9,031,410	8,594,826
	Others	103,472	295,055	293,310
		15,900,515	16,303,104	15,882,365

9.5.7 Other operating income

	FYE 30 June		
	2011 RM	2012 RM	2013 RM
Realised foreign currency transaction gain	1,678	2,128	1,233
Rental income from freehold land	97,560	98,760	98,760
Interest income charged to holding company	1,132	20,292	1,290
Interest income charged to related company	-	-	61,782
Gain on disposal of property, plant and equipment	-	-	5,054
Impairment losses on receivables written back (Section 9.5.13)	-	1,660	-
Others	215,313	172,127	229,463
	315,683	294,967	397,582

9.5.8 Operating profit

	FYE 30 June		
	2011 RM	2012 RM	2013 RM
(a) Operating profit has been arrived at after charging:			
Auditors' remuneration	14,000	14,000	14,000
Depreciation of property, plant and equipment (Section 9.5.11)	797,963	798,189	798,888
Impairment losses on receivables (Section 9.5.13)	13,654	8,332	-
Loss on disposal of property, plant and equipment	-	4,710	-
Rental of equipment	74,248	69,049	86,327
Rental of premises and crediting:	165,180	113,080	30,060
Realised foreign currency transaction gain	1,678	2,128	1,233
Rental income from freehold land	97,560	98,760	98,760
Interest income charged to holding company	1,132	20,292	1,290
Interest income charged to related company	-	-	61,782
Gain on disposal of property, plant and equipment	-	-	5,054
Impairment losses on receivables written back (Section 9.5.13)	-	1,660	-

Cost of inventories recognised as an expense during the financial year amounted to RM2,430,019 (2012: RM2,527,477 and 2011: RM2,559,844).

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)

9.5.8 Operating profit (Continued)

	FYE 30 June		
	2011 RM	2012 RM	2013 RM
(b) Employee information			
The employee benefits costs are as follows:			
Wages, salaries and others	3,714,005	4,345,407	3,395,327
Contribution to Employee's Provident Fund	309,334	333,693	337,349
	4,023,339	4,679,100	3,732,676

9.5.9 Finance costs

	FYE 30 June		
	2011 RM	2012 RM	2013 RM
Interest expenses:			
Holding company	5,692	-	-

9.5.10 Taxation

	FYE 30 June		
	2011 RM	2012 RM	2013 RM
Current year tax expense based on profit for the financial year			
Malaysian income taxation	-	280,371	883,000
Deferred taxation (Section 9.5.20)	407,407	85,542	(3,189)
	407,407	365,913	879,811
Under/(Over)-provision in prior years			
Malaysian income taxation	29,337	(50,779)	(4,467)
Deferred taxation (Section 9.5.20)	29,337	(50,779)	64,694
	29,337	(50,779)	60,227
	436,744	315,134	940,038

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)

9.5.10 Taxation (Continued)

A numerical reconciliation between effective tax rate and the applicable tax rate of RVGCDSB is as follows:

	2011 %	FYE 30 June 2012 %	2013 %
Applicable tax rate	25.00	25.00	25.00
Tax effects in respect of:			
Depreciation on non-qualifying property, plant and equipment	0.28	0.48	0.16
Non-allowable expenses	0.29	0.58	0.44
Tax incentive and allowance	(17.73)	(17.85)	(5.32)
Under/(Over)-provision in prior years	7.84	8.21	20.28
	0.57	(1.14)	1.39
	8.41	7.07	21.67

The amount of tax savings arising from the utilisation of brought forward unutilised tax losses of RVGCDSB amounted to RM220,000 (2012: RM220,000 and 2011: RM1,548,000).

Malaysian income tax is calculated at the statutory tax rate of 25% (2012 and 2011: 25%) of the estimated assessable profit for the year. Deferred tax is calculated on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

9.5.11 Property, plant and equipment

	At beginning of financial year RM	Additions RM	At end of financial year RM
2011	555,000	-	555,000
At Cost	23,379,366	69,813	23,449,179
Freehold land	7,026,944	291,568	7,318,512
Building and improvements	217,459	48,002	265,461
Furniture, fittings and equipment	143,841	48,720	192,561
Motor vehicles	31,322,610	458,103	31,780,713
Bedding, linen, cutlery, crockery and glassware			

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)

9.5.11 Property, plant and equipment (Continued)

	2011	At beginning of financial year RM	Current year depreciation charge RM	At end of financial year RM	
Accumulated Depreciation					
Building and improvements	6,509,047	6,509,047	468,491	6,977,538	
Furniture, fittings and equipment	5,870,260	5,870,260	284,346	6,154,606	
Motor vehicles	212,059	212,059	10,600	222,659	
Bedding, linen, cutlery, crockery and glassware	24,605	24,605	34,526	59,131	
	12,615,971	12,615,971	797,963	13,413,934	
2012		At beginning of financial year RM	Additions RM	Disposal RM	At end of financial year RM
At Cost					
Freehold land	555,000	555,000	-	-	555,000
Building and improvements	23,437,179	23,437,179	42,053	-	23,479,232
Furniture, fittings and equipment	7,316,584	7,316,584	280,214	(39,000)	7,557,798
Motor vehicles	265,461	265,461	-	-	265,461
Bedding, linen, cutlery, crockery and glassware	191,201	191,201	119,003	-	310,204
	31,765,425	31,765,425	441,270	(39,000)	32,167,695
Accumulated Depreciation					
Building and improvements	6,974,208	6,974,208	470,109	-	7,444,317
Furniture, fittings and equipment	6,154,285	6,154,285	266,779	(14,140)	6,406,924
Motor vehicles	222,659	222,659	11,400	-	234,059
Bedding, linen, cutlery, crockery and glassware	59,018	59,018	49,901	-	108,919
	13,410,170	13,410,170	798,189	(14,140)	14,194,219

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)		Resort Villa Golf Course Development Sdn. Bhd. ("RVGCD5B") (Continued)		9.5.11 Property, plant and equipment (Continued)	
2013	At beginning of financial year RM	Additions RM	Disposal RM	At end of financial year RM	At end of financial year RM
At Cost					
Freehold land	555,000	-	-	555,000	
Building and improvements	23,479,232	3,640	-	23,482,872	
Furniture, fittings and equipment	7,557,798	401,997	-	7,959,795	
Motor vehicles	265,461	-	(9,000)	256,461	
Bedding, linen, cutlery, crockery and glassware	310,204	33,529	-	343,733	
	32,167,695	439,166	(9,000)	32,597,861	
Accumulated Depreciation					
Building and improvements	7,444,317	470,642	-	7,914,959	
Furniture, fittings and equipment	6,406,924	257,951	-	6,664,875	
Motor vehicles	234,059	10,655	(7,054)	237,660	
Bedding, linen, cutlery, crockery and glassware	108,919	59,640	-	168,559	
	14,194,219	798,888	(7,054)	14,986,053	
Carrying Amount					
Freehold land		555,000		555,000	
Building and improvements		16,471,641	16,034,915	15,567,913	
Furniture, fittings and equipment		1,163,906	1,150,874	1,294,920	
Motor vehicles		42,802	31,402	18,801	
Bedding, linen, cutlery, crockery and glassware		133,430	201,285	175,174	
		18,366,779	17,973,476	17,611,808	

The title of the freehold land, whereby RVGCD5B is the beneficiary owner, is 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)		Resort Villa Golf Course Development Sdn. Bhd. ("RVGCD5B") (Continued)		9.5.12 Inventories	
2011	2012	2011	2012	2011	2013
RM	RM	RM	RM	RM	RM
At Cost					
Food, beverage, tobacco and gift shop	109,338	86,205	82,217		
Operating supplies	139,400	138,597	121,842		
	248,738	224,802	204,059		
Trade and other receivables					
Trade receivables (Section 9.5.13.1)	1,640,853	804,927	1,770,390		
Other receivables, deposits and prepayments (Section 9.5.13.2)	214,063	156,551	301,234		
	1,854,916	961,478	2,071,624		
Trade Receivables					
Trade receivables	1,654,507	825,253	1,770,390		
Less: Impairment losses	(13,654)	(20,326)	-		
	1,640,853	804,927	1,770,390		

(a) The normal credit terms granted by RVGCD5B range from 30 to 45 days (2012 and 2011: 30 to 45 days) for corporate segment and 60 to 90 days (2012 and 2011: 60 to 90 days) for government segment. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

2011	2012	2013	
RM	RM	RM	
At beginning of financial year	13,654	13,654	20,326
Charge for the year	-	8,332	-
Written back	-	(1,660)	-
Written off	-	-	(20,326)
At end of financial year	13,654	20,326	-

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)		As at 30 June	
9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCD5B") (Continued)		2011	2013
9.5.13 Trade and other receivables (Continued)		RM	RM
9.5.13.2 Other receivables, deposits and prepayments		2011	2013
		RM	RM
Other receivables		74,805	161,152
Deposits		95,420	59,806
Prepayments		43,838	80,276
		214,063	301,234
Trade and other receivables are denominated in RM.			
9.5.14	Amounts due from/(to) related companies		
The amounts due from/(to) 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 amount due from a related company of RM4,045,782 (2012 and 2011: Nil), which bears interest at a rate of 2.90% (2012 and 2011: Nil) per annum.			
Amounts due from/(to) related companies are denominated in RM.			
9.5.15	Amount due from/(to) holding company		
The amount due from/(to) holding company represents advances and payments made on behalf of RVGCD5B which are unsecured, bears interest at a rate of 0.50% (2012 and 2011: 0.50%) per annum and payable upon demand in cash and cash equivalents.			
Amount due from/(to) holding company is denominated in RM.			
9.5.16	Cash and cash equivalents		
		As at 30 June	2013
		2011	RM
		RM	RM
	Cash and bank balances	173,752	225,658
Cash and cash equivalents are denominated in RM. Bank balances are deposits held at call with a licensed bank.			

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)		As at 30 June	
9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCD5B") (Continued)		2011	2013
9.5.17 Share capital		RM	RM
		2011	2013
		RM	RM
Authorised			
Ordinary shares of RM1.00 each		2,000,000	2,000,000
Redeemable preference shares of RM0.50 each		500,000	500,000
		2,500,000	2,500,000
Issued and fully paid-up			
Ordinary shares of RM1.00 each		1,125,000	1,125,000
At beginning of financial year/end of financial year			
Redeemable preference shares of RM0.50 each			
At beginning of financial year		35,000	7,500
Redemption during the financial year		-	(27,500)
		35,000	7,500
At end of financial year		1,160,000	1,132,500
(a)	On 25 June 2012, the holding company redeemed 55,000 redeemable preference shares of RM0.50 each at a premium of RM99.50 each out of profit of RVGCD5B. The total redemption amount of RM5,500,000 was settled by offsetting the amount due from holding company. A sum of RM27,500 was transferred from the retained earnings to the capital redemption reserve.		
(b)	The owner of RVGCD5B is entitled to receive dividend as declared from time to time and is entitled to one (1) vote per share at meetings of RVGCD5B. All ordinary shares rank equally with regard to RVGCD5B's residual assets.		
9.5.18	Reserves		
		As at 30 June	2013
		2011	RM
		RM	RM
Share premium		6,965,000	1,492,500
At beginning of the financial year			
Less: Redemption of redeemable preference shares during the financial year (Section 9.5.17)		-	(5,472,500)
		6,965,000	1,492,500
Capital redemption reserve			
At beginning of the financial year		-	27,500
Add: Redemption of redeemable preference shares during the financial year (Section 9.5.17)		-	27,500
		-	27,500
At end of the financial year		6,965,000	1,520,000

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCD58") (Continued)
- 9.5.19 Retained earnings
- Effective 1 January 2008, RVGCD58 was given the option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest, by 31 December 2013.
- RVGCD58 has decided not to make this election and has sufficient tax credit under Section 108 of the Income Tax Act, 1967 amounting to RM40,000 (2012 and 2011: RM40,000) and balance in the tax exempt account amounting to RM16,278,000 (2012: RM15,355,000 and 2011: RM12,315,000) to frank the payment of dividends out of its retained earnings at the end of the reporting period. Retained earnings not covered by tax credit amounted to approximately RM2,109,000 (2012 and 2011: Nil).

9.5.20 Deferred taxation

	2011 RM	As at 30 June 2012 RM	2013 RM
At beginning of financial year	274,066	710,810	745,573
Recognised in profit or loss (Section 9.5.10)	407,407	85,542	(3,189)
- Current year	29,337	(50,779)	64,694
At end of financial year	710,810	745,573	807,078

Presented after appropriate offsetting as follows:

	2011 RM	As at 30 June 2012 RM	2013 RM
Deferred tax liabilities	765,737	745,573	807,078
Deferred tax assets	(54,927)	-	-
	710,810	745,573	807,078

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

Deferred tax liabilities

	2011 RM	FYE 30 June 2012 RM	2013 RM
At beginning of financial year	716,100	765,737	745,573
Recognised in profit or loss	49,637	(20,164)	61,505
Temporary differences on accelerated capital allowances	765,737	745,573	807,078
At end of financial year	765,737	745,573	807,078

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCD58") (Continued)
- 9.5.20 Deferred taxation (Continued)
- The movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows: (Continued)
- Deferred tax assets
- | | 2011
RM | FYE 30 June
2012
RM | 2013
RM |
|--|------------|---------------------------|------------|
| At beginning of financial year | 442,034 | 54,927 | - |
| Recognised in profit or loss | (387,107) | (54,927) | - |
| Temporary differences on unutilised tax losses | 54,927 | - | - |
| At end of financial year | 54,927 | - | - |

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

Deferred tax liabilities

	2011 RM	As at 30 June 2012 RM	2013 RM
Temporary differences on accelerated capital allowances	765,737	745,573	807,078

Deferred tax assets

	2011 RM	As at 30 June 2012 RM	2013 RM
Unutilised tax losses	54,927	-	-

Deferred tax assets have not been recognised in respect of these items as it is not probable that taxable profit of RVGCD58 will be available against which the deductible temporary differences can be utilised.

- 9.5.21 Trade and other payables
- | | 2011
RM | As at 30 June
2012
RM | 2013
RM |
|--|------------|-----------------------------|------------|
| Trade payables (Section 9.5.21.1) | 742,567 | 528,950 | 494,305 |
| Other payables and accruals (Section 9.5.21.2) | 1,589,198 | 1,426,710 | 1,386,075 |
| | 2,331,765 | 1,955,660 | 1,880,380 |
- 9.5.21.1 Trade Payables
- Credit terms of trade payables vary from 30 to 90 days (2012 and 2011: 30 to 90 days) from date of invoice.

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)

9.5.21 Trade and other payables (Continued)

9.5.21.2 Other payables and accruals

	As at 30 June		
	2011	2012	2013
	RM	RM	RM
Other payables	288,939	230,477	375,673
Deposits	102,015	101,377	120,744
Accruals	1,198,244	1,094,856	889,658
	1,589,198	1,426,710	1,386,075

Trade and other payables are denominated in RM.

9.5.22 Significant related party disclosures

9.5.22.1 Identities of related parties

Parties are considered to be related to RVGCDSB if RVGCDSB 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 RVGCDSB and the party are subject to common control or common significant influence. Related parties may be individual or other entities.

Related parties of RVGCDSB 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 shareholder 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 RVGCDSB) having authority and responsibility for planning, directing and controlling the activities of RVGCDSB 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.

9.5.22.2 Significant related party transactions

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

	As at 30 June		
	2011	2012	2013
	RM	RM	RM
Holding company			
Room rental, food and beverage	775,856	48,051	32,380
Interest charged by holding company	(5,692)	-	-
Interest charged to holding company	1,132	20,292	1,290

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)

9.5.22 Significant related party disclosures (Continued)

9.5.22.2 Significant related party transactions (Continued)

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

	As at 30 June		
	2011	2012	2013
	RM	RM	RM
Related companies			
Room rental, food and beverage	367,692	428,731	360,103
Landscaping services	(40,700)	(58,600)	(119,574)
Rental income	87,000	55,000	35,000
Interest charged to related company	-	-	61,782

The related party transactions described above were carried out on negotiated terms and conditions and in the ordinary course of business between the related parties and RVGCDSB.

Information regarding outstanding balances arising from related party transactions as at 30 June 2011, 30 June 2012 and 30 June 2013 are disclosed in Section 9.5.14 and Section 9.5.15 of this Report.

9.5.22.3 Key management personnel compensation

There is no compensation paid to Directors or other key management personnel during the financial year.

9.5.23 Capital management

The primary objective of RVGCDSB's capital management is to ensure that RVGCDSB is able to continue as a going concern while maximising the return to shareholder through the optimisation debt and equity mix.

RVGCDSB's capital structure is represented by the equity and debt and its capital ratio is determined by the holding company. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2013, 30 June 2012 and 30 June 2011.

RVGCDSB is not subject to any externally imposed capital requirement.

9.5.24 Financial instruments

Financial risk management objectives and policies

RVGCDSB's activities expose it to a variety of financial risks, including interest rate risk, credit risk and liquidity and cash flow risk. RVGCDSB's overall financial risk management objective is to ensure that RVGCDSB creates value for its shareholders whilst minimising potential adverse effects on its financial performance and positions. RVGCDSB operates within an established risk management framework and clearly defined guidelines that are approved by the Board of the Directors of the holding company.

9.5.24.1 Interest rate risk

RVGCDSB's interest rate risk arises from its interest bearing financial instruments that could impact fair value and future cash-flows due to fluctuation in market interest rates.

RVGCDSB's objective on interest rate risk management is to achieve a balance in replicating risks and the optimisation of its cost of funds whilst ensuring sufficient liquidity to meet funding needs.

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)

9.5.24 Financial instruments (Continued)

9.5.24.1 Interest rate risk (Continued)

9.5.24.1.2 Interest rate risk exposure (Continued)

Section	Repricing Brackets					Total RM	Weighted average effective interest rate %
	Less than 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	More than 4 years RM		
2013							
Interest bearing financial asset							
Fixed rate instrument							
Amounts due from related companies	9.5.14	4,045,782	-	-	-	4,045,782	2.90
Total asset repricing		4,045,782	-	-	-	4,045,782	
Interest bearing financial liability							
Fixed rate instrument							
Amount due to holding company	9.5.15	(140,856)	-	-	-	(140,856)	0.50
Total liability repricing		(140,856)	-	-	-	(140,856)	
Net repricing gap		3,904,926	-	-	-	3,904,926	

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)

9.5.24 Financial Instruments (Continued)

9.5.24.1 Interest rate risk (Continued)

9.5.24.1.1 Risk management approach

RVGCDSB actively reviews its debt portfolio, taking into account the nature and requirements of its businesses as well as the current business and economic environment.

Funds held for liquidity purposes and temporary surpluses are placed in short term interest bearing financial instruments through RVGCDSB's holding company, whereby treasury activities are centralised.

9.5.24.1.2 Interest rate risk exposure

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

Section	Repricing Brackets					Total RM	Weighted average effective interest rate %
	Less than 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	More than 4 years RM		
2011							
Interest bearing financial asset							
Fixed rate instrument							
Amount due from holding company	9.5.15	1,286,050	-	-	-	1,286,050	0.50
Total asset repricing		1,286,050	-	-	-	1,286,050	
2012							
Interest bearing financial asset							
Fixed rate instrument							
Amount due from holding company	9.5.15	407,527	-	-	-	407,527	0.50
Total asset repricing		407,527	-	-	-	407,527	

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)

9.5.24 Financial instruments (Continued)

9.5.24.2 Credit risk (Continued)

9.5.24.2.2 Credit risk exposures and concentration

RVGCDSB's credit risks are mainly on financial assets relating to cash and bank balances, trade and other receivables, excluded deposits and prepayments, amount due from holding company and amounts due from related companies as summarised in the tables below:

2011	Section	Maximum exposure RM	Collateral and enhancement RM	Net exposure to credit risk RM	Collateral or credit enhancement obtained
Financial assets					
Cash and bank balances	9.5.16	173,752	20,250	153,502	Cash in transit Insurance coverage
Trade and other receivables, excluded deposits and prepayments	9.5.13	1,715,658	-	1,715,658	
Amount due from holding company	9.5.15	1,286,050	-	1,286,050	
Amounts due from related companies	9.5.14	297,421	-	297,421	
		3,472,881	20,250	3,452,631	

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)

9.5.24 Financial instruments (Continued)

9.5.24.1 Interest rate risk (Continued)

9.5.24.1.2 Interest rate risk exposure (Continued)

Sensitivity analysis

Sensitivity analysis on interest rate is applied on floating rate financial instruments only, as the carrying amount of fixed rate financial instruments is measured at amortised cost, sensitivity analysis was not presented.

9.5.24.2 Credit risk

RVGCDSB monitors its credit risk in accordance with IOI Corporation Berhad group's risk management approach.

Other than the amount due from holding company and amounts due from related companies constituting 66% (2012: 48% and 2011: 46%) of the total receivables of RVGCDSB as at the end of reporting period, there were no significant concentration of credit risk. RVGCDSB does not extend any loans or financial guarantees to third parties.

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

9.5.24.2.1 Risk management approach

Credit risk or financial loss from the failure of customers or counter parties to discharge their financial and contractual obligations from trade credits is managed through the application of credit approvals, credit limits, insurance programmes and monitoring procedures on an on-going basis. If necessary, RVGCDSB may obtain collateral from counter parties as a means of mitigating losses in the event of default.

Policies and procedures

- (a) Credit where granted for corporate clients are duly assessed and selectively approved with established limits.
- (b) Credit exposure is monitored on limits and aging, managed and reviewed periodically. Debtors with emerging credit problems are identified early and remedial actions are taken promptly to minimise further exposure and to restore past due status.

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)
- 9.5.24 Financial Instruments (Continued)
- 9.5.24.2 Credit risk (Continued)
- 9.5.24.2.2 Credit risk exposures and concentration (Continued)

2D13	Section	Maximum exposure RM	Collateral and enhancement RM	Net exposure to credit risk RM	Collateral or credit enhancement obtained
Financial assets					
Cash and bank balances	9.5.16	225,658	20,250	205,408	Cash in transit Insurance coverage
Trade and other receivables, excluded deposits and prepayments	9.5.13	1,931,542	-	1,931,542	
Amounts due from related companies	9.5.14	4,071,801	-	4,071,801	
		<u>6,229,001</u>	<u>20,250</u>	<u>6,208,751</u>	

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)
- 9.5.24 Financial Instruments (Continued)
- 9.5.24.2 Credit risk (Continued)
- 9.5.24.2.2 Credit risk exposures and concentration (Continued)

2012	Section	Maximum exposure RM	Collateral and enhancement RM	Net exposure to credit risk RM	Collateral or credit enhancement obtained
Financial assets					
Cash and bank balances	9.5.16	397,004	20,250	376,754	Cash in transit Insurance coverage
Trade and other receivables, excluded deposits and prepayments	9.5.13	842,997	-	842,997	
Amount due from holding company	9.5.15	407,527	-	407,527	
Amounts due from related companies	9.5.14	472,826	-	472,826	
		<u>2,120,354</u>	<u>20,250</u>	<u>2,100,104</u>	

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)
- 9.5.24 Financial Instruments (Continued)
- 9.5.24.2 Credit risk (Continued)
- 9.5.24.2.2 Credit risk exposures and concentration (Continued)

2012	Section	Neither Strong RM	past due nor Medium RM	impaired Weak RM	Past due not impaired RM	Total RM	Impairment charged in reporting period RM	Impairment allowance at end of reporting period RM
Cash and bank balances	9.5.16	397,004	-	-	-	397,004	-	-
Trade and other receivables, excluded deposits and prepayments	9.5.13	64,092	529,121	-	249,784	842,997	8,332	20,326
Amount due from holding company	9.5.15	407,527	-	-	-	407,527	-	-
Amounts due from related companies	9.5.14	472,826	-	-	-	472,826	-	-
		<u>1,341,449</u>	<u>529,121</u>	<u>-</u>	<u>249,784</u>	<u>2,120,354</u>	<u>8,332</u>	<u>20,326</u>

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)
- 9.5.24 Financial Instruments (Continued)
- 9.5.24.2 Credit risk (Continued)
- 9.5.24.2.2 Credit risk exposures and concentration (Continued)

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

2011	Section	Neither Strong RM	past due nor Medium RM	impaired Weak RM	Past due not impaired RM	Total RM	Impairment charged in reporting period RM	Impairment allowance at end of reporting period RM
Cash and bank balances	9.5.16	173,752	-	-	-	173,752	-	-
Trade and other receivables, excluded deposits and prepayments	9.5.13	1,235,813	-	-	479,845	1,715,658	13,654	13,654
Amount due from holding company	9.5.15	1,286,050	-	-	-	1,286,050	-	-
Amounts due from related companies	9.5.14	297,421	-	-	-	297,421	-	-
		<u>2,993,036</u>	<u>-</u>	<u>-</u>	<u>479,845</u>	<u>3,472,881</u>	<u>13,654</u>	<u>13,654</u>

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)
- 9.5.24 Financial instruments (Continued)
- 9.5.24.2 Credit risk (Continued)
- 9.5.24.2.2 Credit risk exposures and concentration (Continued)

From the above table, more than 73% (2012: 63% and 2011: 86%) in value of RVGCDSB's financial assets are of "strong" credit quality, with only the "receivables" class having past due and impairment. Besides the objective evidence of loss events, it is also RVGCDSB's policy to provide impairment for any amount past due in aging brackets above 120 days unless supported by valid reasons. Table below provides an aging analysis of past due but not impaired alongside with the rationale for deferment of impairment on those past due above 120 days.

	Past due but not impaired					Total RM	Estimated fair values of collateral and credit enhancement held RM
	1 - 30 days RM	31 - 60 days RM	61 - 90 days RM	91 - 120 days RM	>120 days RM		
2011							
Trade and other receivables, excluded deposits and prepayments	215,845	63,560	99,702	100,738	-	479,845	-
2012							
Trade and other receivables, excluded deposits and prepayments	155,828	25,512	43,202	2,173	23,069	249,784	-

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11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)
- 9.5.24 Financial Instruments (Continued)
- 9.5.24.2 Credit risk (Continued)
- 9.5.24.2.2 Credit risk exposures and concentration (Continued)

2013	Section	Neither past due nor impaired			Past due not impaired RM	Total RM	Impairment charged in reporting period RM	Impairment allowance at end of reporting period RM
		Strong RM	Medium RM	Weak RM				
Cash and bank balances	9.5.16	225,658	-	-	-	225,658	-	-
Trade and other receivables, excluded deposits and prepayments	9.5.13	230,111	897,833	-	803,598	1,931,542	-	-
Amounts due from related companies	9.5.14	4,071,801	-	-	-	4,071,801	-	-
		4,527,570	897,833	-	803,598	6,229,001	-	-

Credit quality is analysed into the categories of Strong, Medium and Weak, whereby:

Strong = Strong financial standing, low probability of default

Medium = Low to moderate risk of default

Weak = Weak financial standing, history of past due

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11. ACCOUNTANTS' REPORT (Cont'd)

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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)

9.5.24 Financial instruments (Continued)

9.5.24.3 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.

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

9.5.24.3.1 Risk management approach

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

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

- i. Maintain a balanced contractual maturity profile of financial assets to meet financial liabilities (particularly on near and immediate term maturity);
- ii. Maintain a diversified range of funding sources with adequate back-up facilities;
- iii. Maintain debt financing and servicing plan; and
- iv. Maintain medium to long term cash-flow planning.

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

- i. Perform annual cash-flow budgeting and medium-term cash-flow planning, in which the timing of operational cash-flows and its resulting surplus or deficit is reasonably determined. (The aggregation of these allows for an overview of RVGCDSB's forecast cash-flow and liquidity position, which in-turn facilitates further cash-flow planning);
- ii. Manage contingent liquidity commitment and exposures;
- iii. Monitor liquidity ratios against internal thresholds;
- iv. Manage working capital for efficient use of tied-in funds and optimise cash conversion cycle; and
- v. Manage concentration and maturity profile of both financial and non-financial liabilities.

11. ACCOUNTANTS' REPORT (Cont'd)

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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)

9.5.24 Financial Instruments (Continued)

9.5.24.2 Credit risk (Continued)

9.5.24.2.2 Credit risk exposures and concentration (Continued)

	Past due but not impaired					Total RM	Estimated fair values of collateral and credit enhancement held RM
	1 - 30 days RM	31 - 60 days RM	61 - 90 days RM	91 - 120 days RM	>120 days RM		
2013 Trade and other receivables, excluded deposits and prepayments	427,461	103,720	31,957	3,546	236,914	803,598	.

Receivables of RVGCDSB that are past due but not impaired are merely represented by reputable organisations.

It is RVGCDSB's policy to monitor the financial standing of these receivables on an ongoing basis to ensure that RVGCDSB is exposed to minimal credit risk.

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)

9.5.24 Financial instruments (Continued)

9.5.24.3 Liquidity and cash flow risk (Continued)

9.5.24.3.2 Liquidity risk exposure

The table below summarises the maturity profile of RVGCDSB's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand RM	Less than 1 year RM	Total RM
2011			
Financial liabilities			
Trade and other payables	133,173	2,229,750	2,229,750
Amounts due to related companies	133,173	-	133,173
	<u>133,173</u>	<u>2,229,750</u>	<u>2,362,923</u>
2012			
Financial liabilities			
Trade and other payables	83,005	1,854,283	1,854,283
Amounts due to related companies	83,005	-	83,005
	<u>83,005</u>	<u>1,854,283</u>	<u>1,937,288</u>
2013			
Financial liabilities			
Trade and other payables	139,095	1,759,636	1,759,636
Amounts due to related companies	140,856	-	139,095
Amount due to holding company	279,951	-	140,856
	<u>279,951</u>	<u>1,759,636</u>	<u>2,039,587</u>

RVGCDSB has ample liquidity to meet its "on-demand" financial liabilities and obligations maturing in the next 12 months.

9.5.24.4 Fair values

Methods/Assumptions used to estimate fair values.

The carrying amounts of financial assets and liabilities maturing within twelve (12) months approximate their fair values due to the relatively short term maturity of these financial instruments.

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)

9.5.24 Financial instruments (Continued)

9.5.24.5 Classification of financial instruments

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

Financial assets	Loan and receivables RM	Fair value through profit or loss RM	Available-for-sale RM	Held-to-maturity RM	Total RM
2011					
Amounts due from related companies	297,421	-	-	-	297,421
Amount due from holding company	1,286,050	-	-	-	1,286,050
Trade and other receivables, excluded deposits and prepayments	1,715,658	-	-	-	1,715,658
Cash and cash equivalents	173,752	-	-	-	173,752
	<u>3,472,881</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,472,881</u>
2012					
Amounts due from related companies	472,826	-	-	-	472,826
Amount due from holding company	407,527	-	-	-	407,527
Trade and other receivables, excluded deposits and prepayments	842,997	-	-	-	842,997
Cash and cash equivalents	397,004	-	-	-	397,004
	<u>2,120,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,120,354</u>

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)					
9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCD5B") (Continued)					
9.5.24 Financial instruments (Continued)					
9.5.24.5 Classification of financial instruments (Continued)					
Financial assets	Loan and receivables RM	Fair value through profit or loss RM	Available-for-sale RM	Held-to-maturity RM	Total RM
2013					
Amounts due from related companies	4,071,801	-	-	-	4,071,801
Trade and other receivables, excluded deposits and prepayments	1,931,542	-	-	-	1,931,542
Cash and cash equivalents	225,658	-	-	-	225,658
	6,229,001	-	-	-	6,229,001

9.5.26 Comparative figures					
Certain figures for the FYE 30 June 2012 have been reclassified to conform with FYE 30 June 2013 presentation as follows:					
Statement of financial position	As previously reported RM	Reclassifications RM	As restated RM		
Equity	1,492,500	27,500	1,520,000		
Reserves	15,067,285	(27,500)	15,039,785		
Retained earnings					
Statement of changes in equity					
Capital reserves		27,500	27,500		
Retained earnings	15,067,285	(27,500)	15,039,785		

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)				
9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCD5B") (Continued)				
9.5.25 Commitments				
9.5.25.1 Capital commitments				
	2011 RM	As at 30 June 2012 RM	2013 RM	
Authorised capital expenditure not provided for in the financial statements:				
- Not contracted				
Additions of property, plant and equipment		332,307		316,078
Operating lease commitments				
9.5.25.2				
RVGCD5B had entered into non-cancellable lease agreement for office equipment. RVGCD5B has aggregate future minimum lease commitment as at the end of the reporting period as follows:				
	2011 RM	As at 30 June 2012 RM	2013 RM	
Not later than one (1) year		14,640	14,640	
Later than one year (1) and not later than five (5) years		52,460	43,920	
Comparative figures		67,100	58,560	

9.5.26 Comparative figures				
Certain figures for the FYE 30 June 2012 have been reclassified to conform with FYE 30 June 2013 presentation as follows:				
Statement of financial position	As previously reported RM	Reclassifications RM	As restated RM	
Equity	1,492,500	27,500	1,520,000	
Reserves	15,067,285	(27,500)	15,039,785	
Retained earnings				
Statement of changes in equity				
Capital reserves		27,500	27,500	
Retained earnings	15,067,285	(27,500)	15,039,785	

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)

9.5.27 Explanation of transition to MFRS

RVGCDSB is a non-transitioning entity as defined by the MASB, and has adopted the MFRS Framework during the FYE 30 June 2013. Accordingly, this is the first financial statements of RVGCDSB prepared in accordance with MFRSs.

The accounting policies set out in Section 7 of this Report have been applied in preparing the financial statements of RVGCDSB for the FYE 30 June 2013, as well as comparative information presented in these financial statements for the FYE 30 June 2012 and in the preparation of the opening MFRS statement of financial position at 1 July 2011 (the date of transition of RVGCDSB to MFRSs).

RVGCDSB has adjusted amounts previously reported in financial statements that were prepared in accordance with the previous FRs Frameworks. In preparing the opening statements of financial position at 1 July 2011, an explanation on the impact arising from the transition from FRs to MFRSs on RVGCDSB's financial position, financial performance and cash flows is set out as follows:

(a) Reconciliation of financial position as at 1 July 2011

ASSETS	Section	Previously reported under FRs RM	Effect on adoption of MFRSs RM	Restated under MFRSs RM
Non-current assets				
Property, plant and equipment	9.5.27(d)(i)	18,366,779	(11,524)	18,355,255
Current assets				
Inventories		248,738	-	248,738
Trade and other receivables		1,854,916	-	1,854,916
Amounts due from related companies		297,421	-	297,421
Amount due from holding company		1,286,050	-	1,286,050
Cash and cash equivalents		173,752	-	173,752
		3,860,877	-	3,860,877
TOTAL ASSETS		22,227,656	(11,524)	22,216,132

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)

9.5.27 Explanation of transition to MFRS (Continued)

(a) Reconciliation of financial position as at 1 July 2011 (Continued)

EQUITY AND LIABILITIES	Section	Previously reported under FRs RM	Effect on adoption of MFRSs RM	Restated under MFRSs RM
Equity attributable to owner of RVGCDSB				
Share capital		1,160,000	-	1,160,000
Reserves		6,965,000	-	6,965,000
Retained earnings	9.5.27(d)(ii)	10,926,908	(11,524)	10,915,384
TOTAL EQUITY		19,051,908	(11,524)	19,040,384
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities		710,810	-	710,810
Current liabilities				
Trade and other payables		2,331,765	-	2,331,765
Amounts due to related companies		133,173	-	133,173
		2,464,938	-	2,464,938
TOTAL LIABILITIES		3,175,748	-	3,175,748
TOTAL EQUITY AND LIABILITIES		22,227,656	(11,524)	22,216,132

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)

9.5.27 Explanation of transition to MFRS (Continued)

(b) Reconciliation of financial position as at 30 June 2012

ASSETS	Section	Previously reported under FRSs RM	Effect on adoption of MFRSs RM	Restated under MFRSs RM
Non-current assets				
Property, plant and equipment	9.5.27(d)(i)	17,985,257	(11,781)	17,973,476
Current assets				
Inventories		224,802	-	224,802
Trade and other receivables		961,478	-	961,478
Amounts due from related companies		472,826	-	472,826
Amount due from holding company		407,527	-	407,527
Current tax assets		27,629	-	27,629
Cash and cash equivalents		397,004	-	397,004
		2,491,266	-	2,491,266
TOTAL ASSETS		20,476,523	(11,781)	20,464,742

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)

9.5.27 Explanation of transition to MFRS (Continued)

(b) Reconciliation of financial position as at 30 June 2012 (Continued)

EQUITY AND LIABILITIES	Section	Previously reported under FRSs RM	Effect on adoption of MFRSs RM	Restated under MFRSs RM
Equity attributable to owner of RVGCDSB				
Share capital		1,132,500	-	1,132,500
Reserves		1,520,000	-	1,520,000
Retained earnings	9.5.27(d)(ii)	15,039,785	(11,781)	15,028,004
TOTAL EQUITY		17,692,285	(11,781)	17,680,504
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities		745,573	-	745,573
Current liabilities				
Trade and other payables		1,955,660	-	1,955,660
Amount due to related companies		83,005	-	83,005
		2,038,665	-	2,038,665
TOTAL LIABILITIES		2,784,238	-	2,784,238
TOTAL EQUITY AND LIABILITIES		20,476,523	(11,781)	20,464,742

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)

9.5.27 Explanation of transition to MFRS (Continued)

(c) Reconciliation of profit and loss and other comprehensive income as at 30 June 2012

The statement of profit or loss and statement of other comprehensive income for the FYE 30 June 2012 has been restated arising from the adoption of MFRS as follows:

	Previously reported under FRSS RM	Effects on adoption of MFRS RM	As restated under MFRS RM
Revenue	16,303,104	-	16,303,104
Cost of sales	(7,697,687)	(1,071)	(7,698,758)
Gross profit	8,605,417	(1,071)	8,604,346
Other operating income	294,967	-	294,967
Marketing and selling expenses	(955,298)	-	(955,298)
Administration expenses	(3,391,199)	(830)	(3,392,029)
Other operating expenses	(98,376)	1,644	(96,732)
Profit before taxation	4,455,511	(257)	4,455,254
Taxation	(315,134)	-	(315,134)
Profit for the financial year	4,140,377	(257)	4,140,120
Profit for the financial year	4,140,377	(257)	4,140,120
Other comprehensive income	-	-	-
Total comprehensive income for the financial year	4,140,377	(257)	4,140,120

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.5 Resort Villa Golf Course Development Sdn. Bhd. ("RVGCDSB") (Continued)

9.5.27 Explanation of transition to MFRS (Continued)

(d) Notes to reconciliation

(i) Property, plant and equipment

RVGCDSB elected to measure property, plant and equipment at cost in accordance with MFRS 116 *Property, Plant and Equipment* at the date of transition to MFRS. Upon transition to MFRS, RVGCDSB derecognised certain previously capitalised costs which are not permitted in accordance with MFRS 116.

The costs of property, plant and equipment as at 1 July 2011 and 30 June 2012 were determined to be RM18,355,235 and RM17,973,476, respectively under MFRSs as compared with the carrying amounts of RM18,366,779 and RM17,985,257, respectively under FRSS.

(ii) Retained earnings

The changes described earlier resulted in the following impact on retained earnings:

	30.6.2012 RM	1.7.2011 RM
Decrease in retained earnings	11,781	11,524

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11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.6 Nice Skyline Group ("NS Group")

9.6.1 Consolidated statements of profit or loss of NS Group

The consolidated statements of profit or loss of NS Group, which are extracted from the audited financial statements of NS Group for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Financial years ended 30 June		
	2011 RM	2012 RM	2013 RM
Revenue	27,655,554	31,754,374	36,526,508
Cost of sales	(16,577,150)	(17,987,511)	(19,279,276)
Gross profit	11,078,404	13,766,863	17,247,232
Other operating income	402,530	953,444	443,864
Marketing and selling expenses	(271,239)	(231,040)	(1,990,868)
Administration expenses	(1,153,493)	(1,277,393)	(1,786,240)
Other operating expenses	(108,565)	(86,979)	(232,282)
Operating profit	9,947,637	13,124,895	13,681,706
Interest income	1,189,614	1,499,256	512,614
Finance costs	-	-	(28,897)
Profit before taxation	11,137,251	14,624,151	14,165,423
Taxation	(2,785,004)	(3,809,384)	(3,544,105)
Profit for the financial year	8,352,247	10,814,767	10,621,318

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.6 Nice Skyline Group ("NS Group") (Continued)

9.6.2 Consolidated statements of other comprehensive income of NS Group

The consolidated statements of other comprehensive income of NS Group, which are extracted from the audited financial statements of NS Group for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Financial years ended 30 June		
	2011 RM	2012 RM	2013 RM
Profit for the financial year	8,352,247	10,814,767	10,621,318
Other comprehensive income	-	-	-
Total comprehensive income for the financial year	8,352,247	10,814,767	10,621,318
Earnings before interest, tax depreciation and amortisation ("EBITDA") (RM)	9,956,564	13,142,332	13,690,097
Number of ordinary shares of RM1.00 each	5,000,000	5,000,000	5,000,000
Gross earnings per share (RM)	2.23	2.92	2.83
Net earnings per share (RM)	1.67	2.16	2.12
Gross profit ("GP") margin (%)	40	43	47
Profit before tax margin (%)	40	46	39
Profit after tax margin (%)	30	34	29
EBITDA margin (%)	36	41	37
Effective tax rate (%)	25	26	25

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.6 Nice Skyline Group ("NS Group") (Continued)

9.6.3 Consolidated statements of financial position of NS Group

The consolidated statements of financial position of NS Group, which are extracted from the audited financial statements of NS Group for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

ASSETS	Section	As at 30 June		
		2011 RM	2012 RM	2013 RM
Non-current assets				
Property, plant and equipment	9.6.13	995,425	984,041	980,174
Land held for property development	9.6.14	30,318,152	27,522,343	28,912,877
		31,313,577	28,506,384	29,893,051
Current assets				
Property development costs	9.6.15	3,679,975	12,375,430	19,611,713
Inventories	9.6.16	1,994,680	1,994,680	1,278,143
Trade and other receivables	9.6.17	3,755,765	10,006,261	15,626,560
Amount due from holding company	9.6.18	28,261,175	-	-
Amount due from a related company	9.6.19	-	-	3,750,102
Current tax assets		7,552	7,552	-
Cash and cash equivalents	9.6.24	15,381,528	13,544,119	5,389,924
		53,080,675	37,928,042	45,656,442
TOTAL ASSETS		84,394,252	66,434,426	75,549,493
EQUITY AND LIABILITIES				
Equity attributable to owners of NSSB				
Share capital	9.6.20	5,000,000	5,000,000	5,000,000
Retained earnings	9.6.21	73,979,734	51,344,501	61,965,819
Total equity		78,979,734	56,344,501	66,965,819
LIABILITIES				
Non-current liability				
Deferred tax liabilities	9.6.22	822,896	604,789	604,739

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.6 Nice Skyline Group ("NS Group") (Continued)

9.6.3 Consolidated statements of financial position of NS Group (Continued)

Section	As at 30 June	
	2011 RM	2012 RM

Current liabilities			
Trade and other payables	9.6.23	3,997,051	7,150,861
Amount due to holding company		-	1,527,317
Current tax liabilities	9.6.18	594,571	806,958
		4,591,622	9,485,136
Total liabilities		5,414,518	10,089,925
TOTAL EQUITY AND LIABILITIES		84,394,252	75,549,493

Number of ordinary shares of RM1.00 each in issue

Net assets (RM)

Net assets per ordinary share of RM1.00 each

Trade receivables turnover period (days)

Trade payables turnover period (days)

Inventories turnover period (days)

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.6 Nice Skyline Group ("NS Group") (Continued)

9.6.4 Consolidated statements of changes in equity of NS Group

The consolidated statements of changes in equity of NS Group, which are extracted from the audited financial statements of NS Group for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Non-Distributable Share capital RM	Distributable Retained earnings RM	Total equity RM
As at 1 July 2010	5,000,000	65,627,487	70,627,487
Total comprehensive income - Profit for the financial year	-	8,352,247	8,352,247
As at 30 June 2011	5,000,000	73,979,734	78,979,734
As at 1 July 2011	5,000,000	73,979,734	78,979,734
Total comprehensive income - Profit for the financial year	-	10,814,767	10,814,767
Transaction with owners	-	(33,450,000)	(33,450,000)
Dividends paid	-	(33,450,000)	(33,450,000)
As at 30 June 2012	5,000,000	51,344,501	56,344,501
As at 1 July 2012	5,000,000	51,344,501	56,344,501
Total comprehensive income - Profit for the financial year	-	10,621,318	10,621,318
As at 30 June 2013	5,000,000	61,965,819	66,965,819

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.6 Nice Skyline Group ("NS Group") (Continued)

9.6.5 Consolidated statements of cash flows of NS Group

The consolidated statements of cash flows of NS Group, which are extracted from the audited financial statements of NS Group for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Financial years ended 30 June		
	2011 RM	2012 RM	2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	11,137,251	14,624,151	14,165,423
Adjustments for:			
Bad debts written off	51,440	8,113	-
Depreciation of property, plant and equipment	8,927	17,437	8,391
Property, plant and equipment written off	3,871	2	1,566
Impairment losses on receivables	-	56,514	151,203
Impairment losses on receivables written back	(43,347)	(12,902)	(35,417)
Interest income	(1,189,614)	(1,499,256)	(512,614)
Interest paid	-	-	28,897
Operating profit before working capital changes	9,968,528	13,194,059	13,807,449
Decrease/(increase) in property development costs	4,305,260	(3,005,965)	(5,645,248)
Decrease in inventories	3,439,208	-	716,537
Decrease/(increase) in trade receivables	2,025,915	42,134	(3,860,461)
Decrease/(increase) in other receivables, deposits and prepayments	1,658	(23,339)	(8,796)
Decrease/(increase) in accrued billings	759,273	(6,403,895)	(1,866,829)
(Decrease)/Increase in trade payables	(577,618)	3,363,825	(2,055,873)
(Decrease)/Increase in other payables and accruals	(671,885)	(127,136)	1,711,673
Increase in progress billings	82,879	-	-
Cash generated from operations	19,333,218	7,039,683	2,798,452

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.6 Nice Skyline Group ("NS Group") (Continued)

9.6.5 Consolidated statements of cash flows of NS Group (Continued)

Section	Financial years ended 30 June		
	2011 RM	2012 RM	2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES (Continued)			
Cash generated from operations (Continued)	19,333,218	7,039,683	2,798,452
Interest received	1,189,614	1,499,256	512,614
Interest paid	-	-	(28,897)
Tax refund	-	7,552	7,552
Tax paid	(2,480,809)	(3,815,104)	(3,548,417)
Net cash from/(used in) operating activities	18,042,023	4,723,835	(258,696)

CASH FLOWS FROM INVESTING ACTIVITIES

Development expenditure incurred to land held for property development

9.6.14

Additions to property, plant and equipment

9.6.13

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

(Repayments to)/Advances from holding company

9.6.12

Dividends paid

Net cash used in financing activities

Net decrease in cash and cash equivalents

Cash and cash equivalents at beginning of financial year

Cash and cash equivalents at end of financial year

	(1,941,000)	(2,893,681)	(2,981,570)
	(8,620)	(6,055)	(6,090)
	(1,949,620)	(2,899,736)	(2,987,660)
	(26,237,385)	29,788,492	(4,907,839)
	(26,237,385)	(33,450,000)	-
	(26,237,385)	(3,661,508)	(4,907,839)
	(10,144,982)	(1,837,409)	(8,154,195)
	25,526,510	15,381,528	13,544,119
	15,381,528	13,544,119	5,389,924

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.6 Nice Skyline Group ("NS Group") (Continued)

9.6.6 Revenue

	FYE 30 June		
	2011 RM	2012 RM	2013 RM
Sales of development properties	27,655,554	31,754,374	36,526,508
Other operating income			
	2011 RM	FYE 30 June 2012 RM	2013 RM
Sales of plantation produce	136,858	211,769	127,499
Rental income	171,190	143,880	149,930
Impairment losses on trade receivables written back (Section 9.6.17)	43,347	12,902	35,417
Liquidated ascertained damages written back	12,000	45,161	8,512
Provision of contingency no longer required	-	520,973	60
Others	39,135	18,759	122,446
	402,530	953,444	443,864

9.6.8 Operating profit

	FYE 30 June		
	2011 RM	2012 RM	2013 RM
Operating profit	2011 RM	FYE 30 June 2012 RM	2013 RM
(a) Operating profit has been arrived at after charging:			
Auditors' remuneration	11,800	10,500	10,500
Bad debts written off	51,440	8,113	-
Depreciation of property, plant and equipment (Section 9.6.13)	8,927	17,437	8,391
Director's remuneration	283,014	324,200	338,486
Property, plant and equipment written off (Section 9.6.13)	3,871	2	1,566
Impairment losses on trade receivables (Section 9.6.17)	-	56,514	151,203
Interest paid to related company	-	-	28,897
and crediting:			
Impairment losses on trade receivables written back (Section 9.6.17)	43,347	12,902	35,417
Interest income from holding company	892,430	1,102,319	-
Rental income	171,190	143,880	149,930

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.6 Nice Skyline Group ("NS Group") (Continued)

9.6.8 Operating profit (Continued)

	2011 RM	FYE 30 June 2012 RM	2013 RM
(b) Employee information			
The employee benefits expenses are as follows:			
Wages, salaries and others	790,813	927,684	641,785
Contribution to Employee's Provident Fund	90,726	110,623	77,132
	881,539	1,038,307	718,917

9.6.9 Interest income

	2011 RM	FYE 30 June 2012 RM	2013 RM
Interest from Housing Development Accounts	215,819	293,826	255,114
Interest from holding company	892,430	1,102,319	-
Late payment interest from house buyers	64,954	67,372	233,340
Others	16,411	35,739	24,160
	1,189,614	1,499,256	512,614

9.6.10 Finance costs

	2011 RM	FYE 30 June 2012 RM	2013 RM
Interest to related company	-	-	28,897

9.6.11 Taxation

	2011 RM	FYE 30 June 2012 RM	2013 RM
Current year			
Malaysian income tax	2,815,041	3,959,558	3,763,522
Deferred taxation (Section 9.6.22)	(11,696)	(221,797)	(183,632)
	2,803,345	3,737,761	3,579,890
Prior years			
Malaysian income tax	(20,341)	67,933	(219,367)
Deferred taxation (Section 9.6.22)	2,000	3,690	183,582
	(18,341)	71,623	(35,785)
	2,785,004	3,809,384	3,544,105

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.6 Nice Skyline Group ("NS Group") (Continued)

9.6.11 Taxation

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

	2011 %	FYE 30 June 2012 %	2013 %
Applicable tax rate	25.00	25.00	25.00
Tax effects in respect of:			
Non-allowable expenses	0.17	0.57	0.27
	25.17	25.57	25.27
(Over)/Under-provision in prior years	(0.18)	0.46	(1.55)
Malaysian income tax	0.02	0.02	1.30
Deferred taxation	25.01	26.05	25.02

Malaysian income tax is calculated at the statutory tax rate of 25% (2012 and 2011: 25%) of the estimated assessable profit for the year. Deferred tax is calculated on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

9.6.12 Dividends

	2011 RM	FYE 30 June 2012 RM	2013 RM
Interim dividend declared and paid:			
First interim dividend, net of tax	-	7,500,000	-
Second interim dividend, net of tax	-	8,250,000	-
First interim single tier dividend	-	17,700,000	-
	-	33,450,000	-

9.6.13 Property, plant and equipment

	2011 At Cost	At beginning of financial year RM	Additions RM	Written off RM	At end of financial year RM
Freehold plantation land	618,549	618,549	-	-	618,549
Plantation development expenditure	339,720	339,720	-	-	339,720
Motor vehicles	186,365	186,365	-	-	186,365
Furniture and fittings	53,203	53,203	250	(75)	53,378
Office equipment	118,872	118,872	8,370	(27,770)	99,472
	1,316,709	1,316,709	8,620	(27,845)	1,297,484

11. ACCOUNTANTS' REPORT (Cont'd)

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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.6 Nice Skyline Group ("NS Group") (Continued)	As at 30 June		
	2011 RM	2012 RM	2013 RM
9.6.17 Trade and other receivables	3,616,555	3,522,696	7,267,370
Trade receivables (Section 9.6.17.1)	139,210	162,549	171,345
Other receivables, deposits and prepayments (Section 9.6.17.2)	-	6,321,016	8,187,845
Accrued billings	3,755,765	10,006,261	15,626,560

9.6.17.1 Trade receivables

	As at 30 June		
	2011 RM	2012 RM	2013 RM
Trade receivables	3,711,270	3,579,302	7,393,590
Less: Impairment losses	(94,715)	(56,606)	(126,220)
	3,616,555	3,522,696	7,267,370

(a) Credit terms of trade receivables range from 14 to 90 days (2012 and 2011: 14 to 90 days) from date of progress billings.

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

	As at 30 June		
	2011 RM	2012 RM	2013 RM
At beginning of financial year	186,367	94,715	56,606
Charge for the financial year	-	56,514	151,203
Impairment losses written back	(43,347)	(12,902)	(35,417)
Written off	(48,305)	(81,721)	(46,172)
At end of financial year	94,715	56,606	126,220

9.6.17.2 Other receivables, deposits and prepayments

	As at 30 June		
	2011 RM	2012 RM	2013 RM
Other receivables	7,672	28,910	3,650
Deposits	130,989	132,594	163,540
Prepayments	549	1,045	4,155
	139,210	162,549	171,345

11. ACCOUNTANTS' REPORT (Cont'd)

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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.6 Nice Skyline Group ("NS Group") (Continued)	As at 30 June		
	2011 RM	2012 RM	2013 RM
9.6.18 Amount due from/(to) holding company			
The amount due from/(to) holding company represents advances and payments made on behalf of NS Group. This amount is unsecured, payable upon demand in cash and cash equivalents and bears interest at the rate of 4.00% (2012 and 2011: 4.00%) per annum.			
9.6.19 Amount due from/(to) holding company is denominated in RM.			
Amount due from a related company			
The amount due from a related company represents advances and payments made on behalf of NS Group. This amount is unsecured, payable upon demand in cash and cash equivalents and bears interest at the rate of 3.10% (2012 and 2011: Nil) per annum.			
9.6.20 Share capital			
Amount due from a related company is denominated in RM.			
Ordinary shares of RM1.00 each	10,000,000	10,000,000	10,000,000
Authorised	10,000,000	10,000,000	10,000,000
Issued and fully paid-up:	5,000,000	5,000,000	5,000,000

9.6.20 Share capital

The owners of NSSB are entitled to receive dividends as declared from time to time and are entitled to one (1) vote per share at meetings of NSSB. All ordinary shares rank equally with regard to NSSB's residual assets.

9.6.21 Retained earnings

Effective 1 January 2008, NSSB was given the option to make an irrevocable election to move to a single tier system or to continue to use its tax credit under Section 108 of the Income Tax Act, 1967 in Malaysia for the purpose of dividend distribution until the tax credit is fully utilised or latest, by 31 December 2013.

NSSB has decided not to make this election and has sufficient tax credit under Section 108 of the Income Tax Act, 1967 amounting to approximately RM356,000 (2012: RM356,000 and 2011: RM16,106,000) and balance in the tax exempt account amounting to approximately RM4,887,000 (2012 and 2011: RM4,887,000) to frank the payment of dividends out of its entire retained earnings as at the end of reporting period.

9.6.22 Deferred tax liabilities

	As at 30 June		
	2011 RM	2012 RM	2013 RM
At beginning of financial year	832,592	822,896	604,789
Recognised in profit or loss (Section 9.6.11)	(11,696)	(221,797)	(183,632)
- Current year	2,000	3,690	183,582
- Prior years			
At end of financial year	822,896	604,789	604,739

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)	As at 30 June		2013 RM
	2011 RM	2012 RM	
9.6 Nice Skyline Group ("NS Group") (Continued)			
9.6.22 Deferred tax liabilities (Continued)			
Presented after appropriate offsetting as follows:			
Deferred tax liabilities	1,080,023	929,725	789,061
Deferred tax assets	(257,127)	(324,936)	(184,322)
	822,896	604,789	604,739

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

Deferred tax liabilities	FYE 30 June		2013 RM
	2011 RM	2012 RM	
At beginning of financial year	1,238,666	1,080,023	929,725
Recognised in profit or loss			
Temporary differences on accelerated capital allowances	894	(908)	(410)
Temporary differences on recognition of project expenses	(159,537)	(149,390)	(140,254)
At end of financial year	1,080,023	929,725	789,061

Deferred tax assets

At beginning of financial year	FYE 30 June		2013 RM
	2011 RM	2012 RM	
Recognised in profit or loss			
Other deductible temporary differences	148,947	(67,809)	140,614
At end of financial year	(257,127)	(324,936)	(184,322)

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)	As at 30 June		2013 RM
	2011 RM	2012 RM	
9.6 Nice Skyline Group ("NS Group") (Continued)			
9.6.22 Deferred tax liabilities (Continued)			
The components of deferred tax liabilities and assets during the financial year comprise the tax effects of:			
Deferred tax liabilities			
Temporary differences on accelerated capital allowances	4,510	3,602	3,192
Temporary differences on recognition of project expenses	1,075,513	926,123	785,869
	1,080,023	929,725	789,061

Deferred tax assets

Other deductible temporary differences	As at 30 June		2013 RM
	2011 RM	2012 RM	
257,127	324,936	184,322	

Trade and other payables

Trade payables (Section 9.6.23.1)	As at 30 June		2013 RM
	2011 RM	2012 RM	
2,823,420	6,187,245	4,131,371	
Other payables and accruals (Section 9.6.23.2)	1,090,752	963,616	2,675,288
Progress billings	82,879	-	-
	3,997,051	7,150,861	6,806,659

9.6.23.1 Trade payables

Trade payables	As at 30 June		2013 RM
	2011 RM	2012 RM	
1,468,579	3,639,662	769,335	
Retention monies	1,354,841	2,547,583	3,362,036
	2,823,420	6,187,245	4,131,371

Credit terms of trade payables vary from 14 to 60 days (2012 and 2011: 14 to 60 days) from date of progress claim. The retention monies are repayable to sub-contractors upon expiry of the defect liability period of 12 to 18 months (2012 and 2011: 12 to 18 months).

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

	2011	As at 30 June 2012	2013
	RM	RM	RM
9.6.23 Nice Skyline Group ("NS Group") (Continued)			
9.6.23 Trade and other payables (Continued)	959,192	635,186	2,493,238
9.6.23.2 Other payables and accruals	131,560	327,280	182,050
	1,090,752	963,616	2,675,288

9.6.24 Cash and cash equivalents

Cash and cash equivalents at end of the financial year comprise:

	2011	As at 30 June 2012	2013
	RM	RM	RM
Cash in hand	2,300	2,300	2,300
Cash at banks	97,160	130,283	147,585
Housing Development Accounts	15,282,068	13,411,536	5,240,039
	15,381,528	13,544,119	5,389,924

Included in NS Group's cash and bank balances are amounts of RM5,240,039 (2012: RM13,411,536 and 2011: RM15,282,068) 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 are not available for general use by NS Group.

9.6.25 Significant related party disclosures

9.6.25.1 Identities of related parties

Parties to be related to NS Group if NS Group 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 NS Group and the party are subject to common control or common significant influence. Related parties may be individual or other entities.

Related parties of NS Group include:

- IOI Corporation Berhad, the holding company;
- Direct and indirect subsidiaries of the holding company;
- Vertical Capacity Sdn. Bhd. and its holding company, Progressive Holdings Sdn. Bhd., the major corporate shareholder of the holding company;
- Direct and indirect associated, jointly controlled entities and affiliates of the holding company;
- Key management personnel which comprises persons (including the Directors of NSSB) having authority and responsibility for planning, directing and controlling the activities of NS Group; and

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.6 Nice Skyline Group ("NS Group") (Continued)

9.6.25 Significant related party disclosures (Continued)

9.6.25.1 Identities of related parties (Continued)

Related parties of NS Group include (Continued):

vi. Affiliates, companies in which certain Directors who are also the substantial shareholders of the holding company have substantial shareholdings interest.

9.6.25.2 Significant related party transactions

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

	2011	As at 30 June 2012	2013
	RM	RM	RM
Holding company			
Interest income	892,430	1,102,319	(80,601)
Interest expense	-	-	187,810
Sales of plantation produce	190,697	264,073	-
A related company interest expense	-	-	(28,897)

The related party transactions described above were carried out on negotiated terms and conditions and in the ordinary course of business between the related parties and NS Group.

Information regarding outstanding balances arising from related party transactions as at 30 June 2011, 30 June 2012 and 30 June 2013 are disclosed in Section 9.6.18 and Section 9.6.19 of this Report.

9.6.25.3 Key management personnel compensation

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

	2011	As at 30 June 2012	2013
	RM	RM	RM
Directors			
Remuneration	293,014	324,200	338,486
Estimated monetary value of benefits-in-kind	-	5,300	5,300
	293,014	329,500	343,786

Number of share options granted to the key management personnel during the financial year is as follows:

	2011	As at 30 June 2012	2013
Executive share option scheme of the related corporation			
At beginning of financial year	1,960,000	-	-
Forfeited due to resignation	-	-	-
Relinquished the rights	(1,960,000)	-	-
At end of financial year	-	-	-

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.6 Nice Skyline Group ("NS Group") (Continued)

9.6.27 Financial Instruments (Continued)

9.6.27.1 Interest rate risk (Continued)

9.6.27.1.2 Interest risk exposure

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

	Section	Repricing Brackets					Total RM	Weighted average effective interest rate %
		Less than 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	More than 4 years RM		
2011								
Interest bearing financial assets								
Fixed rate instruments								
Amount due from holding company	9.6.18	28,261,175	-	-	-	-	28,261,175	4.00
Cash held in Housing Development Accounts	9.6.24	15,282,068	-	-	-	-	15,282,068	2.00
Total assets repricing		43,543,243	-	-	-	-	43,543,243	
2012								
Interest bearing financial asset								
Fixed rate instrument								
Cash held in Housing Development Accounts	9.6.24	13,411,536	-	-	-	-	13,411,536	2.00
Total asset repricing		13,411,536	-	-	-	-	13,411,536	

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.6 Nice Skyline Group ("NS Group") (Continued)

9.6.25 Significant related party disclosures (Continued)

9.6.25.3 Key management personnel compensation (Continued)

Number of share options granted to the key management personnel during the financial year is as follows (Continued):

	2011	As at 30 June 2012	2013
Executive share option scheme of the ultimate holding company		6,320,400	6,320,400
At beginning of financial year	730,400	-	-
Date of appointment Granted	5,590,000	-	-
At end of financial year	6,320,400	6,320,400	6,320,400

9.6.26

Capital management

The primary objective of NS Group's capital management is to ensure that NS Group would be able to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value.

NS Group's capital structure is represented by the equity of NS Group. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2013, 30 June 2012 and 30 June 2011.

NS Group is not subject to any externally imposed capital requirement.

9.6.27

Financial instruments

Financial risk management objectives and policies

NS Group's activities expose it to a variety of financial risks, including interest rate risk, credit risk and liquidity and cash flow risk. NS Group's overall financial risk management objective is to ensure that NS Group creates value for its shareholders whilst minimising potential adverse effects on its financial performance and position. NS Group operates within established risk management framework and clearly defined guidelines that are approved by the Board of Director of the holding company.

9.6.27.1

Interest rate risk

NS Group's interest risk arises from its interest bearing financial instruments that could impact fair value and future cash flows due to fluctuation in market interest rate.

9.6.27.1.1

Risk management approach

NS Group actively reviews its debt portfolio, taking into account the nature and requirements of its businesses as well as the current business and economic environment.

NS Group's income and operating cash flows are substantially independent of changes in market interest rates.

11. ACCOUNTANTS' REPORT (Cont'd)

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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.6 Nice Skyline Group ("NS Group") (Continued)

9.6.27 Financial Instruments (Continued)

9.6.27.2 Credit risk

NS Group's credit risk exposure is mainly related to counter-party credit risk on monetary financial assets and trade credits. Credit risk is managed at the business unit level.

As at the end of the financial year ended 30 June 2011, other than the amount due from holding company constituting 88.3% of total receivables of NS Group, there were no significant concentration of credit risk. As at the end of the financial year ended 30 June 2011, NS Group does not extend any loans or financial guarantees to third parties except for its own holding company.

As at the end of the financial year ended 2012 and 30 June 2013, NS Group does not extend any loans or financial guarantees to third parties.

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

9.6.27.2.1 Risk management approach

Credit risk or financial loss from the failure of customers or counter parties to discharge their financial and contractual obligations from trade credits is managed through the application of credit approvals, credit limits, insurance programmes and monitoring procedures on an on-going basis. If necessary, NS Group may obtain collateral from counter parties as a mean of mitigating losses in the event of default.

NS Group's credit risk as outlined below:

i. Property

Generally, property units sold are progressively invoiced and settled by end-buyers' financiers posing minimal credit risk.

Policies and procedures

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

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

Collateral and credit enhancement

Title retention and conveyance on clearance for property development.

11. ACCOUNTANTS' REPORT (Cont'd)

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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.6 Nice Skyline Group ("NS Group") (Continued)

9.6.27 Financial Instruments (Continued)

9.6.27.1 Interest rate risk (Continued)

9.6.27.1.2 Interest risk exposure (Continued)

Section	Repricing Brackets					Total RM	Weighted average effective interest rate %
	Less than 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	More than 4 years RM		
2013							
Interest bearing financial asset							
Fixed rate instrument							
Cash held in Housing Development Accounts	9.6.24	5,240,039	-	-	-	5,240,039	2.00
		5,240,039	-	-	-	5,240,039	

Sensitivity analysis

Sensitivity analysis on interest rate is applied on floating rate financial instruments only, as the carrying amount of fixed rate financial instruments are measured at amortised cost, sensitivity analysis was not presented.

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
 9.6 Nice Skyline Group ("NS Group") (Continued)
 9.6.27 Financial Instruments (Continued)
 9.6.27.2 Credit risk (Continued)
 9.6.27.2.2 Credit risk exposures and concentration (Continued)

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

2011	Section	Neither past due nor impaired			Renegotiated RM	Past due not impaired RM	Total RM	Impairment charged in reporting period RM	Impairment at end of reporting period RM
		Strong RM	Medium RM	Weak RM					
Amount due from holding company	9.6.18	28,261,175	-	-	-	28,261,175	-	-	
Cash and cash equivalents	9.6.24	15,381,528	-	-	-	15,381,528	-	-	
Trade and other receivables, excluded deposits and prepayments	9.6.17	1,648,303	-	-	-	1,975,924	-	94,715	
		<u>45,291,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,975,924</u>	<u>-</u>	<u>94,715</u>	
2012									
Cash and cash equivalents	9.6.24	13,544,119	-	-	-	13,544,119	-	-	
Trade and other receivables, excluded deposits and prepayments	9.6.17	2,140,070	-	-	-	1,411,536	-	56,606	
		<u>15,684,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,411,536</u>	<u>-</u>	<u>56,606</u>	

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11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
 9.6 Nice Skyline Group ("NS Group") (Continued)
 9.6.27 Financial Instruments (Continued)
 9.6.27.2 Credit risk (Continued)
 9.6.27.2.2 Credit risk exposures and concentration

NS Group's credit risks are mainly on financial assets relating to amount due from holding company, cash and cash equivalents and trade and other receivables as summarised in the table below:

2011	Section	Maximum exposure RM	Collateral and enhancement RM	Net exposure to credit risk RM
Amount due from holding company	9.6.18	28,261,175	-	28,261,175
Cash and cash equivalents	9.6.24	15,381,528	2,300	15,379,228
Trade and other receivables, excluded deposit and prepayments	9.6.17	3,624,227	-	3,624,227
		<u>47,266,930</u>	<u>2,300</u>	<u>47,264,630</u>
2012				
Cash and cash equivalents	9.6.24	13,544,119	2,300	13,541,819
Trade and other receivables, excluded deposits and prepayments	9.6.17	3,551,606	-	3,551,606
		<u>17,095,725</u>	<u>2,300</u>	<u>17,093,425</u>
2013				
Cash and cash equivalents	9.6.24	5,389,924	2,300	5,387,624
Amount due from a related company	9.6.19	3,750,102	-	3,750,102
Trade and other receivables, excluded deposits and prepayments	9.6.17	7,271,020	-	7,271,020
		<u>16,411,046</u>	<u>2,300</u>	<u>16,408,746</u>

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11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
 9.6 Nice Skyline Group ("NS Group") (Continued)
 9.6.27 Financial Instruments (Continued)
 9.6.27.2 Credit risk (Continued)
 9.6.27.2.2 Credit risk exposures and concentration (Continued)

From the above table, more than 78% (2012: 92% and 2011: 96%) in value of NS Group's financial assets are of "strong" credit quality, with only the "receivables" class having past due and impairment. Besides the objective evidence of loss events, it is also NS Group's policy to provide impairment for any amount past due in aging brackets above 120 days unless supported by valid reasons. Table below provides an aging analysis of past due but not impaired alongside with the rationale for deferment of impairment on those past due above 120 days.

	Past due but not impaired					Total RM	Estimate fair value collateral and credit enhancement held RM
	1 - 30 days RM	31 - 60 days RM	61 - 90 days RM	91 - 120 days RM	>120 days RM		
2011							
Trade and other receivables, excluded deposits and prepayments	1,123,937	543,303	58,868	210,513	39,303	1,975,924	-
2012							
Trade and other receivables, excluded deposits and prepayments	504,201	645,221	63,660	40,794	157,660	1,411,536	-
2013							
Trade and other receivables, excluded deposits and prepayments	712,107	1,157,146	633,052	209,169	959,835	3,671,309	-

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

It is NS Group's policy to monitor the financial standing of these receivables on an ongoing basis to ensure that NS Group is exposed to minimal credit risk.

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
 9.6 Nice Skyline Group ("NS Group") (Continued)
 9.6.27 Financial Instruments (Continued)
 9.6.27.2 Credit risk (Continued)
 9.6.27.2.2 Credit risk exposures and concentration (Continued)

2013	Section	Neither past due nor impaired			Renegotiated RM	Past due not impaired RM	Total RM	Impairment charged in reporting period RM	Impairment at end of reporting period RM
		Strong RM	Medium RM	Weak RM					
Cash and cash equivalents	9.6.24	5,389,924	-	-	-	5,389,924	-	-	
Amount due from a related company	9.6.19	3,750,102	-	-	-	3,750,102	-	-	
Trade and other receivables, excluded deposits and prepayments	9.6.17	3,599,711	-	-	-	3,671,309	-	126,220	
		12,739,737	-	-	-	3,671,309	-	126,220	

Credit quality is analysed into the categories of Strong, Medium and Weak, whereby:

Strong = Strong financial standing, low probability of default
 Medium = Low to moderate risk of default
 Weak = Weak financial standing, history of past due

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)
9.6 Nice Skyline Group ("NS Group") (Continued)
9.6.27 Financial Instruments (Continued)

9.6.27.3

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. NS Group's liquidity risk also includes non-financial instruments.

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

9.6.27.3.1

Risk management approach

NS Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure all operating, investing and financing needs are met. To mitigate liquidity risk, management measures and forecasts its cash commitments, monitors and maintains a level of cash and cash equivalents deemed adequate to finance NS Group's operations and investment activities.

9.6.27.3.2

Liquidity risk exposure

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

	On-demand	Less than 1 year	Total
	RM	RM	RM
2011			
Financial liabilities			
Trade and other payables	-	3,997,051	3,997,051
2012			
Financial liabilities			
Trade and other payables	-	7,150,861	7,150,861
Amount due to holding company	-	1,527,317	1,527,317
2013			
Financial liabilities			
Trade and other payables	-	6,806,659	6,806,659
Amount due to holding company	-	369,580	369,580
	-	7,176,239	7,176,239

NS Group has ample liquidity to meet its financial liabilities and obligations maturing in the next 12 months.

9.6.27.4

Fair values

Methods and assumptions used to estimate fair values

The carrying amounts of financial assets and liabilities maturing within twelve (12) months approximate fair values due to the relatively short term maturity of these financial instruments.

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)
9.6 Nice Skyline Group ("NS Group") (Continued)
9.6.27 Financial Instruments (Continued)

9.6.27.5

Classification of financial instruments

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

	Loan and receivables	Fair value through profit or loss	Available-for-sale	Held-to-maturity	Total
	RM	RM	RM	RM	RM
Financial assets					
2011					
Amount due from holding company	28,261,175	-	-	-	28,261,175
Cash and cash equivalents	15,381,528	-	-	-	15,381,528
Trade and other receivables, excluded deposits and prepayments	3,624,227	-	-	-	3,624,227
	47,266,930	-	-	-	47,266,930
2012					
Cash and cash equivalents	13,544,119	-	-	-	13,544,119
Trade and other receivables, excluded deposits and prepayments	3,551,606	-	-	-	3,551,606
	17,095,725	-	-	-	17,095,725
2013					
Cash and cash equivalents	5,389,924	-	-	-	5,389,924
Amount due from a related company	3,750,102	-	-	-	3,750,102
Trade and other receivables, excluded deposits and prepayments	7,271,020	-	-	-	7,271,020
	16,411,046	-	-	-	16,411,046
	Other financial liabilities	Fair value through profit or loss	Total		
	RM	RM	RM		
Financial liabilities					
2011					
Trade and other payables	3,997,051	-	3,997,051		
2012					
Trade and other payables	7,150,861	-	7,150,861		
Amount due to holding company	1,527,317	-	1,527,317		
	8,678,178	-	8,678,178		
2013					
Trade and other payables	6,806,659	-	6,806,659		
Amount due to holding company	369,580	-	369,580		
	7,176,239	-	7,176,239		

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.7 IOI City Mall Sdn. Bhd. (formerly known as Dreammont Development Sdn. Bhd.) ("IOICMSB")

9.7.1 Statements of profit or loss of IOICMSB

The statements of profit or loss of IOICMSB, which are extracted from the audited financial statements of IOICMSB for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Financial years ended 30 June		
	2011 RM	2012 RM	2013 RM
Revenue	-	-	-
Other operating income	9.7.6	16,272,811	113,790,613
Marketing and selling expenses	(22,583)	(504,344)	(1,159,574)
Administration expenses	(209,157)	(51,659)	(388,162)
Other operating expenses	(567)	(207,199)	(232,303)
(Loss)/Profit before taxation	9.7.7	(232,307)	112,010,574
Taxation	9.7.8	-	(9,577,765)
(Loss)/Profit for the financial year		(232,307)	102,432,809

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.7 IOI City Mall Sdn. Bhd. (formerly known as Dreammont Development Sdn. Bhd.) ("IOICMSB")

9.7.2 Statements of other comprehensive income of IOICMSB

The statements of other comprehensive income of IOICMSB, which are extracted from the audited financial statements of IOICMSB for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Financial years ended 30 June		
	2011 RM	2012 RM	2013 RM
(Loss)/Profit for the financial year	(232,307)	14,690,140	102,432,809
Other comprehensive income	-	-	-
Total comprehensive (loss)/income for the financial year	(232,307)	14,690,140	102,432,809
(Loss)/Earnings before interest, tax, depreciation and amortisation ("LBITDA/EBITDA") (RM)	(232,307)	15,515,122	112,038,321
Number of ordinary shares of RM1.00 each	2	2	2
Gross (loss)/earnings per share (RM)	(116,154)	7,754,805	56,005,287
Net (loss)/earnings per share (RM)	(116,154)	7,345,070	51,216,405
Effective tax rate (%)	-	5	9

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.7 IOI City Mall Sdn. Bhd. (formerly known as Dreammont Development Sdn. Bhd.) ("IOICMSB") (Continued)

9.7.3 Statements of financial position of IOICMSB

The statements of financial position of IOICMSB, which are extracted from the audited financial statements of IOICMSB for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

ASSETS	Section	As at 30 June		
		2011 RM	2012 RM	2013 RM
Non-current assets				
Property, plant and equipment	9.7.9	63,640,587	13,526,404	121,725
Investment properties	9.7.10	-	146,436,717	234,076,683
Current assets				
Other receivables, prepayments and deposits	9.7.11	62,232	18,486,830	2,352,123
Amounts due from related companies	9.7.12	-	10,957,714	87,497,428
Current tax assets		67,609	136,334	747,549
Cash and cash equivalents	9.7.13	129,841	18,634,835	90,597,100
TOTAL ASSETS		63,770,428	178,597,956	324,795,508
EQUITY AND LIABILITIES				
Equity attributable to owner of IOICMSB				
Share capital	9.7.14	2	10,000,002	10,000,002
Share premium		-	90,000,000	90,000,000
(Accumulated losses)/ Retained earnings	9.7.15	(311,615)	14,315,475	116,748,284
(Capital deficiencies)/ Total equity		(311,613)	114,315,477	216,748,286
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	9.7.16	-	812,183	8,253,077

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.7 IOI City Mall Sdn. Bhd. (formerly known as Dreammont Development Sdn. Bhd.) ("IOICMSB") (Continued)

9.7.3 Statements of financial position of IOICMSB (Continued)

Current liabilities	Section	As at 30 June		
		2011 RM	2012 RM	2013 RM
Trade and other payables	9.7.17	10,620,318	26,770,483	79,794,291
Amounts due to related companies		-	-	15,605,483
Amount due to holding company	9.7.18	53,461,723	36,699,813	3,640,069
Current tax liabilities		-	-	754,302
Total liabilities		64,082,041	63,470,296	99,794,145
TOTAL LIABILITIES NET OF CAPITAL DEFICIENCIES/ TOTAL EQUITY AND LIABILITIES		64,082,041	64,282,479	108,047,222

Number of ordinary shares of RM1.00 each in issue

2 2 2

Net (liabilities)/assets (RM)

(311,613) 114,315,477 216,748,286

Net (liabilities)/assets per ordinary share of RM1.00 each (RM)

(155,807) 57,157,739 108,374,143

Trade payables turnover period (days)

202 83 42

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.7 IOI City Mall Sdn. Bhd. (formerly known as Dreammont Development Sdn. Bhd.) ("IOICMSB") (Continued)
- 9.7.4 Statements of changes in equity of IOICMSB

The statements of changes in equity of IOICMSB, which are extracted from the audited financial statements of IOICMSB for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Share capital RM	Non-Distributable Share premium RM	Distributable (Accumulated losses)/ Retained earnings RM	Total RM
As at 1 July 2010	2	-	(79,308)	(79,306)
Total comprehensive loss - Loss for the financial year	-	-	(232,307)	(232,307)
As at 30 June 2011	2	-	(311,615)	(311,613)
As at 1 July 2011	2	-	(311,615)	(311,613)
Effects of the adoption of MFRS 1	-	-	(63,050)	(63,050)
Restated balance as at 1 July 2011	2	-	(374,665)	(374,663)
Total comprehensive income - Profit for the financial year	-	-	14,690,140	14,690,140
Transactions with owner issuance of redeemable preference shares	9.7.14	10,000,000	90,000,000	100,000,000
As at 30 June 2012, as restated	10,000,002	90,000,000	14,315,475	114,315,477
As at 1 July 2012, as restated	10,000,002	90,000,000	14,315,475	114,315,477
Total comprehensive income - Profit for the financial year	-	-	102,432,809	102,432,809
As at 30 June 2013	10,000,002	90,000,000	116,748,284	216,748,286

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.7 IOI City Mall Sdn. Bhd. (formerly known as Dreammont Development Sdn. Bhd.) ("IOICMSB") (Continued)
- 9.7.5 Statements of cash flows of IOICMSB

The statements of cash flows of IOICMSB, which are extracted from the audited financial statements of IOICMSB for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	2011 RM	2012 RM	2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before taxation	(232,307)	15,509,609	112,010,574
Adjustments for:			
Depreciation of property, plant and equipment	9.7.9	5,513	27,747
Fair value gain on investment properties	9.7.10	(16,243,665)	(103,213,136)
Gain on disposal of property, plant and equipment	-	-	(10,550,296)
Operating loss before working capital changes	(232,307)	(728,543)	(1,725,111)
(Increase)/Decrease in other receivables, prepayments and deposits	(62,232)	(17,608,064)	16,134,707
Increase in amounts due from related companies	-	(10,957)	(87,478,307)
Increase in trade and other payables	9,418,035	16,150,165	53,023,808
Cash generated from/(used in) operations	9,123,496	(2,197,399)	(20,044,903)
Tax paid	-	(8,000)	(1,381,855)
Net cash from/(used in) operating activities	9,123,496	(2,205,399)	(21,426,758)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	9.7.9	(6,089,317)	(7,715,020)
Additions to investment properties	9.7.10	(74,874,649)	(214,083,925)
Proceeds from disposal of investment properties	-	-	231,364,498
Proceed from disposal of property, plant and equipment	-	-	31,642,248
Net cash (used in)/from investing activities	(19,243,933)	(80,963,966)	(41,207,801)

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.7 IOI City Mall Sdn. Bhd. (formerly known as Dreammont Development Sdn. Bhd.) ("IOICMSB") (Continued)

9.7.5 Statements of cash flows of IOICMSB (Continued)

Section	Financial years ended 30 June		
	2011 RM	2012 RM	2013 RM
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances from a related company	-	-	13,889,916
Advances from/(Repayments to) holding company	10,136,963	83,238,090	(33,059,744)
Net cash from/(used in) financing activities	10,136,963	83,238,090	(19,169,828)
Net increase in cash and cash equivalents	16,526	68,725	611,215
Cash and cash equivalents at beginning of financial year	51,083	67,609	136,334
Cash and cash equivalents at end of financial year	67,609	136,334	747,549
9.7.13			

9.7.6 Other operating income

	FYE 30 June		
	2011 RM	2012 RM	2013 RM
Fair value gain on investment properties (Section 9.7.10)	-	16,243,665	103,213,136
Gain on disposal of property, plant and equipment	-	-	10,550,296
Others	-	29,146	27,181
	-	16,272,811	113,790,613

9.7.7 (Loss)/Profit before taxation

	FYE 30 June		
	2011 RM	2012 RM	2013 RM
(a) (Loss)/Profit before taxation has been arrived at after charging:			
Auditors' remuneration	1,500	5,500	6,500
Depreciation of property, plant and equipment (Section 9.7.9)	-	5,513	27,747
Rental expenses	-	34,375	72,335
and crediting:			
Gain on disposal of property, plant and equipment	-	-	10,550,296
Fair value gain on investment properties (Section 9.7.10)	-	16,243,665	103,213,136

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.7 IOI City Mall Sdn. Bhd. (formerly known as Dreammont Development Sdn. Bhd.) ("IOICMSB") (Continued)

9.7.7 (Loss)/Profit before taxation (Continued)

	FYE 30 June		
	2011 RM	2012 RM	2013 RM
(b) Employee information			
The employee benefits costs are as follows:			
Wages, salaries and others	160,591	185,694	451,854
Contribution to Employee's Provident Fund	17,241	21,787	53,619
	177,832	207,481	505,473

9.7.8 Taxation

	FYE 30 June		
	2011 RM	2012 RM	2013 RM
Current year tax expense based on profit for the financial year:			
Malaysian income taxation	-	7,286	2,136,871
Deferred taxation (Section 9.7.16)	-	812,183	6,628,711
Under-provision in prior years:			
Deferred taxation (Section 9.7.16)	-	-	812,183
	-	819,469	8,765,582

A numerical reconciliation between the effective tax rate and the applicable tax rate of IOICMSB is as follows:

	FYE 30 June		
	2011 %	2012 %	2013 %
Applicable tax rate	(25.00)	25.00	25.00
Tax effects in respect of:			
Non-allowable expenses	25.00	1.24	0.39
Income subject to real property gains taxes	-	(20.96)	(17.57)
Under-provision in prior year	-	-	0.73
	-	5.28	8.55

Malaysian income tax is calculated at the statutory tax rate of 25% (2012 and 2011: 25%) of the estimated assessable profit for the year. Deferred tax is calculated on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)
9.7 IOI City Mall Sdn. Bhd. (formerly known as Dreammont Development Sdn. Bhd.) ("IOICMSB") (Continued)
9.7.9 Property, plant and equipment

2011	At beginning of financial year RM	Additions RM	Transfer from a related company RM	At end of financial year RM
At Cost				
Freehold land	39,520,000	-	-	39,520,000
Construction-in-progress	4,876,654	19,243,933	-	24,120,587
	44,396,654	19,243,933	-	63,640,587
At beginning of financial year RM	4,742,400	-	-	4,742,400
2012	2,700,200	5,821,542	247,441	8,769,183
At Cost				
Freehold land	4,742,400	-	-	4,742,400
Construction-in-progress	2,700,200	5,821,542	247,441	8,769,183
Office equipment	-	11,634	-	11,634
Computers	-	8,700	-	8,700
	7,442,600	5,841,876	247,441	13,531,917
At beginning of financial year RM				
2013				
At beginning of financial year RM	4,742,400	-	-	4,742,400
At end of financial year RM	8,769,183	-	-	8,769,183
Current year depreciation charge RM	-	1,163	-	1,163
Disposals RM	-	4,350	-	4,350
At end of financial year RM	-	5,513	-	5,513

2011	At beginning of financial year RM	Additions RM	Disposals RM	At end of financial year RM
At Cost				
Freehold land	4,742,400	-	(4,742,400)	-
Construction-in-progress	8,769,183	7,580,369	(16,349,552)	-
Office equipment	11,634	10,740	-	22,374
Computers	8,700	7,107	-	15,807
Furniture and fittings	-	46,804	-	46,804
Motor vehicle	-	70,000	-	70,000
	13,531,917	7,715,020	(21,091,952)	154,985

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)
9.7 IOI City Mall Sdn. Bhd. (formerly known as Dreammont Development Sdn. Bhd.) ("IOICMSB") (Continued)
9.7.9 Property, plant and equipment (Continued)

2013	At beginning of financial year RM	Current year depreciation charge RM	At end of financial year RM
Accumulated Depreciation			
Office equipment	1,163	1,928	3,091
Computers	4,350	9,020	13,370
Furniture and fittings	-	15,632	15,632
Motor vehicle	-	1,167	1,167
	5,513	27,747	33,260
As at 30 June 2012 RM			
2011 RM	39,520,000	4,742,400	-
2012 RM	24,120,587	8,769,183	-
Carrying Amount			
Freehold land	-	4,742,400	-
Construction-in-progress	-	8,769,183	-
Office equipment	-	10,471	19,283
Computers	-	4,350	2,437
Furniture and fittings	-	-	31,172
Motor vehicle	-	-	68,833
	63,640,587	13,526,404	121,725

Included in additions of property, plant and equipment during the FYE 30 June 2013 is control transfer of property, plant and equipment from a related company with a net carrying amount of RM70,000 (2012: RM247,441 and 2011: Nil).

Included in disposals of property, plant and equipment during the FYE 30 June 2013 relates to the cost-sharing of common development costs as mentioned in Section 9.7.19 of this Report amounting to RM16,349,552.

- 9.7.10 Investment properties

2012	At beginning of financial year RM	Additions RM	Fair value adjustments RM	At end of financial year RM
Freehold land	34,777,600	-	16,243,665	51,021,265
Construction-in-progress	20,540,803	74,874,649	-	95,415,452
	55,318,403	74,874,649	16,243,665	146,436,717

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.7 IOI City Mall Sdn. Bhd. (formerly known as Dreammont Development Sdn. Bhd.) ("IOICMSB") (Continued)

9.7.10 Investment properties (Continued)

	At beginning of financial year	Additions	Fair value adjustments	Disposals	At end of financial year
	RM	RM	RM	RM	RM
2013					
Freehold land	51,021,265	75,781,173	(53,524,438)		73,278,000
Construction-in-progress	95,415,452	215,791,328	27,431,963	(177,840,060)	160,798,683
	146,436,717	215,791,328	103,213,136	(231,364,498)	234,076,683

a) The fair value of the investment properties above was 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. IOICMSB uses assumptions that are mainly based on market conditions existing at each reporting date.

b) Included in additions of construction-in-progress during the FYE 30 June 2013 are:

- i. interest expenses charged by a related company being capitalised amounted to RM1,707,403 (2012 and 2011: Nil);
- ii. rental expenses charged by a related company to project management consultants amounting RM77,694 (2012 and 2011: Nil); and
- iii. project management fees charged by a related company amounting RM860,593 (2012 and 2011: Nil).

c) Included in additions of construction-in-progress in the FYE 30 June 2012 is sharing of common development costs with a related company amounting RM1,814,571 (2011: Nil)

d) Included in disposals of construction-in-progress during the FYE 30 June 2013 were sharing of common development costs with related companies amounting to RM177,840,060 (2012 and 2011: Nil).

e) The title of the properties, whereby IOICMSB is the beneficiary owner, is registered under the name of the holding company, IOI Corporation Berhad.

Investment properties comprise:

Name of location	Description	Tenure of land	Net lettable area
IOI Resort City Development IOI Resort Putrajaya	Shopping mall development	Freehold	Currently under construction

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.7 IOI City Mall Sdn. Bhd. (formerly known as Dreammont Development Sdn. Bhd.) ("IOICMSB") (Continued)

9.7.11 Other receivables, prepayments and deposits

	2011	As at 30 June 2012	2013
	RM	RM	RM
Other receivables	12,232	-	2,069,439
Cost sharing receivables	-	18,311,046	-
Prepayments	-	-	6,900
Deposits	50,000	175,784	275,784
	62,232	18,486,830	2,352,123

The cost sharing receivables in previous financial year represented cost on common infrastructure works incurred on behalf of a related company and a company in which certain Directors have interests. These amounts were fully collected during the FYE 30 June 2013.

Others receivables, prepayments and deposits are denominated in RM.

9.7.12 Amounts due from/(to) related companies

The amounts due from related companies represent trade transactions, which are unsecured, non-interest bearing and payable on demand in cash and cash equivalents.

The amounts due to related companies consist of trade and non-trade balances. The trade balances are unsecured, non-interest bearing and payable upon demand in cash and cash equivalents. The non-trade balances represent advances, which are unsecured, bear interest at a rate of 4.63% (2012 and 2011: Nil) per annum and payable upon demand in cash and cash equivalents.

Amounts due from/(to) related companies are denominated in RM.

9.7.13 Cash and cash equivalents

	2011	As at 30 June 2012	2013
	RM	RM	RM
Cash at bank	67,609	136,334	747,549

Cash at bank is deposit held at call with a licensed bank, which is denominated in RM.

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.7 IOI City Mall Sdn. Bhd. (formerly known as Dreammont Development Sdn. Bhd.) ("IOICMSB") (Continued)

	2011	As at 30 June 2012	2013
	RM	RM	RM
9.7.14 Share capital			
Authorised			
Ordinary shares of RM1.00 each			
At beginning of financial year/end of financial year	100,000	100,000	100,000
Redeemable preference shares ("RPS") of RM0.10 each	-	-	299,900,000
At beginning of financial year	-	299,900,000	-
Increase during the financial year	-	-	-
At end of financial year	-	299,900,000	299,900,000

Issued and fully paid-up

Ordinary shares of RM1.00 each			
At beginning of financial year/end of financial year	2	2	2
RPS of RM0.10 each			
At beginning of financial year	-	-	10,000,000
Allotment during the financial year	-	10,000,000	-
At end of financial year	-	10,000,000	10,000,000
	2	10,000,002	10,000,002

On 30 June 2012, IOICMSB increased its authorised share capital from RM100,000 to RM300,000,000 consisting of:

- 100,000 ordinary shares of RM1.00 each; and
 - 2,999,000,000 redeemable non-cumulative preference shares ("RPS") of RM0.10 each.
- IOICMSB allotted 100,000,000 RPS of RM0.10 each at RM10,000,000, which were fully paid at a premium of RM0.90 each at RM90,000,000. The consideration was satisfied by way of capitalisation of the amount due to holding company of RM100,000,000. The newly issued shares rank pari passu in all respect with the existing shares of IOICMSB.

The owner of IOICMSB is entitled to receive dividends as declared from time to time and is entitled to one (1) vote per share at the meetings of IOICMSB. All ordinary shares rank equally with regard to IOICMSB's residual assets.

9.7.15 Retained earnings

The Company had moved to a single tier system since the previous financial years.

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

	2011	As at 30 June 2012	2013
	RM	RM	RM
9.7 IOI City Mall Sdn. Bhd. (formerly known as Dreammont Development Sdn. Bhd.) ("IOICMSB") (Continued)			
9.7.16 Deferred tax liabilities			
At beginning of financial year	-	-	812,183
Recognised in profit or loss (Section 9.7.8)			
- Current year	-	812,183	6,628,711
- Prior year	-	-	812,183
At end of financial year	-	812,183	8,253,077

The components and movements of deferred tax liabilities during the financial year are as follows:

	2011	FYE 30 June 2012	2013
	RM	RM	RM
At beginning of financial year	-	-	812,183
Recognised in profit or loss			
Temporary differences on fair value adjustments on investment properties	-	812,183	7,440,894
At end of financial year	-	812,183	8,253,077

9.7.17 Trade and other payables

	2011	As at 30 June 2012	2013
	RM	RM	RM
Trade payables (Section 9.7.17.1)	10,618,818	23,930,955	45,903,833
Other payables, accruals and deposits (Section 9.7.17.2)	1,500	2,839,528	33,890,458
	10,620,318	26,770,483	79,794,291

9.7.17.1 Trade payables

Included in trade payables of IOICMSB are retention monies of RM 20,126,555 (2012: RM5,984,615 and 2011: Nil).

Credit terms of trade payables vary from 14 to 60 days (2012 and 2011: 14 to 60 days) from date of invoices and progress claims. The retention monies are repayable upon expiry of the defect liability period of 12 to 18 months.

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9.7.17.2	As at 30 June		
	2011 RM	2012 RM	2013 RM
Trade and other payables (Continued)	-	353,287	4,983,705
Other payables, accruals and deposits	-	2,479,241	28,878,753
	1,500	7,000	28,000
Deposits	-	-	-
Accruals	-	-	-
- Construction activities	1,500	2,839,528	33,890,458
- Others	-	-	-

The currency exposure profile of trade and other payables is as follows:

	As at 30 June	
	2011 RM	2013 RM
Ringgit Malaysia	10,287,006	79,794,291
United States Dollar	333,312	-
	10,620,318	79,794,291

9.7.18 Amount due to holding company
The amount due to holding company represents advances and payments made on behalf, which is unsecured, non-interest bearing and payable upon demand in cash and cash equivalents.

Amount due to holding company is denominated in RM.

9.7.19 Significant related party disclosures

9.7.19.1 Identities of related parties

Parties are considered to be related to IOICMSB if IOICMSB 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 IOICMSB and the party are subject to common control or common significant influence. Related parties may be individual or other entities.

Related parties of IOICMSB include:

- IOI Corporation Berhad, the holding company;
- Direct and indirect subsidiaries of the holding company;
- Vertical Capacity Sdn. Bhd. and its holding company, Progressive Holdings Sdn. Bhd., the major corporate shareholder of the holding company;
- Associates and jointly controlled entities of the holding company;
- Key management personnel which comprises persons (including the Directors of IOICMSB) having authority and responsibility for planning, directing and controlling the activities of IOICMSB directly or indirectly; and
- Affiliates, companies in which certain Directors who are also the substantial shareholders of the holding company have substantial shareholdings interest.

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.7 IOI City Mall Sdn. Bhd. (formerly known as Dreammont Development Sdn. Bhd.) ("IOICMSB")
(Continued)

9.7.19 Significant related party disclosures (Continued)

9.7.19.2 Significant related party transactions

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

	FYE 30 June		
	2011 RM	2012 RM	2013 RM
Related companies	-	-	-
Rental expenses	-	26,875	132,029
Landscaping services	-	14,672	114,402
Interest expenses	-	-	1,707,403
Management fees	-	-	860,593
Acquisitions of property, plant and equipment	-	247,441	70,000
Acquisitions of investment properties	-	1,814,571	-
Disposals of property, plant and equipment	-	-	(31,642,248)
Disposals of investment properties	-	-	(231,364,498)
Affiliate	-	-	-
Rental expenses	-	7,500	18,000

The related party transactions described above were carried out on negotiated terms and conditions and in the ordinary course of business between the related parties and IOICMSB.

Information regarding outstanding balances arising from the related party transactions as at 30 June 2011, 30 June 2012 and 30 June 2013 are disclosed in Section 9.7.12 and Section 9.7.18 of this Report.

9.7.19.3 Key management personnel compensation

There is no compensation paid to Directors or other key management personnel during the financial year.

9.7.20 Capital management

The primary objective of IOICMSB's capital management is to ensure IOICMSB is able to continue as a going concern while maximising the return to shareholder through the optimisation of the debt and equity mix.

IOICMSB's capital structure is represented by the equity of IOICMSB and its capital ratio is determined by the holding company. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2013, 30 June 2012 and 30 June 2011.

IOICMSB is not subject to any externally imposed capital requirements.

9.7.21 Financial Instruments

Financial risk management objectives and policies

IOICMSB's activities expose it to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk and liquidity and cash flow risk. IOICMSB's overall financial risk management objective is to ensure that IOICMSB creates value for its shareholder whilst minimising potential adverse effects on its financial performance and position. IOICMSB operates within established risk management framework and clearly defined guidelines that are approved by the Board of Directors of the holding company.

9.7.21.1 Foreign currency risk

As at the end of reporting period, IOICMSB has no significant exposure to foreign currency risk.

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.7 IOI City Mall Sdn. Bhd. (formerly known as Dreammont Development Sdn. Bhd.) ("IOICMSB") (Continued)

9.7.21 Financial Instruments (Continued)

9.7.21.3 Credit risk

IOICMSB monitors its credit risk in accordance with IOI Corporation Berhad group's risk management approach.

Other than amounts due from related companies constituting 97% (2012 and 2011: Nil) of total receivables of IOICMSB as at the end of the reporting period, there was no significant concentration of credit risk. IOICMSB does not extend any loans or financial guarantees to third parties.

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

Credit risk exposures and concentration

IOICMSB's credit risks are mainly on financial assets relating to cash at bank, other receivables and amounts due from related companies as summarised in the table below:

	2011 RM	2012 RM	2013 RM
Financial assets			
Other receivables, excluded prepayments and deposits	12,232	18,311,046	2,069,439
Amounts due from related companies	-	10,957	87,497,428
Cash at bank	67,609	136,334	747,549
	79,841	18,458,337	90,314,416

The tables below outline the credit quality analysis of IOICMSB's financial assets.

2011	Neither past due nor Impaired			Total RM
	Strong RM	Medium RM	Weak RM	
Other receivables, excluded prepayments and deposits	12,232	-	-	12,232
Cash at bank	67,609	-	-	67,609
	79,841	-	-	79,841
2012				
Other receivables, excluded prepayments and deposits	18,311,046	-	-	18,311,046
Amounts due from related companies	10,957	-	-	10,957
Cash at bank	136,334	-	-	136,334
	18,458,337	-	-	18,458,337

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.7 IOI City Mall Sdn. Bhd. (formerly known as Dreammont Development Sdn. Bhd.) ("IOICMSB") (Continued)

9.7.21 Financial Instruments (Continued)

9.7.21.2 Interest rate risk

IOICMSB's interest rate risk arises from its interest bearing financial instruments that could impact fair value and future cash flows due to fluctuation in market interest rates.

IOICMSB's objective on interest rate risk management is to achieve a balance in repricing risk and the optimisation of its cost of funds whilst ensuring sufficient liquidity to meet funding needs.

9.7.21.2.1 Risk management approach

IOICMSB actively reviews its debt portfolio, taking into account the nature and requirements of its businesses as well as the current business and economic environment.

9.7.21.2.2 Interest rate risk exposure

The following table sets out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining repricing brackets of IOICMSB's financial instruments that is exposed to interest rate risk:

Section	Repricing Brackets					Total RM	Weighted average effective interest rate %
	Less than 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	More than 4 years RM		
2013							
Interest bearing financial liability							
Fixed rate instrument							
Amount due to a related company	9.7.12	-	-	-	15,597,319	15,597,319	4.63
Total asset repricing		-	-	-	15,597,319	15,597,319	

9.7.21.2.3 Sensitivity analysis

Sensitivity analysis on interest rate is applied on floating rate financial instruments only, and as the carrying amount of fixed rate financial instrument is measured at amortised cost, sensitivity analysis was not presented.

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)		Neither past due nor impaired				Total
9.7 IOI City Mall Sdn. Bhd. (formerly known as Dreammont Development Sdn. Bhd.) ("IOICMSB") (Continued)		Strong	Medium	Weak		
9.7.21 Financial instruments (Continued)		RM	RM	RM	RM	RM
9.7.21.3 Credit risk (Continued)						
2013						
	Other receivables, excluded prepayments and deposits	2,069,439	-	-	-	2,069,439
	Amounts due from related companies	87,497,428	-	-	-	87,497,428
	Cash at bank	747,549	-	-	-	747,549
		<u>90,314,416</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,314,416</u>

Credit quality is analysed into the categories of Strong, Medium and Weak, whereby:

Strong = Strong financial standing, low probability of default
 Medium = Low to moderate risk of default
 Weak = Weak financial standing, history of past due

9.7.21.4 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.

IOICMSB 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 IOICMSB's operations and investment activities.

9.7.21.4.1 Liquidity risk exposure

The table below summarises the maturity profile of IOICMSB's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

2011	On demand RM	Less than 1 year RM	Total RM
Financial liabilities			
		10,620,318	10,620,318
	53,461,723	-	53,461,723
	<u>53,461,723</u>	<u>10,620,318</u>	<u>64,082,041</u>

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.7 IOI City Mall Sdn. Bhd. (formerly known as Dreammont Development Sdn. Bhd.) ("IOICMSB") (Continued)		On demand RM	Less than 1 Year RM	5 years RM	Total RM
9.7.21	Financial instruments (Continued)				
9.7.21.4	Liquidity and cash flow risk (Continued)				
9.7.21.4.1	Liquidity risk exposure (Continued)				
2012					
	Financial liabilities				
	Trade and other payables	-	26,417,196	-	26,417,196
	Amount due to holding company	36,699,813	-	-	36,699,813
		<u>36,699,813</u>	<u>26,417,196</u>	<u>-</u>	<u>63,117,009</u>
2013					
	Financial liabilities				
	Trade and other payables	-	74,810,586	-	74,810,586
	Amounts due to related companies	8,164	-	15,597,319	15,605,483
	Amount due to holding company	3,640,069	-	-	3,640,069
		<u>3,648,233</u>	<u>74,810,586</u>	<u>15,597,319</u>	<u>94,056,138</u>

IOICMSB has ample liquidity to meet its financial liabilities and obligations maturing in next 12 months.

9.7.21.5 Fair values

Methods/Assumptions used to estimate fair values

The carrying amounts of financial assets and liabilities maturing within twelve (12) months approximate their fair values due to the relatively short term maturity of these financial instruments.

9.7.21.6 Classification of financial instruments

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

2011	Loan and receivables RM	Fair value through profit or loss RM	Available-for-sale RM	Held-to-maturity RM	Total RM
Financial assets					
	12,232	-	-	-	12,232
	67,609	-	-	-	67,609
	<u>79,841</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,841</u>

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)	IOI City Mall Sdn. Bhd. (formerly known as Dreammont Development Sdn. Bhd.) ("IOICMSB")			
	Loan and receivables RM	Fair value through profit or loss RM	Available-for-sale RM	Held-to-maturity RM
9.7.21 Financial instruments (Continued)				
9.7.21.6 Classification of financial instruments (Continued)				
Financial assets				
2012				
Other receivables, excluded prepayments and deposits	18,311,046	-	-	18,311,046
Amounts due from related companies	10,957	-	-	10,957
Cash at bank	136,334	-	-	136,334
	18,458,337	-	-	18,458,337
2013				
Other receivables, excluded prepayments and deposits	2,069,439	-	-	2,069,439
Amounts due from related companies	87,497,428	-	-	87,497,428
Cash at bank	747,549	-	-	747,549
	90,314,416	-	-	90,314,416
Financial liabilities		Fair value through profit or loss RM		Total RM
2011				
Trade and other payables	10,620,318	-	-	10,620,318
Amount due to holding company	53,461,723	-	-	53,461,723
	64,082,041	-	-	64,082,041
2012				
Trade and other payables	26,417,196	-	-	26,417,196
Amount due to holding company	36,699,813	-	-	36,699,813
	63,117,009	-	-	63,117,009
2013				
Trade and other payables	74,810,586	-	-	74,810,586
Amounts due to a related companies	15,605,483	-	-	15,605,483
Amount due to a holding company	3,640,069	-	-	3,640,069
	94,056,138	-	-	94,056,138

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No.1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)	IOI City Mall Sdn. Bhd. (formerly known as Dreammont Development Sdn. Bhd.) ("IOICMSB")			
	2011 RM	As at 30 June 2012 RM	As at 30 June 2013 RM	
9.7.22 Commitments				
9.7.22.1 Capital commitments				
Authorised capital expenditure not provided for in the financial statements				
- Contracted Additions of property, plant and equipment	19,824,619	-	-	19,824,619
Additions of investment properties		168,462,000	-	168,462,000
	19,824,619	168,462,000	-	199,286,619
- Not contracted Additions of property, plant and equipment	1,253,520,000	-	-	1,253,520,000
Additions of investment properties		1,060,762,000	-	1,060,762,000
	1,253,520,000	1,060,762,000	-	2,314,282,000
Operating lease commitments - IOICMSB as lessee				
IOICMSB has entered into non-cancellable operating lease agreements on its construction project. These leases have remaining non-cancellable lease terms of between 1 - 2 years.				
The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the end of reporting period but not recognised as receivables are as follows:				
		As at 30 June 2012 RM	As at 30 June 2013 RM	
Not later than one (1) year	-	-	-	55,835
Later than one (1) year and not later than five (5) years	-	-	-	27,460
	-	-	-	83,295
Explanation of transition to MFRS				
IOICMSB is a non-transitioning entity as defined by the MASB, and has adopted the MFRS Framework during the FYE 30 June 2013. Accordingly, this is the first financial statements of IOICMSB prepared in accordance with MFRSs.				
The accounting policies set out in Section 7 of this Report have been applied in preparing the financial statements of IOICMSB for the FYE 30 June 2013, as well as comparative information presented in these financial statements for the FYE 30 June 2012 and in the preparation of the opening MFRS statements of financial position at 1 July 2011 (the date of transition of IOICMSB to MFRS).				
IOICMSB has adjusted amounts previously reported in financial statements that were prepared in accordance with the previous FRS Frameworks. In preparing the opening statements of financial position at 1 July 2011, an explanation on the impact arising from the transition from FRSS to MFRSs on IOICMSB's financial position, financial performance and cash flows is set out as follows:				

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No.1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.7 IOI City Mall Sdn. Bhd. (formerly known as Dreammont Development Sdn. Bhd.) ("IOICMSB")
(Continued)

9.7.23 Explanation of transition to MFRS (Continued)

(a) Reconciliation of financial position as at 1 July 2011

ASSETS	Section	Previously reported under FRSS RM	Effect on adoption of MFRSS RM	Restated under MFRSS RM
Non-current assets				
Property, plant and equipment	9.7.23(d)(i)	63,640,587	(56,197,987)	7,442,600
Investment properties	9.7.23(d)(ii)	-	55,318,403	55,318,403
Current assets		63,640,587	(879,584)	62,761,003
Other receivables and deposits		62,232	816,534	878,766
Cash and cash equivalents		67,609	-	67,609
TOTAL ASSETS		129,841	816,534	946,375
EQUITY AND LIABILITIES		63,770,428	(63,050)	63,707,378
Equity attributable to owner of IOICMSB				
Share capital		2	-	2
Accumulated losses	9.7.23(d)(iii)	(311,615)	(63,050)	(374,665)
CAPITAL DEFICIENCY		(311,613)	(63,050)	(374,663)
LIABILITIES				
Current liabilities				
Trade and other payables		10,620,318	-	10,620,318
Amount due to holding company		53,461,723	-	53,461,723
TOTAL LIABILITIES		64,082,041	-	64,082,041
TOTAL LIABILITIES NET OF CAPITAL DEFICIENCY		63,770,428	(63,050)	63,707,378

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No.1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.7 IOI City Mall Sdn. Bhd. (formerly known as Dreammont Development Sdn. Bhd.) ("IOICMSB")
(Continued)

9.7.23 Explanation of transition to MFRS (Continued)

(b) Reconciliation of financial position as at 30 June 2012

ASSETS	Section	Previously reported under FRSS RM	Effect on adoption of MFRSS RM	Restated under MFRSS RM
Non-current assets				
Property, plant and equipment	9.7.23(d)(i)	125,430,771	(111,904,367)	13,526,404
Investment properties	9.7.23(d)(ii)	53,043,527	93,393,190	146,436,717
Current assets		178,474,298	(18,511,177)	159,963,121
Other receivables and deposits		175,784	18,311,046	18,486,830
Amounts due from related companies		10,957	-	10,957
Current tax assets		714	-	714
Cash and cash equivalents		136,334	-	136,334
TOTAL ASSETS		178,798,087	(200,131)	178,597,956
EQUITY AND LIABILITIES				
Equity attributable to owner of IOICMSB				
Share capital		10,000,002	-	10,000,002
Share premium		90,000,000	-	90,000,000
Retained earnings	9.7.23(d)(iii)	14,515,606	(200,131)	14,315,475
TOTAL EQUITY		114,515,608	(200,131)	114,315,477
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities		812,183	-	812,183
Current liabilities				
Trade and other payables		26,770,483	-	26,770,483
Amount due to holding company		36,699,813	-	36,699,813
TOTAL LIABILITIES		64,282,479	-	64,282,479
TOTAL EQUITY AND LIABILITIES		178,798,087	(200,131)	178,597,956

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.7 IOI City Mall Sdn. Bhd. (formerly known as Dreammont Development Sdn. Bhd.) ("IOICMSB")

9.7.23 Explanation of transition to MFRS (Continued)

(c) Reconciliation of profit and loss and other comprehensive income as at 30 June 2012

The statement of profit or loss and statement of other comprehensive income for the financial year ended 30 June 2012 have been restated arising from the adoption of MFRSs as follows:

Section	Previously reported under FRSS RM	Effect on adoption of MFRSs RM	Restated under MFRSs RM
Revenue	-	-	-
Other operating income	16,272,811	-	16,272,811
Administrative expenses	(51,659)	-	(51,659)
Marketing and selling expenses	(504,344)	-	(504,344)
Other operating expenses	(70,118)	(137,081)	(207,199)
Profit before taxation	15,646,690	(137,081)	15,509,609
Taxation	(819,469)	-	(819,469)
Profit for the financial year	14,827,221	(137,081)	14,690,140
Other comprehensive income	-	-	-
Total comprehensive income for the financial year	14,827,221	(137,081)	14,690,140

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11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.7 IOI City Mall Sdn. Bhd. (formerly known as Dreammont Development Sdn. Bhd.) ("IOICMSB")

9.7.23 Explanation of transition to MFRS (Continued)

(d) Notes to reconciliation

(i) Property, plant and equipment

IOICMSB elected to measure property, plant and equipment at cost in accordance with MFRS 116 *Property, Plant and Equipment* at the date of transition to MFRSs. Upon transition to MFRSs, IOICMSB

(i) derecognised certain capitalised costs of RM200,131 which are not permitted in accordance with MFRS 116;

(ii) reversal of certain capitalised costs in relation to cost sharing on common infrastructure works of RM18,311,046 to cost sharing receivables; and

(iii) reclassified the properties under constructions, which were intended to hold for capital appreciation or rental yield purpose to investment properties as at 1 July 2012.

The costs of property, plant and equipment as at 1 July 2011 and 30 June 2012 were determined to be RM7,442,600 and RM13,526,404, respectively under MFRSs as compared with the carrying amounts of RM63,640,587 and RM125,430,771, respectively under FRSSs.

(ii) Investment properties

Pursuant to MFRS 140 *Investment Property*, if an owner-occupied property becomes an investment property that will be carried at fair value, an entity shall apply MFRS 116 up to the date of change in use. The entity shall treat any difference at that date between the carrying amount of the property in accordance with MFRS 116 and its fair value in the same way as a revaluation in accordance with MFRS 116.

Upon transition to MFRSs, IOICMSB has reclassified the properties under constructions, which intended to hold for capital appreciation or rental yield purpose from property, plant and equipment as at 1 July 2012. Accordingly, the cost of investment properties as at 1 July 2011 and 30 June 2012 was determined to be RM55,318,403 and RM146,436,717 respectively under MFRSs as compared with the carrying amounts of Nil and RM53,043,527, respectively under FRSSs.

(iii) Retained earnings/(Accumulated losses)

The changes described above resulted in the following impact on retained earnings/(accumulated losses):

	30.6.2012 RM	1.7.2011 RM
Decrease in retained earnings/		
increase in accumulated losses	(200,131)	(63,050)

11. ACCOUNTANTS' REPORT (Cont'd)



I/OI Properties Group Berhad (Company No. 1035807 - A)
Accountants' Report

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.8 Bukit Kelang Development Sdn. Bhd. ("BKDSB")

9.8.1 Statements of profit or loss of BKDSB

The statements of profit or loss of BKDSB, which are extracted from the audited financial statements of BKDSB for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Financial years ended 30 June		
	2011 RM	2012 RM	2013 RM
Revenue	4,682,151	3,655,597	3,478,022
Cost of sales	(1,294,995)	(841,820)	(1,220,099)
Gross profit	3,387,156	2,813,777	2,257,923
Other operating income	72,790	84,708	262
Marketing expenses	(178)	(121)	(1,712)
Administration expenses	(81,768)	(42,316)	(148,231)
Other operating expenses	(127,550)	(41,286)	(138,255)
Operating profit	3,250,450	2,814,762	1,969,987
Interest income	2,017	85,325	2,702
Finance costs	-	-	(18,642)
Profit before taxation	3,252,467	2,900,087	1,954,047
Taxation	(777,283)	(687,965)	(476,372)
Profit for the financial year	2,475,184	2,212,122	1,477,675

11. ACCOUNTANTS' REPORT (Cont'd)



I/OI Properties Group Berhad (Company No. 1035807 - A)
Accountants' Report

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.8 Bukit Kelang Development Sdn. Bhd. ("BKDSB") (Continued)

9.8.2 Statements of other comprehensive income of BKDSB

The statements of other comprehensive income of BKDSB, which are extracted from the audited financial statements of BKDSB for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Financial years ended 30 June		
	2011 RM	2012 RM	2013 RM
Profit for the financial year	2,475,184	2,212,122	1,477,675
Other comprehensive income	-	-	-
Total comprehensive income for the financial year	2,475,184	2,212,122	1,477,675
Earnings before interest, tax, depreciation and amortisation ("EBITDA") (RM)	3,251,503	2,814,947	1,970,172
Number of ordinary shares of RM1.00 each	1,000,000	1,000,000	1,000,000
Gross earnings per share (RM)	3.25	2.90	1.95
Net earnings per share (RM)	2.48	2.21	1.48
Gross profit ("GP") margin (%)	72	77	65
Profit before tax margin (%)	69	79	56
Profit after tax margin (%)	53	61	42
EBITDA margin (%)	69	77	57
Effective tax rate (%)	24	24	24

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.8 Bukit Kelang Development Sdn. Bhd. ("BKDSB") (Continued)

9.8.3 Statements of financial position of BKDSB

The statements of financial position of BKDSB, which are extracted from the audited financial statements of BKDSB for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

ASSETS	Section	As at 30 June		
		2011 RM	2012 RM	2013 RM
Non-current assets				
Property, plant and equipment	9.8.12	463,521	596,982	596,797
Land held for property development	9.8.13	22,096,192	21,849,603	32,737,298
Deferred tax assets	9.8.14	3,031	3,031	7,258,284
		<u>22,562,744</u>	<u>22,449,616</u>	<u>40,592,379</u>
Current assets				
Inventories	9.8.15	79,730	79,730	79,730
Trade and other receivables	9.8.16	112,276	112,276	23,048
Amount due from holding company	9.8.17	3,611,404	-	187,897
Cash and cash equivalents	9.8.19	46,138	38,071	44,909
		<u>3,849,548</u>	<u>230,077</u>	<u>335,584</u>
Non-current assets held for sale	9.8.20	-	-	8,564,805
TOTAL ASSETS		<u>26,412,292</u>	<u>22,679,693</u>	<u>49,492,768</u>
EQUITY AND LIABILITIES				
Equity attributable to owner of BKDSB				
Share capital	9.8.21	1,000,000	1,000,000	1,000,000
Retained earnings	9.8.22	25,158,846	21,532,218	22,421,143
Total equity		<u>26,158,846</u>	<u>22,532,218</u>	<u>23,421,143</u>

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.8 Bukit Kelang Development Sdn. Bhd. ("BKDSB") (Continued)

9.8.3 Statements of financial position of BKDSB (Continued)

The statements of financial position of BKDSB, which are extracted from the audited financial statements of BKDSB for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

LIABILITIES	Section	As at 30 June		
		2011 RM	2012 RM	2013 RM
Current liabilities				
Other payables and accruals	9.8.23	41,407	10,441	11,241
Amount due to holding company	9.8.17	-	98,180	-
Amount due to a related company	9.8.18	-	-	23,295,827
Current tax liabilities		<u>212,039</u>	<u>38,854</u>	<u>2,764,557</u>
		<u>253,446</u>	<u>147,475</u>	<u>26,071,625</u>
TOTAL EQUITY AND LIABILITIES		<u>26,412,292</u>	<u>22,679,693</u>	<u>49,492,768</u>
Number of ordinary shares of RM1.00 each in issue (RM)				
Net assets (RM)		1,000,000	1,000,000	1,000,000
Net assets per ordinary share of RM1.00 each (RM)		26,158,846	22,532,218	23,421,143
Trade receivables turnover period (days)		26.16	22.53	23.42
Inventories turnover period (days)		1	1	-
Inventories turnover period (days)		22	35	24

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.8 Bukit Kelang Development Sdn. Bhd. ("BKD5B") (Continued)

9.8.4 Statements of changes in equity of BKD5B

The statements of changes in equity of BKD5B, which are extracted from the audited financial statements of BKD5B for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Non-Distributable Share capital RM	Distributable Retained earnings RM	Total equity RM
As at 1 July 2010	1,000,000	22,683,662	23,683,662
Total comprehensive income - Profit for the financial year	-	2,475,184	2,475,184
As at 30 June 2011	1,000,000	25,158,846	26,158,846
As at 1 July 2011	1,000,000	25,158,846	26,158,846
Total comprehensive income - Profit for the financial year	-	2,212,122	2,212,122
Transaction with owner Dividends paid in respect of current financial year	-	(5,838,750)	(5,838,750)
As at 30 June 2012	1,000,000	21,532,218	22,532,218
As at 1 July 2012	1,000,000	21,532,218	22,532,218
Total comprehensive income - Profit for the financial year	-	1,477,675	1,477,675
Transactions with owner Dividend paid in respect of current financial year	-	(588,750)	(588,750)
As at 30 June 2013	1,000,000	22,421,143	23,421,143

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.8 Bukit Kelang Development Sdn. Bhd. ("BKD5B") (Continued)

9.8.5 Statements of cash flows of BKD5B

The statements of cash flows of BKD5B, which are extracted from the audited financial statements of BKD5B for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Financial years ended 30 June		
	2011 RM	2012 RM	2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	3,252,467	2,900,087	1,954,047
Adjustments for:			
Depreciation of property, plant and equipment	1,053	185	185
Gain on disposal of land from compulsory acquisition	(71,419)	-	-
Gain on disposal of land from compulsory acquisition in prior years	-	(83,413)	-
Impairment losses on trade receivables	-	-	2,291
Impairment losses on trade receivables written back	(420)	(1,295)	(262)
Interest income	(2,017)	(85,325)	(2,702)
Bad debts written off	-	-	101,937
Interest expenses	-	-	18,642
Property, plant and equipment written off	15	-	-
Operating profit before working capital changes	3,179,679	2,730,239	2,074,138
Decrease in inventories	406,773	-	-
(Increase)/Decrease in trade and other receivables	(1,871)	1,295	(14,738)
Increase/(Decrease) in other payables and accruals	3,292	(30,966)	800
Cash generated from operations	3,587,873	2,700,568	2,060,200
Interest received	2,017	85,325	2,702
Interest paid	-	-	(1,593)
Tax paid	(562,790)	(861,150)	(5,005,922)
Net cash from/(used in) operating activities	3,027,100	1,924,743	(2,944,613)

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.8 Bukit Kelang Development Sdn. Bhd. ("BKDSB") (Continued)

9.8.5 Statements of cash flows of BKDSB (Continued)

Section	Financial years ended 30 June		
	2011 RM	2012 RM	2013 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	(174,319)	(133,646)	-
Additions to land held for property development	(3,948)	(68,577)	(19,556,560)
Proceeds from disposal of Land from compulsory acquisition	194,971	-	-
Net cash from/(used in) investing activities	16,704	(202,223)	(19,556,560)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid	-	(5,838,750)	(588,750)
Advance from a related company (Advances to)/Repayments from holding company	(3,039,730)	4,108,163	23,278,778
Net cash (used in)/from financing activities	(3,039,730)	(1,730,587)	(182,017)
Net increase/(decrease) in cash and cash equivalents	4,074	(8,067)	6,838
Cash and cash equivalents at beginning of financial year	42,064	46,138	38,071
Cash and cash equivalents at end of financial year	46,138	38,071	44,909

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.8 Bukit Kelang Development Sdn. Bhd. ("BKDSB") (Continued)

9.8.6 Revenue

	2011 RM	FYE 30 June 2012 RM	2013 RM
Sales of development properties	470,500	-	-
Sales of plantation produce	4,211,651	3,655,597	3,478,022
	4,682,151	3,655,597	3,478,022

9.8.7 Operating profit

	2011 RM	FYE 30 June 2012 RM	2013 RM
(a) Operating profit has been arrived at after charging:			
Auditors' remuneration	4,500	4,500	4,500
Depreciation of property, plant and equipment (Section 9.8.12)	1,053	185	185
Rental of premises	-	-	-
Property, plant and equipment written off (Section 9.8.12)	15	-	-
Impairment losses on trade receivables (Section 9.8.16)	-	-	2,291
Bad debts written off	-	-	101,937
and crediting:			
Gain on disposal of land from compulsory acquisition	71,419	-	-
Gain on disposal of land from compulsory acquisition in prior years	-	83,413	-
Impairment losses on trade receivables written back (Section 9.8.16)	420	1,295	262

9.8.8 Interest income

	2011 RM	FYE 30 June 2012 RM	2013 RM
Interest income from:			
- Holding company	-	85,325	-
- Late payment interest from house buyers	2,017	-	-
- Related company	-	-	2,702
	2,017	85,325	2,702

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.8 Bukit Kelang Development Sdn. Bhd. ("BKDSB") (Continued)

9.8.9 Finance costs

	2011	FYE 30 June 2012	2013
	RM	RM	RM
Interest expenses:			
Holding company	-	-	1,593
Related company	-	-	17,049
			18,642

9.8.10 Taxation

	2011	FYE 30 June 2012	2013
	RM	RM	RM
Current year tax expense based on profit for the financial year:			
Malaysian income taxation	777,206	693,653	7,745,097
Deferred taxation (Section 9.8.14)	55	-	(7,242,796)
	777,261	693,653	502,301

(Over)/Under-provision in prior years

Malaysian income taxation

Deferred taxation (Section 9.8.14)

	(884)	(5,688)	(13,472)
	906	-	(12,457)
	22	(5,688)	(25,929)
	777,283	687,965	476,372

A numerical reconciliation between the effective tax rate and the applicable tax rate of BKDSB is as follows:

	2011	FYE 30 June 2012	2013
	%	%	%
Applicable tax rate	25.00	25.00	25.00
Tax effects in respect of:			
Depreciation on non-qualifying property, plant and equipment	0.01	-	-
Non-allowable expenses	0.11	0.04	1.37
Tax allowances	(0.67)	(1.01)	(0.69)
Tax exempt income	(0.55)	(0.11)	-
Over-provision in prior years	23.90	23.92	25.68
	-	(0.20)	(1.33)
	23.90	23.72	24.35

Malaysian income tax is calculated at the statutory tax rate of 25% (2012 and 2011: 25%) of the estimated assessable profit for the year. Deferred tax is calculated on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.8 Bukit Kelang Development Sdn. Bhd. ("BKDSB") (Continued)

9.8.11 Dividends

	2011	FYE 30 June 2012	2013
	RM	RM	RM
In respect of the financial years ended:			
First interim dividend of RM4.93 per ordinary share, less tax of 25%, paid on 15 February 2012	-	3,697,500	-
Second interim dividend of RM1.07 per ordinary share, less tax of 25%, paid on 18 April 2012	-	802,500	-
Third interim dividend of RM1.785 per ordinary share, less tax of 25%, paid on 22 June 2012	-	1,338,750	-
Interim franked dividend of RM0.785 per ordinary share, less tax of 25%, paid on 5 April 2013	-	-	588,750
	-	5,838,750	588,750

9.8.12 Property, plant and equipment

2011	At beginning of financial year	Additions	Current year depreciation charge	Written off	At end of financial year
At Cost	RM	RM	RM	RM	RM
Plantation development expenditure	288,138	174,319	-	-	462,457
Office equipment	25,749	-	-	(23,899)	1,850
Office renovation	18,680	-	-	(18,680)	-
Furniture and fittings	16,469	-	-	(16,469)	-
	349,036	174,319	(59,048)	-	464,307

Accumulated Depreciation

Office equipment	24,496	185	(23,895)	786
Office renovation	17,811	868	(18,679)	-
Furniture and fittings	16,459	-	(16,459)	-
	58,766	1,053	(59,033)	786

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.8 Bukit Kelang Development Sdn. Bhd. ("BKDSB") (Continued)

9.8.12 Property, plant and equipment (Continued)

2012	At beginning of financial year RM	Additions RM	At end of financial year RM
At Cost			
Plantation development expenditure	462,457	133,646	596,103
Office equipment	1,850	-	1,850
	464,307	133,646	597,953

At beginning of financial year RM	Current year depreciation charge RM	At end of financial year RM
786	185	971

Accumulated Depreciation

Office equipment

2013	At beginning of financial year RM	Additions RM	At end of financial year RM
At Cost			
Plantation development expenditure	596,103	-	596,103
Office equipment	1,850	-	1,850
	597,953	-	597,953

At beginning of financial year RM	Current year depreciation charge RM	At end of financial year RM
971	185	1,156

Accumulated Depreciation

Office equipment

2011	As at 30 June 2012	2013
RM	RM	RM
462,457	596,103	596,103
1,064	879	694
463,521	596,982	596,797

Carrying Amount

Plantation development expenditure
Office equipment

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.8 Bukit Kelang Development Sdn. Bhd. ("BKDSB") (Continued)

9.8.13 Land held for property development

2011	Freehold land RM	Development costs RM	Total RM
At Cost			
At beginning of financial year	20,308,932	1,906,864	22,215,796
Cost incurred	-	3,948	3,948
Disposal	(123,552)	-	(123,552)
At end of financial year	20,185,380	1,910,812	22,096,192

2012

At Cost

At beginning of financial year	20,185,380	1,910,812	22,096,192
Costs incurred	-	68,577	68,577
Transfer to a related company	-	(315,166)	(315,166)
At end of financial year	20,185,380	1,664,223	21,849,603

2013

At Cost

At beginning of financial year	20,185,380	1,664,223	21,849,603
Costs incurred	19,546,500	10,060	19,556,560
Transfer to a related company	-	(104,060)	(104,060)
Reclassified to non-current assets held for sale (Section 9.8.20)	(8,316,130)	(248,675)	(8,564,805)
At end of financial year	31,415,750	1,321,548	32,737,298

Certain titles of the freehold land with a carrying amount of RM31,187,795 (2012 and 2011: RM19,957,425), whereby BKDSB is 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)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.8 Bukit Kelang Development Sdn. Bhd. ("BKDSB") (Continued)

9.8.14 Deferred taxation

	2011 RM	As at 30 June 2012 RM	2013 RM
At beginning of financial year	(3,992)	(3,031)	(3,031)
Recognised in profit or loss (Section 9.8.10)			
- Current year	55	-	(7,242,796)
- Prior years	906	-	(12,457)
At end of financial year	(3,031)	(3,031)	(7,258,284)
Deferred tax liabilities	127	127	127
Deferred tax assets	(3,158)	(3,158)	(7,258,411)
	(3,031)	(3,031)	(7,258,284)

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

Deferred tax liabilities

	2011 RM	FYE 30 June 2012 RM	2013 RM
At beginning of financial year	131	127	127
Recognised in profit or loss			
Temporary differences on accelerated capital allowances	(4)	-	-
At end of financial year	127	127	127

Deferred tax assets

	2011 RM	As at 30 June 2012 RM	2013 RM
At beginning of financial year	(4,123)	(3,158)	(3,158)
Recognised in profit or loss			
Temporary differences on unabsorbed capital allowances	965	-	(7,255,253)
At end of financial year	(3,158)	(3,158)	(7,258,411)

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.8 Bukit Kelang Development Sdn. Bhd. ("BKDSB") (Continued)

9.8.14 Deferred taxation (Continued)

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

Deferred tax liabilities

	2011 RM	As at 30 June 2012 RM	2013 RM
Temporary differences on accelerated capital allowances	127	127	127

Deferred tax assets

	2011 RM	As at 30 June 2012 RM	2013 RM
Deemed disposal of non-current assets held for sale	-	-	(7,233,799)
Other deductible temporary differences	(3,158)	(3,158)	(24,612)
	(3,158)	(3,158)	(7,258,411)

9.8.15 Inventories

	2011 RM	As at 30 June 2012 RM	2013 RM
At Cost	79,730	79,730	79,730
Completed development properties			
Trade and other receivables			

9.8.16 Trade and other receivables

	2011 RM	As at 30 June 2012 RM	2013 RM
Trade receivables (Section 9.8.16.1)	2,291	2,291	-
Deposits	109,985	109,985	23,048
	112,276	112,276	23,048

9.8.16.1 Trade receivables

	2011 RM	As at 30 June 2012 RM	2013 RM
Trade receivables	24,386	23,091	22,829
Less: Impairment losses	(22,095)	(20,800)	(22,829)
	2,291	2,291	-

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.8 Bukit Kelang Development Sdn. Bhd. ("BKDSB") (Continued)
- 9.8.16 Trade and other receivables (Continued)
- 9.8.16.1 Trade receivables (Continued)
- (a) The trade credit terms granted by BKDSB range from 14 to 21 days (2012 and 2011: 14 to 21 days) from date of progress billings. They are recognised at their original invoiced amounts, which represent their fair values on initial recognition.

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

	As at 30 June		
	2011	2012	2013
	RM	RM	RM
At beginning of financial year	22,515	22,095	20,800
Charge for the financial year (Section 9.8.7)	-	-	2,291
Written back (Section 9.8.7)	(420)	(1,295)	(262)
At end of financial year	22,095	20,800	22,829

Trade and other receivables are denominated in RM.

- 9.8.17 Amount due from/(to) holding company

The amount due from/(to) holding company represents advances and payments made on behalf of BKDSB, which is unsecured, bears interest at a rate of 4.50% (2012: 3.00% and 2011: Nil) per annum and payable upon demand in cash and cash equivalents.

Amount due from/(to) holding company is denominated in RM.

- 9.8.18 Amount due to a related company

The amount due to a related company represents advances and payments made on behalf of BKDSB, which is unsecured, bears interest at a rate of 3.10% (2012 and 2011: Nil) per annum and payable upon demand in cash and cash equivalents.

Amount due to a related company is denominated in RM.

- 9.8.19 Cash and cash equivalents

	As at 30 June		
	2011	2012	2013
	RM	RM	RM
Cash at bank	46,138	38,071	44,909

Cash at bank are deposits held at call with a licensed bank, which are denominated in RM.

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

- 9.8 Bukit Kelang Development Sdn. Bhd. ("BKDSB") (Continued)

- 9.8.20 Non-current assets held for sale

	As at 30 June		
	2011	2012	2013
	RM	RM	RM
Reclassified from land held for property development (Section 9.8.13)	-	-	8,316,130
- Freehold land	-	-	248,675
- Development costs	-	-	-
Carrying amount	-	-	8,564,805

On 22 November 2011, BKDSB entered into a conditional agreement with a related company, Jutawan Development Sdn. Bhd. ("JDSB") to dispose off a parcel of agricultural land located in Bahau not exceeding 250.0 acres, which will be calculated at a rate of RM150,000 per acre. The completion of the agreement is subject to the conversion of the land from agriculture to commercial status. As at 30 June 2013, the Company commenced the conversion of the land status and is expected to be completed in the next twelve (12) months.

- 9.8.21 Share capital

	2013		2012	
	Number of shares	RM	Number of shares	RM
Ordinary shares of RM1.00 each:				
Authorised	5,000,000	5,000,000	5,000,000	5,000,000
Issued and fully paid	1,000,000	1,000,000	1,000,000	1,000,000

The owner of BKDSB is entitled to receive dividends as declared from time to time and is entitled to one (1) vote per share at meetings of BKDSB. All ordinary shares rank equally with regard to BKDSB's residual assets.

- 9.8.22 Retained earnings

Effective 1 January 2008, BKDSB was given the option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act, 1967 in Malaysia for the purpose of dividend distribution until the tax credit is fully utilised or latest, by 31 December 2013.

BKDSB has decided not to make this election and has sufficient tax credit under Section 108 of the Income Tax Act, 1967 amounting to RM15,569,000 (2012: RM16,158,000 and 2011: RM21,996,000) and balance in the tax exempt account amounting to RM1,236,000 (2012 and 2011: RM1,236,000) to frank the payment of dividends out of its retained earnings as at end of the reporting period. Retained earnings not covered by tax credit amounted to RM5,616,000 (2012: RM4,138,000 and 2011: RM1,927,000).

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9.8.23	HISTORICAL FINANCIAL INFORMATION (Continued)				
	As at 30 June 2011		As at 30 June 2012		2013
	RM	RM	RM	RM	RM
Bukit Kelang Development Sdn. Bhd. ("BKDSB") (Continued)					
Other payables and accruals					
	600	600	600	600	600
Accruals	40,000	9,000	9,000	9,800	9,800
Provisions	807	841	841	B41	B41
	41,407	10,441	10,441	11,241	11,241

Other payables and accruals are denominated in RM.

9.8.24 Significant related party disclosures

9.8.24.1 Identities of related parties

Parties are considered to be related to BKDSB if BKDSB 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 BKDSB and the party are subject to common control or common significant influence. Related parties may be individual or other entities.

Related parties of BKDSB include:

- IOI Corporation Berhad, the holding company;
- Direct and indirect subsidiaries of the holding company;
- Vertical Capacity Sdn. Bhd. and its holding company, Progressive Holdings Sdn. Bhd., the major corporate shareholders of the holding company;
- Associates and jointly controlled entities of the holding company;
- Key management personnel which comprises persons (including the Directors of BKDSB) having authority and responsibility for planning, directing and controlling the activities of BKDSB directly or indirectly; and
- Affiliates, companies in which certain Directors who are also the substantial shareholders of the holding company have substantial shareholdings interest.

9.8.24.2 Significant related party transactions

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

	As at 30 June		
	2011	2012	2013
	RM	RM	RM
Holding company			
Interest income	-	85,325	-
Interest expenses	-	-	(1,593)
Related companies			
Interest income	-	-	2,702
Interest expenses	-	-	(17,049)
Sharing of plantation income	4,211,651	3,655,597	3,478,022
Transfer of land held for property development	-	(315,166)	(104,060)

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.8 Bukit Kelang Development Sdn. Bhd. ("BKDSB") (Continued)

9.8.24 Significant related party disclosures (Continued)

9.8.24.2 Significant related party transactions (Continued)

The related party transactions described above were carried out on negotiated terms and conditions and in the ordinary course of business between the related parties and BKDSB.

Information regarding outstanding balances arising from related party transactions as at 30 June 2011, 30 June 2012 and 30 June 2013 are disclosed in Section 9.8.17 and Section 9.8.18 of this Report.

9.8.24.3 Key management personnel compensation

There is no compensation paid to Directors or other key management personnel during the financial year.

9.8.25 Capital management

The primary objective of BKDSB's capital management is to ensure that BKDSB is able to continue as a going concern while maximising the return to shareholder through the optimisation of the debt and equity mix.

BKDSB's capital structure is represented by the equity and debt of BKDSB and its capital ratio is determined by the holding company. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2013, 30 June 2012 and 30 June 2011.

BKDSB is not subject to any externally imposed capital requirement.

9.8.26 Financial instruments

Financial risk management objectives and policies

BKDSB's activities expose it to a variety of financial risks, including interest rate risk, credit risk and liquidity and cash flow risk. BKDSB's overall financial risk management objective is to ensure that BKDSB creates value for its shareholder whilst minimising potential adverse effects on its financial performance and positions. BKDSB operates within an established risk management framework and clearly defined guidelines that are approved by the Board of Directors of the holding company.

9.8.26.1 Interest rate risk

BKDSB's interest rate risk arises from its interest bearing financial instruments that could impact fair value and future cash flows due to fluctuation in market interest rates.

BKDSB's objective on interest rate risk management is to achieve a balance in repricing risk and the optimisation of its cost of funds whilst ensuring sufficient liquidity to meet funding needs.

9.8.26.1.1 Risk management approach

BKDSB actively reviews its debt portfolio, taking into account the nature and requirements of its businesses as well as the current business and economic environment.

Funds held for liquidity purposes and temporary surpluses are placed in short term interest bearing financial instruments through BKDSB's holding company, whereby treasury related activities are centralised.

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.8 Bukit Kelang Development Sdn. Bhd. ("BKDSB") (Continued)
- 9.8.26 Financial Instruments (Continued)
- 9.8.26.1 Interest rate risk (Continued)
- 9.8.26.1.2 Interest rate risk exposure (Continued)

2013	Section	Repricing Brackets					Total RM	Weighted average effective interest rate %
		Less than 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	More than 4 years RM		
Interest bearing financial asset								
Fixed rate instrument								
	9.8.17	187,897	-	-	-	-	187,897	4.50
Total asset repricing		187,897	-	-	-	-	187,897	
Interest bearing financial liability								
Fixed rate instrument								
	9.8.18	(23,295,827)	-	-	-	-	(23,295,827)	3.10
Total liability repricing		(23,295,827)	-	-	-	-	(23,295,827)	
Net repricing gap		(23,107,930)	-	-	-	-	(23,107,930)	

9.8.26.1.3 Sensitivity analysis

Sensitivity analysis on interest rate is applied on floating rate financial instruments only, and as the carrying amount of fixed rate financial instrument is measured at amortised cost, sensitivity analysis was not presented.

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.8 Bukit Kelang Development Sdn. Bhd. ("BKDSB") (Continued)
- 9.8.26 Financial Instruments (Continued)
- 9.8.26.1 Interest rate risk (Continued)
- 9.8.26.1.2 Interest rate risk exposure

The following table sets out the carrying amount, the weighted average effective interest rate as at the end of the reporting period and the remaining repricing brackets of BKDSB's financial instrument that is exposed to interest rate risk:

2012	Section	Repricing Brackets					Total RM	Weighted average effective interest rate %
		Less than 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	More than 4 years RM		
Interest bearing financial liability								
Fixed rate instrument								
	9.8.17	98,180	-	-	-	-	98,180	3.00
Total liability repricing		98,180	-	-	-	-	98,180	

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.8 Bukit Kelang Development Sdn. Bhd. ("BKDSB") (Continued)
- 9.8.26 Financial Instruments (Continued)
- 9.8.26.2 Credit risk (Continued)
- 9.8.26.2.2 Credit risk exposures and concentration (Continued)

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

	Section	Strong RM	Neither past due nor Medium RM	Impaired Weak RM	Total RM	Impairment charged in reporting period RM	Impairment at end of reporting period RM
2011							
Cash at bank	9.8.19	46,138	-	-	46,138	-	-
Trade and other receivables, excluded deposits	9.8.16	2,291	-	-	2,291	-	22,095
Amount due from holding company	9.8.17	3,611,404	-	-	3,611,404	-	-
		<u>3,659,833</u>	<u>-</u>	<u>-</u>	<u>3,659,833</u>	<u>-</u>	<u>22,095</u>
2012							
Cash at bank	9.8.19	38,071	-	-	38,071	-	-
Trade and other receivables, excluded deposits	9.8.16	2,291	-	-	2,291	-	20,800
		<u>40,362</u>	<u>-</u>	<u>-</u>	<u>40,362</u>	<u>-</u>	<u>20,800</u>

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.8 Bukit Kelang Development Sdn. Bhd. ("BKDSB") (Continued)
- 9.8.26 Financial Instruments (Continued)
- 9.8.26.2 Credit risk
- BKDSB monitors its credit risk in accordance with IOI Corporation Berhad group's risk management approach.

As at the end of the reporting period, other than amount due from holding company constituting 89% (2012: Nil and 2011: 97%) of total receivables of BKDSB, there were no significant concentration of credit risk. BKDSB does not extend any loans or financial guarantees to third parties.

9.8.26.2.1 Risk management approach

Credit risk or financial loss from the failure of customers or counter parties to discharge their financial and contractual obligations from trade credits is managed through the application of credit approvals, credit limits, insurance programme and monitoring procedures on an on-going basis. If necessary, BKDSB may obtain collateral from counter parties as a means of mitigating losses in the event of default.

9.8.26.2.2 Credit risk exposures and concentration

BKDSB's credit risks are mainly on financial assets relating to cash at bank, trade and other receivables and amount due from holding company as summarised in the table below:

Section	Maximum exposure		
	2011 RM	2012 RM	2013 RM
Cash at bank	46,138	38,071	44,909
Trade and other receivables, excluded deposits	2,291	2,291	-
Amount due from holding company	3,611,404	-	187,897
	<u>3,659,833</u>	<u>40,362</u>	<u>232,806</u>

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.8 Bukit Kelang Development Sdn. Bhd. ("BKDSB") (Continued)

9.8.26 Financial instruments (Continued)

9.8.26.3 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.

BKDSB 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 BKDSB's operations and investing activities.

Liquidity risk exposure

The table below summarises the maturity profile of BKDSB's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand RM	Less than 1 year RM	Total RM
2011	-	41,407	41,407
Financial liabilities			
Other payables and accruals			
2012			
Financial liabilities			
Other payables and accruals		10,441	10,441
Amount due to holding company	98,180	-	98,180
2013			
Financial liabilities			
Other payables and accruals		11,241	11,241
Amount due to a related company	23,295,827	-	23,295,827
9.8.26.4 Fair values	23,295,827	11,241	23,307,068

9.8.26.4 Fair values

Methods/Assumptions used to estimate fair values.

The carrying amounts of financial assets and liabilities maturing within twelve (12) months approximate their fair values due to the relatively short term maturity of these financial instruments.

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.8 Bukit Kelang Development Sdn. Bhd. ("BKDSB") (Continued)

9.8.26 Financial instruments (Continued)

9.8.26.2 Credit risk (Continued)

9.8.26.2.2 Credit risk exposures and concentration (Continued)

	Section	Strong RM	Neither past due nor impaired Medium RM	Weak RM	Total RM	Impairment charged in reporting period RM	Impairment at end of reporting period RM
2013							
Cash at bank	9.8.19	44,909	-	-	44,909	-	-
Amount due from holding company	9.8.17	187,897	-	-	187,897	-	-
Trade and other receivables, excluded deposits	9.8.16	-	-	-	-	2,291	22,829
		232,806	-	-	232,806	2,291	22,829

Credit quality is analysed into the categories of Strong, Medium and Weak, whereby:

Strong = Strong financial standing, low probability of default

Medium = Low to moderate risk of default

Weak = Weak financial standing, history of past due

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.8 Bukit Kelang Development Sdn. Bhd. ("BKDSB") (Continued)

9.8.26 Financial instruments (Continued)

9.8.26.5 Classification of financial instruments

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

	Loan and receivables RM	Fair value through profit or loss RM	Available-for-sale RM	Held-to-maturity RM	Total RM
Financial assets					
2011					
Cash at bank	46,138	-	-	-	46,138
Trade and other receivables, excluded deposits	2,291	-	-	-	2,291
Amount due from holding company	3,611,404	-	-	-	3,611,404
	3,659,833	-	-	-	3,659,833
2012					
Cash at bank	38,071	-	-	-	38,071
Trade and other receivables, excluded deposits	2,291	-	-	-	2,291
	40,362	-	-	-	40,362
2013					
Cash at bank	44,909	-	-	-	44,909
Amount due from holding company	187,897	-	-	-	187,897
	232,806	-	-	-	232,806

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.8 Bukit Kelang Development Sdn. Bhd. ("BKDSB") (Continued)

9.8.26 Financial instruments (Continued)

9.8.26.5 Classification of financial instruments (Continued)

	Financial liabilities 2011	Other financial liabilities RM	Fair value through profit or loss RM	Total RM
Other payables and accruals	41,407	-	-	41,407
2012				
Other payables and accruals	10,441	-	-	10,441
Amount due to holding company	98,180	-	-	98,180
	108,621	-	-	108,621
2013				
Other payables and accruals	11,241	-	-	11,241
Amount due to holding company	23,295,827	-	-	23,295,827
	23,307,068	-	-	23,307,068
9.8.27 Capital commitments			As at 30 June 2012 RM	2013 RM
Authorised capital expenditure not provided for in the financial statements				
- Contracted Additions of land held for property development			19,546,500	60,000,000

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.9 Eng Hup Industries Sdn. Berhad ("EHISB")

9.9.1 Statements of profit or loss of EHISB

The statements of profit or loss of EHISB, which are extracted from the audited financial statements of EHISB for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Financial years ended 30 June		
	2011 RM	2012 RM	2013 RM
Revenue	31,734	12,598,308	36,120
Cost of sales	(129,809)	(5,388,705)	(6,779)
Gross (loss)/profit	(98,075)	7,209,603	29,341
Other operating income	26,000	89,328	20,000
Administration expenses	(9,522)	(6,836)	(9,590)
Marketing and selling expenses	-	-	(210)
Other operating expenses	(850)	(21)	(50)
Operating (loss)/profit	(82,447)	7,292,074	39,491
Interest income	-	156,216	167,573
Finance cost	-	-	(743)
(Loss)/Profit before taxation	(82,447)	7,448,290	206,321
Taxation	(1,947)	(1,970,102)	63,915
(Loss)/Profit for the financial year	(84,394)	5,478,188	270,236

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.9 Eng Hup Industries Sdn. Berhad ("EHISB") (Continued)

9.9.2 Statements of other comprehensive income of EHISB

The statements of other comprehensive income of EHISB, which are extracted from the audited financial statements of EHISB for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Financial years ended 30 June		
	2011 RM	2012 RM	2013 RM
(Loss)/Profit for the financial year	(84,394)	5,478,188	270,236
Other comprehensive income	-	-	-
Total comprehensive (loss)/income for the financial year	(84,394)	5,478,188	270,236
(Loss)/Earnings before interest, tax, depreciation and amortisation ("LBITDA/EBITDA") (RM)	(81,646)	7,292,074	39,491
Number of ordinary shares of RM1.00 each	5,200,000	5,200,000	5,200,000
Gross (loss)/earnings per share (RM)	(0.02)	1.43	0.04
Net (loss)/earnings per share (RM)	(0.02)	1.05	0.05
Gross (loss)/profit ("GP") margin (%)	(309)	57	81
(Loss)/Profit before tax margin (%)	(260)	59	571
(Loss)/Profit after tax margin (%)	(266)	43	748
(LBITDA)/EBITDA margin (%)	(257)	58	109
Effective tax rate (%)	(2)	26	31

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)	Section	Financial year ended 30 June		
		2011 RM	2012 RM	2013 RM
9.9 Eng Hup Industries Sdn. Berhad ("EHISB") (Continued)				
9.9.5 Statements of cash flows of EHISB				
The statements of cash flows of EHISB, which are extracted from the audited financial statements of EHISB for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:				
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before taxation		(82,447)	7,448,290	206,321
Adjustments for:				
Depreciation of property, plant and equipment	9.9.11	801	-	-
Fair value gain of investment property	9.9.13	(26,000)	(4,000)	(20,000)
Interest expenses		-	-	743
Interest income	9.9.8	-	(156,216)	(167,573)
Gain on disposal of property, plant and equipment		-	(50,328)	-
Property, plant and equipment written off	9.9.11	-	1	-
Operating (loss)/profit before working capital changes		(107,646)	7,237,747	19,491
Decrease/(Increase) in trade and other receivables		518	(3,315)	35
Increase/(Decrease) in other payables and accruals		42,033	(37,913)	1,774
Decrease in inventories		-	5,353,700	-
Cash (used in)/generated from operating activities		(65,095)	12,550,219	21,300
Interest paid		-	-	(743)
Interest received		-	156,216	167,573
Tax refund		75,197	-	-
Tax paid		(9,800)	(1,047,421)	(837,324)
Net cash from/(used in) operating activities		302	11,659,014	(649,194)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment		-	150,000	-
Advances to a related company		-	-	(5,427,189)
Net cash from/(used in) investing activities		-	150,000	(5,427,189)

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)	Section	Financial year ended 30 June		
		2011 RM	2012 RM	2013 RM
9.9 Eng Hup Industries Sdn. Berhad ("EHISB") (Continued)				
9.9.5 Statements of cash flows of EHISB (Continued)				
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	9.9.10	-	(5,278,000)	-
Advances from/(Repayment to) holding company		15,219	(6,510,746)	6,023,595
Net cash from/(used in) financing activities		15,219	(11,788,746)	6,023,595
Net increase/(decrease) in cash and cash equivalents		15,521	20,268	(52,788)
Cash and cash equivalents at beginning of financial year		22,589	38,110	58,378
Cash and cash equivalents at end of financial year	9.9.17	38,110	58,378	5,590
Revenue				
Rental income		2011 RM	FYE 30 June 2012 RM	2013 RM
Disposal of land		31,734	35,604	36,120
		-	12,562,704	-
		31,734	12,598,308	36,120
Operating (loss)/profit				
Operating (loss)/profit has been arrived at after charging:				
Auditors' remuneration		2,000	2,000	2,000
Depreciation of property, plant and equipment (Section 9.9.11)		801	-	-
Property, plant and equipment written off		-	1	-
Direct operating expenses of investment properties		129,809	35,005	6,779
Interest expenses		-	-	743
and crediting:				
Gain on disposal of property, plant and equipment		-	50,328	-
Fair value gain of investment property (Section 9.9.13)		26,000	4,000	20,000
Rental income from investment property		31,734	35,604	36,120

11. ACCOUNTANTS' REPORT (Cont'd)


IOI Properties Group Berhad (Company No. 1035807 - A)
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	2011	FYE 30 June 2012	2013
	RM	RM	RM
9.9.8 Interest income	-	156,210	124,143
Interest income from:			
Holding company	-	-	43,430
Related company	-	6	-
Tenants	-	-	-
9.9.9 Taxation	-	156,216	167,573

Current year tax expense/(income) based on profit for the financial year

Malaysian income taxation

Over-provision in prior years

Malaysian income taxation

A numerical reconciliation between the effective tax rate and the applicable tax rate of EHSB is as follows:

	2011	FYE 30 June 2012	2013
	%	%	%
Applicable tax rate	(25.00)	25.00	25.00
Tax effects in respect of:			
Depreciation on non-qualifying property, plant and equipment	0.24	-	-
Non-allowable expenses	39.84	1.64	1.11
Non-taxable income	(7.88)	(0.18)	(2.42)
Over-provision in prior years	7.20	26.46	23.69
	(4.84)	(0.01)	(54.67)
	2.36	26.45	(30.98)

Malaysian income tax is calculated at the statutory tax rate of 25% (2012 and 2011: 25%) of the estimated assessable profit for the year.

9.9.10 Dividends

	2011	FYE 30 June 2012	2013
	RM	RM	RM
First interim dividend declared of RM0.02 per ordinary share of RM1.00 each, less tax of 25%, paid on 18 April 2012	-	78,000	-
Second interim single tier dividend of RM1.00 per ordinary share of RM1.00 each, paid on 19 April 2012	-	5,200,000	-
	-	5,278,000	-

11. ACCOUNTANTS' REPORT (Cont'd)


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

 9. HISTORICAL FINANCIAL INFORMATION (Continued)
 9.9 Eng Hup Industries Sdn. Berhad ("EHISB") (Continued)
 9.9.11 Property, plant and equipment

	2011	At beginning of financial year	Additions	Reclassified to non-current asset held for sale (Section 9.9.1B)	At end of financial year
		RM	RM	RM	RM
At Cost					
Freehold land		76,339	-	(76,339)	-
Building		40,000	-	(40,000)	-
Office equipment		685	-	-	685
		117,024	-	(116,339)	685

	2011	At beginning of financial year	Current year depreciation charge	Reclassified to non-current asset held for sale (Section 9.9.1B)	At end of financial year
		RM	RM	RM	RM
Accumulated Depreciation					
Building		15,866	801	(16,667)	-
Office equipment		684	-	-	684
		16,550	801	(16,667)	684

	2012	At beginning of financial year	Additions	Written off	At end of financial year
		RM	RM	RM	RM
At Cost					
Office equipment		685	-	(685)	-

	2012	At beginning of financial year	Current year depreciation charge	Written off	At end of financial year
		RM	RM	RM	RM
Accumulated Depreciation					
Office equipment		684	-	(684)	-

	2011	As at 30 June 2012	2013
	RM	RM	RM
Carrying Amount			
Freehold land	-	-	-
Building	-	-	-
Office equipment	1	1	-

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.9 Eng Hup Industries Sdn. Berhad ("EHISB") (Continued)

9.9.12 Land held for property development

	Long term leasehold land RM	Development costs RM	Total RM
2011			
At Cost			
At beginning/end of financial year	3,591,630	1,762,070	5,353,700

9.9.13 Investment property

	At beginning of financial year RM	Fair value adjustment RM	At end of financial year RM
2011			
Freehold land and building	360,000	26,000	386,000
2012			
Freehold land and building	386,000	4,000	390,000
2013			
Freehold land and building	390,000	20,000	410,000

a) The fair value of the investment property above was 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. EHISB uses assumptions that are mainly based on market conditions existing at each reporting date.

b) The title of the property whereby EHISB is the beneficiary owner, is registered under the name of the holding company, IOI Corporation Berhad.

Investment property comprises:

Name of building/location	Description	Tenure of land	Net lettable area	As at 30 June		
				2011 RM	2012 RM	2013 RM
IOI Business Park Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan	1 unit of commercial lot	Freehold	120 sq. metre		2,967	3,280
				1,000	1,000	1,000
9.9.14 Trade and other receivables					348	-
				1,000	4,315	4,280

Trade and other receivables are denominated in RM.

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.9 Eng Hup Industries Sdn. Berhad ("EHISB") (Continued)

9.9.15 Amount due from a related company

The amount due from a related company represents advances and payments made on behalf, which are unsecured, bear interest at a rate of 2.90% (2012 and 2011: Nil) per annum and payable upon demand in cash and cash equivalents.

Amount due from a related company was denominated in RM.

9.9.16 Amount due from/(to) holding company

The amount due from/(to) holding company represents advances and payments made on behalf, which are unsecured, bear interest at rate of 3.00% (2012: 3.00% and 2011: Nil) per annum and payable upon demand in cash and cash equivalents.

Amount due from/(to) holding company is denominated in RM.

9.9.17 Cash and cash equivalents

	As at 30 June		
	2011 RM	2012 RM	2013 RM
Cash at bank	38,110	58,378	5,590

Cash at bank are deposits held at call with a licensed bank, which is denominated in RM.

9.9.18 Non-current asset held for sale

	As at 30 June		
	2011 RM	2012 RM	2013 RM
Property, plant and equipment (Section 9.9.11)			
Cost	116,339	-	-
Accumulated depreciation	(16,667)	-	-
Net carrying amount	99,672	-	-

On 21 April 2011, EHISB entered into a Sale and Purchase Agreement with a third party to dispose off a parcel of freehold land and building of EHISB with a carrying amount of RM99,672 for a cash consideration of RM150,000; of which RM15,000 was received as deposit for the sale as disclosed in Section 9.9.21 of this Report. The disposal was completed on 22 July 2011 and the gain arising from the disposal amounted to RM50,328.

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.9 Eng Hup Industries Sdn. Berhad ("EHISB") (Continued)

9.9.19 Share capital

	As at 30 June		
	2011	2012	2013
	RM	RM	RM
Ordinary shares of RM1.00 each			
Authorised	6,000,000	6,000,000	6,000,000
Issued and fully paid-up	5,200,000	5,200,000	5,200,000

The owner of EHISB is entitled to receive dividends as declared from time to time and is entitled to one (1) vote per share at the meetings of EHISB. All ordinary shares rank equally with regard to EHISB's residual assets.

9.9.20 Retained earnings

Effective 1 January 2008, EHISB was given the option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act, 1967 in Malaysia for the purpose of dividend distribution until the tax credit is fully utilised or latest, by 31 December 2013.

In the FYE 2011, EHISB has decided not to make this election and has sufficient tax credit under Section 108 of the Income Tax Act, 1967 amounting to approximately RM90,000 to frank the payment of dividends out of its retained earnings as at end of the reporting period.

In the FYE 2012, EHISB has made this election and as a result, there is no additional tax liability to be incurred upon payment of dividends out of its entire retained earnings as at the end of the reporting period.

In the FYE 30 June 2013, EHISB had moved to a single tier system.

9.9.21 Other payables and accruals

	As at 30 June		
	2011	2012	2013
	RM	RM	RM
Other payables	209,004	208,724	208,724
Accruals	27,633	5,000	6,000
Deposits	25,501	10,501	11,275
	262,138	224,225	225,999

In the financial year 2011, included in deposits of EHISB was a deposit received of RM15,000 for the sale of the freehold land and building of EHISB pursuant to a Sale and Purchase Agreement entered into with a third party dated 21 April 2011 as disclosed in Section 9.9.11 and Section 9.9.18 of this Report.

Other payables and accruals are denominated in RM.

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.9 Eng Hup Industries Sdn. Berhad ("EHISB") (Continued)

9.9.22 Significant related party disclosures

9.9.22.1 Identities of related parties

Parties are considered to be related to EHISB if EHISB 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 EHISB and the party are subject to common control or common significant influence. Related parties may be individual or other entities.

Related parties of EHISB 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 shareholder of the holding company;
- iv. Associates and jointly controlled entities and affiliates of the holding company;
- v. Key management personnel which comprises persons (including the Directors of EHISB) having authority and responsibility for planning, directing and controlling the activities of EHISB 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.

9.9.22.2 Significant related party transactions

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

	2011	FYE 30 June	2013
	RM	2012	RM
		RM	RM
Holding company			
Interest income	-	156,210	124,143
Related company			
Interest expenses	-	-	(743)
Interest income	-	-	43,430

The related party transactions described above were carried out on negotiated terms and conditions and in the ordinary course of business between the related parties and EHISB.

Information regarding outstanding balances arising from related party transactions as at 30 June 2011, 30 June 2012, and 30 June 2013 are disclosed in Section 9.9.15 and Section 9.9.16 of this Report.

9.9.22.3 Key management personnel compensation

There is no compensation paid to Directors or other key management personnel during the financial year.

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.9 Eng Hup Industries Sdn. Berhad ("EHISB") (Continued)
- 9.9.24 Financial instruments (Continued)
- 9.9.24.1 Interest rate risk (Continued)
- 9.9.24.1.1 Interest risk exposure

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

	Section	Repricing Brackets					Total RM	Weighted average effective interest rate %
		Less than 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	More than 4 years RM		
2012								
Interest bearing financial asset								
Fixed rate instrument								
Amount due from holding company	9.9.16	6,023,595	-	-	-	-	6,023,595	3.00
Total asset repricing		6,023,595	-	-	-	-	6,023,595	
2013								
Interest bearing financial asset								
Fixed rate instrument								
Amount due from a related company	9.9.16	5,427,189	-	-	-	-	5,427,189	2.90
Total asset repricing		5,427,189	-	-	-	-	5,427,189	

9.9.24.1.2 Sensitivity analysis

Sensitivity analysis on interest rate is applied on floating rate financial instruments only, and as the carrying amount of fixed rate financial instruments is measured at amortised cost, sensitivity analysis was not presented.

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.9 Eng Hup Industries Sdn. Berhad ("EHISB") (Continued)
- 9.9.23 Capital management
- The primary objective of EHISB's capital management is to ensure that EHISB is able to continue as a going concern while maximising the return to shareholder through the optimisation of the debt and equity mix.
- EHISB's capital structure is represented by the equity of EHISB and its capital ratio is determined by the holding company. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2013, 30 June 2012, and 30 June 2011.
- EHISB is not subject to any externally imposed capital requirement.
- 9.9.24 Financial instruments
- Financial risk management objectives and policies
- EHISB's activities expose it to a variety of financial risks, including interest rate risk, credit risk and liquidity and cash flow risk. EHISB's overall financial risk management objective is to ensure that EHISB creates value for its shareholder whilst minimising potential adverse effects on its financial performance and position. EHISB operates within established risk management framework and clearly defined guidelines that are approved by the Board of Directors of the holding company.
- 9.9.24.1 Interest rate risk
- EHISB's interest rate risk arises from its interest bearing financial instruments that could impact fair value and future cash flows due to fluctuation in market interest rates.
- EHISB's objective on interest rate risk management is to achieve a balance in repricing risk and the optimisation of its cost of funds whilst ensuring sufficient liquidity to meet funding needs.

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.9 Eng Hup Industries Sdn. Berhad ("EHISB") (Continued)
- 9.9.24 Financial instruments (Continued)
- 9.9.24.2 Credit risk

EHISB monitors its credit risk in accordance with IOI Corporation Berhad group's risk management approach.

Other than the amount due from a related company constituting 99% (2012 and 2011: Nil) of total receivables of EHISB as at the end of the reporting period and amount due from holding company constituting 99% (2011: Nil) of total receivables of EHISB in previous financial year, there was no significant concentration of credit risk. EHISB does not extend any loans or financial guarantees to third parties.

9.9.24.2.1 Credit risk exposures and concentration

EHISB's credit risks are mainly on financial assets relating to cash at bank, amount due from holding company, amount due from a related company and trade and other receivables as summarised in the table below:

Section	Maximum exposure			Total RM
	2011 RM	2012 RM	2013 RM	
Cash at bank	38,110	58,378	5,590	
Amount due from holding company	-	6,023,595	-	
Amount due from a related company	-	-	5,427,189	
Trade and other receivables, excluded deposit and prepayments	-	2,967	3,280	
	38,110	6,084,940	5,436,059	

The table below outlines the credit quality analysis of EHISB's financial assets.

Section	Neither past due nor impaired			Total RM
	Strong RM	Medium RM	Weak RM	
2011 Cash at bank	38,110	-	-	38,110
2012 Cash at bank	58,378	-	-	58,378
Amount due from holding company	6,023,595	-	-	6,023,595
Trade and other receivables, excluded deposit and prepayments	2,967	-	-	2,967
	6,084,940	-	-	6,084,940

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.9 Eng Hup Industries Sdn. Berhad ("EHISB") (Continued)
- 9.9.24 Financial instruments (Continued)
- 9.9.24.2 Credit risk (Continued)

2013
Cash at bank
Amount due from a related company
Trade and other receivables, excluded deposit and prepayment

Section	Neither past due nor impaired			Total RM
	Strong RM	Medium RM	Weak RM	
9.9.17	5,590	-	-	5,590
9.9.15	5,427,189	-	-	5,427,189
9.9.14	3,280	-	-	3,280
	5,436,059	-	-	5,436,059

Credit quality is analysed into the categories of Strong, Medium and Weak, whereby:

Strong = Strong financial standing, low probability of default
Medium = Low to moderate risk of default
Weak = Weak financial standing, history of past due

9.9.24.3 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.

EHISB 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 EHISB's operations.

Liquidity risk exposure

The tables below summarise the maturity profile of EHISB's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

2011	On demand		Less than 1 year		Total RM
	RM	RM	RM	RM	
Financial liabilities	-	-	236,637	-	236,637
Other payables and accruals	487,151	-	-	-	487,151
Amount due to holding company	487,151	-	236,637	-	723,788

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)			
9.9	Eng Hup Industries Sdn. Berhad ("EHISB") (Continued)		
9.9.24	Financial instruments (Continued)		
9.9.24.3	Liquidity and cash flow risk (Continued)		
		Less than 1 year	Total
		RM	RM
2012	Financial liabilities		
	Other payables and accruals	213,724	213,724
2013	Financial liabilities		
	Other payables and accruals	214,724	214,724

EHISB has ample liquidity to meet its financial liabilities and obligations maturing in the next 12 months.

9.9.24.4 Fair values

Methods/Assumptions used to estimate fair values

The carrying amounts of financial assets and liabilities maturing within twelve (12) months approximate their fair values due to the relatively short term maturity of these financial instruments.

9.9.24.5 Classification of financial instruments

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

	Loan and receivables RM	Fair value through profit or loss RM	Available-for-sale RM	Held-to-maturity RM	Total RM
Financial assets					
2011					
Cash at bank	38,110	-	-	-	38,110
2012					
Cash at bank	58,378	-	-	-	58,378
Amount due from holding company	6,023,595	-	-	-	6,023,595
Trade and other receivables, excluded deposit and prepayments	2,967	-	-	-	2,967
	6,084,940	-	-	-	6,084,940

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)					
9.9	Eng Hup Industries Sdn. Berhad ("EHISB") (Continued)				
9.9.24	Financial instruments (Continued)				
9.9.24.5	Classification of financial instruments (Continued)				
		Loan and receivables RM	Fair value through profit or loss RM	Available-for-sale RM	Held-to-maturity RM
Financial assets					Total RM
2013					
Cash at bank	5,590	-	-	-	5,590
Amount due from a related company	5,427,189	-	-	-	5,427,189
Trade and other receivables, excluded deposit and prepayment	3,280	-	-	-	3,280
	5,436,059	-	-	-	5,436,059

	Other financial liabilities RM	Fair value through profit or loss RM	Total RM
Financial liabilities			
2011			
Other payables and accruals	236,637	-	236,637
Amount due to holding company	487,151	-	487,151
	723,788	-	723,788
2012			
Other payables and accruals	213,724	-	213,724
2013			
Other payables and accruals	214,724	-	214,724

9.9.25 Explanation of transition to MFRS

EHISB is a non-transitioning entity as defined by the MFRS, and has adopted the MFRS Framework during the FYE 30 June 2013. Accordingly, this is the first financial statements of EHISB prepared in accordance with MFRSs.

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.9 Eng Hup Industries Sdn. Berhad ("EHISB") (Continued)

9.9.25 Explanation of transition to MFRS (Continued)

The accounting policies set out in Section 7 of this Report have been applied in preparing the financial statements of EHISB for the FYE 30 June 2013, as well as comparative information presented in these financial statements for the FYE 30 June 2012 and in the preparation of the opening MFRS statements of financial position at 1 July 2011 (the date of transition of EHISB to MFRSs).

EHISB has adjusted amounts previously reported in financial statements that were prepared in accordance with the previous FRs Frameworks. In preparing the opening statements of financial position at 1 July 2011, an explanation on the impact arising from the transition from FRs to MFRSs on EHISB's financial position, financial performance and cash flows is set out as follows:

(a) Reconciliation of financial position as at 1 July 2011

Section	Previously reported under FRs RM	Effect on adoption of MFRSs RM	Restated under MFRSs RM
ASSETS			
Non-current assets			
Property, plant and equipment	1	-	1
Land held for property development	5,353,700	(5,353,700)	-
Investment property	386,000	-	386,000
	5,739,701	(5,353,700)	386,001
Current assets			
Inventories	-	5,353,700	5,353,700
Trade and other receivables	1,000	-	1,000
Current tax assets	3,862	-	3,862
Cash and cash equivalents	38,110	-	38,110
	42,972	5,353,700	5,396,672
Non-current asset held for sale	99,672	-	99,672
TOTAL ASSETS	5,882,345	-	5,882,345

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.9 Eng Hup Industries Sdn. Berhad ("EHISB") (Continued)

9.9.25 Explanation of transition to MFRS (Continued)

(a) Reconciliation of financial position as at 1 July 2011 (Continued)

Section	Previously reported under FRs RM	Effect on adoption of MFRSs RM	Restated under MFRSs RM
EQUITY AND LIABILITIES			
Equity attributable to owner of EHISB			
Share capital	5,200,000	-	5,200,000
Accumulated losses	(66,944)	-	(66,944)
TOTAL EQUITY	5,133,056	-	5,133,056

LIABILITIES**Current liabilities**

Other payables and accruals

Amount due to holding company

TOTAL LIABILITIES**TOTAL EQUITY AND LIABILITIES**

(b) There is no impact to EHISB's statement of financial position for the FYE 30 June 2012 and statement of other comprehensive income for the financial years ended 30 June 2011 and 30 June 2012 arising from the transition from FRs to MFRSs.

(c) Notes to reconciliation

Land held for property development

Pursuant to FRs 201 Property Development Activities, EHISB classified land held without significant development activities or where development activities are not expected to be completed within the normal operating cycle as land held for property development. Land held for property development is classified within non-current assets and is carried at cost less any accumulated impairment losses.

Upon transition to MFRSs, FRs 201 no longer exists in the MFRS Framework and accordingly, land held for property development is viewed as held for development and sale in the ordinary course of business. Consequently, the said land has been reclassified into inventories as defined in MFRS 102 inventories.

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.10 Palmex Industries Sdn. Bhd. ("PISB")

9.10.1 Statements of comprehensive income of PISB

The statements of comprehensive income of PISB, which are extracted from the audited financial statements of PISB for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Financial years ended 30 June		
	2011 RM	2012 RM	2013 RM
Revenue	104,981,010	12,343,574	31,295,896
Cost of sales	(55,461,677)	(3,646,352)	(15,357,964)
Gross profit	49,519,333	8,697,222	15,937,932
Selling expenses	(1,315,059)	(680,350)	(519,463)
Administrative expenses	(957,077)	(1,474,335)	(1,140,948)
Other operating expenses	(366,619)	(369,488)	(397,205)
Other operating income	161,450	74,978	1,027,238
Operating profit	47,042,028	6,248,027	14,907,554
Interest income	672,193	1,482,159	1,418,791
Profit before taxation	47,714,221	7,730,186	16,326,345
Taxation	(11,979,430)	(2,323,996)	(4,112,241)
Profit for the financial year representing total comprehensive income for the year	35,734,791	5,406,190	12,214,104
Earnings before interest, tax, depreciation and amortisation ("EBITDA") (RM)	47,055,962	6,259,169	14,918,633
Number of ordinary shares of RM1.00 each	35,500,000	35,500,000	35,500,000
Gross earnings per share (RM)	1.34	0.22	0.46
Net earnings per share (RM)	1.01	0.15	0.34
Gross profit ("GP") margin (%)	47	70	51
Profit before tax margin (%)	45	63	52
Profit after tax margin (%)	34	44	39
EBITDA margin (%)	45	51	48
Effective tax rate (%)	25	30	25

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.10 Palmex Industries Sdn. Bhd. ("PISB") (Continued)

9.10.2 Statements of financial position of PISB

The statements of financial position of PISB, which are extracted from the audited financial statements of PISB 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	2012 RM	2013 RM
ASSETS			
Non-current assets			
Equipment	34,551	28,988	61,022
Investment in a subsidiary	-	-	-
Investment in an associate	3,000,000	3,000,000	-
Current assets	3,034,551	3,028,988	61,022
Property development costs	13,787,885	22,078,100	29,715,363
Trade and other receivables	22,740,638	10,363,848	13,067,261
Inventories	4,215,546	1,327,230	-
Current tax assets	-	376,807	561,000
Cash and cash equivalents	90,262,230	44,581,458	55,112,748
TOTAL ASSETS	131,006,299	78,727,443	98,456,372
EQUITY AND LIABILITIES	134,040,850	81,756,431	98,517,394
Equity			
Share capital	35,500,000	35,500,000	35,500,000
Reserves	68,614,886	40,296,076	52,510,180
Total equity	104,114,886	75,796,076	88,010,180
LIABILITIES			
Non-current liabilities			
Employee benefits	10,247	10,428	10,428
Deferred tax liabilities	25,000	25,000	8,000
	35,247	35,428	18,428

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.10 Palmex Industries Sdn. Bhd. ("PISB") (Continued)

9.10.2 Statements of financial position of PISB (Continued)

Section	As at 30 June		
	2011 RM	2012 RM	2013 RM
Current liabilities			
Trade and other payables	26,525,120	5,924,927	10,488,786
Current tax liabilities	3,365,597	-	
Total liabilities	29,890,717	5,924,927	10,488,786
TOTAL EQUITY AND LIABILITIES	134,040,850	81,756,431	98,517,394

Number of ordinary shares of
RM1.00 each in issue

Net assets (RM)

Net assets per ordinary share
of RM1.00 each (RM)

Trade receivables turnover
period (days)

Trade payables turnover period
(days)

Inventories turnover period
(days)

35,500,000	35,500,000	35,500,000
104,114,886	75,796,076	88,010,180
2.93	2.14	2.48
34	117	46
29	280	178
28	133	-

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.10 Palmex Industries Sdn. Bhd. ("PISB") (Continued)

9.10.3 Statements of changes in equity of PISB

The statements of changes in equity of PISB, which are extracted from the audited financial statements of PISB for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Non-Distributable		Distributable		Total equity RM
	Share capital RM	Capital reserve RM	Retained earnings RM	Total equity RM	
As at 1 July 2010	35,500,000	2,728,743	55,908,734	94,137,477	
Total comprehensive income	-	-	(25,757,382)	(25,757,382)	
- Profit for the financial year	-	-	35,734,791	35,734,791	
Transaction with owner	-	-	-	-	
Dividends paid	-	-	-	-	
As at 30 June 2011	35,500,000	2,728,743	65,886,143	104,114,886	
As at 1 July 2011	35,500,000	2,728,743	65,886,143	104,114,886	
Total comprehensive income	-	-	-	-	
- Profit for the financial year	-	-	5,406,190	5,406,190	
Transaction with owner	-	-	-	-	
Dividends paid	-	-	(33,725,000)	(33,725,000)	
As at 30 June 2012	35,500,000	2,728,743	37,567,333	75,796,076	
As at 1 July 2012	35,500,000	2,728,743	37,567,333	75,796,076	
Total comprehensive income	-	-	-	-	
- Profit for the financial year	-	-	12,214,104	12,214,104	
Transaction with owner	-	-	-	-	
Dividends paid	-	-	49,781,437	49,781,437	
As at 30 June 2013	35,500,000	2,728,743	49,781,437	88,010,180	

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)
9.10 Palmex Industries Sdn. Bhd. ("PISB") (Continued)

9.10.4 Statements of cash flows of PISB

The statements of cash flows of PISB, which are extracted from the audited financial statements of PISB for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Financial years ended 30 June		
	2011 RM	2012 RM	2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	47,714,221	7,730,186	16,326,345
Adjustments for:			
Depreciation of equipment	13,934	11,142	11,079
Interest income	(672,193)	(1,482,159)	(1,418,791)
Provision for employee benefits	66	181	-
Loss/(Gain) on disposal of equipment	2,917	(18,500)	(31,000)
Dividend income	(150,000)	-	-
Gain on disposal of an investment in a subsidiary	-	-	(1,422,970)
Loss on disposal of an investment in an associate	-	-	500,000
Operating profit before working capital	46,908,945	6,240,850	13,964,663
Decrease/(Increase) in:			
Property development costs	25,566,611	(8,290,215)	(7,637,263)
Trade and other receivables	15,628,350	12,376,790	(2,703,413)
Inventories	(2,763,344)	2,888,316	1,327,230
(Decrease)/Increase in:			
Trade and other payables	21,007,110	(20,600,193)	4,563,859
Cash generated from/(used in) operations	106,347,672	(7,384,452)	9,515,076
Income tax paid	(10,996,709)	(6,056,400)	(4,313,434)
Net cash from/(used in) operating activities	95,350,963	(13,450,852)	5,201,642
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of equipment	2,000	18,500	31,000
Proceeds from disposal of investment	-	-	1,422,970
- subsidiary	-	-	2,500,000
- associate	(9,000)	(5,579)	(43,113)
Purchase of equipment	672,193	1,482,159	1,418,791
Interest received	150,000	-	-
Dividend received	-	-	-
Net cash from investing activities	815,193	1,495,080	5,329,648

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.10 Palmex Industries Sdn. Bhd. ("PISB") (Continued)

9.10.4 Statements of cash flows of PISB (Continued)

Section	Financial years ended 30 June		
	2011 RM	2012 RM	2013 RM
CASH FLOWS FROM FINANCING ACTIVITY			
Dividends paid to holding company	(25,757,382)	(33,725,000)	-
Net cash used in financing activity	(25,757,382)	(33,725,000)	-
Net increase/(decrease) in cash and cash equivalents	70,408,774	(45,680,772)	10,531,290
Cash and cash equivalents at beginning of financial year	19,853,456	90,262,230	44,581,458
Cash and cash equivalents at end of financial year	90,262,230	44,581,458	55,112,748
9.10.5 Revenue			
	2011 RM	FYE 30 June 2012 RM	2013 RM
Sales of completed development properties	12,262,600	9,856,334	3,395,679
Property development revenue	92,718,410	2,487,240	27,900,217
	104,981,010	12,343,574	31,295,896
9.10.6 Cost of sales			
	2011 RM	FYE 30 June 2012 RM	2013 RM
Cost of completed development properties	6,780,744	2,886,070	2,198,633
Property development expenses	48,680,933	760,282	13,159,331
	55,461,677	3,646,352	15,357,964

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)
9.10 Palmex Industries Sdn. Bhd. ("PISB") (Continued)
9.10.7 Operating profit

	2011	FYE 30 June	2012	2013
	RM	RM	RM	RM
Operating profit has been arrived at after charging:				
Auditors' remuneration	23,000	27,000	25,000	
Depreciation of equipment (Section 9.10.10)	13,934	11,142	11,079	
Directors' remuneration	136,873	357,608	436,803	
Rental expenses	25,200	25,200	37,800	
Provision for employee benefits (Section 9.10.19)	66	181	-	
Loss on disposal of equipment	2,917	-	-	
Loss on disposal of an investment in an associate and crediting:	-	-	500,000	
Dividend income	150,000	-	-	31,000
Gain on disposal of equipment	-	18,500	-	1,422,970
Gain on disposal of an investment in a subsidiary	-	-	-	-

The estimated monetary value of benefit receivable by a Director otherwise than in cash amounted to RM5,208 (2012: RM4,000 and 2011: RM833).

9.10.8 Taxation

	2011	FYE 30 June	2012	2013
	RM	RM	RM	RM
Current year tax expenses based on profit for the financial year	11,892,600	1,961,000	3,852,000	
Under-provision in prior years	86,830	362,996	277,241	
Current year deferred tax expense	11,979,430	2,323,996	4,129,241	
Total tax expense	11,979,430	2,323,996	4,112,241	
Reconciliation of effective tax expense				
Profit for the financial year	35,734,791	5,406,190	12,214,104	
Total taxation	11,979,430	2,323,996	4,112,241	
Profit before taxation	47,714,221	7,730,186	16,326,345	
Tax at Malaysian tax rate at 25%	11,928,555	1,932,547	4,081,586	
Non-deductible expenses	16,393	8,223	6,056	
Tax exempt income	(27,900)	(1,728)	(228,187)	
Other items	(24,448)	21,958	(24,455)	
Under-provision in prior years	11,892,600	1,961,000	3,835,000	
Tax expense	86,830	362,996	277,241	
	11,979,430	2,323,996	4,112,241	

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)
9.10 Palmex Industries Sdn. Bhd. ("PISB") (Continued)
9.10.9 Dividends

	Sen per share (Net of tax)	Total amount	Date of payment
	RM	RM	
Dividend recognised by PISB are:			
2011	72.56	25,757,382	21 June 2011
Interim 2011 ordinary			
2012	95.00	33,725,000	15 March 2012
Interim 2012 single tier			

9.10.10 Equipment

	At beginning of financial year	Additions	Disposals	At end of financial year
	RM	RM	RM	RM
2011	953,040	9,000	(10,000)	953,040
At Cost	465,526	-	-	464,526
Motor vehicles	1,418,566	9,000	(10,000)	1,417,566
Furniture, fittings and office equipment				
2012	At beginning of financial year	Current year depreciation charge	Disposals	At end of financial year
	RM	RM	RM	RM
At Cost	953,040	13,934	(5,083)	953,040
Motor vehicles	421,124	-	-	429,975
Furniture, fittings and office equipment	1,374,164	13,934	(5,083)	1,383,015
Accumulated Depreciation				
2012	At beginning of financial year	Additions	Disposals	At end of financial year
	RM	RM	RM	RM
At Cost	953,040	5,579	(92,000)	861,040
Motor vehicles	464,526	-	-	470,105
Furniture, fittings and office equipment	1,417,566	5,579	(92,000)	1,331,145

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)
9.10 Palmex Industries Sdn. Bhd. ("PISB") (Continued)
9.10.13 Property development cost

	2011 RM	As at 30 June 2012 RM	2013 RM
At 1 July			
Freehold land	12,860,912	6,660,810	6,660,810
Development costs	59,328,480	7,127,075	16,177,572
Accumulated costs charged to profit or loss	(32,834,896)	-	(760,282)
	39,354,496	13,787,885	22,078,100
Add:			
Freehold land	1,463,200	-	-
Development costs incurred during the year	31,195,305	9,050,497	21,638,690
Less:			
Costs charged to profit or loss (Section 9.10.6)	(48,680,933)	(760,282)	(13,159,331)
Transfer to inventories	(9,544,183)	-	(842,096)
At 30 June	13,787,885	22,078,100	29,715,363

Consists of:
Freehold land
Development costs
Accumulated costs charged to profit or loss

9.10.14 Trade and other receivables

	2011 RM	As at 30 June 2012 RM	2013 RM
Trade	9,708,641	3,958,793	3,952,169
Third parties	10,372,534	3,652,557	6,255,853
Accrued billings	20,081,175	7,611,350	10,208,022
Non-trade			
Other receivables	1,543,525	1,636,015	1,718,409
Deposits	1,115,938	1,116,483	1,140,830
	2,659,463	2,752,498	2,859,239
	22,740,638	10,363,848	13,067,261

9.10.15 Inventories

	2011 RM	As at 30 June 2012 RM	2013 RM
At Cost	4,215,546	1,327,230	-
Completed development properties			

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)
9.10 Palmex Industries Sdn. Bhd. ("PISB") (Continued)
9.10.16 Cash and cash equivalents

	2011 RM	As at 30 June 2012 RM	2013 RM
Cash and bank balances	334,242	39,816,302	48,693,070
Short-term deposits with a licensed bank	-	-	-
Cash held in Housing Development Account (Housing Development Regulations, 2002)	89,927,988	4,765,156	6,419,678
	90,262,230	44,581,458	55,112,748

The utilisation of the cash held in the Housing Development Account is subject to the Housing Developers (Housing Development Account) (Amendments) Regulations, 2002.

9.10.17 Share capital

	2011 RM	As at 30 June 2012 RM	2013 RM
Authorised			
Ordinary shares of RM1.00 each	50,000,000	50,000,000	50,000,000
Issued and fully paid-up			
Ordinary shares of RM1.00 each	35,500,000	35,500,000	35,500,000

9.10.18 Reserves

	2011 RM	As at 30 June 2012 RM	2013 RM
Distributable			
Capital reserve	2,728,743	2,728,743	2,728,743
Retained earnings	65,886,143	37,567,333	49,781,437
	68,614,886	40,296,076	52,510,180

Capital reserve represents the realisation of surplus arising from the revaluation of PISB's leasehold land and buildings.

Subject to agreement by the Inland Revenue Board, PISB has sufficient Section 108 tax credit and tax exempt income to distribute approximately RM229,000 (2012: RM229,000; 2011 and 2010: RM118,000) of its distributable reserves if paid out as dividends.

The Finance Act 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 30 June 2011 will be available to PISB until such time the credit is fully utilised or upon expiry of the transitional period on 31 December 2013, whichever is earlier.

PISB has fully utilised its section 108 tax credit in 2012. Hence, any payment of future dividends out of its distributable reserves will be in the form of single tier.

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.10 Palmex Industries Sdn. Bhd. ("PISB") (Continued)

9.10.19 Employee benefits

	2011 RM	As at 30 June 2012 RM	2013 RM
Present value of unfunded obligations	10,247	10,428	10,428

Liability for defined benefit obligations

PISB provided in full the unfunded defined benefit scheme based on last drawn remuneration of all eligible employees and the length of their services with reference to an actuarial valuation.

The unfunded defined benefits scheme for non-union staff has been frozen as at 30 June 2003.

Movement in the net liability recognised in the statement of financial position:

	2011 RM	As at 30 June 2012 RM	2013 RM
Net liability at 1 July	10,181	10,247	10,428
Expenses recognised in profit or loss	66	181	-
Net liability at 30 June	10,247	10,428	10,428

Expenses recognised in profit or loss:

	2011 RM	FYE 30 June 2012 RM	2013 RM
Interest cost	216	252	-
Current service cost	436	480	-
Actuarial gain	(586)	(551)	-
	66	181	-

The expenses are recognised under administration expenses in the profit or loss.

Principal actuarial assumptions used at the reporting period (expressed as weighted average) are as follows:

	2011 %	FYE 30 June 2012 %	2013 %
Discount rate	6	6	6
Future salary increases	6	6	6

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.10 Palmex Industries Sdn. Bhd. ("PISB") (Continued)

9.10.20 Deferred taxation

	2011 RM	As at 30 June 2012 RM	2013 RM
At the end of the financial year	25,000	25,000	8,000

The components of deferred tax liabilities at the end of the reporting period comprise the followings:

	2011 RM	As at 30 June 2012 RM	2013 RM
Temporary differences arising from capital allowances	35,000	35,000	18,000
Other deductible temporary differences	(10,000)	(10,000)	(10,000)
	25,000	25,000	8,000

9.10.21 Trade and other payables

	2011 RM	As at 30 June 2012 RM	2013 RM
Trade			
Third parties	3,764,691	2,514,311	3,433,915
Amount due to a related company	635,912	286,018	4,036,027
	4,400,603	2,800,329	7,469,942

	2011 RM	As at 30 June 2012 RM	2013 RM
Non-trade			
Other payables	3,931,086	2,910,003	2,642,932
Accruals	223,643	214,595	375,912
Amount due to holding company	17,969,788	-	-
	22,124,517	3,124,598	3,018,844

The trade payables due to a related company are subject to normal trade term.

The non-trade amount due to holding company was unsecured, bore interest at rates ranging from 2.6% to 3.0% per annum and was payable on demand.

9.10.22 Employee information

	2011 RM	FYE 30 June 2012 RM	2013 RM
Staff costs	908,504	985,024	1,125,447

Staff costs include contribution to Employees' Provident Fund of RM108,594 (2012: RM88,874 and 2011: RM79,648).

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.10 Palmex Industries Sdn. Bhd. ("PISB") (Continued)

9.10.23 Significant related party disclosures

9.10.23.1 Identities of related parties

For the purposes of these financial statements, parties are considered to be related to PISB if PISB has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operation decisions, or vice versa, or where PISB and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. Related parties of PISB include:

- i. Its immediate holding company of IOI Oleochemical Industries Berhad ("IOI Oleo") and the ultimate holding company of IOI Corporation Berhad ("IOICB"), and all the subsidiaries and associates of the holding companies.
- ii. Key management personnel (including the Directors of PISB) having authority and responsibility for planning, directing and controlling the activities of PISB either directly or indirectly.

9.10.23.2 Keys management personnel compensation

The remunerations of key management personnel during the financial year are as follows:

	FYE 30 June		
	2011	2012	2013
	RM'000	RM'000	RM'000
Short term employee benefits	347	601	565
Included in the remunerations of key management personnel above are:			
	2011	2012	2013
	RM'000	RM'000	RM'000
Directors' remuneration	137	362	324

9.10.23.3 Significant related party transactions

Significant related party transactions with holding company and related companies are as follows:

	FYE 30 June		
	2011	2012	2013
	RM	RM	RM
Transactions with immediate holding company			
Rental payable	25,200	25,200	37,800
Interest payable	202,882	474,443	-
Transactions with related companies			
Purchases	-	-	12,244,098
Dividend income receivable	150,000	-	-
Management fees payable	47,475	110,000	110,000

The Directors of PISB are of the opinion that the above transactions were entered into in the normal course of business and terms of which have been established on a negotiated basis.

Non-trade balance with related party is disclosed in Section 9.10.21 of this Report.

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.10 Palmex Industries Sdn. Bhd. ("PISB") (Continued)

9.10.24 Financial instruments

9.10.24.1 Financial risk management objectives and policies

PISB's activities expose it to a variety of financial risks, including interest rate risk, credit risk and liquidity and cash flow risk.

PISB's overall financial risk management objective is to ensure that PISB creates value for its shareholders whilst minimising potential adverse effects on its financial performance and positions. PISB operates within an established Enterprise Risk Management framework and clearly defined guidelines which are administered via the divisional risk management committee. The division risk management committee reports regularly to the audit committee of the ultimate holding company which oversees the management of risk in PISB on behalf of the Board of Directors.

9.10.24.1.1 Classification of financial instruments

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

Financial assets

	2011	2012	2013
	RM	RM	RM
Trade and other receivables, net of non-refundable deposits and prepayments	22,740,638	10,363,848	13,067,261
Cash and cash equivalents	90,262,230	44,581,458	55,112,748
	113,002,868	54,945,306	68,180,009
Trade and other receivables, net of non-refundable deposits and prepayments			
Cash and cash equivalents			
Trade and other receivables, net of non-refundable deposits and prepayments			
Cash and cash equivalents			

Financial liabilities

	2011	2012	2013
	RM	RM	RM
Trade and other payables, including accruals	8,555,332	5,924,927	10,488,786
Amount due to holding company	17,969,788		
	26,525,120		
Trade and other payables, including accruals			
Trade and other payables, including accruals			

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.10 Palmex Industries Sdn. Bhd. ("PISB") (Continued)
- 9.10.24 Financial Instruments (Continued)
- 9.10.24.2 Interest rate risk
- PISB's interest rate risk arises from its interest bearing financial instruments that could impact fair value due to fluctuation in market interest rates.
- PISB's objective on interest rate risk management is to achieve a balance in repricing risks and the optimisation of its cost of funds whilst ensuring sufficient liquidity to meet funding needs.
- 9.10.24.2.1 Risk management approach
- Surplus funds are placed with licensed bank as short term deposits or maintained as cash at bank. The deposits are placed with the licensed bank when temporary surplus funds are not required for working capital.

9.10.24.2.2 Interest rate risk exposure

The effective interest rate and repricing maturity analysis for PISB is set out in table below:

	Less than 1 year RM'000	RM'000	Total Effective interest rate %
2011			
Interest earning financial assets			
Fixed rate instruments			
Cash held in Housing Development Accounts	89,928	89,928	1.50
Trade receivables	7,565	7,565	3.20
Interest bearing financial liability			
Fixed rate instrument			
Amount due to holding company	17,970	17,970	3.00

	Less than 1 year RM'000	RM'000	Total Effective interest rate %
2012			
Interest earning financial assets			
Fixed rate instruments			
Cash held in Housing Development Accounts	4,765	4,765	1.50
Cash and bank balances	39,583	39,583	2.75
Trade receivables	3,959	3,959	3.20

	Less than 1 year RM'000	RM'000	Total Effective interest rate %
2013			
Interest earning financial assets			
Fixed rate instruments			
Cash held in Housing Development Accounts	6,420	6,420	1.50
Cash and bank balances	48,141	48,141	2.75
Trade receivables	3,952	3,952	3.20

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.10 Palmex Industries Sdn. Bhd. ("PISB") (Continued)
- 9.10.24 Financial Instruments (Continued)
- 9.10.24.2 Interest rate risk (Continued)
- 9.10.24.2.3 Sensitivity analysis

PISB does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and PISB does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the end of the reporting period would not affect profit or loss.

9.10.24.3 Credit risk

PISB's credit risks exposure is mainly related to external counter-party credit risk on monetary financial assets and trade credits.

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

9.10.24.3.1 Risk management approach

Generally, property units sold are progressively invoiced and settled by end-buyers' financiers posing minimal credit risk.

Policies and Principles

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

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

Collateral and credit enhancement

In general, a combination of title retention and conveyance on clearance for property development.

9.10.24.3.2 Credit risk exposures and concentration

PISB's credit risks are mainly on financial assets relating to trade receivables and other receivables, and cash and cash equivalents as summarised in the table below:

Section	Maximum exposure		
	2011 RM'000	2012 RM'000	2013 RM'000
Trade receivables	9,10.14	20,081	7,611
Other receivables, including refundable deposits	9,10.14	2,659	2,859
Cash and cash equivalents	9,10.16	90,262	44,581

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.10 Palmex Industries Sdn. Bhd. ("PISB") (Continued)
- 9.10.24 Financial Instruments (Continued)
- 9.10.24.3 Credit risk (Continued)
- 9.10.24.3.2 Credit risk exposures and concentration (Continued)

2013	Section	Neither past due nor impaired			Past due not impaired RM	Impairment charged in reporting period RM	Impairment allowance at end of reporting period RM
		Strong RM	Medium RM	Weak RM			
Trade receivables	9.10.14	10,208	-	-	-	-	
Other receivables, including refundable deposits	9.10.14	2,859	-	-	-	-	
Cash and cash equivalents	9.10.16	55,113	-	-	-	-	
		<u>68,180</u>	-	-	-	-	

Credit quality is analysed into the categories of Strong, Medium and Weak, whereby:

Strong = Strong financial standing, low probability of default
 Medium = Low to moderate risk of default
 Weak = Weak financial standing, history of past due

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.10 Palmex Industries Sdn. Bhd. ("PISB") (Continued)
- 9.10.24 Financial Instruments (Continued)
- 9.10.24.3 Credit risk (Continued)
- 9.10.24.3.2 Credit risk exposures and concentration (Continued)

The table below outlines the credit quality analysis of PISB's financial assets coupled with the impairment loss for the period.

2011	Section	Neither past due nor impaired			Past due not impaired RM	Impairment charged in reporting period RM	Impairment allowance at end of reporting period RM
		Strong RM	Medium RM	Weak RM			
Trade receivables	9.10.14	20,081	-	-	-	-	
Other receivables, including refundable deposits	9.10.14	2,659	-	-	-	-	
Cash and cash equivalents	9.10.16	90,262	-	-	-	-	
		<u>113,002</u>	-	-	-	-	
2012							
Trade receivables	9.10.14	7,611	-	-	-	-	
Other receivables, including refundable deposits	9.10.14	2,752	-	-	-	-	
Cash and cash equivalents	9.10.16	44,581	-	-	-	-	
		<u>54,944</u>	-	-	-	-	

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.10 Palmex Industries Sdn. Bhd. ("PISB") (Continued)
- 9.10.24 Financial instruments (Continued)
- 9.10.24.4 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.

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

9.10.24.4.1 Risk management approach

PISB actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure all operating, investing and financing needs are met. To mitigate liquidity risk, management measures and forecasts its cash commitments, monitors and maintains a level of cash and cash equivalents deemed adequate to finance PISB's operations and investing activities.

9.10.24.4.2 Liquidity risk exposure

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

	2011	On demand RM'000	Less than 1 year RM'000	Total RM'000
Non-derivative financial liabilities				
Trade payables	-	4,401	4,401	4,401
Other payables, including accruals	-	4,155	4,155	4,155
Amount due to holding company	17,970	-	-	17,970
Total financial liabilities	17,970	8,556	8,556	26,526
2012				
Non-derivative financial liabilities				
Trade payables	-	2,800	2,800	2,800
Other payables, including accruals	-	3,125	3,125	3,125
Total financial liabilities	-	5,925	5,925	5,925
2013				
Non-derivative financial liabilities				
Trade payables	-	7,470	7,470	7,470
Other payables, including accruals	-	3,019	3,019	3,019
Total financial liabilities	-	10,489	10,489	10,489

9.10.24.5 Fair values of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables approximate their fair values due to the relatively short term nature of these financial instruments.

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.11 PMX Bina Sdn. Bhd. ("PMX Bina")

9.11.1 Statement of comprehensive income of PMX Bina

The statements of comprehensive income of PMX Bina, which are extracted from the audited financial statements of PMX Bina for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Financial years ended 30 June		
	2011 RM	2012 RM	2013 RM
Revenue	9.11.5	-	12,296,418
Cost of sales	-	-	(9,402,777)
Gross profit	-	-	2,893,641
Other operating income	138,824	115,743	44,286
Administration expenses	(308,064)	(310,596)	(475,725)
(Loss)/Profit before taxation	9.11.6	(169,240)	2,462,202
Taxation	9.11.7	456	(539,000)
(Loss)/Profit and total comprehensive (expenses)/ income for the financial year	(168,784)	(194,853)	1,923,202
(Loss)/Earnings before interest, tax, depreciation and amortisation ("LBITDA/EBITDA") (RM)	(308,064)	(240,709)	2,417,886
Number of ordinary shares of RM1.00 each	750,000	750,000	750,000
Gross (loss)/earnings per share (RM)	(0.23)	(0.26)	3.28
Net (loss)/earnings per share (RM)	(0.23)	(0.26)	2.56
Gross profit ("Gp") margin (%)	-	-	24
Profit before tax margin (%)	-	-	20
Profit after tax margin (%)	-	-	16
EBITDA margin (%)	-	-	20
Effective tax rate (%)	-	-	22

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.11 PMX Bina Sdn. Bhd. ("PMX Bina") (Continued)

9.11.2 Statements of financial position of PMX Bina

The statements of financial position of PMX Bina, which are extracted from the audited financial statements of PMX Bina for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

ASSETS	As at 30 June		
	2011	2012	2013
	RM	RM	RM
Current assets			
Trade and other receivables	870,788	530,924	4,036,027
Amount due from immediate holding company	1,537,770	1,508,275	1,425,535
Current tax assets	29,076	54,401	-
Cash and bank balances	485,071	323,914	1,674,383
TOTAL ASSETS	2,922,705	2,417,514	7,135,945
EQUITY AND LIABILITIES			
Equity			
Share capital	750,000	750,000	750,000
Retained earnings	1,338,616	1,143,763	3,066,965
Total equity	2,088,616	1,893,763	3,816,965
LIABILITIES			
Non-current liabilities			
Employee benefits	24,569	34,334	46,681
Current liabilities			
Trade and other payables	809,520	489,417	3,158,554
Current tax liabilities	-	-	113,745
Total liabilities	809,520	489,417	3,272,299
TOTAL EQUITY AND LIABILITIES	2,922,705	2,417,514	7,135,945
Number of ordinary shares of RM1.00 each in issue	750,000	750,000	750,000
Net assets (RM)	2,088,616	1,893,763	3,816,965
Net assets per ordinary share of RM1.00 each (RM)	2.78	2.53	5.09
Trade receivables turnover period (days)	-	-	120
Trade payables turnover period (days)	-	-	120

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.11 PMX Bina Sdn. Bhd. ("PMX Bina") (Continued)

9.11.3 Statements of changes in equity of PMX Bina

The statements of changes in equity of PMX Bina, which are extracted from the audited financial statements of PMX Bina for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Non-Distributable Share capital RM	Distributable Retained earnings RM	Total equity RM
As at 1 July 2010	750,000	5,026,735	5,776,735
Total Comprehensive Income			
- Loss for the financial year	-	(168,784)	(168,784)
Transaction with owner			
Dividend	-	(3,519,335)	(3,519,335)
As at 30 June 2011	750,000	1,338,616	2,088,616
As at 1 July 2011	750,000	1,338,616	2,088,616
Total Comprehensive Income			
- Loss for the financial year	-	(194,853)	(194,853)
As at 30 June 2012	750,000	1,143,763	1,893,763
As at 1 July 2012	750,000	1,143,763	1,893,763
Total Comprehensive Income			
- Profit for the financial year	-	1,923,202	1,923,202
As at 30 June 2013	750,000	3,066,965	3,816,965

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.11 PAX Bina Sdn. Bhd. ("PAX Bina") (Continued)

9.11.4 Statements of cash flows of PAX Bina

The statements of cash flows of PAX Bina, which are extracted from the audited financial statements of PAX Bina for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Financial years ended 30 June		
	2011 RM	2012 RM	2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before taxation	(169,240)	(194,853)	2,462,202
Adjustments for:			
Provision to employee benefits	9,248	9,765	12,347
Interest income	(138,824)	(45,856)	(44,316)
Operating (loss)/profit before changes in working capital	(298,816)	(230,944)	2,430,233
Changes in working capital:			
Decrease/(increase) in trade and other receivables	130,122	339,864	(3,505,103)
(Decrease)/increase in trade and other payables	(111,573)	(320,103)	2,669,137
Decrease in amount due from immediate holding company	3,466,936	29,495	82,740
Cash generated from/(used in) operations	3,186,669	(181,688)	1,677,007
Interest received	138,824	45,856	44,316
Income tax refunded	-	-	53,900
Income tax paid	(30,142)	(25,325)	(424,754)
Net cash from/(used in) operating activities	3,295,351	(161,157)	1,350,469
CASH FLOWS FROM INVESTING ACTIVITIES			

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.11 PAX Bina Sdn. Bhd. ("PAX Bina") (Continued)

9.11.4 Statements of cash flows of PAX Bina (Continued)

Section	Financial years ended 30 June		
	2011 RM	2012 RM	2013 RM
CASH FLOWS FROM FINANCING ACTIVITY			
Dividend paid to owners of PAX Bina	(3,519,335)	-	-
Net cash used in financing activity	(3,519,335)	-	-
Net (decrease)/increase in cash and cash equivalents	(223,984)	(161,157)	1,350,469
Cash and cash equivalents at beginning of financial year	709,055	485,071	323,914
Cash and cash equivalents at end of financial year	485,071	323,914	1,674,383

Note

Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise cash and bank balances as shown in the statement of financial position.

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11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.11 PMX Bina Sdn. Bhd. ("PMX Bina") (Continued)

9.11.5 Revenue

Revenue represents the sales revenue of construction contracts attributable to the stage of completion during the year.

9.11.6 (Loss)/Profit before taxation

	2011 RM	FYE 30 June 2012 RM	2013 RM
(Loss)/Profit before taxation is arrived at after charging:			
Auditors' remuneration	4,000	4,500	4,500
- Statutory audit	-	500	-
- current year	-	1,300	-
- prior year	1,200	1,700	1,300
- other service	10,800	10,800	16,200
Rental expenses	9,248	9,765	12,347
Provision of employee benefits (Section 9.11.12)			

And crediting:

Interest income	138,824	45,856	44,316
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9.11.7 Taxation

	2011 RM	FYE 30 June 2012 RM	2013 RM
Current year tax expense based on profit for the financial year	(456)	-	539,000
Over-provision in prior years	(456)	-	539,000

Reconciliation of effective income tax expense

	2011 RM	FYE 30 June 2012 RM	2013 RM
(Loss)/Profit for the year	(168,784)	(194,853)	1,923,202
Total taxation	(456)	-	539,000
(Loss)/Profit excluding taxation	(169,240)	(194,853)	2,462,202
Tax at Malaysian tax rate of 25%	(42,310)	(48,713)	615,551
Non-deductible expenses	775	764	1,488
Deferred tax asset not recognised	41,535	47,949	-
Utilisation of previously not recognised tax losses	-	-	(77,291)
Other item	-	-	(748)
Under/(Over) provision in prior years	(456)	-	539,000
Tax expense	(456)	-	539,000

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.11 PMX Bina Sdn. Bhd. ("PMX Bina") (Continued)

9.11.7 Taxation (Continued)

PMX Bina has fully utilised its Section 108 tax credit since the previous financial year. Hence, any payment of future dividends out of its distributable reserves will be in the form of single tier.

No deferred tax has been recognised for the following items:

	2011 RM	FYE 30 June 2012 RM	2013 RM
Unutilised tax losses	-	322,000	-
Deductible temporary differences	183,000	34,000	47,000
	183,000	354,000	47,000

The deductible temporary differences did not expire under current tax legislation. Deferred tax asset has not been recognised in respect of this item because it was not probable that future taxable profit would be available against which PMX Bina could utilise the benefits there from.

9.11.8 Dividend

Dividend recognised by PMX Bina was as follows:

	Sen per share (net)	Total amount RM	Date of payment
2011	625.66	3,519,335	16 June 2011
Interim 2011 ordinary			
Trade and other receivables			
		As at 30 June	2013
	2011	2012	RM
Amount due from a related company - trade	624,920	530,924	4,036,027
Accrued billings (Section 9.11.9.1)	244,868	-	-
Deposits	1,000	-	-
	870,788	530,924	4,036,027

9.11.9.1

Accrued billings

	2011 RM	As at 30 June 2012 RM	2013 RM
Aggregate costs incurred to date	8,485,336	8,485,336	9,402,777
Add: Attributable profits	2,523,856	2,523,856	2,893,641
Less: Progress billings	11,009,192	11,009,192	12,296,418
	(10,764,324)	(11,009,192)	(12,296,418)
	244,868	-	-

Included in amount due from a related company (trade) are retention sum amounting to RM1,349,162 (2012: RM286,056 and 2011: RM624,920).

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.11 PMX Bina Sdn. Bhd. ("PMX Bina") (Continued)

9.11.10 Amount due from immediate holding company

The immediate holding company is IOI Oleochemical Industries Berhad and the ultimate holding company IOI Corporation Berhad. Both companies are incorporated in Malaysia and IOI Corporation Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad.

The amount due from immediate holding company is unsecured, bears interest at 2.20 to 2.80% (2012: 2.20% to 2.28% and 2011: 2.60% to 3.00%) per annum and repayable on demand.

9.11.11 Share capital

	As at 30 June		2013
	2011	2012	RM
Authorised			
Ordinary shares of RM1.00 each	1,000,000	1,000,000	1,000,000

Issued and fully paid-up

Ordinary shares of RM1.00 each	750,000	750,000	750,000
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9.11.12 Employee benefits

	As at 30 June		2013
	2011	2012	RM
Present value of unfunded obligations	24,569	34,334	46,681

Liability of defined benefit obligations

PMX Bina provides in full the unfunded refined benefits scheme based on the last drawn remuneration of all eligible employees and the length of their services with reference to an actuarial valuation.

The unfunded refined benefits scheme for non-union staff has been frozen as at June 2003.

Movement in the net liability recognised in the statement of financial position:

	As at 30 June		2013
	2011	2012	RM
Net liability at 1 July	15,321	24,569	34,334
Expenses recognised in profit or loss	9,248	9,765	12,347
Net liability at 30 June	24,569	34,334	46,681

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.11 PMX Bina Sdn. Bhd. ("PMX Bina") (Continued)

9.11.12 Employee benefits (Continued)

Liability of defined benefit obligations (Continued)

Expenses recognised in profit or loss

	FYE 30 June		2013
	2011	2012	RM
Interest cost	4,138	3,114	3,954
Current service cost	2,710	4,437	5,970
Actuarial loss	2,400	2,214	2,423
	9,248	9,765	12,347

The expenses are recognised under administration expenses in the profit or loss.

Principal actuarial assumptions used at the reporting date (expressed as weighted average) are as follows:

	As at 30 June		2013
	2011	2012	%
Discount rate	6.0	6.0	5.2
Future salary increases	6.0	6.0	6.0

9.11.13 Trade and other payables

	As at 30 June		2013
	2011	2012	RM
Trade payables	746,390	434,551	3,083,437

Trade

Trade payables	746,390	434,551	3,083,437
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Non-trade

Accruals	63,130	54,866	75,117
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	809,520	489,417	3,158,554
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9.11.14 Employee information

	FYE 30 June		2013
	2011	2012	RM
Staff costs	255,863	251,059	373,378

Staff costs include contributions to the Employee's Provident Fund of RM36,607 (2012: RM25,331 and 2011: RM31,363).

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.11 PMX Bina Sdn. Bhd. ("PMX Bina") (Continued)

9.11.15 Significant related party disclosures

For the purpose of these financial statements, parties are considered to be related to PMX Bina if PMX Bina 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 PMX Bina and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

9.11.15.1 Identities of related parties

Related parties of PMX Bina include:

- i. Immediate holding company and ultimate holding company as disclosed in Section 9.11.10 of this Report and all the subsidiaries and associates of the immediate holding company and ultimate holding company; and
- ii. Directors and key management personnel of all the subsidiaries and associates of the immediate holding company and ultimate holding company.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of PMX Bina either directly or indirectly. The key management personnel include all the Directors of all the subsidiaries and associates of the immediate holding company and ultimate holding company.

9.11.15.2 Significant related party transactions

- i. Transactions with Directors and key management personnel

There were no transactions with Directors and key management personnel other than the remuneration package paid and share options granted to them as employees of all the subsidiaries and associates of the immediate holding company and ultimate holding company.

- ii. Other related party transactions

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

	FYE 30 June		
	2011 RM	2012 RM	2013 RM
Immediate holding company			
Interest receivable	138,824	45,856	44,316
Rental of buildings	10,800	10,800	16,200
Contract revenue receivables			12,244,098

The Directors of PMX Bina are of the opinion that the above transactions were entered into in the normal course of business and the terms of which have been established on a negotiated basis.

Non-trade balance with related party is disclosed in Section 9.11.10 of this Report.

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.11 PMX Bina Sdn. Bhd. ("PMX Bina") (Continued)

9.11.16 Financial instruments

9.11.16.1 Financial risk management objectives and policies

PMX Bina's activities expose it to a variety of financial risks, including interest rate risk, credit risk and liquidity and cash flow risk. PMX Bina's overall financial risk management objective is to ensure that PMX Bina creates value for its shareholders whilst minimising potential adverse effects on its financial performance and positions.

PMX Bina operates within an established Enterprise Risk Management framework with clearly defined policies and guidelines which are administered via divisional risk management committees. The divisional risk management committees reports regularly to the audit committee of the ultimate holding company which oversees the management of risk in PMX Bina on behalf of the Board of Directors.

9.11.16.2

Classification of financial instruments

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

Financial assets

	As at 30 June		
	2011 RM'000	2012 RM'000	2013 RM'000
Loan and receivables			
Trade and other receivables, net of non-refundable deposits and prepayments	871	531	4,036
Amount due from immediate holding company	1,538	1,508	1,426
Cash and bank balances	485	324	1,674
Financial liabilities	2,894	2,363	7,136

Financial liabilities

Other financial liabilities			
Trade and other payables, including accruals	810	489	3,159

9.11.16.3 Interest rate risk

PMX Bina's interest rate risk arises from its interest bearing financial instruments that could impact fair value and future cash-flows due to fluctuation in market interest rates.

PMX Bina's objective on interest rate risk management is to achieve a balance in replicating risks and the optimisation of its cost of funds whilst ensuring sufficient liquidity to meet funding needs.

9.11.16.3.1 Risk management approach

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

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.12 IOI Consolidated (Singapore) Pte. Ltd. ("IOICSPL") (Continued)

9.12.2 Statements of financial position of IOICSPL

The statements of financial position of IOICSPL, which are extracted from the audited financial statements of IOICSPL for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section		2011		As at 30 June 2012		2013	
		SGD	RM	SGD	RM	SGD	RM
Non-current assets							
Investment in joint venture	9.12.8	378,322,719	929,047,101	390,173,969	974,147,348	393,816,669	989,306,854
Advances to joint venture	9.12.9	202,098,709	496,293,800	202,098,709	504,579,847	205,192,509	515,464,102
		<u>580,421,428</u>	<u>1,425,340,901</u>	<u>592,272,678</u>	<u>1,478,727,195</u>	<u>599,009,178</u>	<u>1,504,770,956</u>
Current assets							
Other receivables		7,882	19,356	-	-	-	-
Amount due from a related company	9.12.12	-	-	23	57	-	-
Cash and cash equivalents	9.12.10	37,312	91,627	73,066	182,424	28,331	71,170
		<u>45,194</u>	<u>110,983</u>	<u>73,089</u>	<u>182,481</u>	<u>28,331</u>	<u>71,170</u>
Less:							
Current liabilities							
Other payables and accruals		4,500	11,051	40,000	99,867	4,500	11,304
Amount due to immediate holding company	9.12.11	-	-	36,273	90,563	6,786,931	17,049,449
		<u>4,500</u>	<u>11,051</u>	<u>76,273</u>	<u>190,430</u>	<u>6,791,431</u>	<u>17,060,753</u>
Net current assets/(liabilities)		40,694	99,932	(3,184)	(7,949)	(6,763,100)	(16,989,583)

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11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.12 IOI Consolidated (Singapore) Pte. Ltd. ("IOICSPL")

9.12.1 Statements of comprehensive income of IOICSPL

The statements of comprehensive income of IOICSPL, which are extracted from the audited financial statements of IOICSPL for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section		2011		Financial years ended 30 June 2012		2013	
		SGD	RM	SGD	RM	SGD	RM
Interest income	9.12.5	61,285	146,180	-	-	-	-
Operating expenses		(701,871)	(1,674,138)	(293,367)	(726,435)	(22,430)	(56,174)
Finance costs		-	-	(370,221)	(916,741)	-	-
Loss before income tax	9.12.6	(640,586)	(1,527,958)	(663,588)	(1,643,176)	(22,430)	(56,174)
Income tax expense	9.12.7	-	-	-	-	(986)	(2,469)
Loss for the financial year		(640,586)	(1,527,958)	(663,588)	(1,643,176)	(23,416)	(58,463)
Other comprehensive (loss)/income							
Foreign currency translations		-	(50,458)	-	(41,419)	-	9,120,770
Total comprehensive (loss)/income		(640,586)	(1,578,416)	(663,588)	(1,684,595)	(23,416)	9,062,127
<i>Loss before interest, tax, depreciation and amortisation ("LBITDA") (SGD/RM)</i>		(701,871)	(1,674,138)	(293,367)	(726,435)	(22,430)	(56,174)
<i>Number of ordinary shares of SGD1.00 each</i>		2	2	2	2	2	2
<i>Gross loss per share (SGD/RM)</i>		(320,293)	(763,979)	(331,794)	(821,588)	(11,215)	(28,087)
<i>Net loss per share (SGD/RM)</i>		(320,293)	(763,979)	(331,794)	(821,588)	(11,708)	(29,232)
<i>Effective tax rate (%)</i>		-	-	-	-	(4)	(4)

Note: For the purpose of presentation, all the statements of other comprehensive income items were translated using the average exchange rates applicable for the respective financial years.

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11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.12 IOI Consolidated (Singapore) Pte. Ltd. ("IOICSPL") (Continued)

9.12.3 Statements of changes in equity of IOICSPL

The statements of changes in equity of IOICSPL, which are extracted from the audited financial statements of IOICSPL for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	Share capital		Accumulated losses		Total equity		
	SGD	RM	SGD	RM	SGD	RM	
As at 1 July 2010	2	5	(37,823)	(87,553)	(37,821)	(87,548)	
Total comprehensive loss for the financial year							
Foreign currency translations	-	-	-	(50,458)	-	(50,458)	
Loss for the financial year	-	-	(640,586)	(1,527,958)	(640,586)	(1,527,958)	
	-	-	(640,586)	(1,578,416)	(640,586)	(1,578,416)	
As at 30 June 2011	2	5	(678,409)	(1,665,969)	(678,407)	(1,665,964)	
As at 1 July 2011	2	5	(678,409)	(1,665,969)	(678,407)	(1,665,964)	
Total comprehensive loss for the financial year							
Foreign currency translations	-	-	-	(41,419)	-	(41,419)	
Loss for the financial year	-	-	(663,588)	(1,643,176)	(663,588)	(1,643,176)	
	-	-	(663,588)	(1,684,595)	(663,588)	(1,684,595)	
Transactions with Owners, recorded directly in equity							
Allotment of redeemable preference shares	9.12.13	593,611,489	1,482,069,805	-	-	593,611,489	1,482,069,805
As at 30 June 2012		593,611,491	1,482,069,810	(1,341,997)	(3,350,564)	592,269,494	1,478,719,246

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.12 IOI Consolidated (Singapore) Pte. Ltd. ("IOICSPL") (Continued)

9.12.2 Statements of financial position of IOICSPL (Continued)

Section	2011		As at 30 June 2012		2013	
	SGD	RM	SGD	RM	SGD	RM
Non-current liabilities						
Amount due to immediate holding company	9.12.11	449,708,885	1,104,350,109	-	-	-
Amount due to a related company	9.12.12	131,431,644	322,756,688	-	-	-
		581,140,529	1,427,106,797	-	-	-
Net (liabilities)/assets		(678,407)	(1,665,964)	592,269,494	1,478,719,246	592,246,078
Equity						
Share capital	9.12.13	2	5	593,611,491	1,482,069,810	593,611,491
Accumulated losses		(678,409)	(1,665,969)	(1,341,997)	(3,350,564)	(1,365,413)
Total equity		(678,407)	(1,665,964)	592,269,494	1,478,719,246	592,246,078
Number of ordinary shares of SGD1.00 each in issue		2	2	2	2	2
Net (liabilities)/assets (SGD)/RM		(678,407)	(1,665,964)	592,269,494	1,478,719,246	592,246,078
Net (liabilities)/assets per ordinary share of SGD1.00 each (SGD)/RM		(339,204)	(832,982)	296,134,747	739,359,623	296,123,039

Note: For the purpose of presentation, all the statements of financial position items, which include the equity instruments and reserves were translated using the closing exchange rates applicable for the respective financial years.

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.12 IOI Consolidated (Singapore) Pte. Ltd. ("IOICSPL") (Continued)

9.12.4 Statements of cash flows of IOICSPL

The statements of cash flows of IOICSPL, which are extracted from the audited financial statements of IOICSPL for the past three (3) financial years ended 30 June 2011, 30 June 2012 and 30 June 2013, are set out below:

Section	2011		Financial years ended 30 June 2012		2013	
	SGD	RM	SGD	RM	SGD	RM
CASH FLOWS FROM OPERATING ACTIVITIES						
Loss before income tax	(640,586)	(1,527,958)	(663,588)	(1,643,176)	(22,430)	(56,174)
Adjustments for:						
Interest income	9.12.5 (61,285)	(146,180)	-	-	-	-
Interest expense	-	-	370,221	916,741	-	-
Operating loss before working capital changes	(701,871)	(1,674,138)	(293,367)	(726,435)	(22,430)	(56,174)
Working capital changes:						
Other receivables and prepayments	(7,882)	(18,801)	7,882	19,517	-	-
Other payables and accruals	3,500	8,348	35,500	87,905	(35,500)	(88,906)
Cash used in operations	(706,253)	(1,684,591)	(249,985)	(619,013)	(57,930)	(145,080)
Interest received	61,285	146,180	-	-	-	-
Tax paid	-	-	-	-	(986)	(2,469)
Net cash used in operating activities	(644,968)	(1,538,411)	(249,985)	(619,013)	(58,916)	(147,549)

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11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.12 IOI Consolidated (Singapore) Pte. Ltd. ("IOICSPL") (Continued)

9.12.3 Statements of changes in equity of IOICSPL (Continued)

Section	Share capital		Accumulated losses		Total equity	
	SGD	RM	SGD	RM	SGD	RM
As at 1 July 2012	593,611,491	1,482,069,810	(1,341,997)	(3,350,564)	592,269,494	1,478,719,246
Total comprehensive loss for the financial year						
Foreign currency translations	-	9,141,617	-	(20,847)	-	9,120,770
Loss for the financial year	-	-	(23,416)	(58,643)	(23,416)	(58,643)
	-	9,141,617	(23,416)	(79,490)	(23,416)	9,062,127
As at 30 June 2013	593,611,491	1,491,211,427	(1,365,413)	(3,430,054)	592,246,078	1,487,781,373

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11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.12 IOI Consolidated (Singapore) Pte. Ltd. ("IOICSPL") (Continued)

9.12.5 Interest income

	2011		FYE 30 June 2012		2013	
	SGD	RM	SGD	RM	SGD	RM
Interest income from bank balances	61,285	146,180	-	-	-	-

9.12.6 Loss before income tax

In addition to the charges disclosed elsewhere in the notes to the statement of other comprehensive income, the above includes the following charges:

	2011		FYE 30 June 2012		2013	
	SGD	RM	SGD	RM	SGD	RM
Professional fee	-	-	228,653	566,191	-	-
Facility charges related to loan from a related company	657,187	1,567,555	-	-	-	-

9.12.7 Income tax expense

	2011		FYE 30 June 2012		2013	
	SGD	RM	SGD	RM	SGD	RM
Current income tax under provision in prior year	-	-	-	-	986	2,469

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.12 IOI Consolidated (Singapore) Pte. Ltd. ("IOICSPL") (Continued)

9.12.4 Statements of cash flows of IOICSPL (Continued)

Section	2011		Financial years ended 30 June 2012		2013	
	SGD	RM	SGD	RM	SGD	RM
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment in joint venture	(378,322,719)	(902,394,265)	(11,851,250)	(29,346,065)	(3,642,700)	(9,122,778)
Repayment from a related company	-	-	-	-	23	58
Payment made on-behalf of a related company	-	-	(23)	(57)	-	-
Advances to joint venture	(202,098,709)	(482,055,946)	-	-	(3,093,800)	(7,748,113)
Net cash used in investing activities	(580,421,428)	(1,384,450,211)	(11,851,273)	(29,346,122)	(6,736,477)	(16,870,833)
CASH FLOWS FROM FINANCING ACTIVITIES						
Interest paid	-	-	(370,221)	(916,741)	-	-
Advances from immediate holding company	449,631,239	1,072,482,913	143,938,877	356,421,447	6,750,658	16,906,348
Advances/(Repayment) from a related company	131,431,644	313,497,329	(131,431,644)	(325,451,037)	-	-
Net cash from financing activities	581,062,883	1,385,980,242	12,137,012	30,053,669	6,750,658	16,906,348
Net (decrease)/increase in cash and cash equivalents	(3,513)	(8,380)	35,754	88,534	(44,735)	(112,034)
Cash and cash equivalents at beginning of financial year	40,825	94,502	37,312	91,627	73,066	182,424
Exchange differences	-	5,505	-	2,263	-	780
Cash and cash equivalents at end of financial year	37,312	91,627	73,066	182,424	28,331	71,170

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.12 IOI Consolidated (Singapore) Pte. Ltd. ("IOICSPL") (Continued)

9.12.8 Investment in joint venture (Continued)

On 8 April 2011, IOICSPL and a joint venturer, entered into a joint venture agreement to purchase and undertake the redevelopment of a parcel of leasehold land at South Beach Road into a proposed development comprising hotel, residential, office and retail units developments.

Although both parties do not hold equal shares in the investment, Scottsdale Properties Pte. Ltd., is deemed to be a joint venture of IOICSPL as the appointment of its directors and the allocation of voting rights for key business decisions, required the unanimous approval of its venturers.

The details of the joint venture are as follows:

Name of joint venture	Principal activities	Place of incorporation/business	Financial year end	Effective equity interest held		
				2011 %	2012 %	2013 %
Scottsdale Properties Pte. Ltd.*	Investment holding, property developer and owner	Singapore	31 December	49.9	49.9	49.9

* Audited by other auditors

The summarised consolidated financial information of the joint venture, adjusted for the proportion of ownership held by IOICSPL, based on audited accounts for the financial years ended 30 June 2011, 30 June 2012, and 30 June 2013 is as follows:

	30 June 2011		30 June 2012		30 June 2013	
	SGD	RM	SGD	RM	SGD	RM
Assets	984,756,848	2,418,267,392	1,053,860,902	2,631,174,514	1,136,758,926	2,855,652,098
Liabilities	603,147,753	1,481,149,937	661,550,113	1,651,692,167	741,340,847	1,862,322,342
Revenue	-	-	-	-	-	-
Net profit/(loss) for the financial years	6,065,259	14,467,159	(1,149,556)	(2,846,531)	(3,628,728)	(9,087,786)

In the joint venture audited consolidated accounts, the development property have been pledged as security for bank loans. The bank loan is also secured with the assignment of the joint venture's rights and benefits to sales, lease, and/or insurance proceeds in respect of the development. The bank loans are repayable on 15 April 2016.

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.12 IOI Consolidated (Singapore) Pte. Ltd. ("IOICSPL") (Continued)

9.12.7 Income tax expense (Continued)

Reconciliation of effective tax rate

The income tax expense varied from the amount of income tax determined by applying the Singapore income tax rate of 17% (2012 and 2011: 17%) to loss before income tax as a result of the following differences:

	2011		FYE 30 June 2012		2013	
	SGD	RM	SGD	RM	SGD	RM
Loss before income tax	(640,586)	(1,527,958)	(663,588)	(1,643,176)	(22,430)	(56,174)
Tax calculated at statutory tax rate	(108,900)	(259,754)	(112,810)	(279,340)	(3,813)	(9,549)
Tax effect of:						
Non-deductible expense	108,900	259,754	112,810	279,340	3,813	9,549
Under-provision in prior year	-	-	-	-	986	2,469
Income tax expense	-	-	-	-	986	2,469

9.12.8 Investment in joint venture

	2011		As at 30 June 2012		2013	
	SGD	RM	SGD	RM	SGD	RM
Unquoted equity investment, at cost						
At beginning of the financial year	-	-	378,322,719	929,047,101	390,173,969	974,147,348
Additions during the financial year	378,322,719	902,394,265	11,851,250	29,346,065	3,642,700	9,122,778
Foreign currency translations difference	-	26,652,836	-	15,754,182	-	6,036,728
At end of the financial year	378,322,719	929,047,101	390,173,969	974,147,348	393,816,669	989,306,854

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.12 IOI Consolidated (Singapore) Pte. Ltd. ("IOICSPL") (Continued)

9.12.11 Amount due to immediate holding company (Continued)

Amount due to immediate holding company is denominated in the following currency:

	2011		As at 30 June 2012		2013	
	SGD	RM	SGD	RM	SGD	RM
Ringgit Malaysia	80,495	197,672	-	-	-	-
Singapore Dollar	449,628,390	1,104,152,437	36,273	90,563	6,786,931	17,049,449
	449,708,885	1,104,350,109	36,273	90,563	6,786,931	17,049,449

9.12.12 Amounts due from/(to) a related company

The amount due from a related company is non-trade in nature, unsecured, non-interest bearing and repayable on demand.

The amount due to a related company during financial year ended 30 June 2012 was non-trade in nature, unsecured, with an effective interest rate ranging from 0.60% to 1.06% (2011: 0.72%) per annum and was fully repaid in the financial year. Interest paid for the financial year ended 30 June 2012 amounted to SGD370,221 (RM916,741) (2011: Nil).

Amounts due from/(to) related companies are denominated in Singapore dollar.

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.12 IOI Consolidated (Singapore) Pte. Ltd. ("IOICSPL") (Continued)

9.12.9 Advances to joint venture

The advances to joint venture are non-trade in nature, unsecured and interest-free. Settlement of the amount is neither planned nor likely to occur in the foreseeable future. As the amount is, in substance, part of IOICSPL's net investment in the joint venture, it is stated at cost.

On 11 July 2013, an amount of \$3,093,800 of advances to joint venture was capitalised to 3,093,800 redeemable preference shares allotted by the joint venture

The advances to joint venture are denominated in Singapore Dollar.

9.12.10 Cash and cash equivalents

	2011		As at 30 June 2012		2013	
	SGD	RM	SGD	RM	SGD	RM
Bank balances	37,312	91,627	73,066	182,424	28,331	71,170

Cash and cash equivalents are denominated in Singapore Dollar.

9.12.11 Amount due to immediate holding company

In the FYE 30 June 2013, the amount due to immediate holding company is non-trade in nature, unsecured, interest-free and repayable on demand. The balance is likely to be settled within the next 12 months, by way of:

- issuance of "Property Holding Company's" shares to its immediate holding company, and/or
- cash repayment to be made on behalf by "Property Holding Company".

In the FYE 30 June 2012, the amount due to immediate holding company is non-trade in nature, unsecured, non-interest bearing and repayable on demand. The balance is to be settled in cash.

In the FYE 30 June 2011, the non-current amount due to immediate holding company was non-trade in nature, unsecured, interest-free and was not expected to be repayable within the next 12 months. In the FYE 30 June 2012, balance outstanding of SGD593,611,489 has been capitalised as redeemable preference shares of IOICSPL as disclosed in Section 9.12.13 of this Report.

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.12 IOI Consolidated (Singapore) Pte. Ltd. ("IOICSPL") (Continued)

9.12.13 Share capital (Continued)

Redeemable preference shares

The redeemable preference shares rank in priority over the ordinary shares in respect of payment of preference dividend (when, as and when declared) and on return of capital.

Redeemable preference shares holders do not carry any voting rights except as follows:

- (i) a preference dividend of any part thereof is in arrears and has remained unpaid for at least six (6) months from the relevant dividend payment date;
- (ii) the resolution in question varies the rights attached to the preference shares; or
- (iii) the resolution in question is for the winding-up of IOICSPL.

The redemption of preference shares is at the option of IOICSPL.

9.12.14 Significant related party transactions

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to IOICSPL if that person:
 - (i) Has control or joint control over IOICSPL;
 - (ii) Has significant influence over IOICSPL; or
 - (iii) Is a member of the keys management personnel of IOICSPL or of a parent of IOICSPL.
- (b) An entity is related to IOICSPL if any of the following conditions applies:
 - (i) The entity and IOICSPL are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either IOICSPL or an entity related to IOICSPL. If IOICSPL is itself such a plan, the sponsoring employers are also related to IOICSPL.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the keys management personnel of the entity (or of a parent of the entity).

Associates are related parties and include those that are associates of the holding and/or related companies.

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.12 IOI Consolidated (Singapore) Pte. Ltd. ("IOICSPL") (Continued)

9.12.13 Share capital

	2011		As at 30 June 2012		2013	
	SGD	RM	SGD	RM	SGD	RM
Issued and fully paid with no par value:						
Ordinary shares						
At beginning and end of the financial year	2	5	2	5	2	5
Redeemable preference shares						
At beginning of financial year	-	-	-	-	593,611,489	1,482,069,805
Foreign currency translations	-	-	-	-	-	9,141,617
Issued during the financial year	-	-	593,611,489	1,482,069,805	-	-
At end of financial year	-	-	593,611,489	1,482,069,805	593,611,489	1,491,211,422
	2	5	593,611,491	1,482,069,810	593,611,491	1,491,211,427

During the financial year ended 30 June 2012, IOICSPL issued 593,611,489 redeemable preference shares by way of capitalisation of the amount owing to immediate holding company as disclosed in Section 9.12.11 of this Report.

Ordinary shares

The holders of ordinary shares of IOICSPL are entitled to receive dividends as and when declared by IOICSPL. All ordinary shares of IOICSPL carry one vote per share without restriction. All shares rank equally with regard to IOICSPL's residual assets.

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.12 IOI Consolidated (Singapore) Pte. Ltd. ("IOICSPL") (Continued)
- 9.12.15 Financial risk management objectives and policies (Continued)
- 9.12.15.2 Financial Risk

IOICSPL's activities exposed it to credit risk, market risks and liquidity risk. IOICSPL does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuation in interest rates and foreign exchange rates.

Management closely monitors IOICSPL's business risk exposures in connection with its financial assets and financial liabilities and adopts the appropriate measures including the use of other financial instruments which considered necessary to reduce any potential financial risk exposures or losses.

There has been no change to IOICSPL's exposures to these financial risks or the manner in which it manages and measures the risk.

(a) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to IOICSPL. IOICSPL has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. IOICSPL performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

IOICSPL's major classes of financial assets are bank deposits and advances to joint venture.

Cash and cash equivalents comprise mainly of deposit with a bank with high credit-ratings assigned by international credit rating agencies.

Advances to joint ventures are neither past due nor impaired. There is no class of financial assets that is past due and/or impaired as at 30 June 2013, 30 June 2012 and 30 June 2011.

The management monitors the credit position of its joint venture by reference to the prevailing property market conditions and progress of the project. The management believes that no impairment allowance is necessary in respect of the advances to joint venture as repayment is guaranteed by the immediate holding company.

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.12 IOI Consolidated (Singapore) Pte. Ltd. ("IOICSPL") (Continued)
- 9.12.14 Significant related party transactions (Continued)

Many of IOICSPL's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

There is no other significant transaction entered into with related parties other than those disclosed elsewhere in this Report.

Keys management personnel

Keys management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of IOICSPL, directly or indirectly. IOICSPL's keys management personnel are the Directors of IOICSPL. No remuneration is paid to keys management personnel in the FYE 30 June 2013. Certain Directors received remuneration from related corporations in their capacity as Directors and/or executives of those related corporations.

- 9.12.15 Financial risk management objectives and policies
- 9.12.15.1 Financial Instruments

The following sets out the financial instruments as at end of the reporting period:

	2011		FYE 30 June 2012		2013	
	SGD	RM	SGD	RM	SGD	RM
Financial assets						
Other receivables	7,882	19,356	-	-	-	-
Amount due from a related company	-	-	23	57	-	-
Cash and bank balances	37,312	91,627	73,066	182,424	28,331	71,170
	45,194	110,983	73,089	182,481	28,331	71,170
Financial liabilities						
Other payables and accruals	4,500	11,051	40,000	99,867	4,500	11,304
Amount due to immediate holding company	449,708,885	1,104,350,109	36,273	90,563	6,786,931	17,049,449
Amount due to a related company	131,431,644	322,756,688	-	-	-	-
	581,145,029	1,427,117,848	76,273	190,430	6,791,431	17,060,753

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.12 IOI Consolidated (Singapore) Pte. Ltd. ("IOICSP") (Continued)
- 9.12.15 Financial risk management objectives and policies (Continued)
- 9.12.15.2 Financial Risk (Continued)
- (b) Market risks (Continued)

	Loss before income tax (decrease)/increase					
	2011		2012		2013	
	SGD	RM	SGD	RM	SGD	RM
<u>Ringgit Malaysia</u>						
Strengthens against SGD	(8,050)	(19,201)	-	-	-	-
Weakens against SGD	8,050	19,201	-	-	-	-

- (c) Liquidity risks

Liquidity risk refers to the risk that IOICSP will not be able to meet its financial obligations as they fall due.

IOICSP manages liquidity risk by obtaining funding from its immediate holding company whenever necessary. Management monitors and maintains sufficient cash and cash equivalents deemed adequate to finance the investment activities of IOICSP. At the end of the financial year, asset held by IOICSP for managing liquidity risk included cash and cash equivalents as disclosed in Section 9.12.10 of this Report.

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.12 IOI Consolidated (Singapore) Pte. Ltd. ("IOICSP") (Continued)
- 9.12.15 Financial risk management objectives and policies (Continued)
- 9.12.15.2 Financial Risk (Continued)
- (b) Market risks

Interest rate risks

IOICSP's exposure to market risk for changes in interest rates relates primarily to loan from a related company which is part of IOICSP's operating capital and is kept to meet IOICSP's operating requirements. The interest rates and terms of repayment of loans are set out in Section 9.12.12 of this Report.

Sensitivity analysis for interest rate risk

The sensitivity analysis is calculated on the amount of financial assets and liabilities outstanding at the end of the reporting period. If interest rate had been 50 basis points higher/lower and all other variables were held constant, IOICSP's loss before tax for the year ended 30 June 2013 would increase/decrease by Nil (2012: Nil, 2011: SGD65,716 (RM156,749)).

Foreign currency risk

IOICSP incurs foreign currency risk on transactions and balances that are denominated in currencies other than Singapore dollar. The currency giving rise to this risk is primarily Ringgit Malaysia. Exposure to foreign currency risk is monitored on an ongoing basis to ensure that the net exposure is at an acceptable level.

Foreign currency sensitivity analysis

IOICSP transacts business mainly in Singapore Dollar.

The following table details IOICSP's sensitivity to a 10% increase and decrease in Ringgit Malaysia against Singapore Dollar. The sensitivity analysis assumes an instantaneous 10% change in the foreign currency exchange rates from the end of financial year, with all variable held constant. The results of the model are also constrained by the fact that only monetary items which are denominated in Ringgit Malaysia are included in the analysis.

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.12 IOI Consolidated (Singapore) Pte. Ltd. ("IOICSPL") (Continued)

9.12.15 Financial risk management objectives and policies (Continued)

9.12.15.3 Fair value of financial assets and financial liabilities (Continued)

The carrying amount of amount due to a related company included in the FYE 30 June 2011 that re-prices within three months from the end of the financial year approximates their fair values. Fair value was calculated based on the discounted expected future principal and interest cash flows.

9.12.16 Capital risk management policies and objectives

IOICSPL manages its capital to ensure that IOICSPL is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value.

IOICSPL's management reviews the debts and capital management and financing policy regularly and considers the cost of capital and the risks associated with each class of capital. Upon review, IOICSPL will balance its overall capital structure through the payment of dividends and new shares issues as well as the issue of new debt, if necessary.

The capital structure of IOICSPL consists of equity attributable to equity holders, comprising non-current amounts due to immediate holding company and a related company, share capital as disclosed in Section 9.12.13 of this Report and accumulated losses, as presented in the statement of changes in equity.

IOICSPL's overall strategy remains unchanged from those adopted in FYE 30 June 2013, 30 June 2012 and 30 June 2011.

IOICSPL's is not subject to any externally imposed capital requirements as at 30 June 2013, 30 June 2012 and 30 June 2011.

9.12.17 Comparative figures

Certain reclassifications have been made to the previous financial year's comparative so as to conform with current financial year's presentation in order to better reflect the nature of such balances. These reclassifications do not have any impact on IOICSPL's financial position or results. The following reclassifications were made:

	30 June 2011			
	As previously reported SGD	RM	As reclassified SGD	RM
Statement of cash flows				
<u>Cash flows from operating activities</u>				
Interest income	-	-	(61,285)	(141,180)
Interest received	-	-	61,285	141,180

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.12 IOI Consolidated (Singapore) Pte. Ltd. ("IOICSPL") (Continued)

9.12.15 Financial risk management objectives and policies (Continued)

9.12.15.2 Financial Risk (Continued)

(c) Liquidity risks (Continued)

The table below summarises the maturity profile of IOICSPL's financial liabilities at the reporting period and has been drawn up based on undiscounted cash flows (including interest payments) of the earlier of the contractual date or when IOICSPL is expected to pay.

	Financial liabilities			
	Non-interest bearing		Interest bearing	
	SGD	RM	SGD	RM
2011				
Less than one year	4,500	11,051	-	-
Later than one year but not later than 5 years	449,708,885	1,104,350,109	132,382,397	325,091,452
	449,713,385	1,104,361,160	132,382,397	325,091,452
2012				
Less than one year	76,273	190,430	-	-
Later than one year but not later than 5 years	-	-	-	-
	76,273	190,430	-	-
2013				
Less than one year	6,791,431	17,060,753	-	-
Later than one year but not later than 5 years	-	-	-	-
	6,791,431	17,060,753	-	-

9.12.15.3 Fair value of financial assets and financial liabilities

Other than the advances to joint venture, which is stated at cost for reasons described in Section 9.12.9 of this Report, and amount due to a related company, which was fully repaid in the financial year as described in Section 9.12.12 of this Report, the carrying amounts of other receivables, amount due from a related company, cash and cash equivalents, other payables and accruals and amount due to immediate holding company approximate their respective fair values due to the relative short term maturity of these financial instruments. All other financial assets and liabilities are discounted to determine their fair values.

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.13 Scottsdale Properties Group (Continued)

9.13.1 Statements of comprehensive income of Scottsdale Properties Group (Continued)

Section	Financial period ended 30 June 2011		Financial years ended 30 June			
	SGD'000	RM'000	2012		2013	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Other comprehensive income/(loss)						
Other comprehensive income, net of tax						
Foreign currency translations	-	25,520	-	31,795	-	12,155
Total comprehensive income/(loss)	12,155	55,056	(2,304)	26,089	(7,272)	(6,057)
Earnings/(Loss) before Interest, depreciation, tax and amortisation ("EBITDA/LBITDA") (SGD'000/RM'000)	5,714	13,630	(2,222)	(5,502)	(6,972)	(17,461)
Number of ordinary shares of SGD1.00 each ('000)	230,000	230,000	230,000	230,000	230,000	230,000
Gross earnings/(loss) per share (SGD/RM)	0.05	0.13	(0.01)	(0.03)	(0.03)	(0.08)
Net earnings/(loss) per share (SGD/RM)	0.05	0.13	(0.01)	(0.02)	(0.03)	(0.08)
Effective tax rate (%)	1	1	7	7	-	-

Note: For the purpose of presentation, all the statements of other comprehensive income items were translated using the average exchange rates applicable for the respective financial years.

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.13 Scottsdale Properties Group

9.13.1 Statements of comprehensive income of Scottsdale Properties Group

The statements of comprehensive income of Scottsdale Properties Group, which are extracted from the audited financial statements of Scottsdale Properties Group for the past financial period from 8 April 2011 to 30 June 2011 and the past two (2) financial years ended 30 June 2012 and 30 June 2013 respectively, are set out below:

Section	Financial period ended 30 June 2011		Financial years ended 30 June				
	SGD'000	RM'000	2012		2013		
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000	
Revenue	-	-	-	-	-	-	
Cost of sales	-	-	-	-	(507)	(1,270)	
Gross profit	-	-	-	-	(507)	(1,270)	
Other items of income							
Other operating income	9.13.5	50,100	121,738	7	17	53	133
Finance income	9.13.5	6,608	16,057	11	27	8	20
Other items of expenses							
Administration expenses		(453)	(1,101)	(2,177)	(5,391)	(5,197)	(13,015)
Other operating expenses		(43,969)	(106,840)	(318)	(787)	(1,629)	(4,080)
Profit/(Loss) before tax from continuing operations		12,286	29,854	(2,477)	(6,134)	(7,272)	(18,212)
Income tax (expense)/ benefit	9.13.6	(131)	(318)	173	428	-	-
Profit/(Loss) net of tax	9.13.5	12,155	29,536	(2,304)	(5,706)	(7,272)	(18,212)

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.13 Scottsdale Properties Group (Continued)

9.13.2 Statements of financial position of Scottsdale Properties Group (Continued)

Section	As at 30 June						
	2011		2012		2013		
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000	
EQUITY AND LIABILITIES							
Equity							
Share capital	9.13.11	758,162	1,861,819	781,912	1,952,200	795,412	1,998,154
Retained earnings/(Accumulated losses)		3,841	9,432	1,537	3,837	(5,735)	(14,407)
Other reserves	9.13.12	2,744	6,738	2,744	6,851	2,744	6,893
Total equity		764,747	1,877,989	786,193	1,962,888	792,421	1,990,640
Non-current liabilities							
Bank loans	9.13.13	777,962	1,910,441	892,917	2,229,346	1,031,456	2,591,121
Retention sum payables		-	-	7,026	17,542	16,954	42,590
Amount owing to shareholders	9.13.14	405,007	994,576	405,007	1,011,181	405,007	1,017,418
		1,182,969	2,905,017	1,304,950	3,258,069	1,453,417	3,651,129

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.13 Scottsdale Properties Group (Continued)

9.13.2 Statements of financial position of Scottsdale Properties Group

The statements of financial position of Scottsdale Properties Group, which are extracted from the audited financial statements of Scottsdale Properties Group for the past financial period from 8 April 2011 to 30 June 2011 and the past two (2) financial years ended 30 June 2012 and 30 June 2013 respectively, are set out below:

Section	As at 30 June						
	2011		2012		2013		
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000	
ASSETS							
Non-current assets							
Property, plant and equipment	9.13.7	635	1,559	855	2,135	1,846	4,637
		635	1,559	855	2,135	1,846	4,637
Current assets							
Trade and other receivables	9.13.8	3,011	7,394	4,834	12,069	7,299	18,336
Development property	9.13.9	1,959,536	4,812,033	2,095,585	5,232,047	2,263,720	5,686,691
Tax receivable		-	-	42	105	-	-
Cash and cash equivalents	9.13.10	10,278	25,240	10,628	26,535	5,209	13,086
		1,972,825	4,844,667	2,111,089	5,270,756	2,276,228	5,718,113
TOTAL ASSETS		1,973,460	4,846,226	2,111,944	5,272,891	2,278,074	5,722,750

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.13 Scottsdale Properties Group (Continued)

9.13.3 Statements of changes in equity of Scottsdale Properties Group

The statements of changes in equity of Scottsdale Properties Group, which are extracted from the audited financial statements of Scottsdale Properties Group for the past financial period from 8 April 2011 to 30 June 2011 and the past two (2) financial years ended 30 June 2012 and 30 June 2013 respectively, are set out below:

Section	Share capital		(Accumulated losses)/ Retained earnings		Other reserves		Total equity	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
As at 8 April 2011	230,000	552,943	(8,314)	(19,988)	2,744	6,597	224,430	539,552
Total comprehensive income/(loss) for the year								
Foreign currency translations Profit for the financial year	-	25,495	-	(116)	-	141	-	25,520
	-	-	12,155	29,536	-	-	12,155	29,536
	-	25,495	12,155	29,420	-	141	12,155	55,056
Issuance of redeemable preference shares	528,162	1,283,381	-	-	-	-	528,162	1,283,381
As at 30 June 2011	758,162	1,861,819	3,841	9,432	2,744	6,738	764,747	1,877,989
As at 1 July 2011	758,162	1,861,819	3,841	9,432	2,744	6,738	764,747	1,877,989
Total comprehensive income/(loss) for the year								
Foreign currency translations Profit for the financial year	-	31,571	-	111	-	113	-	31,795
	-	-	(2,304)	(5,706)	-	-	(2,304)	(5,706)
	-	31,571	(2,304)	(5,595)	-	113	(2,304)	26,089
Issuance of redeemable preference shares	23,750	58,810	-	-	-	-	23,750	58,810
As at 30 June 2012	781,912	1,952,200	1,537	3,837	2,744	6,851	786,193	1,962,888

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11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.13 Scottsdale Properties Group (Continued)

9.13.2 Statements of financial position of Scottsdale Properties Group (Continued)

Section	2011		As at 30 June 2012		2013	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Current liabilities						
Trade and other payables	24,714	60,691	20,672	51,612	32,124	80,700
Retention sum payables	842	2,068	26	65	-	-
Current tax liabilities	152	373	-	-	-	-
Employee benefits	36	88	103	257	112	281
	25,744	63,220	20,801	51,934	32,236	80,981
Total liabilities	1,208,713	2,968,237	1,325,751	3,310,003	1,485,653	3,732,110
TOTAL EQUITY AND LIABILITIES	1,973,460	4,846,226	2,111,944	5,272,891	2,278,074	5,722,750
<i>Number of ordinary shares of SGD1.00 each in issue</i>	230,000	230,000	230,000	230,000	230,000	230,000
<i>Net assets (SGD'000/RM'000)</i>	764,747	1,877,989	786,193	1,962,888	792,421	1,990,640
<i>Net assets per ordinary share of SGD1.00 each (SGD/RM)</i>	3	8	3	9	3	9
<i>Gearing ratio (times)</i>	1.02	1.02	1.14	1.14	1.30	1.30

Note: For the purpose of presentation, all the statements of financial position items, which include the equity instruments and reserves were translated using the closing exchange rates applicable for the respective financial years.

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11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.13 Scottsdale Properties Group (Continued)

9.13.4 Statements of cash flows of Scottsdale Properties Group

The statements of cash flows of Scottsdale Properties Group, which are extracted from the audited financial statements of Scottsdale Properties Group for the past two (2) financial years ended 30 June 2012 and 30 June 2013 respectively, are set out below:

Section	Financial years ended 30 June			
	2012		2013	
	SGD'000	RM'000	SGD'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before tax	(2,477)	(6,134)	(7,272)	(18,212)
Adjustments for:				
Depreciation of property, plant and equipment	9.13.7	266	659	308
Interest income	9.13.5	(11)	(27)	(8)
Operating cash flows before changes in working capital	(2,222)	(5,502)	(6,972)	(17,461)
Total changes in working capital				
Development property	(131,444)	(325,482)	(137,139)	(343,451)
Trade and other receivables	(1,912)	(4,734)	(1,923)	(4,816)
Trade and other payables	677	1,676	11,371	28,478
Employee benefit	68	168	9	23
Retention sum payable	6,210	15,377	9,902	24,799
Cash flows used in operations	(128,623)	(318,497)	(124,752)	(312,428)
Income tax (paid)/ refunded	(21)	(52)	42	105
Net cash flows used in operating activities	(128,644)	(318,549)	(124,710)	(312,323)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	10	25	9	23
Additions to property, plant and equipment	(811)	(2,008)	(1,841)	(4,611)
Net cash flows used in investing activities	(801)	(1,983)	(1,832)	(4,588)

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.13 Scottsdale Properties Group (Continued)

9.13.3 Statements of changes in equity of Scottsdale Properties Group (Continued)

Section	Share capital		(Accumulated losses)/ Retained earnings		Other reserves		Total equity	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
As at 1 July 2012	781,912	1,952,200	1,537	3,837	2,744	6,851	786,193	1,962,888
Total comprehensive income/(loss) for the year								
Foreign currency translations	-	12,145	-	(32)	-	42	-	12,155
Loss for the financial year	-	-	(7,272)	(18,212)	-	-	(7,272)	(18,212)
	-	12,145	(7,272)	(18,244)	-	42	(7,272)	(6,057)
Issuance of redeemable preference shares	13,500	33,809	-	-	-	-	13,500	33,809
As at 30 June 2013	795,412	1,998,154	(5,735)	(14,407)	2,744	6,893	792,421	1,990,640

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.13 Scottsdale Properties Group (Continued)

9.13.5 Profit/(Loss) net of tax

The following items have been included in arriving at profit/(loss) net of tax:

	2011		FPE/FYE 30 June 2012		2013	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Other operating income						
Negative goodwill in respect of acquisition of a subsidiary	6,286	15,274	-	-	-	-
Negative goodwill in respect of additional interest acquired in a jointly-controlled entity to become a subsidiary	43,814	106,464	-	-	-	-
Miscellaneous income	-	-	7	17	53	133
	<u>50,100</u>	<u>121,738</u>	<u>7</u>	<u>17</u>	<u>53</u>	<u>133</u>
Staff costs						
Wages and salaries	356	865	1,678	4,155	4,505	11,282
Contribution to defined contribution plan	14	34	121	300	176	441
	<u>370</u>	<u>899</u>	<u>1,799</u>	<u>4,455</u>	<u>4,681</u>	<u>11,723</u>
Administrative expenses						
Depreciation	36	87	266	659	308	771
Other operating expenses						
Loss in respect of step-up acquisition of a jointly-controlled entity	<u>40,652</u>	<u>98,780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Finance income						
Fair value gain realised on redemption of convertible notes	6,608	16,057	-	-	-	-
Interest income from fixed deposits placed with a financial institution	-	-	11	27	8	20
	<u>6,608</u>	<u>16,057</u>	<u>11</u>	<u>27</u>	<u>8</u>	<u>20</u>

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.13 Scottsdale Properties Group (Continued)

9.13.4 Statements of cash flows of Scottsdale Properties Group (Continued)

Section	Financial years ended 30 June			
	2012		2013	
	SGD'000	RM'000	SGD'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceed from issuance of shares	23,750	58,810	13,500	33,809
Interest paid	(1,881)	(4,658)	(14,943)	(37,423)
Payment for financing transaction cost	(963)	(2,385)	-	-
Proceed from bank loans	108,889	269,631	122,566	306,954
Net cash flows from financing activities	<u>129,795</u>	<u>321,398</u>	<u>121,123</u>	<u>303,340</u>
Net increase/(decrease) in cash and cash equivalents	350	866	(5,419)	(13,571)
Cash and cash equivalents at beginning of financial year	10,278	25,240	10,628	26,535
Exchange differences	-	429	-	122
Cash and cash equivalents at end of financial year	<u>10,628</u>	<u>26,535</u>	<u>5,209</u>	<u>13,086</u>

11. ACCOUNTANTS' REPORT (Cont'd)

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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.13 Scottsdale Properties Group (Continued)

9.13.6 Income tax expense (Continued)

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which Scottsdale Properties Group can utilise the benefit therefrom.

	FPE/FYE 30 June					
	2011		2012		2013	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Deductible temporary differences	85	209	155	387	179	450
Tax losses	3,246	7,971	6,482	16,184	13,277	33,353
	<u>3,331</u>	<u>8,180</u>	<u>6,637</u>	<u>16,571</u>	<u>13,456</u>	<u>33,803</u>

The deductible temporary differences do not expire under current tax legislation. The tax losses are subject to agreement by the tax authorities and compliance with tax regulations.

11. ACCOUNTANTS' REPORT (Cont'd)

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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.13 Scottsdale Properties Group (Continued)

9.13.6 Income tax expense/(benefit)

	FPE/FYE 30 June					
	2011		2012		2013	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Current year tax expenses based on profit for the financial year	131	318	-	-	-	-
Over provision in respect of prior years	-	-	(173)	(428)	-	-
	<u>131</u>	<u>318</u>	<u>(173)</u>	<u>(428)</u>	<u>-</u>	<u>-</u>

Reconciliation of effective tax rate

	FPE/FYE 30 June					
	2011		2012		2013	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Profit/(Loss) before tax	12,286	29,854	(2,477)	(6,134)	(7,272)	(18,212)
Tax calculated using Singapore tax rate of 17% (2012 and 2011: 17%)	2,089	5,076	(421)	(1,042)	(1,236)	(3,095)
Effect of different tax rates in other countries	(489)	(1,188)	1	2	1	2
Expenses not deductible for tax purposes	877	2,130	(84)	(208)	75	189
Income not subject to tax	(2,978)	(7,236)	-	-	(10)	(25)
Unrecognised deferred tax assets	90	219	493	1,221	1,159	2,902
Tax effect of losses not allowed to be set off against future taxable profits	542	1,317	11	27	11	27
Over provision in respect of prior years	-	-	(173)	(428)	-	-
	<u>131</u>	<u>318</u>	<u>(173)</u>	<u>(428)</u>	<u>-</u>	<u>-</u>

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.13 Scottsdale Properties Group (Continued)

9.13.7 Property, plant and equipment (Continued)

	Furniture and fittings		Artwork and sculptures		Computer equipment		Motor vehicle		Total	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Accumulated Depreciation										
At 8 April 2011	-	-	-	-	-	-	-	-	-	-
Charge for the year	26	63	-	-	3	7	7	17	36	87
Foreign currency translations difference	-	1	-	-	-	-	-	-	-	1
At 30 June 2011	26	64	-	-	3	7	7	17	36	88
Charge for the year	212	526	-	-	22	54	32	79	266	659
Foreign currency translations difference	-	5	-	-	-	1	-	1	-	7
At 30 July 2012	238	595	-	-	25	62	39	97	302	754
Charge for the year	209	523	-	-	28	70	71	178	308	771
Foreign currency translations difference	-	5	-	-	-	2	-	1	-	8
At 30 June 2013	447	1,123	-	-	53	134	110	276	610	1,533

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.13 Scottsdale Properties Group (Continued)

9.13.7 Property, plant and equipment

	Furniture and fittings		Artwork and sculptures		Computer equipment		Motor vehicle		Total	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
At Cost										
At 8 April 2011	-	-	-	-	-	-	-	-	-	-
Acquisition through business combination	-	-	-	-	-	-	118	287	118	287
Additions	461	1,120	-	-	92	224	-	-	553	1,344
Foreign currency translations difference	-	11	-	-	-	2	-	3	-	16
At 30 June 2011	461	1,131	-	-	92	226	118	290	671	1,647
Additions	150	371	280	693	56	139	-	-	486	1,203
Foreign currency translations difference	-	23	-	6	-	5	-	5	-	39
At 30 June 2012	611	1,525	280	699	148	370	118	295	1,157	2,889
Additions	8	20	1,252	3,136	-	-	39	98	1,299	3,254
Foreign currency translations difference	-	10	-	14	-	2	-	1	-	27
At 30 June 2013	619	1,555	1,532	3,849	148	372	157	394	2,456	6,170

11. ACCOUNTANTS' REPORT (Cont'd)

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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.13 Scottsdale Properties Group (Continued)

9.13.8 Trade and other receivables (Continued)

The maximum exposure to credit risk for trade receivables and other receivables at the reporting date by business segment is set out below:

	2011		As at 30 June 2012		2013	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Property development	2,995	7,354	4,694	11,720	6,644	16,690
Others	-	-	1	2	4	10
	<u>2,995</u>	<u>7,354</u>	<u>4,695</u>	<u>11,722</u>	<u>6,648</u>	<u>16,700</u>

9.13.9 Development property

	2011		As at 30 June 2012		2013	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Property in the course of development, at cost	1,959,536	4,812,033	2,095,585	5,232,047	2,263,720	5,686,691

11. ACCOUNTANTS' REPORT (Cont'd)

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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.13 Scottsdale Properties Group (Continued)

9.13.7 Property, plant and equipment (Continued)

	Furniture and fittings		Artwork and sculptures		Computer equipment		Motor vehicle		Total	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Carrying Amount										
At 30 June 2011	435	1,067	-	-	89	219	111	273	635	1,559
At 30 June 2012	373	930	280	699	123	308	79	198	855	2,135
At 30 June 2013	172	432	1,532	3,849	95	238	47	118	1,846	4,637

9.13.8 Trade and other receivables

	2011		As at 30 June 2012		2013	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Trade receivables	2,790	6,851	4,694	11,720	6,644	16,690
Other receivables	205	503	1	2	4	10
Prepayments	-	-	112	280	649	1,631
Deposits	16	39	27	67	2	5
	<u>3,011</u>	<u>7,393</u>	<u>4,834</u>	<u>12,069</u>	<u>7,299</u>	<u>18,336</u>

Trade receivables are not past due and relate to goods and services tax receivable.

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.13 Scottsdale Properties Group (Continued)

9.13.10 Cash and cash equivalents

	As at 30 June					
	2011		2012		2013	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Cash at bank and in hand	10,278	25,240	3,727	9,305	1,708	4,290
Fixed deposits with financial institutions	-	-	6,901	17,230	3,501	8,796
	<u>10,278</u>	<u>25,240</u>	<u>10,628</u>	<u>26,535</u>	<u>5,209</u>	<u>13,086</u>

9.13.11 Share capital

	FYE 30 June					
	2011		2012		2013	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Issued and fully paid ordinary shares with no par value:						
At 8 April / 1 July	230,000	552,943	230,000	564,811	230,000	574,241
Foreign currency translations	-	11,868	-	9,430	-	3,542
At 30 June	<u>230,000</u>	<u>564,811</u>	<u>230,000</u>	<u>574,241</u>	<u>230,000</u>	<u>577,783</u>
Issued and fully paid redeemable preference shares with no par value:						
At 8 April / 1 July	-	-	528,162	1,297,008	551,912	1,377,959
Foreign currency translations	-	13,627	-	22,141	-	8,983
Issue of shares	528,162	1,283,381	23,750	58,810	13,500	33,429
At 30 June	<u>528,162</u>	<u>1,297,008</u>	<u>551,912</u>	<u>1,377,959</u>	<u>565,412</u>	<u>1,420,371</u>
Total	<u>758,162</u>	<u>1,861,819</u>	<u>781,912</u>	<u>1,952,200</u>	<u>795,412</u>	<u>1,998,154</u>

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.13 Scottsdale Properties Group (Continued)

9.13.9 Development property (Continued)

During the financial year, interest capitalised as cost of development property amounted to:

	As at 30 June					
	2011		2012		2013	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Interest income						
Interest income on fixed deposits with financial institutions	(1)	(2)	-	-	-	-
Finance costs						
Interest expense on bank loan (secured)	3,641	8,941	13,435	33,543	15,056	37,822
Interest expense on convertible notes (secured)	11,670	28,658	-	-	-	-
Amortisation of transaction costs capitalised	4,101	10,071	4,111	10,264	15,940	40,043
Total finance costs	<u>19,412</u>	<u>47,670</u>	<u>17,546</u>	<u>43,807</u>	<u>30,996</u>	<u>77,865</u>

Finance costs (net of interest income) have been capitalised at rates ranging from 1.45% to 1.63% (2012: 1.42% to 1.67% and 2011: 0.22% to 18.00%) per annum.

Allowance for foreseeable losses is estimated taking into account estimated selling prices and estimated total construction costs. The estimated selling prices are based on recent selling prices for the development project or comparable projects and the prevailing property market conditions. The estimated total construction costs are based on contracted amounts, and in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration historical trends of the amounts incurred. As at the reporting date, no allowance for foreseeable losses is recognised.

The development property is mortgaged to financial institutions to secured credit facilities (refer Section 9.13.13).

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.13 Scottsdale Properties Group (Continued)

9.13.12 Other reserves

The other reserves comprise interest waiver of inter-company loans.

9.13.13 Bank loans

	FYE 30 June					
	2011		2012		2013	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Bank loans	777,962	1,910,441	892,917	2,229,346	1,031,456	2,591,121
Repayable:						
After 1 year but within 5 years	777,962	1,910,441	892,917	2,229,346	1,031,456	2,591,121

Bank loans are secured by a first legal mortgage on Scottsdale Properties Group's development property (Section 9.13.9) and assignment of all rights and benefits to sale, lease and/or insurance proceeds of Scottsdale Properties Group. The bank loans are repayable in full on 15 April 2016. The bank loans bear interest at rates ranging from 1.45% to 1.63% (2012: 1.42% to 1.67% and 2011: 1.50% to 3.46%) per annum.

9.13.14 Amount owing to shareholders

The amount owing to the shareholders is non-trade in nature, unsecured and interest-free and subordinated to the bank loans unless otherwise provided under the terms of the bank loans. Settlement of the amount is neither planned nor likely to occur in the foreseeable future. As the amount is, in substance, a part of the shareholders' net investment in Scottsdale Properties Group, it is stated at cost.

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.13 Scottsdale Properties Group (Continued)

9.13.11 Share capital (Continued)

Ordinary share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at General Meetings of Scottsdale Properties Group. All shares rank equally with regard to Scottsdale Properties Group's residual assets.

Preference share capital

The preference shares rank:

- (i) Pari passu without any preference or priority among themselves; and
- (ii) In priority over the ordinary shares in respect of (a) payment of the preference dividend (when, as and if declared) and the Additional Amounts; and (b) in the event of a winding-up of or return of capital by Scottsdale Properties Group, payment of any preference dividend that has accrued to holders of preference shares and is unpaid, the Additional Amounts (whether or not then due) as well as the subscription price paid for the preference shares (collectively referred to as "Redemption Amount").

"Additional Amounts" means such additional amounts as may be necessary in order that the net amounts received by the preference shareholder after any withholding or deduction made for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Singapore or any authority therein or thereof shall equal the respective amounts of preference dividends and the Redemption Amount which would be receivable in the absence of such withholding or deduction.

Capital Management

Scottsdale Properties Group's primary objective when managing capital is to safeguard Scottsdale Properties Group's ability to continue as a going concern, so that it can continue to provide returns for the shareholders and benefits for other stakeholders.

Scottsdale Properties Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. For this purpose, Scottsdale Properties Group defines "capital" as including all components of equity plus any advances from shareholders with no fixed term of repayment. Trading balances that arise as a result of tracking transactions with shareholders are not recorded by the Group as capital. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares or raise debt financing or sell assets to reduce debts.

No changes were made to the above objective, policy and process during the period ended 30 June 2011 and years ended 30 June 2012 and 30 June 2013.

11. ACCOUNTANTS' REPORT (Cont'd)

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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.13 Scottsdale Properties Group (Continued)

9.13.18 Related parties

Other than as disclosed elsewhere in this Report, the transactions with related parties based on terms agreed between the parties are as follows:

	As at 30 June					
	2011		2012		2013	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Management fees paid/payable to related parties	38	92	1,433	3,548	886	2,219
Rental and rental related expenses paid/payable to a related party	24	58	97	240	65	163
Other expenses paid/payable to related parties	1	2	159	394	408	1,022

Transactions with key management personnel

The Directors are either employees of the shareholders of Scottsdale Properties Group and/or their related parties and no consideration is paid by Scottsdale Properties Group to the shareholders and/or their related parties for the services rendered by the Directors.

11. ACCOUNTANTS' REPORT (Cont'd)

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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.13 Scottsdale Properties Group (Continued)

9.13.15 Trade and other payables

	FYE 30 June					
	2011		2012		2013	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Trade payables	4,196	10,304	4,444	11,095	11,272	28,316
Accruals	20,507	50,359	15,059	37,598	20,603	51,758
Amounts owing to related parties (trade)	11	28	1,169	2,919	249	626
	<u>24,714</u>	<u>60,691</u>	<u>20,672</u>	<u>51,612</u>	<u>32,124</u>	<u>80,700</u>

9.13.16 Employee benefits

This relates to liability for short-term accumulating compensated absences.

9.13.17 Commitments

	FYE 30 June					
	2011		2012		2013	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Development expenditure contracted but not provided for in the financial statements	<u>73,915</u>	<u>181,513</u>	<u>771,003</u>	<u>1,924,963</u>	<u>648,853</u>	<u>1,629,984</u>
Capital expenditure contracted but not provided for in the financial statements	-	-	-	-	495	1,243
Marketing expenses contracted but not provided for in the financial statements	-	-	-	-	84	211

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.13 Scottsdale Properties Group (Continued)

9.13.19 Financial instruments by category (Continued)

Financial liabilities

	Liabilities at amortised cost	
	SGD'000	RM'000
2011		
Bank loans	777,962	1,910,441
Retention sums payable	842	2,068
Trade and other payables	24,714	60,691
	<u>803,518</u>	<u>1,973,200</u>
2012		
Bank loans	892,917	2,229,346
Retention sums payable	7,052	17,607
Trade and other payables	20,672	51,612
	<u>920,641</u>	<u>2,298,565</u>
2013		
Bank loans	1,031,456	2,591,121
Retention sum payables	16,954	42,590
Trade and other payables	32,124	80,700
	<u>1,080,534</u>	<u>2,714,411</u>

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.13 Scottsdale Properties Group (Continued)

9.13.19 Financial instruments by category

Financial assets

	Loan and receivables	
	SGD'000	RM'000
2011		
Trade and other receivables excluding prepayments	3,011	7,393
Cash and cash equivalents	10,278	25,240
	<u>13,289</u>	<u>32,633</u>
2012		
Trade and other receivables excluding prepayments	4,722	11,789
Cash and cash equivalents	10,628	26,535
	<u>15,350</u>	<u>38,324</u>
2013		
Trade and other receivables excluding prepayments	6,650	16,075
Cash and cash equivalents	5,209	13,086
	<u>11,859</u>	<u>29,161</u>

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.13 Scottsdale Properties Group (Continued)
- 9.13.20 Financial risk management (Continued)
- 9.13.20.1 Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The following are the expected contractual undiscounted cash outflows of financial liabilities, including estimated interest payments and excluding the impact of netting agreement:

	Carrying amount		Contractual cash flows		Cashflows			
	SGD'000	RM'000	SGD'000	RM'000	Within 1 year		After 1 year but within 5 years	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
2011								
Non-derivative financial liabilities								
Bank loans (secured)	777,962	1,910,441	858,120	2,107,285	10,166	24,965	847,954	2,082,320
Trade and other payables	24,714	60,691	24,714	60,691	24,714	60,691	-	-
Retention sums payable	842	2,068	842	2,068	842	2,068	-	-
	803,518	1,973,200	883,676	2,170,044	35,722	87,724	847,954	2,082,320
2012								
Non-derivative financial liabilities								
Bank loans (secured)	892,917	2,229,346	966,883	2,414,017	12,427	31,026	954,456	2,382,991
Trade and other payables	20,672	51,612	20,672	51,612	20,672	51,612	-	-
Retention sums payable	7,052	17,607	7,052	17,607	26	65	7,026	17,542
	920,641	2,298,565	994,607	2,483,236	33,125	82,703	961,482	2,400,533

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.13 Scottsdale Properties Group (Continued)
- 9.13.20 Financial risk management
- 9.13.20.1 Financial risk management objectives and policies

Scottsdale Properties Group's is exposed to financial risks arising from its operations. The key financial risks include credit risk, liquidity risk and market risk, such as, interest rate risk and foreign currency risk.

Scottsdale Properties Group has a system of controls in place to maintain an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors Scottsdale Properties Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Scottsdale Properties Groups activities. The Board of Directors provides oversight to the effectiveness of the risk management process.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Cash and cash equivalents are placed with financial institutions with acceptable credit quality.

At reporting date, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset at the reporting date.

Liquidity risk

Scottsdale Properties Group monitors its liquidity risk and maintains a level of cash and cash equivalents and credit facilities at bank deemed adequate by management to finance Scottsdale Properties Group's operations and to mitigate the effects of fluctuations in cash flows.

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
 9.13 Scottsdale Properties Group (Continued)
 9.13.20 Financial risk management (Continued)
 9.13.20.1 Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate analysis

In respect of the interest-bearing financial liability, its nominal interest rates at the reporting date and carrying amounts are illustrated as below:

	Section	Interest rates per annum Floating rate %	Carrying amount Floating rate	
			SGD'000	RM'000
2011				
Financial liabilities				
Bank loans (secured)	9.13.13	1.53	777,962	1,910,441
2012				
Financial liabilities				
Bank loans (secured)	9.13.13	1.51 to 1.57	892,917	2,229,346
2013				
Financial liabilities				
Bank loans (secured)	9.13.13	1.45 to 1.52	1,031,456	2,591,121

For the variable rate financial liabilities, an increase (decrease) of 100 basis point in interest rate at the reporting date would increase (decrease) interest expense by SGD10,315,000 (RM25,833,000) (2012: SGD8,929,000 (RM22,110,000) and 2011: SGD8,000,000 (RM19,439,000)). As interest expense is capitalised as part of property under development, there is no effect on equity or profit or loss.

11. ACCOUNTANTS' REPORT (Cont'd)



9. HISTORICAL FINANCIAL INFORMATION (Continued)
 9.13 Scottsdale Properties Group (Continued)
 9.13.20 Financial risk management (Continued)
 9.13.20.1 Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Carrying amount		Contractual cash flows		Cashflows			
	SGD'000	RM'000	SGD'000	RM'000	Within 1 year		After 1 year but within 5 years	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
2013								
Non-derivative financial liabilities								
Bank loans (secured)	1,031,456	2,591,121	1,075,538	2,701,859	12,766	32,069	1,062,772	2,669,790
Trade and other payables	32,124	80,700	32,124	80,700	32,124	80,700	-	-
Retention sums payable	16,954	42,590	16,954	42,590	-	-	16,954	42,590
	1,080,534	2,714,411	1,124,616	2,825,149	44,890	112,769	1,079,726	2,712,380

Scottsdale Properties Group is not exposed to liquidity risk on the non-current amount owing to the shareholders as the settlement is neither planned nor likely to occur in the foreseeable future.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect Scottsdale Properties Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Scottsdale Properties Group's exposure to changes in interest rates relates primarily to Scottsdale Properties Group's debt obligations. Scottsdale Properties Group does not use derivative financial instruments to hedge its interest rate risk.

11. ACCOUNTANTS' REPORT (Cont'd)



IOI Properties Group Berhad (Company No. 1035807 - A)
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9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.14 IOI City Holdings Group (formerly known as IOI Properties Holdings Group) ("IOICH Group")

9.14.1 Consolidated statement of profit or loss of IOICH Group

The consolidated statement of profit or loss of IOICH Group, which is extracted from the audited financial statements of IOICH Group for the financial period from 14 September 2012 (date of incorporation) to 30 June 2013 is set out below:

	10-month period ended 30 June 2013 RM
Revenue	
Other operating income	14,007,399
Administration expenses	(35,983)
Other operating expenses	(14,774)
Operating profit	13,956,642
Interest income	257,198
Finance costs	(1,933,709)
Profit before taxation	12,280,131
Taxation	(2,102,357)
Profit for the financial period	10,177,774

9.14.2 Consolidated statement of other comprehensive income of IOICH Group

The consolidated statement of other comprehensive income of IOICH Group, which is extracted from the audited financial statements of IOICH Group for the financial period from 14 September 2012 (date of incorporation) to 30 June 2013 is set out below:

	10-month period ended 30 June 2013 RM
Profit for the financial period	10,177,774
Other comprehensive income	-
Total comprehensive income for the financial period	10,177,774
Earnings before interest, tax, depreciation and amortisation ("EBITDA") (RM)	13,956,642
Number of ordinary shares of RM1.00 each	2
Gross earnings per share (RM)	6,140,066
Net earnings per share (RM)	5,088,887
Effective tax rate (%)	17

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.13 Scottsdale Properties Group (Continued)

9.13.20 Financial risk management (Continued)

9.13.20.1 Financial risk management objectives and policies (Continued)

Foreign currency risk

The financial assets and liabilities of Scottsdale Properties Group are mainly denominated in Singapore Dollar. Scottsdale Properties Group has no significant exposure to foreign currency risk.

Estimation of fair values

The carrying amounts of financial assets and liabilities with maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) or those which reprice within six months are assumed to approximate their fair values because of the short period to maturity. All other financial assets and financial liabilities are discounted to determine their fair value.

11. ACCOUNTANTS' REPORT (Cont'd)

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

9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.14 IOI City Holdings Group (formerly known as IOI Properties Holdings Group) ("IOICH Group") (Continued)
- 9.14.3 Consolidated statement of financial position of IOICH Group

The consolidated statement of financial position of IOICH Group, which is extracted from the audited financial statements of IOICH Group for the financial period ended 30 June 2013 is set out below:

	Section	As at 30 June 2013 RM
ASSETS		
Property, plant and equipment	9.14.11	269,198,490
Investment properties	9.14.12	73,115,923
Current assets		342,314,413
Prepayments		8,100
Cash and cash equivalents	9.14.13	572,274
		580,374
TOTAL ASSETS		342,894,787
EQUITY AND LIABILITIES		
Equity attributable to owner of IOICH		
Share capital	9.14.14	2
Retained earnings		10,177,774
Total equity		10,177,776

11. ACCOUNTANTS' REPORT (Cont'd)

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

9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.14 IOI City Holdings Group (formerly known as IOI Properties Holdings Group) ("IOICH Group") (Continued)
- 9.14.3 Consolidated statement of financial position of IOICH Group (Continued)

	Section	As at 30 June 2013 RM
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	9.14.15	2,096,466
Current liabilities		
Trade and other payables	9.14.17	28,433,810
Current tax liabilities		5,891
Amount due to holding company	9.14.18	8
Amounts due to related companies	9.14.16	302,180,836
		330,620,545
Total liabilities		332,717,011
TOTAL EQUITY AND LIABILITIES		342,894,787
Number of ordinary shares of RM1.00 each in issue		2
Net assets (RM)		10,177,776
Net assets per ordinary share of RM1.00 each (RM)		5,088,888
Trade payables turnover period (days)		28

- 9.14.4 Consolidated statement of changes in equity of IOICH Group

The consolidated statement of changes in equity of IOICH Group, which is extracted from the audited financial statements of IOICH Group for the financial period from 14 September 2012 (date of incorporation) to 30 June 2013 is set out below:

	Section	Share capital RM	Retained earnings RM	Total RM
As at 14 September 2012 (date of incorporation)		2	-	2
Total comprehensive income		-	10,177,774	10,177,774
- Profit for the financial period		-	10,177,774	10,177,774
As at 30 June 2013		2	10,177,774	10,177,776

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.14 IOI City Holdings Group (formerly known as IOI Properties Holdings Group) ("IOICHG") (Continued)

9.14.5 Consolidated statement of cash flows of IOICH Group

The statement of cash flows of IOICH Group, which is extracted from the audited financial statements of IOICH Group for the financial period from 14 September 2012 (date of incorporation) to 30 June 2013 is set out below:

Section	10-month period ended 30 June 2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	12,280,131
Adjustments for:	
Fair value gain on investments properties	(13,976,445)
Interest expenses	1,933,709
Interest income	(257,198)
Operating loss before working capital changes	(19,803)
Increase in prepayments	(8,100)
Increase in trade and other payables	28,433,810
Cash generated from operations	28,405,907
Interest received	257,198
Net cash from operating activities	28,663,105
CASH FLOWS FROM INVESTING ACTIVITIES	
Additions to investment properties	(59,116,644)
Additions to property, plant and equipment	(268,952,709)
Net cash used in investing activities	(328,069,353)
CASH FLOWS FROM FINANCING ACTIVITIES	
Advances from related companies	299,978,512
Advances from holding company	8
Net cash from financing activities	299,978,520
Net increase in cash and cash equivalents	572,272
Cash and cash equivalents at date of incorporation	2
Cash and cash equivalents at end of financial period	572,274

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.14 IOI City Holdings Group (formerly known as IOI Properties Holdings Group) ("IOICH Group") (Continued)

9.14.6 Other operating income

	FPE 30 June 2013 RM
Fair value gain on investment properties (Section 9.14.12)	13,976,445
Others	30,954
	<u>14,007,399</u>

9.14.7 Operating profit

	FPE 30 June 2013 RM
	15,000

Operating profit has been arrived at after charging

Auditors' remuneration
and crediting

Fair value gain on investment properties (Section 9.14.12)	13,976,445
--	------------

9.14.8 Interest income

	FPE 30 June 2013 RM
	257,198

Interest income from:
Short term deposits

9.14.9 Finance costs

	FPE 30 June 2013 RM
	1,933,709

Interest expense on advances from a related company

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.14 IOI City Holdings Group (formerly known as IOI Properties Holdings Group) ("IOICH Group")
(Continued)
- 9.14.10 Taxation

	FPE 30 June 2013 RM
Current period tax expense based on profit for the financial period	
Malaysian income taxation	5,891
Deferred taxation (Section 9.14.15)	2,096,466
	<u>2,102,357</u>

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

	FPE 30 June 2013 %
Applicable tax rate	25.00
Tax effects in respect of:	
Non-allowable expenses	3.50
Lower tax rate on income subject to real property gain taxes	(11.38)
	<u>17.12</u>

Malaysian income tax is calculated at the statutory tax rate of 25% of the estimated assessable profit for the period. Deferred tax is calculated on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

9.14.11 Property, plant and equipment

	At date of incorporation RM	Additions RM	At end of financial period RM
2013			
At Cost			
Freehold land	-	43,329,306	43,329,306
Construction-in-progress	-	225,869,184	225,869,184
	-	269,198,490	269,198,490

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.14 IOI City Holdings Group (formerly known as IOI Properties Holdings Group) ("IOICH Group")
(Continued)
- 9.14.11 Property, plant and equipment (Continued)
- a) Included in additions of construction-in-progress during the current financial period are:
- cost-sharing of common development costs with a related company amounting RM171,449,188;
 - interest expenses charged by a related company amounting RM245,781;
 - rental expenses charged by a related company amounting RM57,427; and
 - project management fees charged by a related company for project management consultants amounting RM1,681,662.
- b) The titles of the freehold land, whereby IOICH Group are the beneficiary owner, are registered under the name of the holding company, IOI Corporation Berhad.

9.14.12 Investment properties

	At date of incorporation RM	Additions RM	Fair value adjustments RM	At end of financial period RM
2013				
Freehold land	-	25,487,828	6,372,172	31,860,000
Construction-in-progress	-	33,651,650	7,604,273	41,255,923
	-	59,139,478	13,976,445	73,115,923

a) The fair value of the investment property above was 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. IOICH Group uses assumptions that are mainly based on market conditions existing at each reporting date.

b) Included in additions of construction-in-progress during the current financial period are:

- cost-sharing of common development costs with a related company amounting RM22,740,424;
 - interest expenses charged by a related company amounting RM22,834;
 - rental expenses to a related company for project management consultants amounting RM33,780; and
 - project management fees charged by a related company amounting RM219,856.
- c) The titles of the properties, whereby IOICH 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)

9.14 IOI City Holdings Group (formerly known as IOI Properties Holdings Group) ("IOICH Group") (Continued)

9.14.12 Investment properties (Continued)

Investment properties comprise:

Name of location	Description	Tenure of land	Net lettable area
IOI City Development	Office towers development	Freehold	Currently under construction
IOI Resort Putrajaya			

9.14.13 Cash and cash equivalents

Cash at banks	As at 30 June 2013 RM	572,274
Cash at banks are deposit held at call with a licensed bank, which are denominated in RM.		

9.14.14 Share capital

Ordinary shares of RM1.00 each:	As at 30 June 2013 RM	
Authorised		100,000
Issued and fully paid		2
The owner of IOICH Group is entitled to receive dividends as declared from time to time and is entitled to one (1) vote per share at the meetings of IOICH Group. All ordinary shares rank equally with regard to IOICH Group's residual assets.		

9.14.15 Deferred tax liabilities

At date of incorporation	As at 30 June 2013 RM	
Recognised in the profit or loss (Section 9.14.10) - Current period		2,096,466
At end of financial period		2,096,466

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.14 IOI City Holdings Group (formerly known as IOI Properties Holdings Group) ("IOICH Group") (Continued)

9.14.15 Deferred tax liabilities (Continued)

The components and movements of deferred tax liabilities during the financial period are as follows:

	FPE 30 June 2013 RM
At beginning of financial period	
Recognise in the profit or loss	
Temporary difference on fair value adjustments on investment properties	2,096,466
At end of financial period	2,096,466

9.14.16 Amounts due to related companies

The amounts due to related companies represent advances and payment made on behalf, which are unsecured, non-interest bearing except for an amount due to a related company of RM214,683,406, which bears interest at a rate of 4.63% per annum and payable upon demand in cash and cash equivalents.

Amounts due to related companies are denominated in RM.

9.14.17 Trade and other payables

Trade payables (Section 9.14.17.1)	As at 30 June 2013 RM	6,506,969
Other payables (Section 9.14.17.2)		21,926,841
		28,433,810

9.14.17.1 Trade payables

Included in trade payables of the Company are retention monies of RM1,431,588.

Credit terms of trade payables vary from 14 to 60 days from date of invoices and progress claims. The retention monies are repayable upon expiry of the defect liability period of 12 to 18 months.

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.14 IOI City Holdings Group (formerly known as IOI Properties Holdings Group) ("IOICH Group") (Continued)
- 9.14.17 Trade and other payables (Continued)
- 9.14.17.2 Other payables and accruals

	As at 30 June 2013 RM
Accruals	21,899,091
- Construction activities	27,750
- Others	<u>21,926,841</u>

Trade and other payables are denominated in RM.

- 9.14.18 Amount due to holding company

The amount due to holding company represents payments made on behalf, which is unsecured, non-interest bearing and payable upon demand in cash and cash equivalents.

Amount due to holding company is denominated in RM.

- 9.14.19 Significant related party disclosures

- 9.14.19.1 Identities of related parties

Parties are considered to be related to IOICH Group if IOICH Group 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 IOICH Group and the party are subject to common control or common significant influence. Related parties may be individual or other entities.

Related parties of IOICH Group 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 and affiliates of the holding company;
- v. Key management personnel which comprises persons (including the Directors of IOICH Group) having authority and responsibility for planning, directing and controlling the activities of IOICH Group 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.

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)
- 9.14 IOI City Holdings Group (formerly known as IOI Properties Holdings Group) ("IOICH Group") (Continued)
- 9.14.19 Significant related party disclosures (Continued)
- 9.14.19.2 Significant related party transactions

In addition to the transactions detailed, IOICH Group had undertaken the following transactions with the related parties during the financial period:

	As at 30 June 2013 RM
Related companies	91,207
Rental expenses	1,933,709
Interest expenses	1,901,518
Management fees	214,778,494
Acquisitions for property, plant and equipment	<u>48,228,252</u>

The related party transactions described above were carried out on negotiated terms and conditions in the ordinary course of business between the related parties and IOICH Group.

Information regarding outstanding balances arising from the related party transaction as at 30 June 2013 are disclosed in Section 9.14.16 and Section 9.14.18 of this Report.

- 9.14.19.3 Keys management personnel compensation

There is no compensation of key management personnel during the financial period.

- 9.14.20 Capital management

The primary objective of IOICH Group's capital management is to ensure that IOICH Group is able to continue as a going concern while maximising the return to shareholder through the optimisation of the debt and equity mix.

IOICH Group's capital structure is represented by the equity of IOICH Group 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.

IOICH Group is not subject to any externally imposed capital requirements.

- 9.14.21 Financial instruments

Financial risk management objectives and policies

IOICH Group's activities expose it to a variety of financial risks, including interest rate risk, credit risk and liquidity and cash flow risk. IOICH Group's overall financial risk management objective is to ensure that IOICH Group creates value for its shareholder whilst minimising potential adverse effects on its financial performance and positions. IOICH Group operates within established risk management framework and clearly defined guidelines that are approved by the Board of Directors of the holding company.

11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)
9.14 IOI City Holdings Group (formerly known as IOI Properties Holdings Group) ("IOICH Group")
(Continued)

9.14.21 Financial instruments (Continued)

9.14.21.1 Interest rate risk

IOICH Group's interest rate risk arises from its interest bearing financial instruments that could impact fair value and future cash flows due to fluctuation in market interest rates.

IOICH Group's objective on interest rate risk management is to achieve a balance in repricing risks and the optimisation of its cost of funds whilst ensuring sufficient liquidity to meet funding needs.

9.14.21.1.1 Interest rate risk exposure

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

2013	Section	Repricing Brackets				Total RM	Weighted average effective interest rate %
		Less than 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM		
Interest bearing financial liability							
Fixed rate instrument							
Amounts due to related companies	9.14.16	214,683,406	-	-	-	214,683,406	4.63

9.14.21.1.2 Sensitivity analysis

Sensitivity analysis on interest rate is applied on floating rate financial instruments only, and as the carrying amount of fixed rate financial instrument is measured at amortised cost, sensitivity analysis was not presented.

9.14.21.2 Credit risk

IOICH Group monitors its credit risk in accordance with the IOI Corporation Berhad group's risk management approach.

As at the end of the reporting period, there was no significant concentration of credit risk. IOICH Group does not extend any loans or financial guarantees to third parties.

Credit risk exposures and concentration

IOICH Group credit risks are mainly on financial assets relating to cash at bank as summarised in the table below.

Cash and cash equivalents	Maximum exposure As at 2013 RM	572,274
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11. ACCOUNTANTS' REPORT (Cont'd)



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

9. HISTORICAL FINANCIAL INFORMATION (Continued)

9.14 IOI City Holdings Group (formerly known as IOI Properties Holdings Group) ("IOICH Group")
(Continued)

9.14.21 Financial instruments (Continued)

9.14.21.2 Credit risk (Continued)

The table below outlines the credit quality analysis of IOICH Group's financial assets for the period.

2013	Neither past due nor impaired				Total RM
	Strong RM	Medium RM	Weak RM		
Cash and cash equivalents	572,274	-	-	-	572,274

Credit quality is analysed into the categories of Strong, Medium and Weak, whereby:

Strong = Strong financial standing, low probability of default

Medium = Low to moderate risk of default

Weak = Weak financial standing, history of past due

9.14.21.3 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.

IOICH Group 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 IOICH Group's operations and investing activities.

Liquidity risk exposure

The table below summarises the maturity profile of IOICH Group's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

2013	Financial liabilities	On demand RM	Less than		Total RM
			1 year RM		
	Trade and other payables	-	28,433,810	-	28,433,810
	Amounts due to related companies	302,180,836	-	-	302,180,836
	Amount due to holding company	8	-	-	8
		302,180,844	28,433,810	-	330,614,654

IOICH Group will be able to meet its obligations as and when they fall due with the continuous support from its holding company.

9.14.21.4 Fair values

Methods/Assumptions used to estimate fair values

The carrying amounts of financial assets and liabilities maturing within twelve (12) months approximate their fair values due to the relatively short term maturity of these financial instruments.



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INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF IOI PROPERTIES GROUP BERHAD

Report on the Financial Statements

We have audited the financial statements of IOI Properties Group Berhad, which comprise statement of financial positions as at 30 June 2013 of the Company, and statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial period 25 February 2013 (date of incorporation) to 30 June 2013, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 36.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or errors.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

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APPENDIX 1

11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
1035807-AINDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
IOI PROPERTIES GROUP BERHAD (Continued)*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2013 and of the financial performance and cash flows of the Company for the financial period 25 February 2013 (date of incorporation) to 30 June 2013 in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report On Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provision of the Act.

Other Matters

This report is prepared solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF : 0206
Chartered Accountants

Kuala Lumpur
3 September 2013

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

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11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
25787 - HINDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
IOI PROPERTIES BERHAD**Report on the Financial Statements**

We have audited the financial statements of IOI Properties Berhad, which comprise the statements of financial position as at 30 June 2011 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 12 to 155.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965, in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2011 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

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11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
25787 - HINDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
IOI PROPERTIES BERHAD (Continued)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 46 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO

BDO

AF : 0206

Chartered Accountants

Chan Wai Leng
2893/08/13 (J)

Chartered Accountant

Kuala Lumpur

6 September 2011

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11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
25787 - HINDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
IOI PROPERTIES BERHAD

Report on the Financial Statements

We have audited the financial statements of IOI Properties Berhad, which comprise the statements of financial position as at 30 June 2012 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 13 to 144.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with applicable approved Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2012 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

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11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
25787 - H



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
IOI PROPERTIES BERHAD (Continued)**

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 45 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO

BDO

AF : 0206

Chartered Accountants

Chan Wai Leng
2893/08/13 (J)

Chartered Accountant

Kuala Lumpur
12 September 2012

11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
25787 - H



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
IOI PROPERTIES BERHAD**

Report on the Financial Statements

We have audited the financial statements of IOI Properties Berhad, which comprise the statements of financial position as at 30 June 2013 of the Group and of the Company, and statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 143.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or errors.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2013 and of their financial performance and cash flows for the year ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

BDO (AF 0206) Chartered Accountants, a Malaysian Partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.

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11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
25787 - H



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
IOI PROPERTIES BERHAD (Continued)**

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the audited subsidiaries of which we have not acted as auditors, which are indicated in Note 46 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF : 0206
Chartered Accountants

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

Kuala Lumpur
3 September 2013

11. ACCOUNTANTS' REPORT (Cont'd)

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
RESORT VILLA DEVELOPMENT SDN. BHD.**

Report on the Financial Statements

We have audited the financial statements of Resort Villa Development Sdn. Bhd., which comprise the statement of financial position as at 30 June 2011 of the Company, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 69.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
302086 - K

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INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
RESORT VILLA DEVELOPMENT SDN. BHD. (continued)*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 30 June 2011 and of the financial performance and cash flows of the Company for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO

BDO
AF : 0206
Chartered Accountants

Chan Wai Leng
2893/08/13 (J)
Chartered Accountant

Kuala Lumpur
6 September 2011

11. ACCOUNTANTS' REPORT (Cont'd)

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INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
RESORT VILLA DEVELOPMENT SDN. BHD.**Report on the Financial Statements**

We have audited the financial statements of Resort Villa Development Sdn. Bhd., which comprise the statement of financial position as at 30 June 2012 of the Company, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 58.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
302086 - K



**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
RESORT VILLA DEVELOPMENT SDN. BHD. (Continued)**

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 30 June 2012 and of the financial performance and cash flows of the Company for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



BDO
AF : 0206

Chartered Accountants

Chan Wai Leng
2893/08/13 (J)

Chartered Accountant

Kuala Lumpur
12 September 2012

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11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
302086 - K



**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
RESORT VILLA DEVELOPMENT SDN. BHD.**

Report on the Financial Statements

We have audited the financial statements of Resort Villa Development Sdn. Bhd., which comprise statement of financial position as at 30 June 2013 of the Company, and statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year ended and a summary of significant accounting policies and other explanatory information, as set out on pages 7 to 60.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or errors.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

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11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
302086 - KINDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
RESORT VILLA DEVELOPMENT SDN. BHD. (Continued)*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2013 and of the financial performance and cash flows of the Company for year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

As stated in Note 3 to the financial statements, the Company adopted Malaysian Financial Reporting Standards on 1 July 2012 with a transition date of 1 July 2011. These Standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statement of financial position as at 30 June 2012 and 1 July 2011, and statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 30 June 2013 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with MFRS and IFRS, and hence it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the financial year ended 30 June 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2012 do not contain misstatements that materially affect the financial position as at 30 June 2013 and financial performance and cash flows for the year then ended.

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF : 0206

Chartered Accountants

Kuala Lumpur
3 September 2013Ooi Thiam Poh
2495/01/14 (J)

Chartered Accountant

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11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
216066 - UINDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
RESORT VILLA GOLF COURSE BERHAD**Report on the Financial Statements**

We have audited the financial statements of Resort Villa Golf Course Berhad, which comprise the statement of financial position as at 30 June 2011 of the Company, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 69.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Company No:
216066 - U

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INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF RESORT VILLA GOLF COURSE BERHAD (Continued)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 30 June 2011 and of the financial performance and cash flows of the Company for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO

BDO

AF : 0206

Chartered Accountants

Chan Wai Leng
2893/08/13 (J)
Chartered Accountant

Kuala Lumpur
6 September 2011

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INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF RESORT VILLA GOLF COURSE BERHAD

Report on the Financial Statements

We have audited the financial statements of Resort Villa Golf Course Berhad, which comprise the statement of financial position as at 30 June 2012 of the Company, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 55.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
216066 - UINDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
RESORT VILLA GOLF COURSE BERHAD (Continued)*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 30 June 2012 and of the financial performance and cash flows of the Company for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO

BDO

AF : 0206

Chartered Accountants

Chan Wai Leng
2893/08/13 (J)

Chartered Accountant

Kuala Lumpur

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11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
216066 - UINDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
RESORT VILLA GOLF COURSE BERHAD

Report on the Financial Statements

We have audited the financial statements of Resort Villa Golf Course Berhad, which comprise statement of financial position as at 30 June 2013 of the Company, and statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended and a summary of significant accounting policies and other explanatory information, as set out on pages 7 to 59.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or errors.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

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11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
216066 - UINDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
RESORT VILLA GOLF COURSE BERHAD (Continued)*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2013 and of the financial performance and cash flows of the Company for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

As stated in Note 3 to the financial statements, the Company adopted Malaysian Financial Reporting Standards on 1 July 2012 with a transition date of 1 July 2011. These Standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statement of financial position as at 30 June 2012 and 1 July 2011, and statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 30 June 2012 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with MFRS and IFRS, and hence it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the financial year ended 30 June 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2012 do not contain misstatements that materially affect the financial position as at 30 June 2013 and financial performance and cash flows for the financial year then ended.

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF : 0206
Chartered Accountants

Kuala Lumpur
3 September 2013

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

11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
228543 - VINDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
RESORT VILLA GOLF COURSE DEVELOPMENT SDN. BHD.**Report on the Financial Statements**

We have audited the financial statements of Resort Villa Golf Course Development Sdn. Bhd, which comprise the statement of financial position as at 30 June 2011 of the Company, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 63.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
228543 - V

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
RESORT VILLA GOLF COURSE DEVELOPMENT SDN. BHD. (Continued)**
Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 30 June 2011 and of the financial performance and cash flows of the Company for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO

 BDO
 AF : 0206
 Chartered Accountants

 Chan Wai Leng
 2893/08/13 (J)
 Chartered Accountant

 Kuala Lumpur
 6 September 2011

11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
228543 - V

53

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 Malaysia

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
RESORT VILLA GOLF COURSE DEVELOPMENT SDN. BHD.**
Report on the Financial Statements

We have audited the financial statements of Resort Villa Golf Course Development Sdn. Bhd, which comprise the statement of financial position as at 30 June 2012 of the Company, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 51.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
228543 - V



**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
RESORT VILLA GOLF COURSE DEVELOPMENT SDN. BHD. (Continued)**

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 30 June 2012 and of the financial performance and cash flows of the Company for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO

BDO
AF : 0206
Chartered Accountants

Chan Wai Leng
2893/08/13 (J)
Chartered Accountant

Kuala Lumpur
12 September 2012

54

11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
228543 - V



**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
RESORT VILLA GOLF COURSE DEVELOPMENT SDN. BHD.**

Report on the Financial Statements

We have audited the financial statements of Resort Villa Golf Course Development Sdn. Bhd, which comprise statement of financial position as at 30 June 2013 of the Company, and statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended and a summary of significant accounting policies and other explanatory information, as set out on pages 7 to 57.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standard, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or errors.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

BDO (AF 0206) Chartered Accountants, a Malaysian Partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.

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Malaysia

11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
228543 - V

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
RESORT VILLA GOLF COURSE DEVELOPMENT SDN. BHD. (Continued)**
Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2013 and of the financial performance and cash flows of the Company for the financial year ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

As stated in Note 3 to the financial statements, the Company adopted Malaysian Financial Reporting Standards on 1 July 2012 with a transition date of 1 July 2011. These Standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statement of financial position as at 30 June 2012 and 1 July 2011, and the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 30 June 2012 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with MFRS and IFRS, and hence it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the financial year ended 30 June 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2012 do not contain misstatements that materially affect the financial position as at 30 June 2013 and financial performance and cash flows for the financial year then ended.

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF : 0206
Chartered Accountants
Kuala Lumpur
3 September 2013

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

11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
323865 - A

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1008 Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia
**REPORT OF THE AUDITORS TO THE MEMBERS OF
NICE SKYLINE SDN. BHD.**
Report on the Financial Statements

We have audited the financial statements of Nice Skyline Sdn. Bhd., which comprise the statements of financial position as at 30 June 2011 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 81.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965, in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2011 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

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11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
323865 - A



**REPORT OF THE AUDITORS TO THE MEMBERS OF
NICE SKYLINE SDN. BHD. (Continued)**

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiary that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' report on the financial statements of the subsidiary did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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AF : 0206

Chartered Accountants

Chan Wai Leng
2893/08/13 (J)
Chartered Accountant

Kuala Lumpur
6 September 2011

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11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
323865 - A



**REPORT OF THE AUDITORS TO THE MEMBERS OF
NICE SKYLINE SDN. BHD.**

Report on the Financial Statements

We have audited the financial statements of Nice Skyline Sdn. Bhd., which comprise the statements of financial position as at 30 June 2012 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 73.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with applicable approved Financial Reporting Standards and the Companies Act, 1965, in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2012 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

BDO (AF 0206), Chartered Accountants, a Malaysian Partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.

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11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
323865 - A



**REPORT OF THE AUDITORS TO THE MEMBERS OF
NICE SKYLINE SDN. BHD. (Continued)**

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiary that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' report on the financial statements of the subsidiary did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF : 0206
Chartered Accountants

Se Kuo Shen
2949/05/14 (J)
Chartered Accountant

Johor Bahru
12 September 2012

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11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
323865 - A



**REPORT OF THE AUDITORS TO THE MEMBERS OF
NICE SKYLINE SDN. BHD.**

Report on the Financial Statements

We have audited the financial statements of Nice Skyline Sdn. Bhd., which comprise the statements of financial position as at 30 June 2013 of the Group and of the Company, and statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 73.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or errors.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2013 and of the financial performance and cash flows of the Company for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

BDO (AF 0206) Chartered Accountants, a Malaysian Partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
323865 - A



**REPORT OF THE AUDITORS TO THE MEMBERS OF
NICE SKYLINE SDN. BHD. (Continued)**

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiary that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' report on the financial statements of the subsidiary did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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BDO
AF : 0206
Chartered Accountants

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Se Kuo Shen
2949/05/14 (J)
Chartered Accountant

Johor Bahru
3 September 2013

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11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
817348 - V



**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
DREAMMONT DEVELOPMENT SDN. BHD.**

Report on the Financial Statements

We have audited the financial statements of Dreammont Development Sdn. Bhd., which comprise the statement of financial position as at 30 June 2011 of the Company, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 51.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
817348 - V

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
DREAMMONT DEVELOPMENT SDN. BHD. (Continued)****Opinion**

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 30 June 2011 and of the financial performance and cash flows of the Company for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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AF : 0206

Chartered Accountants


Chan Wai Leng
2893/08/13 (J)

Chartered Accountant

Kuala Lumpur

6 September 2011

11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
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www.bdo.my12th Floor Menara Uni.Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
DREAMMONT DEVELOPMENT SDN. BHD.****Report on the Financial Statements**

We have audited the financial statements of Dreammont Development Sdn. Bhd., which comprise the statement of financial position as at 30 June 2012 of the Company, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 42.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with applicable approved Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgements, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

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11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
817348 - V

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
DREAMMONT DEVELOPMENT SDN. BHD. (Continued)**
Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 30 June 2012 and of the financial performance and cash flows of the Company for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF : 0206
Chartered Accountants

Chan Wai Leng
2893/08/13 (J)
Chartered Accountant

Kuala Lumpur
12 September 2012

11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
817348 - V

58

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
DREAMMONT DEVELOPMENT SDN. BHD.**
Report on the Financial Statements

We have audited the financial statements of Dreammont Development Sdn. Bhd., which comprise statement of financial position as at 30 June 2013 of the Company, and statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 56.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or errors.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

BDO (AF 0206) Chartered Accountants, a Malaysian Partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
817348 - VINDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
DREAMMONT DEVELOPMENT SDN. BHD. (Continued)*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2013 and of the financial performance and cash flows of the Company for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

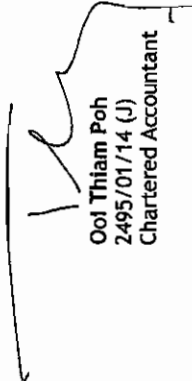
Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

As stated in Note 3 to the financial statements, the Company adopted Malaysian Financial Reporting Standards on 1 July 2012 with a transition date of 1 July 2011. These Standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statement of financial position as at 30 June 2012 and 1 July 2011, and statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 30 June 2012 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with MFRS and IFRS, and hence it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the financial year ended 30 June 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2012 do not contain misstatements that materially affect the financial position as at 30 June 2013 and financial performance and cash flows for the financial year then ended.

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



BDO
AF : 0206
Chartered Accountants

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

Kuala Lumpur
3 September 2013

11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
34726 - DINDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
BUKIT KELANG DEVELOPMENT SDN. BHD.**Report on the Financial Statements**

We have audited the financial statements of Bukit Kelang Development Sdn. Bhd., which comprise the statement of financial position as at 30 June 2011 of the Company, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 56.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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