

Unless otherwise stated, all abbreviations contained in this Abridged Prospectus are defined in the Definitions section of this Abridged Prospectus. **THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.** If you have sold or transferred all your shares, you should at once hand this Abridged Prospectus together with the NPA and RSF (the Abridged Prospectus, NPA and RSF are collectively referred to as the "Documents") to the agent/broker through whom you effected the sale/transfer for onward transmission to the purchaser/transferee. All enquiries concerning the Rights Issue, which is the subject of this Abridged Prospectus, should be addressed to our Share Registrar, Tricor Investor Services Sdn Bhd, at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia (Tel: +603 2264 3883 Fax: +603 2282 1886).

The Documents, are only to be despatched to the Shareholders whose names appear in our Record of Depositors as at 5.00 p.m. on 12 January 2015 at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 12 January 2015. The Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia, are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue complies with the laws of any country or jurisdiction other than the laws of Malaysia. Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal adviser and other professional advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Shares, application for Excess Rights Shares, or the subscription, offer, sale, resale, pledge or other transfer of the Rights Shares would result in the contravention of any law of such countries or jurisdictions. We, AmInvestment Bank and/or other experts shall not accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of entitlements, application for Excess Rights Shares or the subscription, offer, sale, resale, pledge or other transfer of the Rights Shares made by any Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) are residents.

A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents has also been lodged with the Registrar of Companies who takes no responsibility for the contents of the Documents.

Approval for the Rights Issue has been obtained from the Shareholders at our EGM convened on 18 December 2014. Approval has also been obtained from Bursa Securities via its letter dated 19 November 2014 for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue. The listing of and quotation for the Rights Shares on the Main Market of Bursa Securities is in no way reflective of the merits of the Rights Issue. The listing of and quotation for the Rights Shares will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of successful Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

The Board has seen and approved the Documents and they, collectively and individually, accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in the Documents false or misleading.

AmInvestment Bank, being the Principal Adviser for the Rights Issue, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" AS SET OUT IN SECTION 6 OF THIS ABRIDGED PROSPECTUS.



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD

(Company No. 1035807-A)

(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF 539,835,787 NEW ORDINARY SHARES OF RM1.00 EACH IN IOI PROPERTIES GROUP BERHAD ("IOIPG" OR THE "COMPANY") ("IOIPG SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM1.90 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY SIX (6) EXISTING IOIPG SHARES HELD AT 5.00 P.M. ON 12 JANUARY 2015

Principal Adviser



AmInvestment Bank

AmInvestment Bank Berhad

Company No. 23742-V

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME

Entitlement date : Monday, 12 January 2015 at 5.00 p.m.

Last date and time for:

Sale of Provisional Rights Shares : Monday, 19 January 2015 at 5.00 p.m.

Transfer of Provisional Rights Shares : Thursday, 22 January 2015 at 4.00 p.m.

Acceptance and payment : Tuesday, 27 January 2015 at 5.00 p.m.*

Excess Rights Shares Application and payment : Tuesday, 27 January 2015 at 5.00 p.m.*

* Or such later date and time as the Board may decide and announce not less than two (2) Market Days before the stipulated date and time.

This Abridged Prospectus is dated 12 January 2015

ALL TERMS USED ARE AS DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS.

THE SC AND BURSA SECURITIES SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

SHAREHOLDERS/INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE RIGHTS ISSUE AND ANY INVESTMENT IN OUR COMPANY. IN CONSIDERING THE RIGHTS ISSUE, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

SHAREHOLDERS/INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR FACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, INCLUDING, *INTER ALIA*, DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus:-

ABSD	:	Additional buyer's stamp duty
Act	:	Companies Act, 1965 as amended from time to time including any re-enactment thereof
AmBank Group	:	AmInvestment Bank and/or its related companies and associates
AmInvestment Bank or Principal Adviser	:	AmInvestment Bank Berhad (23742-V)
BNM	:	Bank Negara Malaysia
Board	:	The Board of Directors of IOIPG
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
By-Laws	:	The By-laws governing the ESOS as may be amended, varied or supplemented from time to time
CDS	:	Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
CDS Account(s)	:	Account(s) established by Bursa Depository for a depositor for the recording of deposits of securities and dealings in such securities by the depositor
CIDB	:	Construction Industry Development Board Malaysia
Closing Date	:	27 January 2015 at 5.00 p.m., being the last date and time for the acceptance and payment for the Rights Shares or such later date and time as the Board may decide and announce not less than two (2) Market Days before the stipulated date and time
CMSA	:	Capital Markets and Services Act, 2007
Code	:	The Malaysian Code on Take-Overs and Mergers, 2010 as amended from time to time
DIBS	:	Developer interest bearing schemes
Director	:	Has the meaning assigned to it in Section 2(1) of the CMSA and shall include any Non-Executive Director or any Executive Director
DLYC	:	Dato' Lee Yeow Chor
Documents	:	Collectively, this Abridged Prospectus, the NPA and the RSF
EBITDA	:	Earnings before interest, tax, depreciation and amortisation
EGM	:	Extraordinary General Meeting

DEFINITIONS (CONT'D)

Entitled Shareholders	:	Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date
Entitlement Date	:	5.00 p.m. on 12 January 2015
EPS	:	Earnings per share
ESOS	:	The employees' share option scheme for the granting of Options to the eligible person(s) to subscribe for new IOIPG Shares upon the terms as set out in the By-Laws, such scheme to be known as "IOI Properties Group Berhad Employees' Share Option Scheme"
ESOS Option(s) or Option(s)	:	The right of a grantee to subscribe for new IOIPG Shares pursuant to the contract constituted by the acceptance of an offer by an eligible person in the manner indicated in the By-Laws
ETP	:	Economic Transformation Programme
Excess Rights Shares	:	Rights Shares which are not taken up or not validly taken up by the Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) prior to the Closing Date
Excess Rights Shares Application(s)	:	Application(s) for additional Rights Shares in excess of the Provisional Rights Shares as set out in Section 3.6 of this Abridged Prospectus
Foreign-Addressed Shareholders	:	Shareholders who have not provided an address in Malaysia for the service of documents which will be issued in connection with the Rights Issue
Full Subscription Level	:	Full subscription for the 539,835,787 Rights Shares under the Rights Issue
FPE	:	Financial period(s) ended / ending, as the case may be
FYE	:	Financial year(s) ended / ending, as the case may be
GDP	:	Gross domestic product
GDV	:	Gross development value
GP	:	Gross profit
GST	:	Goods and services tax
Government	:	Government of Malaysia
HKD	:	Hong Kong Dollars
HPRs	:	Housing-purchase restrictions
IOIPG or our Company	:	IOI Properties Group Berhad (1035807-A)
IOIPG Group or our Group	:	Collectively, IOIPG and its subsidiaries

DEFINITIONS (CONT'D)

IOIPG Share(s) or Share(s)	:	Ordinary shares of RM1.00 each in IOIPG
IOI Resort City	:	An integrated mixed development in Putrajaya which comprises bungalows, condominiums, 4-star and 5-star hotels, an 18-hole championship golf course, One IOI Square and Two IOI Square office buildings, the IOI City Mall as well as two (2) green rated business towers known as the IOI City Tower One and IOI City Tower Two
LYS	:	Lee Yeow Seng
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	17 December 2014, being the latest practicable date prior to the printing of this Abridged Prospectus
LRT	:	Light rail transit
LTV	:	Loan-to-value
Market Day	:	A day between Monday and Friday (inclusive) which is not a public holiday and when Bursa Securities is open for trading in securities
NA	:	Net assets
NPA	:	Notice of provisional allotment in relation to the Rights Issue
NTD	:	New Taiwan dollars
PBT	:	Profit before tax
PAT	:	Profit after tax
PRC	:	People's Republic of China
Progressive Holdings	:	Progressive Holdings Sdn Bhd (110365-A)
Proposals	:	Collectively, the Rights Issue and the ESOS
Provisional Rights Shares	:	Rights Shares provisionally allotted to the Entitled Shareholders
RPGT	:	Real property gains tax
Record of Depositors	:	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
Rights Issue	:	Renounceable rights issue of 539,835,787 Rights Shares at an issue price of RM1.90 per Rights Share on the basis of one (1) Rights Share for every six (6) existing IOIPG Shares held as at the Entitlement Date
Rights Shares	:	New IOIPG Shares to be allotted and issued pursuant to the Rights Issue
RM and sen	:	Ringgit Malaysia and sen respectively
RMB	:	Renminbi of the PRC

DEFINITIONS (CONT'D)

RSF	:	Rights subscription form in relation to the Rights Issue
Rules of Bursa Depository	:	The rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991 including any amendments thereof issued by Bursa Depository from time to time
SC	:	Securities Commission of Malaysia
SGD	:	Singapore dollars
Share Registrar	:	Tricor Investor Services Sdn Bhd (118401-V)
SICDA	:	Securities Industry (Central Depositories) Act, 1991, including Securities Industry (Central Depositories) Amendment Act, 1998
Shareholders	:	Shareholders of IOIPG
Sqm	:	Square metre(s)
Sq ft	:	Square feet
SSB	:	Summervest Sdn Bhd (353525-U)
TDSR	:	Total debt servicing ratio
TEAP	:	Theoretical ex-all price
TSDLSC	:	Tan Sri Dato' Lee Shin Cheng
Undertakings	:	The irrevocable undertakings from the Undertaking Parties to subscribe in full for their/its respective entitlements under the Rights Issue as well as to subscribe for the Excess Rights Shares via the Excess Rights Shares Applications
Undertaking Parties	:	Collectively, TSDLSC, DLYC, LYS, VCSB and SSB
US	:	United States of America
USD	:	United States Dollars
VCSB	:	Vertical Capacity Sdn Bhd (404154-A)
VWAP	:	Volume-weighted average market price

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

DEFINITIONS (CONT'D)

Any references to “**our Company**” or “**IOIPG**” in this Abridged Prospectus are to IOI Properties Group Berhad, and references to “**our Group**” or “**IOIPG Group**” are to our Company and subsidiaries. References to “**we**”, “**us**”, “**our**” and “**ourselves**” are to our Company and, where the context otherwise requires, our subsidiaries.

All references to “**you**” in this Abridged Prospectus are to the Entitled Shareholders.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any discrepancies in the tables included in this Abridged Prospectus between the amounts listed, actual figures and the totals thereof are due to rounding.

Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise stated.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

	PAGE
CORPORATE DIRECTORY	viii
LETTER TO THE ENTITLED SHAREHOLDERS CONTAINING:	
1. INTRODUCTION	1
2. DETAILS OF THE RIGHTS ISSUE	2
2.1 Particulars of the Rights Issue	2
2.2 Rationale for the Rights Issue	3
2.3 Basis of determining the issue price of the Rights Shares	4
2.4 Ranking of the Rights Shares	4
2.5 Last date and time for acceptance and payment	4
3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE / TRANSFER AND EXCESS RIGHTS SHARES APPLICATION	5
3.1 General	5
3.2 NPA	5
3.3 Procedures for acceptance and payment	5
3.4 Procedures for part acceptance	7
3.5 Procedures for sale or transfer of Provisional Rights Shares	8
3.6 Procedures for the Excess Rights Shares Application	8
3.7 Procedures to be followed by transferees and/or renounees	9
3.8 CDS Account	10
3.9 Foreign Addressed Shareholders	10
4. UTILISATION OF PROCEEDS	13
5. FULL SUBSCRIPTION LEVEL AND UNDERTAKINGS	13
6. RISK FACTORS	14
6.1 Risks Relating to the Rights Issue	14
6.2 Risks Relating to our Group	16

TABLE OF CONTENTS (CONT'D)

7.	INDUSTRY OVERVIEW AND FUTURE PROSPECTS	24
7.1	Overview and outlook of the Malaysian Economy	24
7.2	Outlook of property development industry	25
7.3	Prospects of our Group	27
7.4	Potential new investment	30
8.	FINANCIAL EFFECTS OF THE RIGHTS ISSUE	31
8.1	Share Capital	31
8.2	EPS	31
8.3	NA and Gearing	32
9.	WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS	32
9.1	Working Capital	32
9.2	Borrowings	33
9.3	Contingent liabilities	33
9.4	Material commitments	33
10.	TERMS AND CONDITIONS	34
11.	FURTHER INFORMATION	34
APPENDICES		
APPENDIX I	: CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION IN RESPECT OF THE RIGHTS ISSUE PASSED AT OUR EGM CONVENED ON 18 DECEMBER 2014	35
APPENDIX II	: INFORMATION ON OUR COMPANY	39
APPENDIX III	: OUR PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON	56
APPENDIX IV	: OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON	64
APPENDIX V	: OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FPE 30 SEPTEMBER 2014	221
APPENDIX VI	: DIRECTORS' REPORT	236
APPENDIX VII	: ADDITIONAL INFORMATION	237

CORPORATE DIRECTORY

**IOI PROPERTIES**

IOI PROPERTIES GROUP BERHAD

(Company No. 1035807-A)

(Incorporated in Malaysia under the Companies Act, 1965)

BOARD OF DIRECTORS

Name (Designation)	Address	Nationality	Profession
Tan Sri Dato' Lee Shin Cheng <i>(Executive Chairman)</i>	No.8, Lingkungan 3 Diamond Hill, IOI Resort 62502 Putrajaya	Malaysian	Company Director
Lee Yeow Seng <i>(Chief Executive Officer)</i>	No.8, Lingkungan 3 Diamond Hill, IOI Resort 62502 Putrajaya	Malaysian	Company Director
Dato' Lee Yeow Chor <i>(Non-Independent Non-Executive Director)</i>	No.6, Jalan Beverly Utama IOI Resort 62502 Putrajaya	Malaysian	Company Director
Tan Sri Ong Ka Ting <i>(Senior Independent Non-Executive Director)</i>	No. 111, Jalan SS 22/32 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Datuk Tan Kim Leong @ Tan Chong Min <i>(Independent Non-Executive Director)</i>	B-PH-1 Mutiara Upper East Ampang No.39, Jalan 1/76 Desa Pandan 55100 Kuala Lumpur	Malaysian	Chartered Accountant
Datuk Lee Say Tshin <i>(Independent Non-Executive Director)</i>	No. 37, Jalan Setiabakti Damansara Heights 50490 Kuala Lumpur	Malaysian	Company Director
Dr. Tan Kim Heung <i>(Independent Non-Executive Director)</i>	N21-3A, Suria Stonor No.2, Lorong Stonor 50450 Kuala Lumpur	Malaysian	Consultant Cardiologist

CORPORATE DIRECTORY (CONT'D)

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Datuk Tan Kim Leong @ Tan Chong Min	Chairman	Independent Non-Executive Director
Datuk Lee Say Tshin	Member	Independent Non-Executive Director
Dr. Tan Kim Heung	Member	Independent Non-Executive Director

NOMINATING AND REMUNERATION COMMITTEE

Name	Designation	Directorship
Tan Sri Ong Ka Ting	Chairman	Senior Independent Non-Executive Director
Datuk Tan Kim Leong @ Tan Chong Min	Member	Independent Non-Executive Director
Dr. Tan Kim Heung	Member	Independent Non-Executive Director

COMPANY SECRETARY : Tan Choong Khiang (MAICSA 7018448)
50 Jalan BK 6E/2
Bandar Kinrara
47180 Puchong
Selangor Darul Ehsan

HEAD OFFICE / REGISTERED OFFICE : Two IOI Square
IOI Resort
62502 Putrajaya
Telephone No. : (03) 8947 8888
Facsimile No. : (03) 8947 8909

WEBSITE : www.ioipropertiesgroup.com

AUDITORS* AND REPORTING ACCOUNTANTS : PricewaterhouseCoopers
Level 10, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
P.O Box 10192
50706 Kuala Lumpur
Telephone No. : (03) 2173 1188
Facsimile No. : (03) 2173 1288

* As at the LPD, the Shareholders have approved the appointment of PricewaterhouseCoopers as the auditors of our Company for the FYE 30 June 2015. Our Company's auditors for the FYE 30 June 2014 was Messrs BDO.

CORPORATE DIRECTORY (CONT'D)

- PRINCIPAL BANKERS**
- : Malayan Banking Berhad
No.7 Jalan Kenari 1
Bandar Puchong Jaya
47100 Puchong
Selangor Darul Ehsan
Telephone No. : (03) 5882 0271
Facsimile No. : (03) 5882 0276
 - : Standard Chartered Bank Malaysia Berhad
30-32 Jalan Puteri ½
Bandar Puteri
47100 Puchong
Selangor Darul Ehsan
Telephone No. : (03) 8064 6805 / 8064 6886
Facsimile No. : (03) 8064 6822
 - : RHB Bank Berhad
B-G-5 & B-1-5 IOI Boulevard
Jalan Kenari 5
Bandar Puchong Jaya
47100 Puchong
Selangor Darul Ehsan
Telephone No. : (03) 8075 0254/8079 1359
Facsimile No. : (03) 8070 8653
 - : AmBank (M) Berhad
24th Floor, Bangunan AmBank Group
No.55, Jalan Raja Chulan,
50200 Kuala Lumpur
Telephone No. : (03) 2036 2424
Facsimile No. : (03) 2078 2842
 - : CIMB Bank Berhad
Level 17, Menara CIMB
Jalan Stesen Sentral 2 Kuala Lumpur
Kuala Lumpur Sentral
50470 Kuala Lumpur
Telephone No. : (03) 2261 8888
Facsimile No. : (03) 2261 9318
- PRINCIPAL ADVISER**
- : AmInvestment Bank Berhad
22nd Floor, Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Telephone No. : (03) 2036 2633
Facsimile No. : (03) 2078 2842
- SOLICITORS FOR THE RIGHTS ISSUE**
- : Mah-Kamariyah & Philip Koh
3A07, Block B, Phileo Damansara II
15 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya
Selangor, Malaysia
Telephone No. : (03) 7956 8686
Facsimile No. : (03) 7956 2208

CORPORATE DIRECTORY (CONT'D)

SHARE REGISTRAR : Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkarang Syed Putra
59200 Kuala Lumpur
Telephone No. : (03) 2264 3883
Facsimile No. : (03) 2282 1886

STOCK EXCHANGE LISTED AND LISTING SOUGHT : Main Market of Bursa Securities

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD

(Company No. 1035807-A)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

Two IOI Square
IOI Resort
62502 Putrajaya

12 January 2015

Board of Directors:

Tan Sri Dato' Lee Shin Cheng (*Executive Chairman*)

Lee Yeow Seng (*Chief Executive Officer*)

Dato' Lee Yeow Chor (*Non-Independent Non-Executive Director*)

Tan Sri Ong Ka Ting (*Senior Independent Non-Executive Director*)

Datuk Tan Kim Leong @ Tan Chong Min (*Independent Non-Executive Director*)

Datuk Lee Say Tshin (*Independent Non-Executive Director*)

Dr. Tan Kim Heung (*Independent Non-Executive Director*)

To: Entitled Shareholders

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF 539,835,787 RIGHTS SHARES AT AN ISSUE PRICE OF RM1.90 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY SIX (6) EXISTING IOIPG SHARES HELD AT 5.00 P.M. ON 12 JANUARY 2015

1. INTRODUCTION

The Board is pleased to inform you that at our EGM convened on 18 December 2014, the Shareholders had approved, amongst others, the Rights Issue. A certified true extract of the ordinary resolution pertaining to the Rights Issue which was passed at the said EGM is set out in Appendix I of this Abridged Prospectus.

On 26 November 2014, AmInvestment Bank had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 19 November 2014, granted its approval for, amongst others, the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities subject to the following conditions:-

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

Details of conditions imposed on the Rights Issue		Status of compliance
(i)	Our Company and AmInvestment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue;	Met/To be met, where applicable
(ii)	Our Company and AmInvestment Bank are to inform Bursa Securities upon the completion of the Rights Issue;	To be met
(iii)	Our Company is to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue is completed; and	To be met
(iv)	To provide Bursa Securities with a certified true copy of the resolution passed by the Shareholders at the EGM for the Proposals.	Met

On 22 December 2014, AmInvestment Bank had, on behalf of the Board, announced that the Entitlement Date has been fixed at 5.00 p.m. on 12 January 2015.

Save for the Proposals, the Board has confirmed that as at the LPD, our Company does not have any other intended corporate proposals which have been approved by regulatory authorities which is pending implementation.

No person is authorised to give any information or make any representation not contained in this Abridged Prospectus, the announcements and circular to shareholders in relation to *inter alia* the Rights Issue and if given or made, such information or representation must not be relied upon as having been authorised by AmInvestment Bank or us in connection with the Rights Issue.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE

2.1 Particulars of the Rights Issue

The Rights Issue entails a renounceable rights issue of 539,835,787 Rights Shares at an issue price of RM 1.90 per Rights Share on a renounceable basis of one (1) Rights Share for every six (6) existing IOIPG Shares held by the Entitled Shareholders as at the Entitlement Date.

In accordance with the terms of the Rights Issue as approved by the relevant authorities and the Shareholders and subject to the terms of this Abridged Prospectus and the accompanying documents, our Company shall provisionally allot 539,835,787 Rights Shares to the Entitled Shareholders on the basis of one (1) Rights Share for every six (6) existing IOIPG Shares held as at the Entitlement Date.

As the Rights Shares are prescribed securities, the respective CDS Accounts of the Entitled Shareholders will be duly credited with the number of Provisional Rights Shares which they are entitled to subscribe for in full or in part under the terms of the Rights Issue. Entitled Shareholders will find enclosed in this Abridged Prospectus, the NPA notifying Entitled Shareholders of the crediting of such securities into their respective CDS Accounts and the RSF to enable the Entitled Shareholders to subscribe for the Provisional Rights Shares as well as to apply for the Excess Rights Shares if the Entitled Shareholders so choose to. However, only the Entitled Shareholders who have an address in Malaysia as stated in our Record of Depositors or who have provided our Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus, together with the NPA and the RSF.

Entitled Shareholders can fully or partially renounce their entitlements for the Rights Shares. Accordingly, the Entitled Shareholders can subscribe for and/or renounce their entitlements to the Rights Shares in full or in part.

Any dealings in our securities will be subject to, amongst others, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares will be credited directly into the respective CDS Accounts of successful applicants. No physical share certificates will be issued.

Any Rights Shares which are not taken up or not validly taken up by the Entitled Shareholders and/or their transferee(s) and/or their renounee(s), if applicable, shall be made available for Excess Rights Shares Application. It is the intention of the Board to allot the Excess Rights Shares, if any, on a fair and equitable basis and in the following priority:-

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to the Entitled Shareholders who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date;
- (iii) thirdly, for allocation to the Entitled Shareholders who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares Application; and
- (iv) fourthly, the remaining balance (if any) for allocation to transferee(s) and/or renounee(s) (if applicable), who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares Application.

Nevertheless, the Board reserves the right to allot any Excess Rights Shares applied for under the RSF in such manner as it deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis and that the intention of the Board set out above is achieved. The Board also reserves the right to accept any Excess Rights Shares Application, in full or in part, without assigning any reason in respect thereof. In determining Shareholders' entitlements under the Rights Issue, fractional entitlements, if any, shall be disregarded and dealt with in such manner as the Board in its discretion deems fit or expedient or in the best interests of our Company.

If you wish to accept the Provisional Rights Shares (in full or in part) as specified in the NPA and/or apply for the Excess Rights Shares, you may do so by completing the RSF.

Notices of allotment will be despatched to the Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) within eight (8) Market Days from the last date for acceptance and payment of the Rights Shares or such other period as may be prescribed by Bursa Securities.

If you do not wish to participate in the Rights Issue, you do not need to take any action.

You should read this Abridged Prospectus in its entirety before making a decision.

2.2 Rationale for the Rights Issue

After due consideration of the proposed utilisation of proceeds as set out in Section 4 below and the various methods of fund raising, the Board is of the opinion that raising funds by way of the Rights Issue is most suitable for the following reasons:-

- (i) the Rights Issue will enable our Company to raise the requisite funds without incurring additional interest expenses as compared to bank borrowings as well as to minimize any potential cash outflow in respect of interest servicing;
- (ii) the Rights Issue will provide an opportunity for existing Shareholders to further participate in the equity of our Company via the issuance of new IOIPG Shares at a discount to the prevailing market price, without diluting the existing Shareholders' interests, assuming that all the Entitled Shareholders fully subscribe for their respective entitlements pursuant to the Rights Issue; and
- (iii) the Rights Issue will increase our Group's shareholders' funds, strengthen our Group's capital base and hence reduce gearing levels of our Group.

2.3 Basis of determining the issue price of the Rights Shares

The Board has fixed the issue price of the Rights Shares at RM1.90 per Rights Share.

The issue price of RM1.90 per Rights Share was arrived at after taking into consideration, amongst others, the TEAP of IOIPG Shares of RM2.6395 based on the five (5)-day VWAP of IOIPG Shares up to and including 7 November 2014, being the last market day prior to the date of announcement of the Rights Issue, of RM2.7627.

The issue price of RM1.90 per Rights Share represents a discount of approximately 28.0% from the abovementioned TEAP. The discount to TEAP was determined after taking into consideration, amongst others, the current share price of IOIPG Shares, prevailing market conditions, current and future prospects of our Group, historical share price movement of IOIPG Shares as well as the average discount to TEAP of precedent rights issues in the market vis-a-vis our funding requirements.

For a more recent illustration, the issue price of the Rights Shares represents a discount of approximately 18.1% based on the five (5)-day VWAP of IOIPG Shares up to and including 26 December 2014, of RM2.3899.

Entitled Shareholders and/or their transferee(s) and/or their renouncee(s), if applicable, should note that the market price for our Shares is subject to occurrence of market forces and other uncertainties in addition to the risk factors set out in Section 6 of this Abridged Prospectus, which may affect the price of our Shares being traded. Entitled Shareholders and/or their transferee(s) and/or their renouncee(s), if applicable, should form their own views on the valuation of the Rights Shares before deciding to invest in the Rights Shares.

2.4 Ranking of the Rights Shares

The Rights Shares to be issued shall, upon allotment and issue, rank *pari passu* in all respects with the then existing issued and paid-up IOIPG Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distributions that may be declared, made or paid on or prior to the date of allotment of such IOIPG Shares.

2.5 Last date and time for acceptance and payment

The Closing Date is **5.00 p.m. on Tuesday, 27 January 2015**, or such later date and time as the Board may decide and announce not less than two (2) Market Days before the aforesaid date and time.

3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE / TRANSFER AND EXCESS RIGHTS SHARES APPLICATION

Full instructions for the acceptance of and payment for the Provisional Rights Shares as well as Excess Rights Shares Application and the procedures to be followed should you and/or your transferee(s) and/or your renounee(s) (if applicable) wish to sell or transfer all or any part of your/his entitlement are set out in this Abridged Prospectus and the RSF. You and/or your transferee(s) and/or your renounee(s) (if applicable) are advised to read this Abridged Prospectus, the RSF and the notes and instructions printed therein carefully. In accordance with the CMSA, the RSF must not be circulated unless accompanied by this Abridged Prospectus.

Acceptance and/or payment for the Provisional Rights Shares which do not conform strictly to the terms of this Abridged Prospectus, the RSF and the notes and instructions printed therein or which are illegible may be rejected at the absolute discretion of the Board.

3.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Rights Shares which you are entitled to subscribe for under the terms and conditions of the Rights Issue. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Rights Shares into your CDS Account and the RSF to enable you to subscribe for such Rights Shares that you have been provisionally allotted as well as to apply for the Excess Rights Shares if you choose to do so. This Abridged Prospectus and the RSF are also available at your stockbroker, our registered office, our Share Registrar or on Bursa Securities' website (<http://www.bursamalaysia.com>).

3.2 NPA

The Provisional Rights Shares are prescribed securities under Section 14(5) of the SICDA and therefore, all dealings in the Provisional Rights Shares will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your transferee(s) and/or your renounee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making the applications for the Rights Shares.

3.3 Procedures for acceptance and payment

Acceptance of and payment for the Provisional Rights Shares allotted to you must be made on the RSF issued together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein. Acceptances which do not strictly conform to the terms and conditions of this Abridged Prospectus or the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of the Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF. YOU ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY.

If you wish to accept all or part of your entitlement to the Provisional Rights Shares, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF with the relevant payment must be despatched by ORDINARY POST, COURIER or DELIVERED BY HAND (at your own risk) to our Share Registrar, Tricor Investor Services Sdn Bhd, to the following address:-

Tricor Investor Services Sdn Bhd,
Level 17, The Gardens North Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur
Telephone No. : (03) 2264 3883
Facsimile No. : (03) 2282 1886

so as to arrive not later than 5.00 p.m. on 27 January 2015, being the last date and time for the acceptance and payment for the Rights Shares, or such later date and time as the Board may decide and announce not less than two (2) Market Days before the stipulated date and time.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies of the RSF from your stockbroker, our registered office, our Share Registrar or on Bursa Securities' website (<http://www.bursamalaysia.com>).

Only one (1) RSF must be used for acceptance of the Provisional Rights Shares standing to the credit of one (1) CDS Account. Separate RSFs must be used for the acceptance of Provisional Rights Shares standing to the credit of more than one (1) CDS Account. The Rights Shares accepted by you will be credited into the CDS Account(s) where the Provisional Rights Shares are standing to the credit.

The minimum number of Rights Shares that can be subscribed for or accepted is one (1) Rights Share. However, you should take note that a trading board lot comprises 100 shares. Fractions of a Rights Share arising from the Rights Issue will be dealt with as the Board may at its absolute discretion deem fit and expedient and in the best interest of our Company.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSFs by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights Shares accepted in the form of banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia and made payable to "IOIPG RIGHTS ISSUE ACCOUNT", crossed "ACCOUNT PAYEE ONLY" and endorsed on the reverse side with your name in block letters, contact number, address and your CDS Account number to be received by our Share Registrar by 5.00 p.m. on 27 January 2015 (or such later date and time as the Board may decide and announce not less than two (2) Market Days before the stipulated date and time). The payment must be made for the exact amount payable for the Rights Shares accepted. Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or other mode(s) of payment are not acceptable.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE BOARD.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE RSF OR THE APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. THE BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREFOR.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN FIFTEEN (15) MARKET DAYS FROM THE CLOSING DATE.

ALL RIGHTS SHARES TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WILL BE ALLOTTED BY WAY OF CREDITING THE RIGHTS SHARES INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR TRANSFEREE(S) AND/OR THEIR RENOUNCEE(S) (IF APPLICABLE). NO PHYSICAL SHARE CERTIFICATES WILL BE ISSUED.

If acceptance of and payment for the Provisional Rights Shares allotted to you (whether in full or in part, as the case may be) are not received by our Share Registrar by 5.00 p.m. on 27 January 2015 (or such later date and time as the Board may decide and announce not less than two (2) Market Days before the stipulated date and time), the provisional entitlement to you or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar.

The Board will then have the right to allot any Rights Shares not taken up or not validly taken up to applicants applying for the Excess Rights Shares in the manner as set out in Section 3.6 of this Abridged Prospectus.

3.4 Procedures for part acceptance

If you do not wish to accept the Provisional Rights Shares allotted to you in full, you are entitled to accept part of your entitlement of the Provisional Rights Shares that can be subscribed for / accepted PROVIDED ALWAYS that the minimum number of Rights Shares that can be subscribed for or accepted is one (1) Rights Share (wherein you must hold at least six (6) IOIPG Shares as at the Entitlement Date in order to be entitled to one (1) Rights Share).

You must complete both Part I(A) of the RSF by specifying the number of Rights Shares which you are accepting (in the stipulated proportions) and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the same manner as set out in Section 3.3 of this Abridged Prospectus.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

3.5 Procedures for sale or transfer of Provisional Rights Shares

As the Provisional Rights Shares are prescribed securities, should you wish to sell or transfer all or part of your entitlement to the Provisional Rights Shares to one (1) or more persons, you may do so through your stockbroker without first having to request us for a split of the Provisional Rights Shares standing to the credit of your CDS Account. To sell or transfer all or part of your entitlement to the Provisional Rights Shares, you may sell such entitlement on the open market for the period up to the last date and time for sale of the Provisional Rights Shares (in accordance with the Rules of Bursa Depository) or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository for the period up to the last date and time for transfer of the Provisional Rights Shares (in accordance with the Rules of Bursa Depository).

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL RIGHTS SHARES, YOU ARE NOT REQUIRED TO DELIVER ANY DOCUMENT TO YOUR STOCKBROKER. YOU ARE HOWEVER ADVISED TO ENSURE THAT YOU HAVE SUFFICIENT NUMBER OF PROVISIONAL RIGHTS SHARES STANDING TO THE CREDIT OF YOUR CDS ACCOUNT BEFORE SELLING OR TRANSFERRING.

If you have sold or transferred only part of the Provisional Rights Shares, you may still accept the balance of the Provisional Rights Shares by completing Parts I(A) and II of the RSF. Please refer to Section 3.3 of this Abridged Prospectus for the procedures for acceptance and payment.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

3.6 Procedures for the Excess Rights Shares Application

If you wish to apply for additional Rights Shares in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forwarding it with a separate remittance made in RM for the full amount payable on the Excess Rights Shares applied for, to our Share Registrar so as to arrive not later than 5.00 p.m. on 27 January 2015, being the last time and date for Excess Rights Shares Application and payment, or such later date and time as the Board may decide and announce not less than two (2) Market Days before the stipulated date and time.

Payment for the Excess Rights Shares applied for should be made in the same manner described in Section 3.3 of this Abridged Prospectus except that the banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia be made payable to "**IOIPG EXCESS RIGHTS ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name in block letters, contact number, address and your CDS Account number to be received by our Share Registrar by 5.00 p.m. on 27 January 2015 (or such later date and time as the Board may decide and announce not less than two (2) Market Days before the stipulated date and time). The payment must be made for the exact amount payable for the Excess Rights Shares applied. Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or other mode(s) of payment are not acceptable.

It is the intention of the Board to allot the Excess Rights Shares, if any, on a fair and equitable basis and in the following priority:-

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to the Entitled Shareholders who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date;

- (iii) thirdly, for allocation to the Entitled Shareholders who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares Application; and
- (iv) fourthly, the remaining balance (if any) for allocation to transferee(s) and/or renouncee(s) (if applicable) who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares Application.

Nevertheless, the Board reserves the right to allot any Excess Rights Shares applied for under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis and that the intention of the Board set out above is achieved. The Board also reserves the right to accept any Excess Rights Shares Application, in full or in part, without assigning any reason.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE BOARD.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE EXCESS RIGHTS SHARES APPLICATION OR THE APPLICATION MONIES IN RESPECT THEREOF. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPACHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

EXCESS RIGHTS SHARES APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. THE BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY SUCH APPLICATION OR TO ACCEPT ANY SUCH APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN FIFTEEN (15) MARKET DAYS FROM THE CLOSING DATE.

3.7 Procedures to be followed by transferees and/or renouncees

As a transferee and/or renouncee, the procedures for acceptance, selling or transferring of Provisional Rights Shares, applying for the Excess Rights Shares and/or payment is the same as that which is applicable to the Entitled Shareholders as described in Sections 3.3 to 3.6 of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

If you wish to obtain a copy of this Abridged Prospectus and/or accompanying RSF, you can request the same from your stockbroker, our registered office, our Share Registrar or on Bursa Securities' website (<http://www.bursamalaysia.com>).

TRANSFEREES AND/OR RENOUNCEES (IF APPLICABLE) ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

3.8 CDS Account

Bursa Securities has already prescribed our Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares are prescribed securities and as such, all dealings in the Rights Shares shall be subject to the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS Account in order to subscribe for the Rights Shares. Failure to comply with these specific instructions or inaccuracy of the CDS Account number may result in your application being rejected.

Your subscription for the Rights Shares shall mean consent to receive such Rights Shares as deposited securities which will be credited directly into your CDS Account. No physical share certificates will be issued.

All Excess Rights Shares allotted shall be credited directly into the CDS Accounts of successful applicants.

If you have multiple CDS Accounts into which the Provisional Rights Shares have been credited, you cannot use a single RSF for subscription of all these Provisional Rights Shares. Separate RSFs must be used for separate CDS Accounts. If successful, the Rights Shares that you subscribe for will be credited into the CDS Accounts where the Provisional Rights Shares are standing to the credit.

3.9 Foreign Addressed Shareholders

The Documents have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction, and have not been (and will not be) lodged, registered or approved under any applicable securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any country or jurisdiction other than Malaysia.

The distribution of the Documents, as well as the acceptance of the Provisional Rights Shares and the subscription for or the acquisition of the Rights Shares may be restricted or prohibited (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain countries or jurisdiction under the relevant laws of those countries or jurisdictions.

The Documents are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue will not be made or offered or deemed made or offered for subscription of any Rights Shares, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue to which this Abridged Prospectus relates is only available to the Entitled Shareholders receiving the Documents or otherwise within Malaysia.

As a result, the Documents have not been (and will not be) sent to our Foreign Addressed Shareholders. However, Foreign Addressed Shareholders may collect the Documents from our Share Registrar at Tricor Investor Services Sdn Bhd, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia who will be entitled to request such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the Documents.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

If you are a Foreign Addressed Shareholder, our Company will not make or be bound to make any enquiry as to whether you have an address or an address for service in Malaysia if not otherwise stated in our Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. Our Company will assume that the Rights Issue and the acceptance thereof by you would be in compliance with the terms and conditions of the Rights Issue and would not be in breach of the laws of any jurisdiction. Our Company will further assume that you had accepted the Rights Issue in Malaysia and will at all applicable times be subject to the laws of Malaysia.

The Foreign Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) may only accept or renounce all or any part of their entitlements and exercise any other rights in respect of the Rights Issue to the extent that it would be lawful to do so, and our Company, the Board and officers, AmlInvestment Bank and/or other advisers named herein ("**Parties**"), would not in connection with the Rights Issue, be in breach of the laws of any country or jurisdiction to which the Foreign Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) is or might be subject to. The Foreign Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) shall be solely responsible to seek advice from their legal and/or professional advisers as to whether the acceptance or renunciation in any manner whatsoever of his entitlement under the Rights Issue would result in the contravention of the laws of the countries or jurisdictions to which he is or might be subject to. The Parties shall not accept any responsibility or liability in the event any acceptance or renunciation made by any Foreign Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction. The Foreign Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of their entitlements or to any net proceeds thereof.

Our Company reserves the right, in our discretion, to treat any acceptances as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Rights Shares relating to any acceptance which is treated as invalid will be included in the pool of the Excess Rights Shares available for excess application by other Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable).

Each person, by accepting the delivery of the Documents, accepting any Provisional Rights Shares by signing any of the forms accompanying this Abridged Prospectus or subscribing for or acquiring the Rights Shares will be deemed to have represented, warranted, acknowledged and agreed in favour of (and which representations, warranties, acknowledgements and agreements will be relied upon by) the Parties as follows:-

- (i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which the Foreign Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) is or might be subject to;
- (ii) the Foreign Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) has complied with the laws to which the Foreign Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) is or might be subject to in connection with the acceptance or renunciation;
- (iii) the Foreign Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) is not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation of the Provisional Rights Shares, be in breach of the laws of any jurisdiction to which that person is or might be subject to;

- (iv) the Foreign Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) is aware that the Rights Shares can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) the Foreign Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) has obtained a copy of this Abridged Prospectus and has had access to such financial and other information and has been provided the opportunity to ask such questions to the representatives of the Parties and receive answers thereto as the Foreign Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) deem necessary in connection with the Foreign Addressed Shareholder and/or his transferee and/or his renounee's (if applicable) decision to subscribe for or purchase the Rights Shares; and
- (vi) the Foreign Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares, and is and will be able, and is prepared to bear the economic and financial risks of investing in and holding the Rights Shares.

NOTWITHSTANDING ANYTHING HEREIN, THE FOREIGN ADDRESSED SHAREHOLDERS AND ANY OTHER PERSON HAVING POSSESSION OF THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS ARE ADVISED TO INFORM THEMSELVES OF AND TO OBSERVE ANY LEGAL REQUIREMENTS APPLICABLE TO THEM. NO PERSON IN ANY TERRITORY OUTSIDE OF MALAYSIA RECEIVING THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS MAY TREAT THE SAME AS AN OFFER, INVITATION OR SOLICITATION TO SUBSCRIBE FOR OR ACQUIRE ANY RIGHTS SHARES UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS ON SUCH TERRITORY.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

4. UTILISATION OF PROCEEDS

Based on the issue price of RM1.90 per Rights Share, the gross proceeds to be raised from the Rights Issue will be RM1,025.7 million and the expected utilisation of proceeds are as follows:-

Proposed utilisation of proceeds	Notes	(RM 'mil)	%	Expected timeframe for utilisation
Capital expenditure	(a)	500.0	48.7	Within 18 months
Investment opportunities	(b)	200.0	19.5	Within 24 months
Working capital	(c)	324.8	31.7	Within 18 months
Estimated expenses	(d)	0.9	0.1	Within 6 months
Total		1,025.7	100.0	

Notes:-

- (a) The proceeds will be utilised mainly for our investment properties at IOI Resort City which includes the development costs of IOI City Tower One, IOI City Tower Two, IOI City Hotel and IOI City Park amounting to RM375 million as well as the completion of common infrastructure of IOI Resort City amounting to RM75 million. The remaining RM50 million will be utilised for the development costs of a new hotel, Four Points by Sheraton Puchong, refurbishment costs of Putrajaya Marriott Hotel and other capital expenditure required for business operations. Any shortfall or excess in funds allocated for capital expenditure will be funded from or used for investment opportunities as detailed below and vice versa.
- (b) The proceeds are earmarked for any potential investment opportunities which may arise in the future in respect of land and/or properties to complement our Group's existing portfolio of landbank and investment.
- (c) The proceeds are proposed to be used for our Group's working capital purposes, which include the payment to suppliers and contractors mainly for on-going new township development projects in Bandar Puteri Bangi and Bandar Puteri Warisan in Sepang and development projects in Senai and Plentong, Johor as well as Bahau of approximately RM300 million. The remaining balance will be utilised for day-to-day operations. Please refer to Section 7.3 of this Abridged Prospectus for details of our Group's on-going new township development projects.
- (d) The estimated expenses include professional fees and fees payable to the relevant authorities, printing cost of circular and abridged prospectus, advertisement and miscellaneous expenses in relation to the Proposals. Any shortfall or excess in funds allocated for estimated expenses will be funded from or used for our Group's working capital requirements.

5. FULL SUBSCRIPTION LEVEL AND UNDERTAKINGS

The Board has determined to undertake the Rights Issue on a Full Subscription Level basis. The Full Subscription Level was determined by the Board after taking into consideration, amongst others, the level of funds that our Company wishes to raise from the Rights Issue that will be channelled towards the proposed utilisation of proceeds as set out in Section 4 of this Abridged Prospectus.

The Full Subscription Level will be met via the Undertakings which have been procured from the Undertaking Parties, who have irrevocably and unconditionally undertaken, *inter alia*, to subscribe in full for their/its respective Rights Shares entitlement as well as to subscribe for the Excess Rights Shares via Excess Rights Shares Applications, to the extent that such Rights Shares are not taken up or are not validly taken up by other Entitled Shareholders and/or their renounee(s) (if applicable) under the Rights Issue.

The Undertaking Parties have respectively confirmed via the Undertakings that they have sufficient financial resources to take up the number of Rights Shares as specified in their respective Undertakings. AmlInvestment Bank has verified the sufficiency of financial resources of the Undertaking Parties for the purpose of subscribing for the Rights Shares pursuant to the Undertakings. In view of the Undertakings, underwriting arrangement is therefore not required for the Rights Issue.

The shareholdings of the Undertaking Parties as at the LPD and their respective entitlements under the Rights Issue are as follows:-

Undertaking Parties	Shareholdings as at the LPD		Rights Shares entitlement	Shareholdings after the Rights Issue	
	No. of IOIPG Shares	%	No. of IOIPG Shares	No. of IOIPG Shares	%
TSDLSC	33,904,100	1.05	5,650,683	39,554,783	1.05
DLYC	4,380,000	0.14	730,000	5,110,000	0.14
LYS	1,894,600	0.06	315,766	2,210,366	0.06
VCSB	1,582,104,857	48.85	263,684,142	1,845,788,999	48.85
SSB	43,491,177	1.34	7,248,529	50,739,706	1.34

The Undertaking Parties have undertaken that they will at all times observe and ensure compliance with the provisions of the Code and shall ensure that the Undertakings will not trigger an obligation to extend a mandatory general offer under the Code.

6. RISK FACTORS

You should carefully consider, in addition to other information contained in this Abridged Prospectus, the following risk factors (which may not be exhaustive) before subscribing for or investing in the Rights Shares.

6.1 Risks relating to the Rights Issue

(i) Delay in or abortion of the Rights Issue

As stated in Section 5 of this Abridged Prospectus, our Company has procured the Undertakings from the Undertaking Parties, who have irrevocably and unconditionally undertaken, *inter alia*, to subscribe in full for their/its respective Rights Shares entitlement as well as to subscribe for the Excess Rights Shares via Excess Rights Shares Applications, to the extent that such Rights Shares are not taken up or are not validly taken up by other Entitled Shareholders and/or their renouncee(s) (if applicable) under the Rights Issue. While AmlInvestment Bank has verified, to the extent possible, that the Undertaking Parties have sufficient financial resources to subscribe for the number of Rights Shares stated in the Undertakings, the successful and timely implementation of the Rights Issue may be affected in the event that the Undertaking Parties fail to fulfil their obligations under the Undertakings for whatsoever reason, taking into consideration possible unforeseen future events / circumstances which may impede the ability of the Undertaking Parties to fulfil their obligations.

In the event of a failure in implementation of the Rights Issue, we will return in full without interest, all monies received in respect of any application for subscription of the Rights Shares within 14 days after our Company becomes liable to do so, in accordance with the provisions of the CMSA.

In the event that the Rights Shares have been allotted to the successful Entitled Shareholders and/or their renounees (if applicable) and the Rights Issue is subsequently aborted or terminated, a return of subscription monies to all holders of the Rights Shares would only be achievable by way of cancellation of our share capital as provided for under the Act and its related rules. Such cancellation requires the sanction of the Shareholders by way of a special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaysia) and the confirmation of the High Court of Malaysia. In such an event, there can be no assurance that such monies can be returned within a short period of time or at all.

(ii) Capital market risk

The market price of our Shares is influenced by, amongst others, the prevailing market sentiment, the volatility of the stock market, movements in interest rates, the outlook of the property development industry in which our Company operates and our financial performance. In view of this, there can be no assurance that our Shares will trade at or above the issue price of RM1.90 per Rights Share or the TEAP upon or subsequent to the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

Accordingly, there is no assurance that the market price of the Rights Shares will be at a level that meets the specific investment objectives or targets of any subscriber of the Rights Shares.

(iii) Potential dilution

Entitled Shareholders who do not or are not able to accept their Provisional Rights Shares will have their proportionate ownership and voting interests in our Company reduced, and the percentage of our enlarged issued and paid-up ordinary share capital represented by their shareholdings in our Company will also be reduced accordingly.

(iv) Forward-looking statements and other information

Certain statements in this Abridged Prospectus are based on historical data, which may not be reflective of future results, and others are forward-looking in nature which are subject to uncertainties and contingencies. All forward-looking statements are based on the estimates and assumptions made by our Company, unless stated otherwise, and although the Board believes these forward-looking statements to be reasonable at this point in time given the prevailing circumstances, they are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, but are not limited to, those set out in this Abridged Prospectus. In view of this and other uncertainties, the inclusion of any forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty by our Company, the Principal Adviser and/or other advisers that the plans and objectives of our Group will be achieved.

Further, and save as required by law or relevant rules and regulations, none of our Directors, the Principal Adviser and/or any other advisers are under any obligation to update any forward-looking statements included in this Abridged Prospectus, or to publicly announce any revision to those forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

Certain information in this Abridged Prospectus are extracted or derived from available government publications or other publicly available sources. Neither we nor the Principal Adviser and/or any other advisers have independently verified such information.

6.2 Risks relating to our Group

Risks relating to the business and operations of our Group

(i) Performance of the property market

Our financial performance is largely dependent on the performance of the property market in Malaysia and other countries in which we operate. Any adverse developments affecting the property markets such as the deterioration in property demand and the property rental market may have an adverse impact on our business operations and financial performance. Based on estimated GDV as at the LPD, approximately 80% of our Group's property development projects are in Malaysia.

While our operations and financial performance have not been materially and adversely affected by the performance of the property market in Malaysia or other countries in which we operate, we will diligently monitor the development and changes within the Malaysian and overseas property markets in planning our future developments to maintain our competitiveness.

The performance of the property market is also affected by the regulatory environment. In efforts to promote a more stable and sustainable property markets, local authorities in Malaysia, Singapore and PRC have introduced certain regulatory restrictions and schemes.

In Malaysia, RPGT was reinstated by the Government in 2010 to deter speculative activities in the secondary property market. Subsequent to 2010, the RPGT rates were revised higher by the Government as part of its efforts to further curb speculation in the property market. As announced in the Malaysian Budget 2014, effective 1 January 2014, the RPGT rates for the disposal of properties have been revised as follows:-

Disposal period	RPGT rates (%)		
	Companies	Individuals (citizens & permanent residents)	Individuals (non citizens)
Within 3 years	30	30	30
In the 4 th year	20	20	30
In the 5 th year	15	15	30
After 5 th year	5	0	5

Additionally, the Government had also imposed a minimum purchase price of RM500,000 on properties purchasable by foreigners. The said minimum price was revised further from RM500,000 to RM1,000,000 in the Malaysian Budget 2014 as part of the Government's plans to restrict speculative activities in the property market.

In 2010, BNM had introduced a maximum LTV ratio of 70% with regards to third home purchases. Under the ruling, potential third home purchasers are only able to obtain loan-financing facility of up to 70% of the value of their proposed third home purchases. This ruling was introduced with the aim of discouraging speculation in the property market. In November 2013, BNM issued a ruling that banks are required to give out property loans based on net selling price of the properties, which excludes rebates and discounts as opposed to the gross selling price of the subject properties.

In addition, banks can no longer provide financing for projects with DIBS, which is generally a form of promotional incentive offered to potential purchasers in a bid by property developers to attract property buyers. Under DIBS, interests on the loan undertaken by the buyers are borne by the property developers until the property has been constructed. However, we are of the view that such restriction should not have a material impact on our operations and financial performance given that we presently only have a few property projects with DIBS option and we are also able to offer other forms of promotional incentives, such as easy payment scheme to attract potential purchasers. For information purposes, we have six (6) on-going projects with DIBS option as at the LPD, namely Puteri Hill townvilla and Puteri Hill condominium in Bandar Puteri Puchong, Skypod Residence in Bandar Puchong Jaya, La Thea Residences in 16 Sierra, Puchong South as well as D'Summit Residences and The Platino in Johor Bahru. However, any further introduction of cooling measures by the Government or BNM to control price levels of the Malaysian property market may adversely impact our property development business.

In Singapore, the Singapore government has implemented eight (8) rounds of property curbs and cooling measures since September 2009 to keep the buoyancy of the property market in check. Such measures included, *inter alia*, the lowering of LTV limits, the increase in minimum cash downpayment, the imposition of ABSD and the stipulation of a maximum loan tenure.

With effect from 12 January 2013, the LTV ratio in Singapore was further reduced, as detailed below:-

Individual			
Loan tenure	1st housing loan	2nd housing loan	3rd & subsequent housing loan
30 years or less	80%	50%	40%
31 – 35 years	60%	30%	20%
Exceed beyond borrower's age of 65			
Non-individual			
20%			

Further, the ABSD rates were also increased, as detailed below:-

	ABSD rates		
	1st property	2nd property	3rd property & above
Singaporeans	-	7%	10%
Permanent residents	5%	10%	
Foreigner & non-individual entity	15%		

Any extension of the ABSD scheme or the introduction of further stringent measures to control price levels of property in Singapore may adversely impact our property development business in Singapore.

Similarly in Xiamen, PRC, the local government, Xiamen Resources and Housing Administrative Bureau announced in 2013 a series of cooling down measures involving price control regulations on property transactions, such as the increase of minimum down payment rates for second home purchased from 60% to 65%-70%.

The above measures may affect the demand for properties which in turn may adversely impact our property development business.

(ii) Cost fluctuation and demand for properties

Our profitability may be affected by any increase in land acquisition costs and fluctuation of construction costs which are inherent to our industry. Higher cost of materials (including steel, cement and tiles), labour costs, contractor fees and overheads, will reduce our profit margin in the event we are unable to pass these increased costs to customers in the form of higher selling prices. Selling prices of properties are largely determined by product differentiation in terms of location, reputation, quality, design and the conditions of the property market in Malaysia and the other countries in which we operate.

There can be no assurance that any changes in development cost will not have any material impact on our financial performance. Although our contractors bear the risk of fluctuation in prices of construction materials, a persistent uptrend in costs will likely affect our profit margins. We seek to limit this risk by continuing to closely monitor and manage the construction costs while making all reasonable efforts to maintain the quality of our products.

(iii) Competition from other property developers

Our Company is ranked second among the top property companies listed on Bursa Securities in terms of market capitalisation, as detailed below:-

Company	Market capitalisation (RM 'mil)
SP Setia Berhad	8,401.9
IOIPG	7,806.0
UEM Sunrise Berhad	6,307.0
Sunway Berhad	5,577.9
IJM Land Berhad	5,222.0
Mah Sing Group Berhad	3,336.0
UOA Development Berhad	3,005.1
Eastern & Oriental Berhad	2,400.9

(Source: Bloomberg, 5 January 2015)

Although there are some barriers of entry into the property industry, we experience intense competition from existing players and new market entrants in respect of landbank, supply of raw materials and labour and selling prices of property. There are many local and foreign property developers undertaking property development and investment projects both in Malaysia and other countries in which we operate, thus putting downward pressure on property prices and creating material and labour scarcity.

While we seek to remain competitive in terms of pricing, design, quality and strategic marketing, there is no assurance that our proactive measures can effectively mitigate the potential adverse effects of competition on our future financial performance and position.

(iv) Delay in completion of projects

We sell most of our properties prior to the completion of their construction i.e. sell and build concept. Therefore, we may be affected by external factors which may give rise to delay in delivery of our properties to our buyers. These external factors include, but are not limited to, regulatory approvals and permits from various authorities, adverse weather conditions, unsatisfactory performance of contractors, accidents at project sites, stop work orders issued by relevant local authorities, labour disputes and availability of quality materials and labour.

As a township developer, we engage independent contractors in all our projects and as such, we may experience delay due to failure of our contractors to complete their work based on an agreed time schedule and to the specifications required. We limit this risk by inviting bids from our panel of registered and experienced contractors with track records and proven capabilities. Further, we are also able to claim from our contractors in the event of such delays, subject to the terms and conditions set out in our contracting arrangements. These terms and conditions generally include failure by our contractor to deliver projects without prior approval for extension of time in accordance with the Malaysian Institute of Architects' Building Contract PAM 2006 guidelines. Although we have been successful in our claims against our contractors in the past, there have not been many incidences of such claims as we have put in place a stringent contractor selection process and closely monitor and supervise our contractors to ensure timely delivery of projects. For the past twelve (12) months, we have not encountered any delay in the completion of projects.

Nevertheless, any delay in completion may give rise to potential claims for liquidated damages from our buyers pursuant to the terms of the sale and purchase agreements entered into and such claims may adversely affect our Group's reputation and financial performance.

(v) Performance of joint ventures

We are exposed to the risk of termination of our joint ventures. Such risks are to a certain extent mitigated as our joint venture agreements generally contain terms that govern the treatment of termination events to the detriment of the defaulting party and we would generally seek to enforce our rights as set out within these agreements.

However, the occurrence of such events may materially and adversely affect the performance of our joint ventures, which in turn may materially and adversely affect our business, financial condition, result of operations and prospects.

Based on our past track record, we have not faced termination or abortion of any joint ventures development projects undertaken by us as a result of any default in obligations or breach of responsibilities by us or our joint venture partners. We have met our responsibilities as and when they are due and have not defaulted on our obligations. Further, we are also cautious in choosing our business partners and have established internal criteria in terms of financial standing, reputation and quality of management in our decisions in co-operations with external parties. Currently, our joint venture partners are established property developers and have strong track record in development of properties in Malaysia and Singapore respectively.

However, there is no assurance that we will not face such risks in the future.

(vi) Country risks from our ventures in overseas

We are currently involved in the property development industry in Singapore and the PRC. Hence, we are exposed to economic, political, legislative, regulatory, taxation and other developments that may adversely affect our investments in these countries. Further, the repatriation of the investment and potential profits from our investments will also be subject to the relevant policies of Singapore and the PRC which are in existence at the point of repatriation. Any fluctuations in the exchange rate between RM, the SGD and RMB would also affect the reported future results of our ventures in those countries, respectively.

We believe that undertaking our investments in Singapore via joint ventures with locally established joint-venture partners provides the benefit of local market and regulatory knowledge, expertise and resources as well as sharing of risks and rewards. In Xiamen, PRC, we have appointed reputable local contractors and will leverage on their experience, expertise and knowledge in developing our landbank.

The details of our Group's on-going development projects in Singapore and IOI Park Bay in Xiamen, PRC are as follows:-

	Singapore		Xiamen, PRC
	South Beach @ Beach Road	The Triling @ Jalan Lempeng	IOI Park Bay
Type of development	Hotels, office and retail lots, residential apartments	Apartments and penthouses	Duplex townvilla, condominium, retail units and SOHO
Estimated GDV	SGD3,399 million	SGD984 million	RMB1.8 billion
Expected completion date	Year 2015 Office tower – 1 st quarter Hotel – 2 nd quarter Residential apartments – 3 rd quarter Retail lots – 4 th quarter	2 nd quarter of 2017	4 th quarter of 2015

Please refer to Section 7.3 of the Abridged Prospectus for details of our IOI Palm City project in Xiamen, PRC.

(vii) Scarcity of commercially viable landbank for development

Moving forward, for our Group to continue to be successful in the property development industry, we rely to a large extent on our existing landbank, as well as on our ability to identify and acquire suitable landbank with development potential to deliver sustainable growth and profitability. However, like our peers, we also face intense competition from other property developers in identifying and acquiring strategically located landbank at commercially viable prices. The competition among industry players has to a certain extent, created some scarcity in strategically located land, which may result in higher land acquisition cost, thus may lead to a potential decrease in our profitability and adversely affect our prospects.

We believe we are in a relatively stronger position than most of our peers as we have approximately 10,046 acres of undeveloped landbank in Malaysia (10,011 acres), Singapore (6 acres) and Xiamen, PRC (29 acres) as at the LPD. Nevertheless, there can be no assurance that we will be able to continue to identify new land bank and replenish our land bank on commercially-viable prices and on suitable terms, or be able to secure opportunities to jointly develop lands with land owners on commercially viable profit sharing terms and with good development potential to spur our growth.

(viii) We may be affected by property overhang and/or unsold properties

Property overhang is commonly caused by oversupply and/or low take-up rate of new property launches by property developers. Other factors contributing to property overhang may include economic downturn and unfavourable market conditions. Any prolonged rise in the property overhang situation would inevitably result in us potentially holding high number of unsold properties. Apart from the general property overhang situation, an increase in the number of unsold properties in the property market may also be due to other factors such as weak reception on the launched properties, location of the development and changes in consumer preferences.

Although we have continued and are able to hold properties post-completion, there is no assurance that these unsold properties may not have a material impact on our financial performance. To manage any issues of holding unsold properties, as a township developer, we have managed to capitalise on our experience to offer different types of residential and commercial properties to suit different market demand at our respective townships. In addition, our Group also continues to monitor and adapt to deliver quality products, ensuring timely completion of our projects. We also seek to maintain stringent management of our construction cost to ensure our Group remains competitive so as to withstand any adverse effects from any potential property overhang.

To further mitigate some of the inherent risks of property development, our Group have also ventured into investment properties by managing malls, hotels and office towers to provide an alternative and consistent source of income stream in its more mature township developments.

(ix) We are exposed to foreign exchange fluctuations

The reporting currency of our statutory financial statements is presented in RM as our Company is incorporated in Malaysia. However, we currently have operations in Singapore and Xiamen, PRC through our joint ventures and/or subsidiaries where their functional currencies are denominated in SGD and/or RMB.

We are hence exposed to foreign exchange fluctuation at each reporting date when the financial results of our overseas operations are consolidated for purposes of presentation in our Group's consolidated financial statements. We are also exposed to foreign exchange risk as we may provide additional capital / funds to our foreign subsidiaries / joint ventures and/or repatriate our profits from these entities, if such need arises from time to time.

However, our risk is to a certain extent mitigated as our investments in Singapore (except for Clementi Development Pte Ltd, a subsidiary of IOIPG) are limited by the size of our exposure through joint ventures. Further, for the past three (3) financial years, we have not been materially affected by the fluctuations of the foreign exchange rates.

Nevertheless, there can be no assurance that any significant fluctuations in foreign exchange rates will not have an adverse material impact on our financial performance.

(x) Inherent risks in the property development industry

We are subject to inherent risks in the property development industry. These may include, *inter alia*, changes in general economic conditions, inflation and changes in business conditions such as deterioration in prevailing market conditions, shortage of labour supply, increase in labour and raw material costs, fluctuating demand for real estate properties and changes in government policies on lending by banks. Further, as a property developer, we are also quite dependent on the continuous provision of services by our experienced contractors with track records and proven capabilities. Our Group endeavours to minimize these risks by developing quality properties to suit the needs and preferences of our target markets and deliver value to our existing and potential customers as well as maintaining strong relationship with our contractors.

Although we have taken and will continue to take various steps to mitigate our business risks, there can be no assurance that any changes to the factors mentioned above will not have any material adverse impact on our financial performance.

(xi) Inherent risks in the property investment industry

We develop residential and commercial properties (which include shop lots, office towers and retail malls), some of which are held as investment properties. Our major investment properties include IOI City Mall in Putrajaya, IOI Mall in Puchong and Kulai, Puchong Financial Corporate Centre, One IOI Square, Two IOI Square and IOI Boulevard in Puchong.

Investment properties are subject to, *inter alia*, risks incidental to the ownership and management of residential and commercial properties including, amongst others, competition for tenants, change in market rents, inability to secure new tenants/lessees or renew leases or re-let spaces as existing leases expire, illiquidity of property investments and inability to dispose off major investment properties for the values at which they are recorded in our financial statements, deterioration in the value of our properties, inability to collect outstanding rentals from tenants/lessees, increased operating costs, the need to renovate, repair and re-let space periodically and to pay the associated maintenance costs.

We serve to limit the above risks by closely monitoring and managing our property investment through our in-house property management division. However, there can be no assurance that any changes to the factors mentioned above will not have any material adverse impact on our financial performance.

(xii) Inherent risks in the leisure and hospitality industry

Our leisure and hospitality segment comprise golf courses and hotels in Malaysia. We are hence subject to the risks inherent to the leisure and hospitality industry such as, the fluctuation in demand for our leisure and hospitality services, competition from our peers who offer similar products, changes in business conditions, decline in the level of tourism and changes in consumer trends.

We serve to limit such risks by continuously monitoring the market trends and encouraging feedback from our customers in order to continuously improve our performance. However, there can be no assurance that any changes to the factors mentioned above will not have any material adverse impact on our financial performance.

Further, the leisure and hospitality industry is typically quite susceptible to the effects of outbreak of infectious diseases, which tend to curbs travel and tourist arrivals. As such, if an outbreak of infectious disease such as severe acute respiratory syndrome (SARS) or avian flu or swine flu were to occur, the financial condition and operating results of our leisure and hospitality business may be adversely affected.

Other general risks relating to our Group

(i) Non-renewal of / failure to obtain permits, licenses and certificates

Our permits, licenses and certificates (for example, CIDB / construction licenses, housing development licenses including developers' licenses and advertising permits and business licenses) are subject to periodic review and renewal by the relevant government authorities. In addition, the standards of compliance required may from time to time be subject to changes. Failure to obtain or renew such permits, licenses or certificates or revocation of such permits, licenses or certificates or changes imposed on the terms and conditions of licensing may cause disruption or delay in relation to our business operations and consequential financial loss to our Group.

Although our Group has not experienced any difficulty in obtaining and maintaining the requisite permits and licenses in the past, and our Group does not foresee any potential issues arising from the renewal of our existing permits and licenses, there is no assurance that existing permits and licenses will be renewed, or renewed within the anticipated timeframe, or that any new licenses required by our Group will be obtained or obtained in a timely manner or maintained without interruption after being obtained.

(ii) We may be affected by political and economic conditions

The business operations of our Group are closely linked to the economic fundamentals and political stability of Malaysia and other countries in which we operate. Any political and economic uncertainties including, but are not limited to, risks of war, expropriation, nationalisation and unfavourable changes in government policies such as changes in interest rates, methods of taxation, exchange control regulations or the introduction of new rules and regulations, could result in material adverse effects on the financial performance and position of our Group. As at the LPD, we have not been materially and adversely affected by any of the factors set out above.

There can be no assurance that any changes to these factors will not have a material adverse impact on the financial performance and position of our Group. However, we seek to mitigate such risks by implementing prudent financial and risk management and efficient operating procedures.

(iii) Reliance on our Directors and key management personnel

We believe that our continued success will depend to a significant extent upon the abilities, skills, experience, competency and continuous efforts of our existing Directors and key management team.

Any significant or sudden loss of the services of our Directors and/or key management personnel without suitable and timely replacement or our inability to attract and retain qualified and skilled key management may have an adverse effect on our Group's business operations.

We continuously strive to groom and develop younger members of the management team to gradually assume greater responsibilities in preparation for our long-term expansion and in furtherance of our succession plan. As such, our Group has put in place management succession plan and training programs to reduce dependency on senior management and key personnel. We also ensure that all employees are given recognition and are adequately rewarded for their contribution to the success of our Group.

(iv) Our borrowings and debt covenants may affect our financial performance

Our working capital requirements are met partly by borrowings and partly via internally-generated funds. There can be no assurance that our financial performance will not be affected in the event of unfavourable changes in interest rates and that any additional borrowings will not have any material effect on our financial performance. As such, we adopt careful project planning and monitoring to ensure that our cash flows are well managed. We also enjoy good credit standing with our bankers and have adequate credit facilities as we service our debt repayment obligations on time.

To the best of the Board's knowledge, as at the LPD, neither we nor any of our subsidiaries are in breach of any terms and conditions or covenants associated with credit arrangements or bank loans, which may materially affect our business operations or financial positions.

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

Information in ensuing Sections 7.1 and 7.2 have been extracted from the most recent available government publications and other publicly available resources.

7.1 Overview and outlook of the Malaysian economy

Growth of the Malaysian economy accelerated to 6.4% in the second quarter of 2014 from 6.2% in the first quarter, making the strongest growth since the fourth quarter in 2010, and bringing the first half growth to 6.3%. Growth was supported by the resilient domestic demand and reinforced by higher exports. The faster pace of recovery, particularly in the US and United Kingdom and selected euro area economies as well as moderate growth in the emerging economies provided strong support to the Malaysian export-oriented industries and trade-related services. Of significance, global semiconductor demand also rebounded strongly as business confidence and consumer spending in the US improved amid diminishing inventory overhang. Consequently, gross exports rebounded strongly by 10.7% during the first seven (7) months of 2014 from a contraction of 2.8% in the corresponding period in 2013.

Meanwhile, the Malaysian economy has benefited from several initiatives and reforms taken over the years to enhance its resilience and competitiveness. Consequently, Malaysia is now well placed to gain further from the gradual global recovery with a more broad-based growth. The nation's strengths include: strong macroeconomic fundamentals such as a diversified economy; low unemployment; strong international reserves; growing role of the private sector as the driver of growth with its share of investment currently accounting for 68.9% of total investment during the first half of 2014; and a healthy financial system to support economic activity. Thus, the domestic economy will continue to expand in the second half of the year, albeit moderately, mainly due to the high-base effect of export performance from the previous year. For 2014, the economy is projected to grow 5.5% - 6.0% (2013: 4.7%), which is higher than the initial forecast of 4.5% - 5.5% in early 2014.

On the demand side, growth will be underpinned by resilient consumer spending, strong private investment activity and improving global demand. Consumer spending is envisaged to be sustained, albeit at a moderate pace, supported by favourable labour market conditions, continued wage growth and firm export earnings. Private investment is expected to sustain its strong growth momentum supported by the ongoing projects under the ETP and investment in the regional economic growth corridors.

On the supply side, all sectors are expected to record positive growth in 2014, with the services and manufacturing sectors spearheading growth. The construction sector is expected to further expand supported by the civil engineering and residential subsectors. The civil engineering subsector will be driven by oil and gas as well as transportation projects. Meanwhile, growth in the residential subsector is mainly due to the construction of private residential projects ranging from medium to high-end properties, particularly in the Klang Valley, Pulau Pinang and Johor.

(Source: Economic Report 2014/2015, Ministry of Finance)

The Malaysian economy is expected to register real GDP growth of 5.7% in 2014, decelerating to 4.7% in 2015 before normalizing to 5.1% in 2016. As consumers adjust to the implementation of the GST and the elimination of fuel subsidies, as well as further moderation in credit growth, private consumption will slow somewhat. Fixed investment will expand at a moderate pace due to the decline in commodity prices that is likely to reduce capital expenditures in the oil and gas industry. Exports will continue to expand in line with the gradual global recovery, but the contribution of external demand will return to negative territory especially as firms import parts and components to rebuild inventories depleted in 2013 and 2014.

(Source: Malaysia Economic Monitor, Towards a Middle-Class Society, World Bank)

7.2 Outlook of property development industry

7.2.1 Outlook of property development industry in Malaysia

The construction sector continued to register a double-digit growth of 14.3% during the first half of 2014 (January-June 2013:12%). During the period, 19,649 construction projects were undertaken with contract value of RM50.1 billion. The residential subsector contributed 29.6% to the total construction work. The growth in residential subsector is mainly due to the construction of the private residential projects ranging from medium-high end properties particularly in Klang Valley, Pulau Pinang and Johor.

The residential subsector expanded strongly by 22.1% during the first half of 2014 (January-June 2013: 15.7%) supported by higher growth in incoming supply at 9.5% (January- June 2013). Meanwhile, new housing approvals increased significantly by 32.6% to 96,115 units (January- June 2013: 6.8%; 72,461 units). Despite the decline in housing starts at 5.3% to 70,346 units (January-June 2013:21.1%, 74,270 units), residential activity is expected to remain stable. The take-up rate for houses priced between RM500,001 and RM1,000,000, within 6 months after launch, was lower at 11.6% (January- June 2013: 34.2%) following several measures to cool the housing sector. Meanwhile, the highest take-up rate was recorded for houses priced between RM200,001 and RM250,000 at 49.3%. With regard to the provision of adequate houses for the low-income group, the Government continues to allocate fund to build affordable houses under various Government programs, such as Rumah Mesra Rakyat (RMR), Rumah Mampu Milik (RMM), and Rumah Idaman Rakyat (RIR). The Government also allocated RM1 billion under 1 Malaysia Housing Program (PR1MA) to build 80,000 housing units.

Meanwhile, the value of total property transactions increased to RM82 billion (January-June 2013: RM68.8 billion), with volume expanding 3.3% to 193,405 transactions during the first six (6) months of 2014. Residential property transactions formed the bulk with a share of 63.5%. However, following several cooling measures imposed to curb speculative activity in the property sector, the number of residential property transactions decreased 2.7% in the first half of 2014 (July-December 2013: 5.1%). During the same period, residential transactions declined in Kuala Lumpur (-4.8%) and Selangor (-2.1%), while Johor and Pulau Pinang registered positive growth of 17.5% and 2.7%, respectively. Meanwhile, the residential overhang declined 11.5% to 12,105 units during the first half of 2014 (January-June 2013: -15.1%; 13,673 units), with a total value of RM4.5 billion (January-June 2013: RM5 billion).

House prices in Malaysia continue to rise, albeit at a slower pace, amid several measures to curb rising house prices since 2010. The increase in house prices was driven by strong demand following favourable labour market conditions and growing household income. The Malaysian House Price Index, which measures the change in prices paid for an average house, increased moderately by 6.6% in the second quarter of 2014, compared with 11.3% in the corresponding period in 2013. This was the lowest quarterly rate of increase since the third quarter of 2010.

(Source: Economic Report 2014/2015, Ministry of Finance)

7.2.2 Outlook of property development industry in Singapore

Overall private home prices in Singapore decreased by 0.7% in third quarter of 2014 with property prices in core central region having the steepest quarter on quarter decrease of 0.8%. New sales volume fell by 42.6% quarter on quarter to 1,531 units in third quarter of 2014.

Developers launched a total of 6,101 units in the past nine (9) months in 2014. Over the same period, 5,940 new units were sold, or a monthly average of 660 units per month. Third quarter of 2014 saw 1,294 new units launched and 1,531 new units sold, translating to 60.9% and 37.0% year on year falls respectively. On a quarterly basis, the number of new private landed and non landed residential unit launches (excluding executive condominiums) in third quarter of 2014 declined by 54.5%. Similarly, new sales volume has dropped by 42.6% quarter to quarter. The sharp drop in new units launched for the third quarter is mainly contributed by the current muted market sentiment with the onslaught of property cooling measures and the TDSR ruling which was introduced on 29 June 2013.

The decrease of 0.7% quarter on quarter in the overall private home prices in third quarter of 2014 marks the fourth consecutive quarter of price fall, albeit at a slower pace. On a yearly basis, this also represents a moderation of 3.9% year to year.

Meanwhile, based on caveats lodged data as at 21 October 2014, the proportion of foreign homebuyers, comprising permanent residents and non permanent residents, rose from 22.9% in second quarter of 2014 to 27.7% in third quarter of 2014. Such foreign home-buying interest is expected to rise further as Singapore continues to establish itself as a global city with stable economic fundamentals and a conducive living environment.

Moving forward into the last quarter of the year, new sales volume is expected to remain modest, with the TDSR ruling and property cooling measures continue to bite on buying sentiment. It is anticipated that the total developers' new sales for the full year of 2014 could range between 7,500 and 8,000 units. Prices of private residential property could exhibit slowing declines in fourth quarter of 2014 especially for the mass market segment.

(Source: Residential Bulletin 3Q 2014 Singapore, Knight Frank)

7.2.3 Outlook of property development industry in China, particularly Xiamen

In the first half of 2014, the economies of Chengdu, Chongqing, Shenzhen and Xiamen performed well, with a growth rate of over 8%. In general, the growth rate for the four (4) cities was higher than the national average rate of 7.4%.

With respect to residential properties in Xiamen, from January 2014 to August 2014, new supply fell by 48.9% year over year to 1.9 million sqm. This led to reduced transaction volume, by 51.2% to 2.1 million sqm. But this drop in volume did not pull down the average transacted price. This trend is highly different than in other Chinese cities, where prices have been dropping since May. The average price for the first eight (8) months in 2014 rose 24.0% year over year to RMB19,558.0 (USD3,180.2) per sqm, a consecutive growth for 20 months since December 2012.

In mid-August, the Xiamen municipal government revoked HPRs in Haicang, Jimei, Tong'an and Xiang'an, and the retreat of home purchase restrictions for new high-end buildings in Siming and Huli. This new policy was aimed at stabilising the Xiamen residential market, but transaction volume did not increase greatly, as reflected by the fact that the total transaction volume in August was similar to that of July. However, looking at the quarter as a whole, total average transaction volume was up 18.3% to 226,000 sqm per month, while average new house supply was also up 48.9% to 268,000 sqm per month.

Due to radical changes on the policy front, supply is expected to be the key factor in determining the performance of the housing market. Lack of residential land supply is the primary factor restricting new housing stock. Developers are not in hurry to launch their projects, which is the fundamental reason behind the price increases.

(Source: Property Times South & West China Q3 2014, DTZ Research)

7.3 Prospects of our Group

In arriving at the prospects of our Group, the Board has taken into consideration the prevailing conditions and outlook of the Malaysian economy as well as the property development industry in Malaysia as discussed in Sections 7.1 and 7.2. Against the backdrop of tighter financial criteria by banks on loan approvals, looming introduction of GST and potential interest rate hikes, the Board is cautiously optimistic that the property market remains sustainable, albeit at a slower rate. The Board believes that there will be a surge in demand for properties prior to the implementation of GST. It is also reported in publicly available articles that there was a marked increase in demand for properties in many countries prior to the implementation of GST such as Australia and New Zealand. In addition, the Board believes that one of the catalysts that will serve to sustain property demand is Malaysia's young demographic profile since Malaysians generally share the view that owning or investing in properties is an important financial goal in preparation for marriage and retirement, to finance education of children, or to provide a form of financial security for the next generation, which is consistent with what was reported in BNM's Financial Stability and Payment Systems Report 2013 report titled '*Risk Developments and Assessment of Financial Stability in 2013*'.

Our Group will continue to be resilient despite these challenges. As a township developer and a niche market player with sizeable land bank at strategic locations such as Klang Valley, Southern Region Corridor in Johor, Northern Region Corridor in Penang, Bahau in Negeri Sembilan and Ayer Keroh, Melaka, our Group is in a better position to weather market conditions and this is largely attributed to our flexibility in launching products that are aptly tailored to meet changing customer demands impacted by economic sentiments. Our Group will continue to focus on affordable housing and landed properties in our new townships, namely Bandar Puteri Bangi and Bandar Puteri Warisan in Sepang. The Board is positive that these upcoming launches will be well received.

The development of Bandar Puteri Bangi township is expected to span over approximately 15 years and hence, the details of the entire development have yet to be finalised. In view of this, the estimated total development cost and total profit cannot be ascertained at this juncture. However, in the near term, i.e. by 2nd quarter of 2015, the Group is expected to launch double storey houses, shop lots and condominium in Bandar Puteri Bangi with an estimated development cost and GDV of RM450 million and RM600 million respectively, details of which are as follows:-

Type of development	Number of units	Commencement date	Expected completion date
Double storey houses	229	2 nd quarter of 2014	3 rd quarter of 2017
Shop lots	179	2 nd quarter of 2014	3 rd quarter of 2017
Condominium	669	4 th quarter of 2014	4 th quarter of 2017

The development of Bandar Puteri Warisan is also expected to span over approximately 15 years and at this juncture, the Group has not finalised any plans to launch projects in the township. As such, details such as the type of development, launching date, estimated total development cost and total profit are yet to be determined at this juncture.

In our Group's more established townships in Puchong such as Bandar Puchong Jaya and Bandar Puteri Puchong, which are currently undergoing rapid transformation due to the construction of the LRT line, our Group will continue to develop our existing land bank in the vicinity. Properties located near LRT lines continue to be identified as excellent investment choices given the increasingly congested traffic situation in the Klang Valley. For information purposes, there are four (4) LRT stations fronting our land bank in Puchong. Up to 30 June 2014, the total GDV with respect to the projects launched in Bandar Puchong Jaya and Bandar Puteri Puchong are approximately RM3.6 billion and RM4.7 billion respectively, while the gross development cost amount to approximately RM1.8 billion and RM2.0 billion respectively.

As part of the Group's continuing commitment to develop projects in Bandar Puchong Jaya and Bandar Puteri Puchong, the Group is developing / intends to develop two (2) condominiums (namely Skyz Residences - Block A, B and D and Parc Ville - Block B) and two (2) serviced apartments (namely Le Cruise and Le Pavillion) with an estimated total GDV of RM1.2 billion. Further details of the condominiums and serviced apartments are as follows:-

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

Name	Number of units	Approval date	Estimated cost	Commencement date	Expected completion date
Skyz Residences - Block A, B and D	615	21 September 2011	RM 400 million in total	4 th quarter of 2011	2 nd quarter of 2017
Parc Ville - Block B	140	15 February 2012		2 nd quarter of 2013	2 nd quarter of 2016
Le Cruise	310	8 November 2014	The total development cost of the two (2) service apartments is yet to be finalised at this juncture	4 th quarter of 2014	4 th quarter of 2017
Le Pavillion	606	14 October 2014		3 rd quarter of 2014	4 th quarter of 2018

Besides Malaysia, our Group's second Xiamen venture, IOI Palm City, will be an integrated development consisting of condominium, shopping malls, office towers, hotel and commercial lots with an estimated gross built-up area of approximately 7.2 million sq ft. The development of IOI Palm City has commenced in the 3rd quarter of 2014 and is expected to be completed in the 3rd quarter of 2019. In view that the project will span over five (5) years, the development plans of the entire IOI Palm City has yet to be finalised. In view of this, the details of each type of development as well as its estimated total development cost and total profit cannot be ascertained at this juncture.

Our Group is expected to increase our income from investment property segment with the opening of IOI City Mall in IOI Resort City, Putrajaya in November 2014. The mall introduces new establishments like HomePro, Index Living and District 21 to Malaysians. The development will comprise two (2) 31-storey green rated business towers and a 23-storey hotel to be managed by Le Meridien. Further information on IOI City Mall are as follows:-

Gross built-up and net lettable / useable areas (million sq ft)	2.9 / 1.5
Total development cost	Approximately RM750 million
Commencement and completion date(s) of development	1 st quarter of 2011 - 4 th quarter of 2014
Expected annual net rental yield for the next three (3) years	6.0%

With respect to the recent fall in oil prices, the Board does not expect it to have an impact on our Group's financials. Meanwhile, the recent weakening of RM may impact our Group as described in Section 6.2(vii) above. Nonetheless, the Board will take reasonable and appropriate measures to mitigate such risks as and when necessary.

7.4 Potential new investment

On 5 December 2014, the Board had announced that our Company or our nominee(s), has on 5 December 2014 entered into conditional share purchase agreements to acquire 546,460,486 ordinary shares of NTD10 each representing 37.17% interest in Taipei Financial Center Corporation, which owns the Taipei 101 building ("**Proposed Acquisitions**") ("**PA Announcement**"). The details of the share purchase agreements in relation to the Proposed Acquisitions are set out in Section 3(i) of Appendix VII of this Abridged Prospectus.

The Board is optimistic on the prospects of the Proposed Acquisitions as it offers an investment opportunity in a well-located and well-tenanted landmark building in the central business district of Taipei. Taipei 101 is connected to the Mass Rapid Transit Xinyi Line with an occupancy rate of 96%. Taipei 101's notable tenants include Google Taiwan, Taiwan Stock Exchange Corporation, KPMG and BNP Paribas. The Proposed Acquisitions also offer an opportune time to acquire a prized iconic building with stable rental income and potential rental accretion. Furthermore, there is potential capital appreciation due to the strategic location of Taipei 101.

Assuming that the Proposed Acquisitions are completed, our Group will nonetheless be exposed to the political, economic, industry and regulatory conditions in Taiwan. Amongst the political, economic and regulatory uncertainties are changes in political leadership, changes or fluctuations in currency exchange rates and interest rates, consequences from changes in tax laws and unexpected changes in regulatory requirements. The Board is aware of the abovementioned risks and will take reasonable and appropriate measures to mitigate them, as and when necessary.

For the avoidance of doubt, the proceeds raised from the Rights Issue will not be utilised for the Proposed Acquisitions. As per the PA Announcement, the purchase consideration of the Proposed Acquisitions will be funded through bank borrowings and/or internally generated funds.

As at the LPD, the Proposed Acquisitions are still subject to the foreign investment approval from the Investment Commission of Taiwan and they are not subject to the approval of Shareholders.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE

8.1 Share Capital

The proforma effects of the Rights Issue on the issued and paid-up share capital of our Company are as follows:-

	Par Value RM	No. of IOIPG Shares	RM
Issued and paid-up share capital			
Issued and paid-up share capital as at the LPD	1.00	3,239,014,726	3,239,014,726
To be issued pursuant to the Rights Issue	1.00	539,835,787	539,835,787
Enlarged issued and paid-up share capital after the Rights Issue	1.00	3,778,850,513	3,778,850,513

8.2 EPS

The consolidated EPS of our Group is expected to be diluted for the FYE 30 June 2015 as a result of the increase in the number of IOIPG Shares in issue after the Rights Issue. However, the Board expects the Rights Issue to contribute positively to the future earnings of our Group via the utilisation of the proceeds, which is expected to contribute to the future earnings of our Group over the long-term. Strictly for illustration purposes only, the proforma effects of the Rights Issue on our basic and diluted EPS, based on the audited consolidated earnings attributable to owners of our Company for the FYE 30 June 2014 of RM889,918,000, are as follows:-

	Before the Rights Issue ⁽¹⁾	After the Rights Issue ⁽²⁾
Basic EPS (sen)	27.47	23.55
Diluted EPS (sen)	27.47	23.55

Notes:-

- (1) Computed based on existing issued and paid-up share capital of 3,239,014,726 IOIPG Shares.
- (2) Computed based on 3,778,850,513 IOIPG Shares in issue after the Rights Issue.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

8.3 NA and Gearing

Based on the latest audited consolidated financial statements of our Group for the FYE 30 June 2014, the proforma effects of the Rights Issue on the consolidated NA per share and gearing of our Group are as follows:-

	Audited as at 30 June 2014 (RM'000)	After the Rights Issue ⁽¹⁾ (RM'000)
Share capital	3,239,015	3,778,851
Share premium	11,383,821	11,868,773 ⁽²⁾
Foreign currency translation reserves	162,846	162,846
Retained profits	4,857,000	4,857,000
Reorganisation debit balance	(8,440,152)	(8,440,152)
Shareholders' equity / NA	11,202,530	12,227,318
Number of ordinary shares ('000)	3,239,015	3,778,851
NA per share (RM)	3.46	3.24
Total borrowings	2,057,230	2,057,230
Gearing ratio (times)	0.18	0.17

Notes:-

(1) Computed based on the issue price of RM1.90 per Rights Share.

(2) After deducting estimated expenses to be incurred for the Proposals of approximately RM900,000.

Strictly for illustration purposes only, assuming that the Rights Issue and Proposed Acquisitions are completed, the proforma gearing ratio of our Group (after also taking into account a new term loan of RM700 million which was drawdown in October 2014) is 0.45.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

The Board is of the opinion that, after taking into account the funds generated from our operations, the banking facilities available to our Group as well as the proceeds to be raised from the Rights Issue, our Group will have sufficient working capital for a period of twelve (12) months from the date of this Abridged Prospectus.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

9.2 Borrowings

As at the LPD, our Group's total outstanding borrowings (all of which are interest-bearing) are set out below:-

	Amount in foreign currency '000	Amount in RM ⁽¹⁾ '000
Long-term borrowings (payable after twelve (12) months)		
Term loans in SGD	200,000	534,160 ⁽²⁾
Term loans in RM	-	2,243,350
Total borrowings		2,777,510

Notes:-

- (1) *The borrowings in foreign currency are converted into RM for illustrative purposes only. Such conversion should not be construed as representations that the foreign currency amounts referred to could have been, or could be, converted into RM, at that or any other rate at all.*
- (2) *Based on the closing exchange rate of SGD1:RM2.6708 as at the LPD.*

Other than disclosed above, our Group does not have any other borrowings as at the LPD. There has not been any default on payments of either interest and/or principal sums on any of the above borrowings throughout the past one (1) financial year, and subsequent financial period up to the LPD.

9.3 Contingent liabilities

The Board is not aware of any material contingent liabilities incurred or known to be incurred by our Group as at the LPD which upon becoming due or enforceable may have a material impact on the financial position or the business of our Group.

9.4 Material commitments

Save as disclosed below, the Board is not aware of any material commitments incurred or known to be incurred as at the LPD, which upon becoming due or enforceable may have a material impact on the financial position or the business of our Group:-

	Amount RM'000
Approved and contracted for:-	
- Property, plant and equipment	150,450
- Land held for property development	40,000
- Investment properties	227,909
- Investment in associates	2,740,000 ⁽¹⁾
Approved but not contracted for:-	
- Property, plant and equipment	40,664
- Investment properties	49,396
	3,248,419

Note:-

- (1) *Relates to the purchase consideration of the Proposed Acquisitions.*

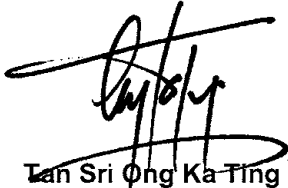
10. TERMS AND CONDITIONS

The issuance of the Rights Shares pursuant to the Rights Issue is governed by the terms and conditions set out in this Abridged Prospectus and the accompanying NPA and RSF.

11. FURTHER INFORMATION

You are advised to refer to the attached Appendices for further information.

Yours faithfully
For and on behalf of the Board of
IOI PROPERTIES GROUP BERHAD



Tan Sri Ong Ka Ting
Senior Independent Non-Executive Director

**APPENDIX I - CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION IN RESPECT OF
THE RIGHTS ISSUE PASSED AT OUR EGM CONVENED ON 18 DECEMBER 2014**

IOI PROPERTIES GROUP BERHAD
(Company No. 1035807-A)
(Incorporated in Malaysia)

**CERTIFIED EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL
MEETING OF THE COMPANY HELD ON THURSDAY, 18 DECEMBER 2014**

Resolved:

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF 539,835,787 NEW ORDINARY SHARES OF RM1.00 EACH IN THE COMPANY (“IOIPG SHARES”) (“RIGHTS SHARES”) AT AN ISSUE PRICE OF RM1.90 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY SIX (6) EXISTING IOIPG SHARES HELD AT AN ENTITLEMENT DATE TO BE DETERMINED LATER (“PROPOSED RIGHTS ISSUE”)

THAT subject to the approvals of all relevant regulatory authorities being obtained (if required), the Board of Directors of IOIPG (“Board”) be and is hereby authorised to provisionally allot by way of a renounceable rights issue of 539,835,787 new IOIPG Shares at an issue price of RM1.90 per Rights Share on the basis of one (1) Rights Share for every six (6) existing IOIPG Shares held, to the shareholders of the Company whose names appear in the Record of Depositors of IOIPG at 5.00 p.m. on an entitlement date to be determined by the Board, and that the Rights Shares shall, upon allotment and issue, be of the same class and rank *pari passu* in all respect with the then existing IOIPG Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which precedes the date of allotment of the Rights Shares;

THAT any Rights Shares which are not validly taken up or which are not allotted for any reason whatsoever shall first be made available for excess applications in such a manner as the Board shall determine at its discretion;

THAT the Rights Shares shall be listed on the Main Market of Bursa Malaysia Securities Berhad;

THAT the proceeds of the Proposed Rights Issue be utilised for the purposes as set out in the Circular to Shareholders of IOIPG dated 3 December 2014 (“Circular”), and the Board be authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject to the approval of the relevant authorities, where required.

THAT the Board be and is hereby authorised to:-

- (i) deal with any fractional entitlements that may arise from the Proposed Rights Issue in such manner and on such terms and conditions as the Board in its discretion deems fit or expedient or in the best interest of the Company; and
- (ii) do all acts, deeds, and things and execute, sign, deliver and cause to be delivered on behalf of IOIPG all such transactions, arrangements, agreements and/or documents as may be necessary or expedient in order to implement, give effect to and complete the Proposed Rights Issue with full powers to assent to any condition, modification, variation and/or amendment to the terms of the Proposed Rights Issue as the Board may deem fit, necessary and/or expedient in the interest of the Company or as may be imposed by any relevant authority or consequent upon the implementation of the said conditions, modifications, variations and/or amendments and to take all steps as it considers necessary in connection with the Proposed Rights Issue.

...2/-

APPENDIX I - CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION IN RESPECT OF THE RIGHTS ISSUE PASSED AT OUR EGM CONVENED ON 18 DECEMBER 2014 (CONT'D)

IOI Properties Group Berhad

Certified Extract of the Minutes of the Extraordinary General Meeting

Page 2

AND THAT this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Rights Shares and new IOIPG Shares to be issued pursuant to or in connection with the Proposed Rights Issue have been duly allotted and issued in accordance with the terms of the Proposed Rights Issue.”

ORDINARY RESOLUTION 2

PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME OF UP TO TEN PERCENT (10%) OF THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY (“PROPOSED ESOS” OR “SCHEME”)

THAT, subject to the approvals of all relevant regulatory authorities being obtained (if required), the Directors of the Company be and are hereby authorised and empowered:-

- (i) to establish, implement and administer the Scheme for the benefit of the eligible employees and Directors of the Company and its subsidiaries which are existing and incorporated in Malaysia and not dormant who are eligible to participate in the Proposed ESOS, to subscribe for new IOIPG Shares at a predetermined price (“Exercise Price”) (“ESOS Options”), in accordance with the draft by-laws governing the Proposed ESOS (“By-Laws”), as set out in Appendix II of the Circular, the salient terms of which are set out in the Circular, and to give full effect to the Scheme with full power to assent to any condition, variation, modification and/or amendment as may be deemed fit or expedient and/or imposed/agreed to by the relevant authorities;
- (ii) to offer and grant ESOS Options under the Scheme and to allot and issue from time to time such number of new IOIPG Shares as may be required to be issued pursuant to the exercise of the ESOS Options under the Scheme provided that the total number of new IOIPG Shares to be issued under the Scheme shall not exceed 10% of the total issued and paid-up share capital of the Company (excluding treasury shares) at any point of time throughout the duration of the Scheme and that such new IOIPG Shares will, upon allotment and issuance, rank *pari passu* in all respects with the existing IOIPG Shares, save and except that the holders of the new IOIPG Shares will not be entitled to any dividends, rights, allotments and/or other distributions declared, made or paid, prior to the date of allotment of the new IOIPG Shares and will be subject to all the provisions of Articles of Association of the Company relating to the transfer, transmission and otherwise of the IOIPG Shares;
- (iii) to do all things necessary and make the necessary application at the appropriate time or times to Bursa Malaysia Securities Berhad for the listing of and quotation for the new IOIPG Shares which may from time to time be allotted and issued pursuant to the Scheme; and
- (iv) to modify and/or amend the By-Laws of the Scheme from time to time as may be required/permitted by the authorities or deemed necessary by the authorities or the Board provided that such modifications and/or amendments are effected in accordance with the provisions of the By-Laws relating to modifications and/or amendments and to do all such acts and to enter into all such transactions, arrangements and agreements, deeds or undertakings, to deliver and/or cause to be delivered all such documents and to make such rules or regulations, and/or impose such terms and conditions and/or delegate part of its powers as may be necessary or expedient in order to implement, finalise and give full effect to the Scheme.

...3/-

APPENDIX I - CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION IN RESPECT OF THE RIGHTS ISSUE PASSED AT OUR EGM CONVENED ON 18 DECEMBER 2014 (CONT'D)

IOI Properties Group Berhad

Certified Extract of the Minutes of the Extraordinary General Meeting

Page 3

THAT the Board be and is hereby authorised to give effect to the Scheme with full power to consent to and to adopt and implement such conditions, modifications, variations and/or amendments as may be required by the relevant regulatory authorities or as the Board may deem fit or necessary at its discretion;

AND THAT the By-Laws of the Scheme, as set out in Appendix II of the Circular, be and is hereby approved and adopted.

ORDINARY RESOLUTION 3

PROPOSED ALLOCATION OF ESOS OPTIONS TO TAN SRI DATO' LEE SHIN CHENG

THAT, subject to the passing of Ordinary Resolution 2 and the approvals of all relevant authorities (where applicable) being obtained, the Directors of the Company be and are hereby authorised at any time, and from time to time, to specifically grant to TAN SRI DATO' LEE SHIN CHENG, being the Executive Chairman and major shareholder of the Company, the option to subscribe for up to 5,500,000 new IOIPG Shares in the Company or such number of new IOIPG Shares to be allocated to him under the Proposed ESOS provided that not more than 10% of the new IOIPG Shares in the Company available under the Proposed ESOS are allocated to an Eligible Person (as defined in the By-Laws) who singly or collectively through persons connected with the Eligible Person (as defined in the By-Laws) holds 20% or more of the issued and paid-up capital of the Company ("Proviso");

AND THAT subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-Laws of the Proposed ESOS AND THAT the Directors of the Company be and are hereby authorised to issue and allot from time to time such number of new IOIPG Shares in the Company to him pursuant to the exercise of such options.

ORDINARY RESOLUTION 4

PROPOSED ALLOCATION OF ESOS OPTIONS TO LEE YEOW SENG

THAT, subject to the passing of Ordinary Resolution 2 and the approvals of all relevant authorities (where applicable) being obtained, the Directors of the Company be and are hereby authorised at any time, and from time to time, to specifically grant to LEE YEOW SENG, being the Chief Executive Officer and major shareholder of the Company, the option to subscribe for up to 5,000,000 new IOIPG Shares or such number of new IOIPG Shares to be allocated to him under the Proposed ESOS subject to the Proviso.

AND THAT subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-Laws of the Proposed ESOS AND THAT the Directors of the Company be and are hereby authorised to issue and allot from time to time such number of new IOIPG Shares in the Company to him pursuant to the exercise of such options.

...4/-

**APPENDIX I - CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION IN RESPECT OF
THE RIGHTS ISSUE PASSED AT OUR EGM CONVENED ON 18 DECEMBER 2014
(CONT'D)**

IOI Properties Group Berhad

Certified Extract of the Minutes of the Extraordinary General Meeting

Page 4

ORDINARY RESOLUTION 5

PROPOSED ALLOCATION OF ESOS OPTIONS TO LEE YOKE HAR

THAT, subject to the passing of Ordinary Resolution 2 and the approvals of all relevant authorities (where applicable) being obtained, the Directors of the Company be and are hereby authorised at any time, and from time to time, to specifically grant to LEE YOKE HAR, being the Senior General Manager and a person connected to certain directors of the Company, the option to subscribe for up to 1,800,000 new IOIPG Shares or such number of new IOIPG Shares to be allocated to her under the Proposed ESOS subject to the Proviso.

AND THAT subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-Laws of the Proposed ESOS AND THAT the Directors of the Company be and are hereby authorised to issue and allot from time to time such number of new IOIPG Shares in the Company to her pursuant to the exercise of such options.

Authenticated by



Lee Yeow Seng
Director



Tan Choong Kiang (MAICSA 7018448)
Secretary

Dated this 18th day of December 2014

APPENDIX II - INFORMATION ON OUR COMPANY**1. HISTORY AND PRINCIPAL ACTIVITIES**

IOIPG is the property arm of IOI Corporation Berhad (“**IOI Corp**”), one of the largest plantation and resource-based manufacturing companies listed on Main Market of Bursa Securities. Our Company was incorporated in Malaysia under the Act on 25 February 2013 as a private limited company under the name IOI Properties Group Sdn Bhd, and subsequently assumed our current name upon our conversion to a public limited company on 4 June 2013. Our Company was subsequently listed on the Main Market of Bursa Securities under the properties sector on 15 January 2014. Our Company is principally engaged in investment holding. The principal activities of our subsidiaries are disclosed in Section 5 of this Appendix.

2. SHARE CAPITAL

Our Company’s authorised share capital, and issued and paid-up share capital as at the LPD are as follows:-

	No. of Shares	Par value RM	Total RM
Authorised share capital	50,000,000,000	1.00	50,000,000,000
Issued and paid-up share capital	3,239,014,726	1.00	3,239,014,726

Details of the changes in our Company’s issued and fully paid-up share capital since our incorporation up to the LPD are as follows:-

Date of allotment	No. of Shares allotted	Par Value RM	Consideration / Type of Issue	Cumulative no. of issued and paid-up share capital
25 February 2013	2	1.00	Subscriber’s shares	2
3 December 2013	2,163,866,849	1.00	Consideration other than cash	2,163,866,851
5 December 2013	1,075,147,875	1.00	Consideration other than cash	3,239,014,726

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

3. Substantial Shareholders' shareholdings

The substantial shareholders of our Company based on the Register of Substantial Shareholders as at the LPD and the proforma effects of the Rights Issue on their shareholdings in IOIPG (assuming all the Entitled Shareholders and/or their renouneece(s) fully subscribe for their entitlements under the Rights Issue), are as follows:-

Name	As at the LPD				After the Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of IOIPG Shares	%	No. of IOIPG Shares	%	No. of IOIPG Shares	%	No. of IOIPG Shares	%
TSDLSC	33,904,100	1.05	1,631,870,634 ⁽¹⁾	50.38	39,554,783	1.05	1,903,849,071 ⁽¹⁾	50.38
Puan Sri Datin Hoong May Kuan	-	-	1,665,774,734 ⁽²⁾	51.43	-	-	1,943,403,854 ⁽²⁾	51.43
DLYC	4,380,000	0.14	1,582,104,857 ⁽³⁾	48.85	5,110,000	0.14	1,845,788,999 ⁽³⁾	48.85
LYS	1,894,600	0.06	1,582,104,857 ⁽³⁾	48.85	2,210,366	0.06	1,845,788,999 ⁽³⁾	48.85
VCSB	1,582,104,857	48.85	-	-	1,845,788,999	48.85	-	-
Progressive Holdings	-	-	1,582,104,857 ⁽⁴⁾	48.85	-	-	1,845,788,999 ⁽⁴⁾	48.85
Employees Provident Fund	263,020,088	8.12	-	-	306,856,769	8.12	-	-

Notes:-

- (1) Deemed interested by virtue of his interest in Progressive Holdings, which in turn holds 100% equity interest in VCSB, and shares held by his sons, DLYC and LYS and shares held by SSB pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of her interest and the interests of her spouse, TSDLSC and her sons, DLYC and LYS in Progressive Holdings, which in turn holds 100% equity interest in VCSB and shares held by TSDLSC, DLYC, LYS and SSB pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of his interest in Progressive Holdings, which in turn holds 100% equity interest in VCSB.
- (4) Deemed interested by virtue of its interest in its wholly-owned subsidiary, VCSB.

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)**4. DIRECTORS**

The details of the Board as at the LPD are set out in the table below:-

Name (Designation)	Age	Address	Nationality	Profession
Tan Sri Dato' Lee Shin Cheng (Executive Chairman)	75	No.8, Lingkungan 3 Diamond Hill, IOI Resort 62502 Putrajaya	Malaysian	Company Director
Lee Yeow Seng (Chief Executive Officer)	36	No.8, Lingkungan 3 Diamond Hill, IOI Resort 62502 Putrajaya	Malaysian	Company Director
Dato' Lee Yeow Chor (Non-Independent Non-Executive Director)	48	No.6, Jalan Beverly Utama IOI Resort 62502 Putrajaya	Malaysian	Company Director
Tan Sri Ong Ka Ting (Senior Independent Non-Executive Director)	58	No. 111, Jalan SS 22/32 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Datuk Tan Kim Leong @ Tan Chong Min (Independent Non-Executive Director)	75	B-PH-1 Mutiara Upper East Ampang No.39, Jalan 1/76 Desa Pandan 55100 Kuala Lumpur	Malaysian	Chartered Accountant
Datuk Lee Say Tshin (Independent Non-Executive Director)	61	No. 37 Jalan Setiabakti Damansara Heights 50490 Kuala Lumpur	Malaysian	Company Director
Dr. Tan Kim Heung (Independent Non-Executive Director)	52	N21-3A, Suria Stonor No.2, Lorong Stonor 50450 Kuala Lumpur	Malaysian	Consultant Cardiologist

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

Save as disclosed below, none of our Directors have any direct and/or indirect shareholding in our Company as at the LPD.

	As at the LPD				After the Rights Issue			
	No. of IOIPG Shares		%		No. of IOIPG Shares		%	
	Direct	Indirect			Direct	Indirect		
TSDLSC	33,904,100	1,633,017,082 ⁽¹⁾	1.05	50.42	39,554,783	1,905,186,593 ⁽¹⁾	1.05	50.42
LYS	1,894,600	1,582,104,857 ⁽²⁾	0.06	48.85	2,210,366	1,845,788,999 ⁽²⁾	0.06	48.85
DLYC	4,380,000	1,582,153,357 ⁽³⁾	0.14	48.85	5,110,000	1,845,845,582 ⁽³⁾	0.14	48.85
Tan Sri Ong Ka Ting	-	-	-	-	-	-	-	-
Datuk Tan Kim Leong @ Tan Chong Min	63,000	4,032 ⁽⁴⁾	-*	-*	73,500	4,704 ⁽⁴⁾	-*	-*
Datuk Lee Say Tshin	-	-	-	-	-	-	-	-
Dr. Tan Kim Heung	11,000,000	-	0.34	-	12,833,333	-	0.34	-

Notes:-

- (1) Deemed interested by virtue of his interest in Progressive Holdings, which in turn holds 100% equity interest in VCSB, and shares held by his sons, DLYC and LYS pursuant to Section 6A of the Act and also interest in shares of his daughters, Lee Yoke Ling, Lee Yoke Har, Lee Yoke Hean and Lee Yoke Hui under Section 134(12)(c) of the Act as well as his interest under SSB.
- (2) Deemed interested by virtue of his interest in Progressive Holdings, which in turn holds 100% equity interest in VCSB.
- (3) Deemed interested by virtue of his interest in Progressive Holdings, which in turn holds 100% equity interest in VCSB and also interest in shares of her spouse, Datin Joanne Wong Su-Ching under Section 134(12)(c) of the Act.
- (4) Deemed interested by virtue of his interest in E.P.H. Holdings Sendirian Berhad as well as shares held by his son, Tan Enk Purn. Negligible

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

5. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Our Company's subsidiaries, associates and joint ventures as at the LPD are as follows:-

Companies	Date / Place of incorporation	Issued and paid-up share capital (RM unless otherwise stated)	Effective equity interest (%)	Principal activities
IOI Properties Berhad ("IOIP")	24 December 1975 / Malaysia	406,393,125	99.8	Property development, property investment and investment holding
Bukit Kelang Development Sdn Bhd	19 September 1977 / Malaysia	1,513,690 ⁽¹⁾	100	Property development and cultivation of plantation produce
IOI City Mall Sdn Bhd	13 May 2008 / Malaysia	21,575,000 ⁽²⁾	100	Property investment
Eng Hup Industries Sdn Bhd	12 October 1982 / Malaysia	5,200,000	100	Property development and property investment
IOI Consolidated (Singapore) Pte Ltd	15 July 1982 / Singapore	SGD605,572,991 ⁽³⁾	100	Investment holding
IOI City Holdings Sdn Bhd	14 September 2012 / Malaysia	4,219,500 ⁽⁴⁾	100	Investment holding and property investment
Resort Villa Development Sdn Bhd	30 May 1994 / Malaysia	3,982,260 ⁽⁵⁾	100	Property investment and hotel and resort development
Resort Villa Golf Course Berhad	25 April 1991 / Malaysia	5,586,225 ⁽⁶⁾	100	Development and management of a golf club
Resort Villa Golf Course Development Sdn Bhd	8 November 1991 / Malaysia	1,125,000 ⁽⁷⁾	100	Business of a hotelier
Palmex Industries Sdn Bhd	6 April 1973 / Malaysia	35,500,000	100	Property development and investment holding
PMX Bina Sdn Bhd	19 June 1984 / Malaysia	750,000	100	Property construction
Nice Skyline Sdn Bhd	18 November 1994 / Malaysia	6,234,000 ⁽⁸⁾	99.9	Property development and investment holding
IOI Properties Capital (L) Berhad	14 November 2013 / Labuan	USD 100	100	Provision of treasury management services
IOIP Capital Management Sdn Bhd	22 November 2013 / Malaysia	2,500,002	100	Provision of treasury management services

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

Companies	Date / Place of incorporation	Issued and paid-up share capital (RM unless otherwise stated)	Effective equity interest (%)	Principal activities
IOI Properties Empire Sdn Bhd	15 April 2014/ Malaysia	2	100	Property development and property investment
Dynamism Investments Limited	18 August 2014/ Hong Kong	HKD1	100	Property investment
Vital Initiative Limited	18 August 2014/ Hong Kong	HKD1	100	Property investment
Strategy Assets (L) Limited	8 December 2014/ Labuan	USD100	100	Investment holding
<u>Associate of IOIPG</u>				
IOI Corporate Services Sdn Bhd	20 June 2013/ Malaysia	3,000,000	35	Provision of management services
<u>Subsidiaries of IOIP</u>				
Cahaya Kota Development Sdn Bhd	8 December 1978 / Malaysia	23,474,400 ⁽⁹⁾	99.8	Property development, property investment and investment holding
Flora Development Sdn Bhd	16 June 1994 / Malaysia	2,000,000	99.8	Property development and property investment
Future Link Properties Pte Ltd	24 April 1996 / Singapore	SGD10,000,000	99.8	Property investment, property development and investment holding
Kumpulan Mayang Sdn Bhd	12 June 1982 / Malaysia	300,000	99.8	Property development
Pine Properties Sdn Bhd	9 June 1994 / Malaysia	250,000	99.8	Property development and property investment
Dynamic Management Sdn Bhd	27 August 1984 / Malaysia	250,000 ⁽¹⁰⁾	99.8	Property development, provision of management services and investment holding
Commercial Wings Sdn Bhd	31 May 1994 / Malaysia	10,000,000	99.8	Property investment
Property Skyline Sdn Bhd	19 November 1993 / Malaysia	12,246,911 ⁽¹¹⁾	99.8	Provision of management services and investment holding
IOI Land Singapore Pte Ltd	9 May 2005 / Singapore	SGD5,000,000	99.8	Investment holding

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

Companies	Date / Place of incorporation	Issued and paid-up share capital (RM unless otherwise stated)	Effective equity interest (%)	Principal activities
Flora Horizon Sdn Bhd	16 June 1994 / Malaysia	100,000	99.8	Property development and cultivation of plantation produce
Pilihan Teraju Sdn Bhd	14 November 1995 / Malaysia	19,729,900 ⁽¹²⁾	99.8	Property development and property investment
Hartawan Development Sdn Bhd	22 February 1982 / Malaysia	2,617,500 ⁽¹³⁾	99.8	Property development and cultivation of plantation produce
Jutawan Development Sdn Bhd	5 June 1981 / Malaysia	4,600,000	79.8	Property development and property investment
Paska Development Sdn Bhd	15 June 1981 / Malaysia	250,000	99.8	Property development and property investment
Multi Wealth (Singapore) Pte Ltd	1 June 2007 / Singapore	SGD182,521,802 ⁽¹⁴⁾	99.8	Investment holding
IOI Properties (Singapore) Pte Ltd	20 July 2007 / Singapore	SGD687,348,002 ⁽¹⁵⁾	99.8	Property investment and investment holding
IOI Landscape Services Sdn Bhd	19 July 1991 / Malaysia	100,000	99.8	Landscape services, sale of ornamental plants and turfing grass
Palmy Max Limited	6 July 2010 / Hong Kong	HKD19,590,000 ⁽¹⁶⁾	99.8	Investment holding
Speed Modulation Sdn Bhd	2 August 2007 / Malaysia	6,141,302 ⁽¹⁷⁾	99.8	Property investment
IOI PFCC Hotel Sdn Bhd	30 July 2012 / Malaysia	5,915,400 ⁽¹⁸⁾	99.8	Property investment, property development, hotel and hospitality services
IOI Medini Sdn Bhd	15 January 2013 / Malaysia	1,903,940 ⁽¹⁹⁾	99.8	Property development and property investment
IOI Medini Management Sdn Bhd	25 July 2013 / Malaysia	100,000	99.8	Provision of management services
Knowledge Vision Sdn Bhd	12 December 2012 / Malaysia	28,400,400 ⁽²⁰⁾	99.8	Property development and property investment
IOI Mulberry Sdn Bhd	11 April 2013 / Malaysia	1,833,650 ⁽²¹⁾	99.8	Property development and property investment
IOI Harbour Front Sdn Bhd	12 August 2013 / Malaysia	1,077,580 ⁽²²⁾	99.8	Property development and property investment

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

Companies	Date / Place of incorporation	Issued and paid-up share capital (RM unless otherwise stated)	Effective equity interest (%)	Principal activities
IOI Lavender Sdn Bhd	14 August 2013 / Malaysia	1,269,360 ⁽²³⁾	99.8	Property development and property investment
IOI Prima Property Sdn Bhd	7 October 2013 / Malaysia	1,121,760 ⁽²⁴⁾	99.8	Property development and property investment
Subsidiaries of IOI City Holdings Sdn Bhd				
IOI City Hotel Sdn Bhd	15 August 2012 / Malaysia	989,000 ⁽²⁵⁾	100	Property investment, property development, hotel and hospitality services
IOI City Tower One Sdn Bhd	30 August 2012 / Malaysia	872,000 ⁽²⁶⁾	100	Property management, property development and property investment
IOI City Tower Two Sdn Bhd	24 December 2012 / Malaysia	876,800 ⁽²⁷⁾	100	Property management, property development and property investment
IOI City Park Sdn Bhd	24 December 2012 / Malaysia	2,973,000 ⁽²⁸⁾	100	Car park operator and provision of car park management services
Subsidiaries of Cahaya Kota Development Sdn Bhd				
IOI Building Services Sdn Bhd	4 August 1993 / Malaysia	2	99.8	Building maintenance services
Lush Development Sdn Bhd	28 June 1995 / Malaysia	20,657,700 ⁽²⁹⁾	99.8	Property development
Riang Takzim Sdn Bhd	14 February 2000 / Malaysia	1,122,550 ⁽³⁰⁾	99.8	Investment holding
Tanda Bestari Development Sdn Bhd	3 October 2000 / Malaysia	1,651,942 ⁽³¹⁾	99.8	Property development
Subsidiaries of Dynamic Management Sdn Bhd				
Paksi Teguh Sdn Bhd	6 August 1992 / Malaysia	750,000	99.8	General contractors
Pilihan Megah Sdn Bhd	27 March 1990 / Malaysia	2,000,000	99.8	Property development, property investment, investment holding and provision of management services
Legend Advance Sdn Bhd	20 July 1995 / Malaysia	6,000,000 ⁽³²⁾	69.8	Property development and property investment

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

Companies	Date / Place of incorporation	Issued and paid-up share capital (RM unless otherwise stated)	Effective equity interest (%)	Principal activities
<u>Subsidiary of Multi Wealth (Singapore) Pte Ltd</u>				
Clementi Development Pte Ltd	2 February 2012 / Singapore	SGD171,992,045 ⁽³³⁾	87.8	Property development
<u>Subsidiaries of Property Skyline Sdn Bhd</u>				
Nice Frontier Sdn Bhd	12 May 1994 / Malaysia	10,101,460 ⁽³⁴⁾	99.8	Property development, cultivation of plantation produce and property investment
Property Village Berhad	19 November 1993 / Malaysia	10,000,000	99.8	Property development, golf club and recreational services and investment holding
Wealthy Growth Sdn Bhd	10 July 2006 / Malaysia	3,424,480 ⁽³⁵⁾	99.8	Property development
Trilink Pyramid Sdn Bhd	18 September 2009 / Malaysia	1,360,640 ⁽³⁶⁾	99.8	Property development
<u>Subsidiary of Property Village Berhad</u>				
Baycrest Sdn Bhd	6 September 1994 / Malaysia	750,000	99.8	General contractors
<u>Subsidiaries of Palmy Max Limited</u>				
IOI (Xiamen) Properties Co Ltd	14 December 2012 / PRC	USD213,199,980	99.8	Property development, property investment and hotel and hospitality services
Prime Joy Investments Limited	30 December 2009 / Hong Kong	HKD58,505,800 ⁽³⁷⁾	99.8	Investment holding
<u>Subsidiary of Prime Joy Investments Limited</u>				
Xiamen Double Prosperous Real Estate Development Co Ltd	4 August 2010 / PRC	USD74,999,994	99.8	Property development and property management services
<u>Subsidiary of Nice Skyline Sdn Bhd</u>				
Jurang Teguh Sdn Bhd	13 April 1995 / Malaysia	750,000	99.9	Civil engineering and construction
<u>Associate of IOIP</u>				
Continental Estates Sdn Bhd	24 May 1995 / Malaysia	52,343,805 ⁽³⁸⁾	29.3	Property development and operation of an oil palm estate

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

Companies	Date / Place of incorporation	Issued and paid-up share capital (RM unless otherwise stated)	Effective equity interest (%)	Principal activities
<u>Joint venture of IOI Consolidated (Singapore) Pte Ltd</u>				
Scottsdale Properties Pte Ltd	2 July 2007 / Singapore	SGD808,111,761 ⁽³⁹⁾	49.9	Investment holding
<u>Subsidiaries of Scottsdale Properties Pte Ltd</u>				
Iselin Limited	4 January 2011 / The Cayman Islands	SGD298,556,971 ⁽⁴⁰⁾	49.9	Investment holding
Allventure Limited	4 June 2009 / The Republic of Mauritius	SGD150,000	49.9	Investment holding
South Beach Consortium Pte Ltd	12 October 2007 / Singapore	SGD1,301,047,069 ⁽⁴¹⁾	49.9	Investment holding
<u>Subsidiaries of South Beach Consortium Pte Ltd</u>				
South Beach International Hotel Management Pte Ltd	25 September 2012 / Singapore	SGD2	49.9	Hotel management
South Beach Club Pte Ltd	3 December 2013 / Singapore	SGD2	49.9	Owner and operator of club
<u>Joint venture of IOIP</u>				
PJ Midtown Development Sdn Bhd	8 June 2006 / Malaysia	2,400,000 ⁽⁴²⁾	49.9	Property development
<u>Joint venture of IOI Land Singapore Pte Ltd</u>				
Seaview (Sentosa) Pte Ltd	13 March 2007 / Singapore	SGD1,000,000	49.9	Property development
<u>Joint venture of IOI Properties (Singapore) Pte Ltd</u>				
Pinnacle (Sentosa) Pte Ltd	7 January 2008 / Singapore	SGD1,061,000,000 ⁽⁴³⁾	64.9	Property development
<u>Joint venture of Multi Wealth (Singapore) Pte Ltd</u>				
Mergui Development Pte Ltd	21 November 2007 / Singapore	SGD1,000,000	59.9	Property development

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

Notes:-

- (1) The authorised share capital of Bukit Kelang Development Sdn Bhd is RM5,000,000 divided into 1,000,000 ordinary shares of RM1.00 each and 400,000,000 redeemable non-cumulative preference shares of RM0.01 each of which RM1,513,690 comprising 1,000,000 ordinary shares of RM1.00 each and 51,369,000 redeemable non-cumulative preference shares of RM0.01 each are issued and paid-up.
- (2) The authorised share capital of IOI City Mall Sdn Bhd is RM300,000,000 divided into 1,000,000 ordinary shares of RM1.00 each and 2,990,000,000 redeemable non-cumulative preference shares of RM0.10 each of which RM21,575,000 comprising 500,000 ordinary shares of RM1.00 each and 210,750,000 redeemable non-cumulative preference shares of RM0.10 each are issued and paid-up.
- (3) The issued and paid-up share capital of IOI Consolidated (Singapore) Pte Ltd consists of 2 ordinary shares and 605,572,989 redeemable preference shares.
- (4) The authorised share capital of IOI City Holdings Sdn Bhd is RM5,000,000 divided into 1,000,000 ordinary shares of RM1.00 each and 400,000,000 redeemable non-cumulative preference shares of RM0.01 each of which RM4,219,500 comprising 500,000 ordinary shares of RM1.00 each and 371,950,000 redeemable non-cumulative preference shares of RM0.01 each are issued and paid-up.
- (5) The authorised share capital of Resort Villa Development Sdn Bhd is RM8,000,000 divided into 6,000,000 ordinary shares of RM1.00 each and 4,000,000 redeemable preference shares of RM0.50 each of which RM3,982,260 comprising 3,500,000 ordinary shares of RM1.00 each and 964,520 redeemable preference shares of RM0.50 each are issued and paid-up.
- (6) The authorised share capital of Resort Villa Golf Course Berhad is RM10,000,000 divided into 6,000,000 ordinary shares of RM1.00 each and 8,000,000 redeemable preference shares of RM0.50 each of which RM5,586,225 comprising 5,050,000 ordinary shares of RM1.00 each and 1,072,450 redeemable preference shares of RM0.50 each are issued and paid-up.
- (7) The authorised share capital of Resort Villa Golf Course Development Sdn Bhd is RM2,500,000 divided into 2,000,000 ordinary shares of RM1.00 each and 1,000,000 redeemable preference shares of RM0.50 each of which RM1,125,000 comprising 1,125,000 ordinary shares of RM1.00 each are issued and paid-up.
- (8) 60% equity interest in Nice Skyline Sdn Bhd is held directly by IOIPG and 40% equity interest in Nice Skyline is held by IOIPG via IOIP. The authorised share capital of Nice Skyline Sdn Bhd is RM10,000,000 divided into 5,000,000 ordinary shares of RM1.00 each and 500,000,000 redeemable non-cumulative preference shares of RM0.01 each of which RM6,234,000 comprising 5,000,000 ordinary shares of RM1.00 each and 123,400,000 redeemable non-cumulative preference shares of RM0.01 each are issued and paid-up.
- (9) The authorised share capital of Cahaya Kota Development Sdn Bhd is RM25,000,000 divided into 6,000,000 ordinary shares of RM1.00 each and 190,000,000 redeemable non-cumulative preference shares of RM0.10 each of which RM23,474,400 comprising 5,000,000 ordinary shares of RM1.00 each and 184,744,000 redeemable non-cumulative preference shares of RM0.10 each are issued and paid-up.
- (10) The authorised share capital of Dynamic Management Sdn Bhd is RM15,250,000 comprising 250,000 ordinary shares of RM1.00 each and 15,000,000 preference shares of RM1.00 each of which RM250,000 comprising 250,000 ordinary shares of RM1.00 each are issued and paid-up.
- (11) The authorised share capital of Property Skyline Sdn Bhd is RM25,000,000 divided into 12,000,000 ordinary shares of RM1.00 each and 1,300,000,000 redeemable non-cumulative preference shares of RM0.01 each of which RM12,246,911 comprising 11,111,111 ordinary shares of RM1.00 each and 113,580,000 redeemable non-cumulative preference shares of RM0.01 each are issued and paid-up.
- (12) The authorised share capital of Pilihan Teraju Sdn Bhd is RM25,000,000 divided into 2,000,000 ordinary shares of RM1.00 each and 230,000,000 redeemable non-cumulative preference shares of RM0.10 each of which RM19,729,900 comprising 2,000,000 ordinary shares of RM1.00 each and 177,299,000 redeemable non-cumulative preference shares of RM0.10 each are issued and paid-up.
- (13) The authorised share capital of Hartawan Development Sdn Bhd is RM5,000,000 divided into 1,000,000 ordinary shares of RM1.00 each and 40,000,000 redeemable non-cumulative preference shares of RM0.10 each of which RM2,617,500 comprising 100,000 ordinary shares of RM1.00 each and 25,175,000 redeemable non-cumulative preference shares of RM0.10 each are issued and paid-up.
- (14) The issued and paid-up share capital of Multi Wealth (Singapore) Pte Ltd comprising 2 ordinary shares and 182,521,800 redeemable preference shares.
- (15) The issued and paid-up share capital of IOI Properties (Singapore) Pte Ltd comprising 2 ordinary shares and 687,348,000 redeemable preference shares.
- (16) The issued and paid up share capital of Palmy Max Limited comprising 10,000 ordinary shares and 195,800,000 redeemable preference shares.
- (17) The authorised share capital of Speed Modulation Sdn Bhd is RM10,000,000 divided into 500,000 ordinary shares of RM1.00 each and 95,000,000 redeemable non-cumulative preference shares of RM0.10 each of which RM6,141,302 comprising 2 ordinary shares of RM1.00 each and 61,413,000 redeemable non-cumulative preference shares of RM0.10 each are issued and paid-up.
- (18) The authorised share capital of IOI PFCC Hotel Sdn Bhd is RM10,000,000 divided into 1,000,000 ordinary shares of RM1.00 each and 90,000,000 redeemable non-cumulative preference shares of RM0.10 each of which RM5,915,400 comprising 500,000 ordinary shares of RM1.00 each and 54,154,000 redeemable non-cumulative preference shares of RM0.10 each are issued and paid-up.

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

- (19) The authorised share capital of IOI Medini Sdn Bhd is RM5,000,000 divided into 1,000,000 ordinary shares of RM1.00 each and 400,000,000 redeemable non-cumulative preference shares of RM0.01 each of which RM1,903,940 comprising 1,000,000 ordinary shares of RM1.00 each and 90,394,000 redeemable non-cumulative preference shares of RM0.01 each are issued and paid-up.
- (20) The authorised share capital of Knowledge Vision Sdn Bhd is RM50,000,000 divided into 2,000,000 ordinary shares of RM1.00 each and 480,000,000 redeemable non-cumulative preference shares of RM0.10 each of which RM28,400,400 comprising 2,000,000 ordinary shares of RM1.00 each and 264,004,000 redeemable non-cumulative preference shares of RM0.10 each are issued and paid-up.
- (21) The authorised share capital of IOI Mulberry Sdn Bhd is RM5,000,000 divided into 1,000,000 ordinary shares of RM1.00 each and 400,000,000 redeemable non-cumulative preference shares of RM0.01 each of which RM1,833,650 comprising 1,000,000 ordinary shares of RM1.00 each and 83,365,000 redeemable non-cumulative preference shares of RM0.01 each are issued and paid-up.
- (22) The authorised share capital of IOI Harbour Front Sdn Bhd is RM5,000,000 divided into 1,000,000 ordinary shares of RM1.00 each and 400,000,000 redeemable non-cumulative preference shares of RM0.01 each of which RM1,077,580 comprising 1,000,000 ordinary shares of RM1.00 each and 7,758,000 redeemable non-cumulative preference shares of RM0.01 each are issued and paid-up.
- (23) The authorised share capital of IOI Lavender Sdn Bhd is RM5,000,000 divided into 1,000,000 ordinary shares of RM1.00 each and 400,000,000 redeemable non-cumulative preference shares of RM0.01 each of which RM1,269,360 comprising 1,000,000 ordinary shares of RM1.00 each and 26,936,000 redeemable non-cumulative preference shares of RM0.01 each are issued and paid-up.
- (24) The authorised share capital of IOI Prima Property Sdn Bhd is RM5,000,000 divided into 1,000,000 ordinary shares of RM1.00 each and 400,000,000 redeemable non-cumulative preference shares of RM0.01 each of which RM1,121,760 comprising 1,000,000 ordinary shares of RM1.00 each and 12,176,000 redeemable non-cumulative preference shares of RM0.01 each are issued and paid-up.
- (25) The authorised share capital of IOI City Hotel Sdn Bhd is RM1,000,000 divided into 500,000 ordinary shares of RM1.00 each and 50,000,000 redeemable non-cumulative preference shares of RM0.01 each of which RM989,000 comprising 500,000 ordinary shares of RM1.00 each and 48,900,000 redeemable non-cumulative preference shares of RM0.01 each are issued and paid-up.
- (26) The authorised share capital of IOI City Tower One Sdn Bhd is RM1,000,000 divided into 500,000 ordinary shares of RM1.00 each and 50,000,000 redeemable non-cumulative preference shares of RM0.01 each of which RM872,000 comprising 500,000 ordinary shares of RM1.00 each and 37,200,000 redeemable non-cumulative preference shares of RM0.01 each are issued and paid-up.
- (27) The authorised share capital of IOI City Tower Two Sdn Bhd is RM1,000,000 divided into 500,000 ordinary shares of RM1.00 each and 50,000,000 redeemable non-cumulative preference shares of RM0.01 each of which RM876,800 comprising 500,000 ordinary shares of RM1.00 each and 37,680,000 redeemable non-cumulative preference shares of RM0.01 each are issued and paid-up.
- (28) The authorised share capital of IOI City Park Sdn Bhd is RM5,000,000 divided into 1,000,000 ordinary shares of RM1.00 each and 400,000,000 redeemable non-cumulative preference shares of RM0.01 each of which RM2,973,000 comprising 500,000 ordinary shares of RM1.00 each and 247,300,000 redeemable non-cumulative preference shares of RM0.01 each are issued and paid-up.
- (29) The authorised share capital of Lush Development Sdn Bhd is RM25,000,000 divided into 500,000 ordinary shares of RM1.00 each and 245,000,000 redeemable non-cumulative preference shares of RM0.10 each of which RM20,657,700 comprising 500,000 ordinary shares of RM1.00 each and 201,577,000 redeemable non-cumulative preference shares of RM0.10 each are issued and paid-up.
- (30) The authorised share capital of Riang Takzim Sdn Bhd is RM5,000,000 divided into 3,000,000 ordinary shares of RM1.00 each and 200,000,000 redeemable non-cumulative preference shares of RM0.01 each of which RM1,122,550 comprising 1,000,000 ordinary shares of RM1.00 each and 12,255,000 redeemable non-cumulative preference shares of RM0.01 each are issued and paid-up.
- (31) The authorised share capital of Tanda Bestari Development Sdn Bhd is RM5,000,000 divided into 500,000 ordinary shares of RM1.00 each and 45,000,000 redeemable non-cumulative preference shares of RM0.10 each of which RM1,651,942 comprising 2 ordinary shares of RM1.00 each and 16,519,400 redeemable non-cumulative preference shares of RM0.10 each are issued and paid-up.
- (32) The authorised share capital of Legend Advance Sdn Bhd is RM11,000,000 divided into 10,000,000 ordinary shares of RM1.00 each and 1,000,000 irredeemable preference shares of RM1.00 each of which RM6,000,000 comprising 5,000,000 ordinary shares of RM1.00 each and 1,000,000 irredeemable preference shares of RM1.00 each are issued and paid-up.
- (33) The issued and paid-up share capital of Clementi Development Pte Ltd comprising 1,000,000 ordinary shares and 170,992,045 redeemable preference shares.
- (34) The authorised share capital of Nice Frontier Sdn Bhd is RM25,000,000 divided into 20,000,000 ordinary shares of RM1.00 each and 500,000,000 redeemable non-cumulative preference shares of RM0.01 each of which RM10,101,460 comprising 10,000,000 ordinary shares of RM1.00 each and 10,146,000 redeemable non-cumulative preference shares of RM0.01 each are issued and paid-up.
- (35) The authorised share capital of Wealthy Growth Sdn Bhd is RM5,000,000 divided into 1,000,000 ordinary shares of RM1.00 each and 400,000,000 redeemable non-cumulative preference shares of RM0.01 each of which RM3,424,480 comprising 1,000,000 ordinary shares of RM1.00 each and 242,448,000 redeemable non-cumulative preference shares of RM0.01 each are issued and paid-up.

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

- (36) *The authorised share capital of Trilink Pyramid Sdn Bhd is RM5,000,000 divided into 1,000,000 ordinary shares of RM1.00 each and 400,000,000 redeemable non-cumulative preference shares of RM0.01 each of which RM1,360,640 comprising 1,000,000 ordinary shares of RM1.00 each and 36,064,000 redeemable non-cumulative preference shares of RM0.01 each are issued and paid-up.*
- (37) *The issued and paid up share capital of Prime Joy Investments Limited comprising 10,000 ordinary shares and 584,958,000 redeemable preference shares.*
- (38) *The authorised share capital of Continental Estates Sdn Bhd is RM100,000,000 divided into 95,000,000 ordinary shares of RM1.00 each and 500,000,000 cumulative redeemable preference shares of RM0.01 each of which RM52,343,805 comprising 50,600,000 ordinary shares of RM1.00 each and 174,380,450 cumulative redeemable preference shares of RM0.01 each are issued and paid-up.*
- (39) *The issued and paid-up share capital of Scottsdale Properties Pte Ltd consists of 230,000,000 ordinary shares and 578,111,761 redeemable preference shares.*
- (40) *The authorised share capital of Iselin Limited is SGD622,790,902 comprising 174,342,528 ordinary shares of SGD1.00 each and 448,448,374 redeemable convertible preference shares of SGD1.00 each of which SGD298,556,971 comprising 1 ordinary share of SGD1.00 each and 298,556,970 redeemable convertible preference shares of SGD1.00 each are issued and paid-up.*
- (41) *The issued and paid-up share capital of South Beach Consortium Pte Ltd consists of 2,483,084,419 ordinary shares.*
- (42) *The authorised share capital of PJ Midtown Development Sdn Bhd is RM5,400,000 divided into 5,000,000 ordinary shares of RM1.00 each and 40,000,000 redeemable preference shares of RM0.01 each of which RM2,400,000 comprising 2,000,000 ordinary shares of RM1.00 each and 40,000,000 redeemable preference shares of RM0.01 each are issued and paid-up.*
- (43) *The issued and paid-up share capital of Pinnacle (Sentosa) Pte Ltd consists of 1,000,000 ordinary shares and 1,060,000,000 redeemable preference shares.*

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

6. PROFIT AND DIVIDEND RECORD

Our Group's audited consolidated financial statements for the FYE 30 June 2014, proforma consolidated results for the FYEs 30 June 2013 and 2012 as well as the unaudited consolidated financial statements for the three (3)-month period ended 30 September 2014 are as follows:-

	Proforma		Audited	Unaudited
	FYE 30 June 2012 RM'000	FYE 30 June 2013 RM'000	FYE 30 June 2014 RM'000	Three(3)-month period ended 30 September 2014 RM'000
Revenue	1,052,220	1,323,259	1,454,445	375,519
Cost of sales	(411,429)	(526,154)	(660,869)	(161,814)
Gross profit	640,791	797,105	793,576	213,705
Other operating income	198,316	210,498	533,422	5,508
Marketing and selling expenses	(22,545)	(45,503)	(67,781)	(22,040)
Administration expenses	(87,381)	(85,940)	(115,298)	(26,700)
Other operating expenses	(59,640)	(61,965)	(75,159)	(19,480)
Operating profit	669,541	814,195	1,068,760	150,993
Interest income	50,341	42,328	36,174	8,974
Interest expense	(5,632)	(41,210)	(48,668)	(19,200)
Share of results of associates	8,228	6,989	3,494	(594)
Share of results of joint ventures	33,214	82,457	60,644	6,952
Profit before taxation	755,692	904,759	1,120,404	147,125
Taxation	(144,755)	(191,156)	(216,662)	(44,892)
Profit for the financial year/period	610,937	713,603	903,742	102,233
Attributable to:				
Owners of the parent	599,771	693,621	889,918	101,001
Non-controlling interests	11,166	19,982	13,824	1,232
	610,937	713,603	903,742	102,233
EBITDA	730,275	923,602	1,151,642	162,869
GP margin (%)	60.9%	60.2%	54.6%	56.9%
PAT margin (%)	58.1%	53.9%	62.1%	27.2%
Number of shares in issue ('000)	3,239,015 ⁽¹⁾	3,239,015 ⁽¹⁾	3,239,015 ⁽¹⁾	3,239,015
Earnings attributable to owners of our Company				
- Basic (sen)	18.5	21.4	31.88 ⁽²⁾	3.12
- Diluted (sen)	18.5	21.4	31.88 ⁽²⁾	3.12
Dividend per share, net of tax (sen)	-	-	8	-

Notes:-

- (1) It is assumed that the issuance of 3,239,015,000 ordinary shares of our Company has taken place since the beginning of the financial year.
- (2) Calculated based on the weighted average of 2,163,867,000 ordinary shares issued by our Company to the owners of the legal subsidiary (i.e. IOIP) for the reverse acquisition for five (5) months up to 3 December 2013 and 3,239,015,000 ordinary shares in issue of our Company after 5 December 2013 for seven (7) months.

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

Commentary:-**FYE 30 June 2012 (Proforma)**

Our Group's revenue registered a decrease of RM119.0 million or 10.2% from RM1,171.2 million in FYE 2011 to RM1,052.2 million in FYE 2012. Revenue from our property development business were the main income stream of our Group in FYE 2012, contributing approximately 80% of our Group's overall revenue. The remaining 20% of our Group's revenue was mainly contributed by other businesses such as property investment and leisure and hospitality.

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

Our Group's PAT decreased by RM154.7 million or 20.2% from RM765.6 million in FYE 2011 to RM610.9 million in FYE 2012 whilst PAT margin decreased from 65.4% in FYE 2011 to 58.1% in FYE 2012. The decrease in PAT was mainly due to the decrease in other operating income due to certain non-recurring transaction being recorded in FYE 2011 consisting, *inter alia*, the gain on disposal of IOI Plaza, Singapore and a parcel of land within IOI Resort, as well as the decrease in share of results of joint ventures.

FYE 30 June 2013 (Proforma)

Our Group's revenue registered an increase of RM271.1 million or 25.8% from RM1,052.2 million in FYE 2012 to RM1,323.3 million in FYE 2013. Revenue from our property development business were the main income stream of our Group in FYE 2013, contributing approximately 82.5% of our Group's overall revenue. The remaining 17.5% of our Group's revenue was mainly contributed by other businesses such as property investment and leisure and hospitality.

Our Group's GP increased by RM156.3 million or 24.4% from RM640.8 million in FYE 2012 to RM797.1 million in FYE 2013 whilst our overall GP margin decreased by 0.7% to 60.2% in FYE 2013 from 60.9% in FYE 2012. The overall decrease in our GP margin is due to decrease in the GP margin of our property development activities from 60.3% in FYE 2012 to 59.3% in FYE 2013. The decrease in the GP margin of our property development activities in FYE 30 June 2013 is mainly due to the higher revenue contribution from projects which generally have lower GP margins such as serviced apartments (i.e. Skypod Residence in Bandar Puchong Jaya and D'Summit in Bandar Putra Kulai, Johor) as compared to landed residential properties within matured townships.

Our Group's PAT increased by RM102.7 million or 16.8% from RM610.9 million in FYE 2012 to RM713.6 million in FYE 2013 whilst PAT margin decreased from 58.1% in FYE 2012 to 53.9% in FYE 2013. The decrease in PAT margin was mainly due to higher marketing and selling expense and interest expense which were partly offset by the increase in share of results of joint ventures. The interest expense was higher in FYE 2013 due to additional advances / loans from IOI Corp and its subsidiaries ("IOIC Group") to finance the acquisition of land banks in Klang Valley, Malaysia and Xiamen, PRC.

FYE 30 June 2014 (Audited)

Our Group's revenue registered an increase of RM131.1 million or 9.9% from RM1,323.3 million in FYE 2013 to RM1,454.4 million in FYE 2014. Revenue from our property development business were the main income stream of our Group in FYE 2014, contributing approximately 85.5% of our Group's overall revenue. The remaining 14.5% of our Group's revenue was mainly contributed by other businesses such as property investment and leisure and hospitality.

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)

Our Group's GP decreased by RM3.5 million or 0.4% from RM797.1 million in FYE 2013 to RM793.6 million in FYE 2014 whilst our overall GP margin decreased by 5.6% to 54.6% in FYE 2014 from 60.2% in FYE 2013. The overall decrease in our GP margin is due to decrease in the GP margin of our property development activities from 59.3% in FYE 2013 to 51.9% in FYE 2014. The decrease in GP margin of our property development activities is mainly due to the sales of high-rise properties in Xiamen, PRC, where the GP margin is relatively lower as compared to projects in Malaysia.

Our Group's PAT increased by RM190.1 million or 26.6% from RM713.6 million in FYE 2013 to RM 903.7 million in FYE 2014 whilst PAT margin increased from 53.9% in FYE 2013 to 62.1% in FYE 2014. The increase in PAT was mainly due to one-off gain from acquisition of subsidiaries and fair value gain on investment properties.

FPE 30 September 2014 (Unaudited)

For the three (3)-month FPE 30 September 2014, our Group's revenue registered an increase of RM94.9 million or 33.8% from RM280.6 million in FPE 30 September 2013 to RM375.5 million in FPE 30 September 2014. Revenue from our property development business remains the main income stream of our Group in FPE 30 September 2014, contributing approximately 82.9% of our Group's overall revenue.

Our Group's GP increased by RM48.0 million or 29.0% from RM165.7 million in FPE 30 September 2013 to RM213.7 million in FPE 30 September 2014 whilst our overall GP margin decreased by 2.2% to 56.9% in FPE 30 September 2014 from 59.1% in FPE 30 September 2013. The overall decrease in our GP margin is due to decrease in the GP margin of our property development activities from 57.2% in FPE 30 September 2013 to 53.7% in FPE 30 September 2014.

Our Group's PAT decreased by RM10.7 million or 9.6% from RM111.7 million in FPE 30 September 2013 to RM101.0 million in FPE 30 September 2014 whilst PAT margin decreased from 39.8% in FPE 30 September 2013 to 27.2% in FPE 30 September 2014. The decrease in PAT was mainly due to decrease in share of results of associates and joint ventures and higher marketing and selling expenses and interest expense.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

APPENDIX II - INFORMATION ON OUR COMPANY (CONT'D)**7. HISTORICAL SHARE PRICES**

The monthly highest and lowest prices of our Shares traded on Bursa Securities for the past twelve (12) months preceding the date of this Abridged Prospectus are as follows:-

	High	Low
	(RM)	(RM)
2014		
January	3.56	2.64
February	2.77	2.53
March	2.68	2.55
April	2.91	2.65
May	2.71	2.48
June	2.60	2.49
July	2.55	2.43
August	2.55	2.38
September	2.76	2.46
October	2.77	2.46
November	2.79	2.45
December	2.50	2.25

Last transacted market price on 7 November 2014, being the last Market Day immediately prior to the announcement of the Rights Issue 2.77

Last transacted market price on 17 December 2014, being the LPD 2.27

The last transacted market price for our Shares on 7 January 2015, being the Market Day immediately prior to the ex-rights date for the Rights Issue 2.35

(Source: Bloomberg)

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

APPENDIX III - OUR PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
30 JUNE 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER
THEREON



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

22 December 2014

PwC/YTS/nr/1363B4

Dear Sirs,

Report on the Compilation of Pro Forma Consolidated Statement of Financial Position

- 1 We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statement of Financial Position of IOI Properties Group Berhad (“IOIPG” or “the Company”) as at 30 June 2014, as set out in the Appendix (which we have stamped for the purpose of identification), which have been compiled by the Directors of the Company for inclusion in the Abridged Prospectus to be dated 12 January 2015 in connection with the renounceable rights issue of 539,835,787 new ordinary shares of RM1.00 each in IOIPG (“IOIPG Shares”) (“Rights Shares”) at an issue price of RM1.90 per Rights Share on the basis of one (1) Rights Share for every six (6) existing IOIPG shares held at 5.00 P.M. on 12 January 2015 (“Rights Issue”) (“Abridged Prospectus”).
- 2 The applicable criteria on the basis of which the Directors have compiled the Pro Forma Consolidated Statement of Financial Position are described in the Notes thereon of the Appendix and are specified in *Appendix 4 of Division 5 – Abridged Prospectus in the Prospectus Guidelines* issued by the Securities Commission.
- 3 The Pro Forma Consolidated Statement of Financial Position have been compiled by the Directors, for illustrative purposes only, to show the effects of the Rights Issue on the audited consolidated statement of financial position of the Company as at 30 June 2014 had the Rights Issue been effected on that date. As part of this process, information about the Company’s consolidated financial position has been extracted by the Directors from the Company’s audited consolidated statement of financial position as at 30 June 2014, on which an unmodified audit report has been published by another firm of auditors.

The Directors’ Responsibility for the Pro Forma Consolidated Statement of Financial Position

- 4 The Directors are responsible for compiling the Pro Forma Consolidated Statement of Financial Position on the basis set out in the Notes thereon of the Appendix and in accordance with the requirements of *Division 5 - Abridged Prospectus in the Prospectus Guidelines*.

PricewaterhouseCoopers (AF 1146), Chartered Accountants,
Level 10, 1 Sentral, Jalan Travers, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

APPENDIX III - OUR PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
30 JUNE 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER
THEREON (CONT'D)



The Board of Directors
IOI Properties Group Berhad
PwC/YTS/nr/1363B4
22 December 2014

Our Responsibilities

- 5 Our responsibility is to express an opinion as required by the Prospectus Guidelines, about whether the Pro Forma Consolidated Statement of Financial Position have been compiled, in all material respects, by the Directors on the basis set out in the Notes thereon of the Appendix.
- 6 We conducted our engagement in accordance with International Standard on Assurance Engagements (“ISAE”) 3420 “*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*”, issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Consolidated Statement of Financial Position on the basis set out in the Notes thereon of the Appendix.
- 7 For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any financial information used in compiling the Pro Forma Consolidated Statement of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statement of Financial Position.
- 8 The purpose of the Pro Forma Consolidated Statement of Financial Position included in the Abridged Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at that date would have been as presented.
- 9 A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statement of Financial Position have been compiled in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Consolidated Statement of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:
 - The related pro forma adjustments give appropriate effect to those criteria; and
 - The Pro Forma Consolidated Statement of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

APPENDIX III - OUR PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
30 JUNE 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER
THEREON (CONT'D)



**The Board of Directors
IOI Properties Group Berhad
PwC/YTS/nr/1363B4
22 December 2014**

Our Responsibilities (continued)

- 10 The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma Consolidated Statement of Financial Position have been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statement of Financial Position.
- 11 We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

- 12 In our opinion, the Pro Forma Consolidated Statement of Financial Position have been compiled, in all material respects, on the basis set out in the Notes thereon of the Appendix.

Other Matters

- 13 This report is issued for the sole purpose of inclusion in the Abridged Prospectus in connection with the Rights Issue and should not be used or relied upon for any other purpose. We accept no duty of responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any transaction other than the Rights Issue.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', written over the printed name.

PRICEWATERHOUSECOOPERS
(No. AF 1146)
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Shirley Goh', written over the printed name.

SHIRLEY GOH
(No. 1778/08/16 (J))
Chartered Accountant

**APPENDIX III - OUR PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
30 JUNE 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER
THEREON (CONT'D)**

IOI PROPERTIES GROUP BERHAD Appendix
PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

[All amounts in RM'000 unless otherwise stated]

		Audited as at 30 June 2014	Pro Forma After the Proposed Rights Issue
	Notes	RM'000	RM'000
Assets			
Non-current assets			
Property, plant and equipment	3.3(c)	1,047,300	1,247,300
Prepaid lease payments		94,502	94,502
Land held for property development		3,011,711	3,011,711
Investment properties	3.3(c)	2,765,489	3,065,489
Goodwill on consolidation		11,472	11,472
Investments in associates		64,517	64,517
Interests in joint ventures		3,855,746	3,855,746
Deferred tax assets		72,896	72,896
		<u>10,923,633</u>	<u>11,423,633</u>
Current assets			
Property development costs		2,116,687	2,116,687
Inventories		191,519	191,519
Trade and other receivables		492,044	492,044
Current tax assets		42,311	42,311
Other investments		340,629	340,629
Short term funds		225,079	225,079
Deposits with financial institutions		261,957	261,957
Cash and bank balances	4.2	131,216	656,004
		<u>3,801,442</u>	<u>4,326,230</u>
Total assets		<u>14,725,075</u>	<u>15,749,863</u>
Equity and liabilities			
Share capital	4.1	3,239,015	3,778,851
Reserves	4.1	11,546,667	12,031,619
Retained earnings		4,857,000	4,857,000
Reorganisation debit balance		(8,440,152)	(8,440,152)
Equity attributable to owners of the parent		<u>11,202,530</u>	<u>12,227,318</u>
Non-controlling interests		<u>98,677</u>	<u>98,677</u>
Total equity		<u>11,301,207</u>	<u>12,325,995</u>
Non-current liabilities			
Borrowings		1,307,230	1,307,230
Amounts due to non-controlling interests		95,305	95,305
Deferred tax liabilities		205,411	205,411
		<u>1,607,946</u>	<u>1,607,946</u>
Current liabilities			
Borrowings		750,000	750,000
Trade and other payables		1,040,865	1,040,865
Current tax liabilities		25,057	25,057
		<u>1,815,922</u>	<u>1,815,922</u>
Total liabilities		<u>3,423,868</u>	<u>3,423,868</u>
Total equity and liabilities		<u>14,725,075</u>	<u>15,749,863</u>
No. of shares in issue ('000)		3,239,015	3,778,851
Net assets per share (RM) ⁽¹⁾		3.46	3.24
Borrowings (RM'000)		2,057,230	2,057,230
Gearing ratio (times) ⁽²⁾		0.18	0.17

Notes:

(1) Calculated based on equity attributable to owners of the parent divided by the total number of shares in issue.

(2) Calculated based on total borrowings divided by equity attributable to owners of the parent



**APPENDIX III - OUR PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
30 JUNE 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER
THEREON (CONT'D)**

APPENDIX

IOI PROPERTIES GROUP BERHAD

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014 (CONTINUED)**

1 INTRODUCTION

- 1.1 The Pro Forma Consolidated Statement of Financial Position of IOI Properties Group Berhad ("IOIPG" or the "Company"), for which the Directors of the Company are solely responsible, have been prepared for illustrative purposes only and for the purpose of inclusion in the Abridged Prospectus, in connection with the renounceable rights issue of 539,835,787 new ordinary shares of RM1.00 each in IOIPG ("IOIPG Shares") ("Rights Shares") at an issue price of RM1.90 per Rights Share on the basis of one (1) Rights Share for every six (6) existing IOIPG shares held at 5 P.M. on 12 January 2015 ("Rights Issue")("Abridged Prospectus").
- 1.2 The Pro Forma Consolidated Statement of Financial Position together with the notes thereon have been prepared for illustrative purposes only, to show the effects of the Rights Issue on the audited Consolidated Statement of Financial Position of the Company as at 30 June 2014 had the Rights Issue been effected on that date. Further, such information, because of its nature, does not purport to predict the future financial position of the Group. The consolidated statement of financial position, which was extracted from the consolidated financial statements of the Company as at 30 June 2014, was audited by a firm of auditor other than PricewaterhouseCoopers pursuant to Section 174 of the Companies Act, 1965, and the audit opinion issued was not subject to any modification or qualification.

2 BASIS OF PREPARATION

- 2.1 The Pro Forma Consolidated Statement of Financial Position, for which the Directors of the Company are solely responsible, have been prepared based on the audited consolidated financial statements of the Company as at 30 June 2014 in accordance with the Financial Reporting Standards and in a manner consistent with both the format of the financial statements and accounting policies adopted by the Company, except for the adoption of the additional accounting policies as set out below:

Share issue costs

Incremental costs directly attributable to the issue of new shares are shown as a deduction from the share premium account. In other cases, they are charged to the profit or loss when incurred.

3 EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- 3.1 For illustration purposes, the effects of the Rights Issue are illustrated based on a full subscription basis of 539,835,787 Rights Shares.

The illustration has not taken into consideration the profile of the IOIPG's shareholders and their respective shareholdings in IOIPG and therefore assumes that there are no fractional entitlements to the Rights Shares.



**APPENDIX III - OUR PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
30 JUNE 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER
THEREON (CONT'D)**

APPENDIX

IOI PROPERTIES GROUP BERHAD

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014 (CONTINUED)**

**3 EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL
POSITION (CONTINUED)**

3.2 Other considerations

3.2.1 Utilisation of proceeds

Based on the issue price of RM 1.90 per Rights Share, the gross proceeds to be raised from the Rights Issue will be RM1,025.7 million and the expected utilisation of the proceeds are as follows:

	Note	RM'million
Capital expenditure	(a)	500.0
Investment opportunities	(b)	200.0
Working capital	(c)	324.8
Estimated expenses	(d)	0.9
		<u><u>1,025.7</u></u>

Notes

- (a) The proceeds will be utilised mainly for our investment properties at IOI Resort City which includes the development costs for the completion of common infrastructure, IOI City Tower One, IOI City Tower Two and IOI City Hotel. Any shortfall or excess in funds allocated for capital expenditure will be funded from or used for investment opportunities as detailed below, and vice versa.
- (b) The proceeds are earmarked for any potential investment opportunities which may arise in the future.
- (c) The proceeds are proposed to be used for the Group's working capital purposes, which include the payment to suppliers and contractors for on-going development projects, as well as for day-to-day operations.
- (d) The estimated expenses include professional fees and fees payable to the relevant authorities, printing cost of circular and Abridged Prospectus, advertisement and miscellaneous expenses in relation to the Rights Issue. Any shortfall or excess in funds allocated for estimated expenses will be funded from or used for our Group's working capital requirements.

3.2.2 Estimated expenses

The estimated expenses of RM0.9 million are assumed to be incurred solely for the Rights Issue.

3.3 Illustration scenario

Pro Forma incorporate the effects of the Rights Issue, assuming full subscription of the Rights Shares at RM1.90 per Rights Share by all the entitled shareholders. The adjustments reflect the following:

- (a) Total proceeds of approximately RM1,025.7 million, of which RM539.8 million and RM485.9 million are allocated to share capital and share premium respectively.
- (b) The estimated expenses of RM0.9 million are recognised against share premium.



**APPENDIX III - OUR PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
30 JUNE 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER
THEREON (CONT'D)**

APPENDIX

IOI PROPERTIES GROUP BERHAD

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014 (CONTINUED)**

3 EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

3.3 Illustration scenario (continued)

- (c) Total proceeds expected to be utilised for capital expenditure of RM500.0 million, of which RM200.0 million and RM300.0 million are allocated to property, plant and equipment and investment properties respectively.
- (d) Total proceeds of approximately RM524.8 million expected to be utilised for investment opportunities and working capital are included within the cash and bank balances.

4 NOTES TO THE EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

4.1 Share capital and reserves

	No. of ordinary shares	Share capital	Share premium	Reserves	
				Foreign currency translation reserve	Total
Per audited balance of the Group as at 30 June 2014	3,239,015	3,239,015	11,383,821	162,846	11,546,667
Adjustments for Pro Forma					
- Full subscription of the Rights Shares by all entitled shareholders	539,836	539,836	485,852	-	485,852
- Estimated expenses	-	-	(900)	-	(900)
Total adjustments for Pro Forma	539,836	539,836	484,952	-	484,952
As per Pro Forma	3,778,851	3,778,851	11,868,773	162,846	12,031,619

4.2 Cash and bank balances

Per audited balance of the Group as at 30 June 2014	RM'000
Adjustments for Pro Forma – Rights Issue	131,216
- Proceeds from the Rights Issue	1,025,688
- Payment for the estimated expenses	(900)
- Capital expenditure	(500,000)
Total adjustments for Pro Forma	524,788
As per Pro Forma	656,004



**APPENDIX III - OUR PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
30 JUNE 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER
THEREON (CONT'D)**

APPENDIX

IOI PROPERTIES GROUP BERHAD

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014 (CONTINUED)**

5 APPROVAL BY BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of IOI Properties Group Berhad in accordance with a resolution dated 22 December 2014.



**LEE YEOW SENG
DIRECTOR**



**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON**

Company No:
1035807 - A

IOI PROPERTIES GROUP BERHAD (1035807 - A)
(Incorporated in Malaysia)

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
30 JUNE 2014

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

IOI PROPERTIES GROUP BERHAD (1035807 - A)

(Incorporated in Malaysia)

<u>CONTENTS</u>	<u>PAGE</u>
CORPORATE INFORMATION	1
DIRECTORS' REPORT	2 - 8
STATEMENTS OF PROFIT OR LOSS	9
STATEMENTS OF COMPREHENSIVE INCOME	10
STATEMENTS OF FINANCIAL POSITION	11 - 12
STATEMENTS OF CHANGES IN EQUITY	13 - 16
STATEMENTS OF CASH FLOWS	17 - 20
NOTES TO THE FINANCIAL STATEMENTS	21 - 150
SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES	151
STATEMENT BY DIRECTORS	152
STATUTORY DECLARATION	152
INDEPENDENT AUDITORS' REPORT	153 - 155

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

1

IOI PROPERTIES GROUP BERHAD (1035807 - A)

(Incorporated in Malaysia)

CORPORATE INFORMATION

Board of Directors:

Tan Sri Dato' Lee Shin Cheng
Tan Sri Ong Ka Ting
Lee Yeow Seng
Dato' Lee Yeow Chor
Datuk Tan Kim Leong @ Tan Chong Min
Datuk Lee Say Tshin
Dr. Tan Kim Heung

**Audit and Risk Management
Committee:**

Independent Non-Executive Directors
Datuk Tan Kim Leong @ Tan Chong Min
Datuk Lee Say Tshin
Dr. Tan Kim Heung

Secretary:

Tan Choong Khiang (MAICSA 7018448)

**Registered Office and Principal
Place of Business:**

Two IOI Square
IOI Resort
62502 Putrajaya
Tel: (03) 8947 8888 Fax: (03) 8947 8909

Auditors:

BDO
Chartered Accountants
12th Floor, Menara Uni.Asia
1008, Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: (03) 2616 2888 Fax: (03) 2616 3191

Registrar:

Tricor Investor Services Sdn. Bhd.
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: (03) 2264 3883 Fax: (03) 2282 1886

Legal Form and Domicile:

Public Limited Liability Company
Incorporated and Domiciled in Malaysia

Stock Exchange Listing:

Main Market of Bursa Malaysia Securities Berhad

Websites:

www.myioi.com
www.ioipropertiesgroup.com

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

2

IOI PROPERTIES GROUP BERHAD (1035807 - A)

(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors of IOI Properties Group Berhad have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries, associates and joint ventures are set out in Note 47 to the financial statements.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

FINANCIAL RESULTS

The audited financial results of the Group and of the Company for the financial year ended 30 June 2014 are as follows:

	Group RM'000	Company RM'000
Profit before taxation	1,120,404	18,814
Taxation	<u>(216,662)</u>	<u>(702)</u>
Profit for the financial year	<u>903,742</u>	<u>18,112</u>
Attributable to:		
Owners of the parent	889,918	18,112
Non-controlling interests	<u>13,824</u>	<u>-</u>
	<u>903,742</u>	<u>18,112</u>

DIVIDEND

The Directors have declared first interim single tier dividend of 8.0 sen per ordinary share, amounting to RM259,121,000 in respect of the financial year ended 30 June 2014. The dividend is payable on 29 October 2014 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 30 September 2014.

The Directors do not recommend any payment of final dividend in respect of the current financial year.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

3

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM2.00 to RM3,239,014,726 by way of the issuance of 3,239,014,724 new ordinary shares of RM1.00 each at an issue price of approximately RM4.51 per ordinary share as the purchase consideration in respect of the internal reorganisation exercise as disclosed in Note 44 to the financial statements.

All the above newly issued ordinary shares rank pari passu in all respects with the existing shares of the Company. There were no other issues of shares during the financial year.

There were also no issue of debentures during the financial year.

RESERVES AND PROVISION

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the notes to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

The Directors who have held office since the date of the last report are as follows:

Tan Sri Dato' Lee Shin Cheng
Tan Sri Ong Ka Ting
Lee Yeow Seng
Dato' Lee Yeow Chor
Datuk Tan Kim Leong @ Tan Chong Min
Datuk Lee Say Tshin
Dr. Tan Kim Heung

In accordance with Article 87 of the Company Articles of Association, Mr. Lee Yeow Seng and Dato' Lee Yeow Chor retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Tan Sri Dato' Lee Shin Cheng and Datuk Tan Kim Leong @ Tan Chong Min who have attained the age of seventy, retire in accordance with Section 129(2) of the Companies Act, 1965 in Malaysia at the forthcoming Annual General Meeting. The Directors recommend that they be re-appointed in accordance with Section 129(6) of the said Act and to hold office until the conclusion of the next Annual General Meeting of the Company.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

4

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2014 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia are as follows:

Before demerger and listing of the Company

	As at 1 July 2013	Acquired/ Exercised*	Disposed	As at 12 January 2014
Direct Interests				
Former Holding Company				
IOI Corporation Berhad ("IOIC")^				
<i>No. of ordinary shares of RM0.10 each</i>				
Tan Sri Dato' Lee Shin Cheng	62,630,600	3,845,700*	-	66,476,300
Lee Yeow Seng	953,800	2,564,100*	-	3,517,900
Dato' Lee Yeow Chor	8,340,400	-	-	8,340,400
Datuk Tan Kim Leong @				
Tan Chong Min	123,500	-	-	123,500
Dr. Tan Kim Heung	22,400,000	-	-	22,400,000
Indirect Interests				
The Company				
<i>No. of ordinary shares of RM1.00 each</i>				
Tan Sri Dato' Lee Shin Cheng	-	43,491,177	-	43,491,177
Former Holding Company				
IOIC^				
<i>No. of ordinary shares of RM0.10 each</i>				
Tan Sri Dato' Lee Shin Cheng	2,866,297,980	41,300,900*	-	2,907,598,880
Lee Yeow Seng	2,854,712,680	38,736,800	-	2,893,449,480
Dato' Lee Yeow Chor	2,854,712,680	38,736,800	-	2,893,449,480
Datuk Tan Kim Leong @				
Tan Chong Min	8,066	-	-	8,066
Subsidiaries				
Property Skyline Sdn. Bhd.				
<i>No. of ordinary shares of RM1.00 each</i>				
Tan Sri Dato' Lee Shin Cheng	1,111,111	-	(1,111,111)	-
Property Village Berhad				
<i>No. of ordinary shares of RM1.00 each</i>				
Tan Sri Dato' Lee Shin Cheng	1,000,000	-	(1,000,000)	-

By virtue of their interests in the ordinary shares of IOIC, the former holding company, Tan Sri Dato' Lee Shin Cheng, Mr Lee Yeow Seng and Dato' Lee Yeow Chor are also deemed to be interested in the shares of IOIC and all the subsidiaries of IOIC to the extent that IOIC has an interest.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

5

DIRECTORS' INTERESTS (Continued)

The movements of the options over the unissued ordinary shares granted under the Executive Share Option Scheme ("ESOS") of the former holding company, to the Directors of the Company in office for the period from 1 July 2013 to 12 January 2014 are as follows:

	Option Price [#]	No. of options over ordinary shares of RM0.10 each in the former holding company			
		As at 1 July 2013	Offered and Accepted	Exercised	As at 12 January 2014
Tan Sri Dato' Lee Shin Cheng					
- Direct Interest	RM2.03	3,845,700	-	(3,845,700)	-
- Indirect Interest	RM2.03	1,835,100	-	-	1,835,100
	RM3.49	1,460,600	-	(576,600)	884,000
	RM4.17	2,813,000	-	(1,987,500)	825,500
Lee Yeow Seng					
- Direct Interest	RM3.49	576,600	-	(576,600)	-
	RM4.17	2,650,000	-	(1,987,500)	662,500

After demerger and listing of the Company

	As at 13 January 2014	Acquired	Disposed/ Transferred**	As at 30 June 2014
Direct Interests				
The Company				
<i>No. of ordinary shares of RM1.00 each</i>				
Tan Sri Dato' Lee Shin Cheng	33,904,100	-	-	33,904,100
Lee Yeow Seng	1,794,600	-	-	1,794,600
Dato' Lee Yeow Chor	4,180,000	-	-	4,180,000
Datuk Tan Kim Leong @				
Tan Chong Min	63,000	-	-	63,000
Dr. Tan Kim Heung	11,424,300	-	(424,300)**	11,000,000

Indirect Interests

The Company

No. of ordinary shares of RM1.00 each

Tan Sri Dato' Lee Shin Cheng	1,525,204,382	64,615,000	-	1,589,819,382
Lee Yeow Seng	1,474,592,157	64,615,000	-	1,539,207,157
Dato' Lee Yeow Chor	1,474,640,657	64,615,000	-	1,539,255,657
Datuk Tan Kim Leong @				
Tan Chong Min	4,032	-	-	4,032

By virtue of their interests in the ordinary shares of the Company, Tan Sri Dato' Lee Shin Cheng, Mr Lee Yeow Seng and Dato' Lee Yeow Chor are also deemed to be interested in the shares of all the subsidiaries of the Company to the extent that the Company has an interest.

The other Directors, Tan Sri Ong Ka Ting and Datuk Lee Say Tshin, holding office at the end of the financial year did not have any interest in the ordinary shares and options over ordinary shares in the Company or shares and options over ordinary shares of its related corporations during the financial year.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

6

DIRECTORS' INTERESTS (Continued)

Notes:

- * Exercise of share options under ESOS.
- ^ The Company was a subsidiary of IOIC and subsequently demerged from IOIC on 13 January 2014.
- # Adjustment to option price following the implementation of the distribution-in-specie of 2,130,349,033 ordinary shares of RM1.00 each in the Company held by IOIC.
- ** Transfer of 424,300 shares through off market.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefit (other than the benefits as disclosed in Note 40 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of the significant related party transactions as disclosed in Note 40 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, except for the share options granted to the Directors of the Company pursuant to the former holding company's ESOS.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS OF THE GROUP AND OF THE COMPANY

Before the statements of profit or loss, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

- i. to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- ii. to ensure that any current assets, other than debts, which were unlikely to realise their book values in the ordinary course of business of the Group and of the Company have been written down to an amount which they might be expected so to realise.

As at the date of this report, the Directors are not aware of any circumstances:

- i. which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
- ii. which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
- iii. which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

7

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS OF THE GROUP AND OF THE COMPANY (Continued)

As at the date of this report, there does not exist:

- i. any charge on the assets of the Group or of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; and
- ii. any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve (12) months after the end of the financial year, which in the opinion of the Directors, will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

OTHER STATUTORY INFORMATION

As at the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company that would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

- i. the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the gain on bargain purchase arising from acquisitions of subsidiaries of RM197,966,000, pursuant to a series of internal reorganisation exercise of IOIC as disclosed in Note 20.1(A) to the financial statements; and
- ii. no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

DIFFERENT FINANCIAL YEAR END OF SUBSIDIARIES

Due to local requirements, two (2) indirect subsidiaries of the Company, IOI (Xiamen) Properties Co. Ltd. and Xiamen Double Prosperous Real Estate Development Co. Ltd. are adopting a 31 December financial year end, which do not coincide with that of the Company. The Directors of the Company have been granted approvals under Section 168(3) of the Companies Act, 1965 in Malaysia by the Companies Commission of Malaysia for the aforementioned subsidiaries to have different financial year end from that of the Company for the financial year ended 30 June 2014.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 44 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant event during the financial year is disclosed in Note 45 to the financial statements.

AUDITORS

The auditors, Messrs BDO, have indicated that they do not wish to seek for re-appointment.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

8

AUDIT AND RISK MANAGEMENT COMMITTEE

The Directors who served as members of the Audit and Risk Management Committee are as follows:

Datuk Tan Kim Leong @ Tan Chong Min
Tan Sri Ong Ka Ting (Resigned on 25 August 2014)
Datuk Lee Say Tshin
Dr. Tan Kim Heung (Appointed on 25 August 2014)

NOMINATING AND REMUNERATION COMMITTEE

The Directors who served as members of the Nominating and Remuneration Committee are as follows:

Tan Sri Ong Ka Ting
Datuk Tan Kim Leong @ Tan Chong Min
Dr. Tan Kim Heung

Signed on behalf of the Board in accordance with a resolution of the Directors:



Tan Sri Dato' Lee Shin Cheng
Director



Lee Yeow Seng
Director

Putrajaya
3 September 2014

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

9

IOI PROPERTIES GROUP BERHAD (1035807 - A)

(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

	Note	Group		Company	
		2014 RM'000	2013 RM'000	1.7.2013 to 30.6.2014 RM'000	25.2.2013 to 30.6.2013 RM'000
Revenue	7	1,454,445	1,151,221	20,734	-
Cost of sales		(660,869)	(449,619)	-	-
Gross profit		793,576	701,602	20,734	-
Other operating income	8	533,422	87,234	42	-
Marketing and selling expenses		(67,781)	(38,905)	(2)	-
Administration expenses		(115,298)	(64,908)	(5,219)	(83)
Other operating expenses		(75,159)	(47,279)	(218)	-
Operating profit/(loss)	9	1,068,760	637,744	15,337	(83)
Interest income	10	36,174	39,780	9,170	-
Interest expense	11	(48,668)	(38,720)	(5,693)	-
Share of results of associates		3,494	11,255	-	-
Share of results of joint ventures		60,644	91,545	-	-
Profit/(Loss) before taxation		1,120,404	741,604	18,814	(83)
Taxation	12	(216,662)	(167,041)	(702)	-
Profit/(Loss) for the financial year/period		903,742	574,563	18,112	(83)
Profit/(Loss) attributable to:					
Owners of the parent		889,918	554,581	18,112	(83)
Non-controlling interests		13,824	19,982	-	-
		903,742	574,563	18,112	(83)
Earnings per ordinary share attributable to owners of the parent					
Basic earnings per share (sen)	14	31.88	25.63		
Diluted earnings per share (sen)	14	31.88	25.63		

The notes on pages 21 to 150 form an integral part of the financial statements.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

10

IOI PROPERTIES GROUP BERHAD (1035807 - A)

(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

	Group		Company	
	2014	2013	1.7.2013 to 30.6.2014	25.2.2013 to 30.6.2013
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the financial year/period	903,742	574,563	18,112	(83)
Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax				
Exchange differences on translation of foreign operations	34,543	30,687	-	-
Other comprehensive income for the financial year/period, net of tax	34,543	30,687	-	-
Total comprehensive income/(loss) for the financial year/period	938,285	605,250	18,112	(83)
Total comprehensive income/(loss) attributable to:				
Owners of the parent	924,328	585,267	18,112	(83)
Non-controlling interests	13,957	19,983	-	-
	938,285	605,250	18,112	(83)

The notes on pages 21 to 150 form an integral part of the financial statements.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

11

IOI PROPERTIES GROUP BERHAD (1035807 - A)

(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	1,047,300	113,490	-	-
Prepaid lease payments	16	94,502	99,353	-	-
Land held for property development	17	3,011,711	1,819,051	-	-
Investment properties	18	2,765,489	1,477,107	-	-
Goodwill on consolidation	19	11,472	3,802	-	-
Interests in subsidiaries	20	-	-	14,165,961	-
Investments in associates	21	64,517	98,182	1,050	-
Interests in joint ventures	22	3,855,746	2,176,239	-	-
Amounts due from subsidiaries	20	-	-	590,695	-
Deferred tax assets	23	72,896	21,705	171	-
		10,923,633	5,808,929	14,757,877	-
Current assets					
Property development costs	24	2,116,687	1,798,927	-	-
Inventories	25	191,519	119,815	-	-
Trade and other receivables	26	492,044	416,412	2,258	-
Amount due from a subsidiary	20	-	-	13	-
Amounts due from former related companies	27	-	562	-	-
Amount due from former holding company	28	-	3,726	-	-
Current tax assets		42,311	1,062	-	-
Other investments	29	340,629	1,060	-	-
Short term funds	30	225,079	59,930	-	-
Deposits with financial institutions	31	261,957	99,464	-	-
Cash and bank balances	32	131,216	217,344	52	-
		3,801,442	2,718,302	2,323	-
TOTAL ASSETS		14,725,075	8,527,231	14,760,200	-

The notes on pages 21 to 150 form an integral part of the financial statements.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

12

IOI PROPERTIES GROUP BERHAD (1035807 - A)

(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2014 (Continued)**

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	33	3,239,015	406,393	3,239,015	-
Reserves	34	11,546,667	1,050,871	11,383,821	-
Retained earnings/(Accumulated losses)		4,857,000	4,120,615	18,029	(83)
Reorganisation debit balance		(8,440,152)	-	-	-
		11,202,530	5,577,879	14,640,865	(83)
Non-controlling interests		98,677	100,020	-	-
Total equity		11,301,207	5,677,899	14,640,865	(83)
Liabilities					
Non-current liabilities					
Borrowings	35	1,307,230	502,420	-	-
Amounts due to non-controlling interests	36	95,305	138,430	-	-
Amount due to a subsidiary	20	-	-	98,180	-
Deferred tax liabilities	23	205,411	38,436	-	-
		1,607,946	679,286	98,180	-
Current liabilities					
Borrowings	35	750,000	-	-	-
Trade and other payables	37	1,040,865	341,188	742	6
Amount due to former holding company	28	-	77	-	77
Amounts due to subsidiaries	20	-	-	19,726	-
Amount due to a former related company	27	-	1,786,050	-	-
Current tax liabilities		25,057	42,731	687	-
		1,815,922	2,170,046	21,155	83
Total liabilities		3,423,868	2,849,332	119,335	83
TOTAL EQUITY AND LIABILITIES		14,725,075	8,527,231	14,760,200	-

The notes on pages 21 to 150 form an integral part of the financial statements.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

13

IOI PROPERTIES GROUP BERHAD (1035807 - A)

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

Group	Non-Distributable					Distributable		Total attributable to owners of the parent RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Capital reserves RM'000	Reorganisation debit balance RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000				
As at 1 July 2013	406,393	881,345	41,090	-	128,436	4,120,615	5,577,879	100,020	5,677,899	
Profit for the financial year	-	-	-	-	-	889,918	889,918	13,824	903,742	
Exchange differences on translation of foreign operations, net of tax	-	-	-	-	34,410	-	34,410	133	34,543	
Total comprehensive income	-	-	-	-	34,410	889,918	924,328	13,957	938,285	
Transactions with owners										
Issuance of ordinary shares	3,239,015	11,383,821	-	-	-	-	14,622,836	-	14,622,836	
Issuance of redeemable preference shares to non-controlling interests	-	-	-	-	-	-	-	53,848	53,848	
Acquisitions of subsidiaries (Note 20.1(A))	(406,393)	(881,345)	(41,090)	(8,440,152)	-	-	(9,768,980)	-	(9,768,980)	
Changes in equity interests in subsidiaries	-	-	-	-	-	(138,537)	(138,537)	(64,745)	(203,282)	
Dividend paid (Note 13)	-	-	-	-	-	(14,996)	(14,996)	-	(14,996)	
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(4,403)	(4,403)	
As at 30 June 2014	3,239,015	11,383,821	-	(8,440,152)	162,846	4,857,000	11,202,530	98,677	11,301,207	

The notes on pages 21 to 150 form an integral part of the financial statements.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

14

IOI PROPERTIES GROUP BERHAD (1035807 - A)

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (Continued)**

Group	Share capital RM'000	Share premium RM'000	Share capital reserve RM'000	Non-Distributable		Distributable		Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
				Share capital reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000				
As at 1 July 2012	406,393	881,345	41,090	97,750	3,591,962	5,018,540	101,517	5,120,057		
Profit for the financial year	-	-	-	-	554,581	554,581	19,982	574,563		
Exchange differences on translation of foreign operations, net of tax	-	-	-	30,686	-	30,686	1	30,687		
Total comprehensive income	-	-	-	30,686	554,581	585,267	19,983	605,250		
Transactions with owners										
Capital repayment to non-controlling interests	-	-	-	-	-	-	(10,284)	(10,284)		
Changes in equity interest in a subsidiary	-	-	-	-	2,601	2,601	2	2,603		
Dividend paid (Note 13)	-	-	-	-	(28,529)	(28,529)	-	(28,529)		
Dividends paid to non-controlling interests	-	-	-	-	-	-	(11,198)	(11,198)		
As at 30 June 2013	406,393	881,345	41,090	128,436	4,120,615	5,577,879	100,020	5,677,899		

The notes on pages 21 to 150 form an integral part of the financial statements.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

15

IOI PROPERTIES GROUP BERHAD (1035807 - A)

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (Continued)**

Company	Non-Distributable		Distributable		Total equity RM'000
	Share capital RM'000	Share premium RM'000	(Accumulated losses)/Retained earnings RM'000		
As at 1 July 2013*	-	-	(83)		(83)
Profit for the financial year	-	-	18,112		18,112
Total comprehensive income	-	-	18,112		18,112
Transactions with owners					
Issuance of ordinary shares	3,239,015	11,383,821	-		14,622,836
As at 30 June 2014	3,239,015	11,383,821	18,029		14,640,865

*- 2 ordinary shares of RM1.00 each were issued on the date of incorporation.

The notes on pages 21 to 150 form an integral part of the financial statements.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

16

IOI PROPERTIES GROUP BERHAD (1035807 - A)
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (Continued)**

Company	Share capital RM'000	Non-Distributable		Total equity RM'000
		Share premium RM'000	Distributable Accumulated losses RM'000	
As at 25 February 2013 (date of incorporation)*	-	-	-	-
Loss for the financial period	-	-	(83)	(83)
Total comprehensive loss	-	-	(83)	(83)
As at 30 June 2013	-	-	(83)	(83)

* - 2 ordinary shares of RM1.00 each were issued on the date of incorporation.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

17

IOI PROPERTIES GROUP BERHAD (1035807 - A)

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

	Note	Group		Company	
		2014 RM'000	2013 RM'000	1.7.2013 to 30.6.2014 RM'000	25.2.2013 to 30.6.2013 RM'000
Cash Flows From Operating Activities					
Profit/(Loss) before taxation		1,120,404	741,604	18,814	(83)
Adjustments for:					
Amortisation of prepaid lease payment	16	4,546	-	-	-
Bad debts written off		130	3	-	-
Depreciation of property, plant and equipment	15	14,198	5,773	-	-
Impairment losses on receivables	26	757	1,154	-	-
Interest expenses	11	48,668	38,720	5,693	-
Property, plant and equipment written off	15	58	37	-	-
Dividend income		(13)	(36)	(20,734)	-
Fair value gain on investment properties	18	(305,307)	(39,648)	-	-
Fair value gain on other investments		(21)	(24)	-	-
Gain on:					
- bargain purchase for the acquisition of subsidiaries		(197,966)	-	-	-
- disposal of property, plant and equipment		(245)	(249)	-	-
- disposal of land from compulsory acquisitions		(1,399)	-	-	-
- remeasurement of previously held investment	39(v)	-	(21,125)	-	-
Impairment losses on receivables written back	26	(1,042)	(2)	-	-
Interest income	10	(36,174)	(39,780)	(9,170)	-
Loss on disposal of investment properties		-	1,240	-	-
Reversal of inventories previously written down		-	(227)	-	-
Share of results of joint ventures		(60,644)	(91,545)	-	-
Share of results of associates		(3,494)	(11,255)	-	-
Unrealised gain on foreign currency transactions		-	-	(23)	-
Operating profit/(loss) before working capital changes		582,456	584,640	(5,420)	(83)

The notes on pages 21 to 150 form an integral part of the financial statements.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 – A

18

IOI PROPERTIES GROUP BERHAD (1035807 - A)

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (Continued)**

	Note	Group		Company	
		2014 RM'000	2013 RM'000	1.7.2013 to 30.6.2014 RM'000	25.2.2013 to 30.6.2013 RM'000
Cash Flows From Operating Activities (Continued)					
Operating profit/(loss) before working capital changes (Continued)		582,456	584,640	(5,420)	(83)
Increase in property development costs		(174,161)	(120,616)	-	-
Decrease in inventories		63,070	98,525	-	-
Increase in trade and other receivables		(12,430)	(82,330)	(2,258)	-
Increase in amounts due from former related companies		(25,895)	(21,872)	-	-
Decrease/(Increase) in amount due from former holding company		-	5,544	(77)	-
Increase in trade and other payables		639,821	131,730	736	6
Cash generated from/(used in) operations		1,072,861	595,621	(7,019)	(77)
Tax paid		(224,166)	(147,943)	(186)	-
Tax refunded		2,807	1	-	-
Net cash from/(used in) operating activities		851,502	447,679	(7,205)	(77)

The notes on pages 21 to 150 form an integral part of the financial statements.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

19

IOI PROPERTIES GROUP BERHAD (1035807 - A)

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (Continued)**

	Note	Group		Company	
		2014 RM'000	2013 RM'000	1.7.2013 to 30.6.2014 RM'000	25.2.2013 to 30.6.2013 RM'000
Cash Flows From Investing Activities					
Dividends received		9,430	12,335	20,734	-
Interest received		20,495	11,463	9,170	-
Proceeds from:					
- compulsory land acquisition		8,320	-	-	-
- disposal of investment properties		-	5,313	-	-
- disposal of other investments		184,299	-	-	-
- disposal of property, plant and equipment		437	357	-	-
- dilution of interest in a subsidiary	39	-	2,603	-	-
- from liquidation of a subsidiary	39	-	271	-	-
Repayments from a joint venture		16,701	91,943	-	-
Repayment to a joint venture partner	39	-	(91,848)	-	-
Additions to:					
- property, plant and equipment	15	(89,349)	(31,041)	-	-
- prepaid lease payments		-	(95,213)	-	-
- land held for property development		(831,326)	(1,144,791)	-	-
- investment properties		(397,358)	(362,505)	-	-
- other investments		(523,847)	-	-	-
Deposit paid for purchase of land	26.2	(8,500)	(30,816)	-	-
Acquisitions of subsidiaries, net of cash and cash equivalents		62,436	753	-	-
Advances to subsidiaries		-	-	(13,404)	-
Investment in a joint venture		(2,436)	-	-	-
Advances to joint ventures		(35,752)	(220,966)	-	-
Investment in an associate	21	(1,050)	-	(1,050)	-
Additional investments in subsidiaries		(2,682)	(10,169)	(2,500)	-
Net cash (used in)/from investing activities		(1,590,182)	(1,862,311)	12,950	-

The notes on pages 21 to 150 form an integral part of the financial statements.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

20

IOI PROPERTIES GROUP BERHAD (1035807 - A)

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (Continued)**

	Note	Group		Company	
		2014 RM'000	2013 RM'000	1.7.2013 to 30.6.2014 RM'000	25.2.2013 to 30.6.2013 RM'000
Cash Flows From Financing Activities					
Advances from non-controlling interests		5,274	6,154	-	-
Proceeds from issuance of shares to non-controlling interests		870	2	-	-
Interest paid		(30,355)	(3,765)	(5,693)	-
Dividend paid	13	(14,996)	(28,529)	-	-
Dividend paid to non-controlling interests		(4,403)	(11,198)	-	-
Drawdown of borrowings		1,543,350	502,420	-	-
Repayment of borrowings		-	(502,420)	-	-
Advances from former holding company (Repayments to)/Advances from a former related company		-	77	-	77
		<u>(520,959)</u>	<u>1,253,067</u>	<u>-</u>	<u>-</u>
Net cash from/(used in) financing activities		<u>978,781</u>	<u>1,215,808</u>	<u>(5,693)</u>	<u>77</u>
Net increase/(decrease) in cash and cash equivalents		240,101	(198,824)	52	-
Cash and cash equivalents at beginning of financial year/period		376,738	572,423	-	-
Effect of exchange rate changes		<u>1,413</u>	<u>3,139</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of financial year/period	38	<u>618,252</u>	<u>376,738</u>	<u>52</u>	<u>-</u>

The notes on pages 21 to 150 form an integral part of the financial statements.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)Company No:
1035807 – A

21

IOI PROPERTIES GROUP BERHAD (1035807 - A)

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2014**1. CORPORATE INFORMATION**

The Company was incorporated in Malaysia on 25 February 2013 as a private limited liability company and domiciled in Malaysia. On 4 June 2013, the Company converted its legal form from a private limited liability company to a public limited liability company. On 15 January 2014, the ordinary shares of the Company were quoted and listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The registered office and principal place of business of the Company is located at Two IOI Square, IOI Resort, 62502 Putrajaya.

The financial statements were authorised for issue in accordance with a resolution by Board of Directors on 3 September 2014.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries, associates and joint ventures are set out in Note 47 to the financial statements.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**3.1 Basis of Preparation**

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (“FRSs”) and the provisions of the Companies Act, 1965 in Malaysia. However, Note 49 to the financial statements has been prepared in accordance with Guidance on Special Matter No.1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia’s Listing Requirements, as issued by the Malaysian Institute of Accountants (“MIA Guidance”) and the Directive of Bursa Malaysia.

Prior to the listing of the ordinary shares of the Company on the Main Market of Bursa Malaysia, the Company was incorporated by its former holding company, IOI Corporation Berhad (“IOIC”), as a holding company merely to effect the reorganisation of the existing IOI Properties Berhad (“IOIPB”) (including its direct and indirect subsidiaries, the joint ventures and associates (“IOIPB group”)) group without any changes to the economic substance of the existing IOIPB group. Hence, the business combination for IOIPB has been accounted as reverse acquisition accounting by analogy in accordance with FRS 3 *Business Combination* and the Company is regarded as the accounting acquiree while IOIPB is the accounting acquirer.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 – A

22

NOTES TO THE FINANCIAL STATEMENTS (Continued)
3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)
3.1 Basis of Preparation (Continued)

Details of reorganisation of IOIC are disclosed in Note 44 to the financial statements.

The consolidated financial statements of the Group represent the continuation of the financial statements of IOIPB that reflect:

- (i) The results from the beginning of the accounting period to the date of the combination are those of the IOIPB group;
- (ii) The assets and liabilities of IOIPB group being recognised and measured in the financial statements at their pre-combination carrying amounts without restatement to fair values;
- (iii) The retained earnings and other equity balances of IOIPB group immediately before the combination are those of the IOIPB group; and
- (iv) The equity structure, however, reflects that of the Company, including the equity instruments issued to effect the acquisition with the difference between the issued equity of the Company and the issued equity of IOIPB amounting to RM8,440,152,000 being recorded under the equity component as “reorganisation debit”.

The detailed implications of the above accounting treatment are as follows:

Consolidated Statements of Profit or Loss and Comprehensive Income

- The Consolidated Statements of Profit or Loss and Comprehensive Income for the financial year ended 30 June 2014 comprise IOIPB group’s results for the five (5) months from 1 July 2013 to 3 December 2013 (the date of business combination) and the Group’s results for the seven (7) months from 3 December 2013 to 30 June 2014.
- The Consolidated Statements of Profit or Loss and Comprehensive Income for the financial year ended 30 June 2013 comprise IOIPB group’s results for the financial year then ended.

Consolidated Statements of Financial Position

- The Consolidated Statements of Financial Position as at 30 June 2014 represents the financial position of the Group after reflecting the effects of the acquisitions during the financial year.
- The Consolidated Statements of Financial Position as at 30 June 2013 represents the financial position of IOIPB group.

Consolidated Statements of Changes in Equity

- The Consolidated Statements of Changes in Equity for the financial year ended 30 June 2014 comprises:
 - the equity balances of IOIPB group at the beginning of the financial year.
 - the transactions for the financial year, being IOIPB’s transactions for the five (5) months from 1 July 2013 to 3 December 2013 (the date of business combination) and the Group’s transactions for seven (7) months from 3 December 2013 to 30 June 2014.
 - the equity balances of the Group at the end of the financial year.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

23

NOTES TO THE FINANCIAL STATEMENTS (Continued)**3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)****3.1 Basis of Preparation (Continued)**Consolidated Statements of Changes in Equity (continued)

- The Consolidated Statements of Changes in Equity for the financial year ended 30 June 2013 comprises IOIPB group's transactions for the financial year then ended.

Consolidated Statements of Cash Flows

- The Consolidated Statements of Cash Flows for the financial year ended 30 June 2014 comprises:
 - the cash and cash equivalent balances of IOIPB group at the beginning of the financial year.
 - the transactions for the financial year, being IOIPB group's transactions for the five (5) months from 1 July 2013 to 3 December 2013 (the date of business combination) and the Group's transactions for seven (7) months from 3 December 2013 to 30 June 2014.
 - the cash and cash equivalent balances of the Group at the end of the financial year.
- The Consolidated Statement of Cash Flows for the financial year ended 30 June 2013 comprises IOIPB group's transactions for the financial year then ended.

3.2 Basis of Accounting

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

The preparation of financial statements in conformity with FRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

3.3 Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency and all financial information presented in RM are rounded to the nearest thousand (RM'000), except where otherwise stated.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 – A

24

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs

4.1 New FRSs adopted during the current financial year

The Group and the Company adopted the following Standards of the FRS Framework that were issued by the Malaysian Accounting Standards Board (“MASB”) during the current financial year.

Title	Effective Date
FRS 10 <i>Consolidated Financial Statements</i>	1 January 2013
FRS 11 <i>Joint Arrangements</i>	1 January 2013
FRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2013
FRS 13 <i>Fair Value Measurement</i>	1 January 2013
FRS 119 <i>Employee Benefits (2011)</i>	1 January 2013
FRS 127 <i>Separate Financial Statements</i>	1 January 2013
FRS 128 <i>Investments in Associates and Joint Ventures</i>	1 January 2013
Amendments to FRS 1 <i>Government Loans</i>	1 January 2013
Amendments to FRS 7 <i>Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to FRSs <i>Annual Improvements 2009 - 2011 Cycle</i>	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12 <i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i>	1 January 2013
IC Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2013

There is no material effect upon the adoption of the above standards, amendments and IC Interpretations during the current financial year other than:

- (a) FRS 12, which is mandatory for annual periods beginning on or after 1 January 2013.

This Standard prescribes the disclosure requirements relating to interests of an entity in subsidiaries, joint arrangements, associates and structured entities. This Standard requires a reporting entity to disclose information that helps users to assess the nature and financial effects of the relationship of the reporting entity with other entities.

Following the adoption of this Standard, the Group disclosed the requirements applicable to the Group in Notes 20, 21 and 22 to the financial statements.

- (h) FRS 13, which is mandatory for annual periods beginning on or after 1 January 2013.

This Standard is now the sole FRS containing the framework for determining the measurement of fair value and the disclosure of information relating to fair value measurement, when fair value measurements and/or disclosures are required or permitted by other FRSs.

As a result, the guidance and requirements relating to fair value measurement that were previously included in other FRSs have now been amalgamated to FRS 13.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 – A

25

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Continued)

4.1 New FRSs adopted during the current financial year (Continued)

- (b) FRS 13, which is mandatory for annual periods beginning on or after 1 January 2013 (Continued).

Whilst there have been some rewording of the previous guidance on FRS 13, there are very few changes to the previous fair value measurement requirements. Instead, FRS 13 is intended to clarify the measurement objective, harmonises the disclosure requirements, and improve consistency in the application of fair value measurement.

FRS 13 did not materially impact any fair value measurements of the assets or liabilities of the Group except for the increase in the fair value of the Group's investment properties by RM30,400,000 for the change of measurement basis from existing use to highest and best use as disclosed in Note 18 to the financial statements.

4.2 New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2014

The following are standards of the FRS Framework that have been issued by the MASB but have not yet been adopted by the Group and the Company.

Title	Effective Date
Amendments to FRS 10 <i>Consolidated Financial Statements: Investment Entities</i>	1 January 2014
Amendments to FRS 12 <i>Disclosure of Interest in Other Entities: Investment Entities</i>	1 January 2014
Amendments to FRS 127 <i>Separate Financial Statements (2011): Investment Entities</i>	1 January 2014
Amendments to FRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to FRS 136 <i>Recoverable Amount Disclosures for Non - Financial Assets</i>	1 January 2014
Amendments to FRS 139 <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
IC Interpretation 21 <i>Levies</i>	1 January 2014
Amendments to FRS 119 <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Amendments to FRSs <i>Annual Improvements to FRSs 2010 - 2012 Cycle</i>	1 July 2014
Amendments to FRSs <i>Annual Improvements to FRSs 2011 - 2013 Cycle</i>	1 July 2014
FRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to FRS 116 and FRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
<i>Mandatory Effective Date of FRS 9 and Transition Disclosures</i>	Deferred
FRS 9 <i>Financial Instrument (2009)</i>	Deferred
FRS 9 <i>Financial Instrument (2010)</i>	Deferred
FRS 9 <i>Financial Instrument (Hedge Accounting and Amendments to FRS 9, FRS 7 and FRS 139)</i>	Deferred

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 – A

26

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Continued)

4.2 New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2014 (Continued)

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

4.3 New Malaysian Financial Reporting Standards (“MFRSs”) that have been issued, but have yet to be adopted during the current financial year

Based on the MASB announcement on 2 September 2014, the effective date for the adoption of MFRS Framework by transitioning entities (i.e. entities affected by MFRS 141 *Agriculture* and/or IC Interpretation 15 *Agreements for Construction of Real Estate*) was deferred from annual periods beginning on or after 1 January 2015 to annual periods beginning on or after 1 January 2017.

Accordingly, as a transitioning entity as defined by the MASB, the Group has elected to continue to apply the FRS Framework up till its financial year ending 30 June 2017 and will adopt the following Standards of the MFRS Framework that were issued by the MASB during the financial year ending 30 June 2018.

Title	Effective Date
MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i>	1 January 2017
Amendments to MFRS 1 <i>Government Loans</i>	1 January 2017
MFRS 2 <i>Share-based Payment</i>	1 January 2017
MFRS 3 <i>Business Combinations</i>	1 January 2017
MFRS 4 <i>Insurance Contracts</i>	1 January 2017
MFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 January 2017
MFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i>	1 January 2017
MFRS 7 <i>Financial Instruments: Disclosures</i>	1 January 2017
Amendments to MFRS 7 <i>Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2017
MFRS 8 <i>Operating Segments</i>	1 January 2017
Mandatory Effective Date of MFRS 9 and Transition Disclosures	Deferred
MFRS 9 <i>Financial Instruments</i>	Deferred
MFRS 9 <i>Financial Instruments (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139)</i>	Deferred
MFRS 10 <i>Consolidated Financial Statements</i>	1 January 2017
MFRS 11 <i>Joint Arrangements</i>	1 January 2017
Amendments to MFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2017
MFRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2017
MFRS 13 <i>Fair Value Measurement</i>	1 January 2017
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2017
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2017
Amendments to MFRS 10, MFRS 11 and MFRS 12 <i>Consolidated Financial Statements, Joint Arrangement and Disclosure of Interests in Other Entities: Transition Guidance</i>	1 January 2017
Amendments to MFRS 10, MFRS 12 and MFRS 127 <i>Investment Entities</i>	1 January 2017

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 – A

27

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. ADOPTION OF NEW FRSS AND AMENDMENT TO FRSS (Continued)

4.3 New Malaysian Financial Reporting Standards (“MFRSs”) that have been issued, but have yet to be adopted during the current financial year (Continued)

Title	Effective Date
MFRS 101 <i>Presentation of Financial Statements</i>	1 January 2017
Amendments to MFRS 101 <i>Presentation of Items of Other Comprehensive Income</i>	1 January 2017
MFRS 102 <i>Inventories</i>	1 January 2017
MFRS 107 <i>Statement of Cash Flows</i>	1 January 2017
MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2017
MFRS 110 <i>Events After the Reporting Period</i>	1 January 2017
MFRS 112 <i>Income Taxes</i>	1 January 2017
MFRS 116 <i>Property, Plant and Equipment</i>	1 January 2017
Amendments to MFRS 116 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2017
Amendments to MFRS 116 and MFRS 141 <i>Agriculture: Bearer Plants</i>	1 January 2017
MFRS 117 <i>Leases</i>	1 January 2017
MFRS 119 <i>Employee Benefits</i>	1 January 2017
MFRS 119 <i>Employee Benefits (revised)</i>	1 January 2017
Amendments to MFRS 119 <i>Defined Benefit Plans: Employee Contributions</i>	1 January 2017
MFRS 120 <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	1 January 2017
MFRS 121 <i>The Effects of Changes in Foreign Exchange Rates</i>	1 January 2017
MFRS 123 <i>Borrowing Costs</i>	1 January 2017
MFRS 124 <i>Related Party Disclosures</i>	1 January 2017
MFRS 126 <i>Accounting and Reporting by Retirement Benefit Plans</i>	1 January 2017
MFRS 127 <i>Separate Financial Statements</i>	1 January 2017
MFRS 128 <i>Investments in Associates and Joint Ventures</i>	1 January 2017
MFRS 129 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2017
MFRS 132 <i>Financial Instruments: Presentation</i>	1 January 2017
Amendments to MFRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2017
MFRS 133 <i>Earnings Per Share</i>	1 January 2017
MFRS 134 <i>Interim Financial Reporting</i>	1 January 2017
MFRS 136 <i>Impairment of Assets</i>	1 January 2017
Amendments to MFRS 136 <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2017
MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 January 2017
MFRS 138 <i>Intangible Assets</i>	1 January 2017
Amendments to MFRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2017
MFRS 139 <i>Financial Instruments: Recognition and Measurement</i>	1 January 2017
Amendments to MFRS 139 <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2017
MFRS 140 <i>Investment Property</i>	1 January 2017
MFRS 141 <i>Agriculture</i>	1 January 2017
Amendments to MFRSs Annual Improvements 2009 - 2011 Cycle	1 January 2017

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 – A

28

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Continued)

4.3 New Malaysian Financial Reporting Standards (“MFRSs”) that have been issued, but have yet to be adopted during the current financial year (Continued)

Title	Effective Date
Annual Improvements to MFRSs 2010 - 2012 Cycle	1 January 2017
Annual Improvements to MFRSs 2011 - 2013 Cycle	1 January 2017
Improvements to MFRSs (2008)	1 January 2017
Improvements to MFRSs (2009)	1 January 2017
Improvements to MFRSs (2010)	1 January 2017
IC Interpretation 1 <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	1 January 2017
IC Interpretation 2 <i>Members' Shares in Co-operative Entities and Similar Instruments</i>	1 January 2017
IC Interpretation 4 <i>Determining Whether an Arrangement Contains a Lease</i>	1 January 2017
IC Interpretation 5 <i>Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	1 January 2017
IC Interpretation 6 <i>Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment</i>	1 January 2017
IC Interpretation 7 <i>Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyper inflationary Economies</i>	1 January 2017
IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 January 2017
IC Interpretation 10 <i>Interim Financial Reporting and Impairment</i>	1 January 2017
IC Interpretation 12 <i>Service Concession Arrangements</i>	1 January 2017
IC interpretation 14 <i>MFRS 119- The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction</i>	1 January 2017
IC Interpretation 16 <i>Hedges of a Net Investment in a Foreign Operation</i>	1 January 2017
IC Interpretation 17 <i>Distributions of Non-cash Assets to Owners</i>	1 January 2017
IC Interpretation 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 January 2017
IC Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2017
IC Interpretation 21 <i>Levies</i>	1 January 2017
IC Interpretation 107 <i>Introduction of the Euro</i>	1 January 2017
IC Interpretation 110 <i>Government Assistance - No Specific Relation to Operating Activities</i>	1 January 2017
IC Interpretation 115 <i>Operating Leases - Incentives</i>	1 January 2017
IC Interpretation 125 <i>Income Taxes - Changes in the Tax Status of an Entity or its Shareholders</i>	1 January 2017
IC Interpretation 127 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>	1 January 2017
IC Interpretation 129 <i>Service Concession Arrangements: Disclosures</i>	1 January 2017
IC Interpretation 132 <i>Intangible Assets - Web Site Costs</i>	1 January 2017

The Group is in the process of assessing the impact of implementing these Standards since the effects would only be observable for the financial year ending 30 June 2018.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 – A

29

NOTES TO THE FINANCIAL STATEMENTS (Continued)**5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS****5.1 Changes in Estimates**

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Directors are of the opinion that there are no material changes in estimates at the end of the reporting period other than that as disclosed in Note 18 to the financial statements.

5.2 Critical Judgements Made in Applying Accounting Policies

The following judgements are made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

5.2.1 Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held for capital appreciation or to earn rental or for both.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

5.2.2 Contingent liabilities

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

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees given to subsidiaries for bank borrowings are remote.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

30

NOTES TO THE FINANCIAL STATEMENTS (Continued)**5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)****5.2 Critical Judgements Made in Applying Accounting Policies (Continued)****5.2.3 Classification of leasehold land**

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

5.2.4 Classification of non-current bank borrowings

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise its right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

5.2.5 Operating lease commitments – the Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out as operating leases due to the lease period of ten (10) years out of the investment properties' economic life of eighty (80) years.

5.3 Key Sources of Estimation Uncertainty

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

5.3.1 Impairment of goodwill on consolidation

The Group determines whether goodwill on consolidation is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are disclosed in Note 19 to the financial statements.

5.3.2 Property development

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

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)Company No:
1035807 – A

31

NOTES TO THE FINANCIAL STATEMENTS (Continued)**5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)****5.3 Key Sources of Estimation Uncertainty (Continued)****5.3.2 Property development (Continued)**

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

5.3.3 Income taxes

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

5.3.4 Deferred tax assets

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

5.3.5 Impairment of receivables

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

5.3.6 Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. Sensitivity analysis on the effects of interest rate risk has been disclosed in Note 42.2.3 to the financial statements.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)Company No:
1035807 - A

32

NOTES TO THE FINANCIAL STATEMENTS (Continued)**5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)****5.3 Key Sources of Estimation Uncertainty (Continued)****5.3.7 Depreciation of property, plant and equipment**

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. The estimated useful lives applied by the Group as disclosed in Note 6.3 to the financial statements reflect the Directors' estimate of the period that the Group expects to derive future economic benefits from the use of the Group's property, plant and equipment. These common life expectancies are applied in the business segment of the Group. Changes in the expected level of usage and technological developments could impact the economic useful lives or principal annual rates of depreciation and the residual values of these assets and therefore, depreciation charges could be revised.

5.3.8 Fair value measurement

The fair value measurement of the financial and non-financial assets and liabilities of the Group utilises market observable inputs and data. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are:

- (i) Level 1: Quoted prices in active markets for identical items (unadjusted);
- (ii) Level 2: Observable direct or indirect inputs other than Level 1 inputs; and
- (iii) Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures investment property at fair value as disclosed in Note 6.7 to the financial statements. The Group engages professional valuers to perform valuations on investment properties as disclosed separately in Note 18 to the financial statements.

5.3.9 Classification of joint arrangements

For all joint arrangements structured in separate vehicles, the Group assesses the substance of the joint arrangement in determining whether it is classified as a joint venture or joint operation. This assessment requires the Group to consider whether there are any factors that give the Group rights to the net assets of the joint arrangements (in which case it is classified as a joint venture), or rights to specific assets, liabilities, expenses, and revenues (in which case it is classified as a joint operation). These factors include:

- (i) Structure;
- (ii) Legal form;
- (iii) Contractual agreement; and
- (iv) Other facts and circumstances.

Upon consideration of these factors, the Group has determined that all of its joint arrangements structured through separate vehicles provide rights to the net assets and are therefore classified as joint ventures.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 – A

33

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. SIGNIFICANT ACCOUNTING POLICIES**

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

6.1 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) Power over the investee;
- (b) Exposure or rights, to variable returns from its involvement with the investee; and
- (c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) The contractual arrangement with the other investee;
- (b) Rights arising from other contractual agreements; and
- (c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 – A

34

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. SIGNIFICANT ACCOUNTING POLICIES (Continued)****6.1 Basis of Consolidation (Continued)**

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

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

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

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

6.1.1 Business Combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, except that:

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

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

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)Company No:
1035807 - A

35

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. SIGNIFICANT ACCOUNTING POLICIES (Continued)****6.1 Basis of Consolidation (Continued)****6.1.1 Business Combinations (Continued)**

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

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

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

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 6.11 to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

6.1.2 Subsidiaries

Subsidiaries are entities in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost.

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

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

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 – A

36

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. SIGNIFICANT ACCOUNTING POLICIES (Continued)****6.1 Basis of Consolidation (Continued)****6.1.2 Subsidiaries (Continued)**

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

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

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

6.1.3 Associates

Associates are entities in which the Group and the Company have significant influence and that is neither subsidiaries nor interest in joint ventures. Significant influence is the power to participate in the financial and operating policy decisions of the investees but is neither control nor joint control over those policies.

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

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

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

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

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)Company No:
1035807 – A

37

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. SIGNIFICANT ACCOUNTING POLICIES (Continued)****6.1 Basis of Consolidation (Continued)****6.1.3 Associates (Continued)**

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

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

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

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the interest of the Group in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

6.1.4 Joint Arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The parties are bound by a contractual arrangement which gives two or more parties joint control of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 – A

38

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. SIGNIFICANT ACCOUNTING POLICIES (Continued)****6.1 Basis of Consolidation (Continued)****6.1.4 Joint Arrangements (Continued)**

A joint arrangement is either a joint operation or a joint venture.

(i) Joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. These parties are known as joint operators.

The Group and the Company recognise in relation to its interest in a joint operation:

- (a) its assets, including its share of any assets held jointly;
- (b) its liabilities, including its share of any liabilities incurred jointly;
- (c) its revenue from the sale of its share of the output arising from the joint operation;
- (d) its share of the revenue from the sale of the output by the joint operation; and
- (e) its expenses, including its share of any expenses incurred jointly.

When the Group transacts with a joint operation (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, as such the gains and losses resulting from the transactions are recognised only to the extent of interests of other parties in the joint operation.

When the Group transacts with a joint operation (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

(ii) Joint Venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. These parties are known as joint venturers.

In the separate financial statements of the Company, an investment in a joint venture is stated at cost.

Any premium paid for an investment in a joint venture above the fair value of the share of the identifiable assets, liabilities and contingent liabilities acquired of the Group is capitalised and included in the carrying amount of the investment in joint venture. Where there is an objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in accordance with FRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount with its carrying amount.

The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with FRS 128 *Investments in Associates and Joint Ventures*.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)Company No:
1035807 – A

39

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. SIGNIFICANT ACCOUNTING POLICIES (Continued)****6.1 Basis of Consolidation (Continued)****6.1.4 Joint Arrangements (Continued)****(ii) Joint Venture (Continued)**

The Group determines the type of joint arrangement in which it is involved, based on the rights and obligations of the parties to the arrangement. In assessing the classification of interests in joint arrangements, the Group considers:

- (i) The structure of the joint arrangement;
- (ii) The legal form of joint arrangements structured through a separate vehicle;
- (iii) The contractual terms of the joint arrangement agreement; and
- (iv) Any other facts and circumstances.

When there are changes in the facts and circumstances change, the Group reassesses whether the type of joint arrangement in which it is involved has changed.

6.1.5 Transactions eliminated on consolidation

Intragroup transactions and balances and the resulting unrealised gains are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated.

Unrealised profits arising on transactions between the Group and its associates and joint ventures, which are included in the carrying amount of the related assets and liabilities are eliminated partially to the extent of the Group's interests in the associates and joint ventures. Unrealised losses on such transactions are also eliminated partially.

6.2 Foreign Currency**6.2.1 Functional and presentation currency**

The separate financial statements of each entity of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

6.2.2 Foreign currency translation and balances

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

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)Company No:
1035807 – A

40

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. SIGNIFICANT ACCOUNTING POLICIES (Continued)****6.2 Foreign Currency (Continued)****6.2.3 Foreign operations**

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

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed off or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

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

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

6.3 Property, Plant and Equipment and Depreciation

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

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

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

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

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

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 – A

41

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. SIGNIFICANT ACCOUNTING POLICIES (Continued)****6.3 Property, Plant and Equipment and Depreciation (Continued)**

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

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

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

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write-down is made if the carrying amount exceeds the recoverable amount (see Note 6.12 to the financial statements on impairment of non-financial assets).

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

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

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

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

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 – A

42

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. SIGNIFICANT ACCOUNTING POLICIES (Continued)****6.4 Borrowing Costs**

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

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

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

6.5 Leases**6.5.1 Finance leases**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Assets acquired under finance leases are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations, net of finance charges, are included in borrowings. The property, plant and equipment capitalised are depreciated on the same basis as owned assets as disclosed in Note 6.3 to the financial statements.

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

6.5.2 Operating lease - the Group as lessee

Leases of assets under which all the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

43

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. SIGNIFICANT ACCOUNTING POLICIES (Continued)****6.5 Leases (Continued)****6.5.3 Lease of land and building**

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

- property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if it is held under a finance lease; and
- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

The minimum lease payments including lump-sum upfront payments made to acquire the interest in the land and building are allocated between land and building elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element at the inception of the lease.

The lump-sum upfront lease payments made represent prepaid lease payments and are amortised over the lease term on a straight-line basis, except for leasehold land that is classified as an investment property or an asset held under property development.

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

6.6 Property Development Activities**6.6.1 Land held for property development**

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

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

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

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)Company No:
1035807 – A

44

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. SIGNIFICANT ACCOUNTING POLICIES (Continued)****6.6 Property Development Activities (Continued)****6.6.2 Property development costs**

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

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

The excess of revenue recognised in profit or loss exceeds progress billings to purchasers, the balance is classified as accrued billings under trade and other receivables. When progress billings to purchasers exceed revenue recognised in profit or loss, the balance is classified as progress billings under trade and other payables.

6.7 Investment Properties

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

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

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

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

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

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)Company No:
1035807 – A

45

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. SIGNIFICANT ACCOUNTING POLICIES (Continued)****6.7 Investment Properties (Continued)**

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

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

6.8 Construction Contracts

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

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

6.9 Inventories

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

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

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

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

6.10 Cash and Cash Equivalents

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

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)Company No:
1035807 – A

46

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. SIGNIFICANT ACCOUNTING POLICIES (Continued)****6.11 Goodwill**

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

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

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

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

6.12 Impairment of Non-Financial Assets

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

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

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

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 – A

47

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. SIGNIFICANT ACCOUNTING POLICIES (Continued)****6.12 Impairment of Non-Financial Assets (Continued)**

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

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

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

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

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

6.13 Financial Instruments

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

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

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

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)Company No:
1035807 – A

48

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. SIGNIFICANT ACCOUNTING POLICIES (Continued)****6.13 Financial Instruments (Continued)**

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

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

6.13.1 Financial assets

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

i. Financial assets at fair value through profit or loss

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

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

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

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

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)Company No:
1035807 – A

49

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. SIGNIFICANT ACCOUNTING POLICIES (Continued)****6.13 Financial Instruments (Continued)****6.13.1 Financial assets (Continued)**

ii. Held-to-maturity investments

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

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

iii. Loans and receivables

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

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

iv. Available-for-sale financial assets

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

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

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 – A

50

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. SIGNIFICANT ACCOUNTING POLICIES (Continued)****6.13 Financial Instruments (Continued)****6.13.1 Financial assets (Continued)**

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

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

6.13.2 Financial liabilities

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

i. Financial liabilities at fair value through profit or loss

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

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

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 – A

51

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. SIGNIFICANT ACCOUNTING POLICIES (Continued)****6.13 Financial Instruments (Continued)****6.13.2 Financial liabilities (Continued)**

ii. Other financial liabilities

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

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

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

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

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

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

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

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)Company No:
1035807 – A

52

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. SIGNIFICANT ACCOUNTING POLICIES (Continued)****6.13 Financial Instruments (Continued)****6.13.2 Financial liabilities (Continued)**

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

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

6.13.3 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are classified as equity which are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon approval of shareholders in a general meeting.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction, which would otherwise have been avoided.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amounts of the assets distributed and the carrying amount of the liability in profit or loss.

When issued shares of the Company are repurchased, the consideration paid, including any attributable transaction costs, is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, reissuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount of the treasury shares is shown as a movement in equity.

Company No:
1035807 – A

53

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. SIGNIFICANT ACCOUNTING POLICIES (Continued)****6.13 Financial Instruments (Continued)****6.13.4 Derivative financial instruments**

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured at their fair value. Any gains or losses arising from changes in the fair value of these contracts are recognised in profit or loss.

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

6.14 Impairment of Financial Assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

i. Held-to-maturity investments and loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments by the receivables, to determine whether there is objective evidence that an impairment loss on held-to-maturity investments and loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of held-to-maturity investments is directly reduced by the impairment loss whilst the carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 – A

54

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. SIGNIFICANT ACCOUNTING POLICIES (Continued)****6.14 Impairment of Financial Assets (Continued)**

ii. Available-for-sale financial assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

Impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if the increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

6.15 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)Company No:
1035807 – A

55

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. SIGNIFICANT ACCOUNTING POLICIES (Continued)****6.16 Contingent Liabilities and Contingent Assets**

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

6.17 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates. Revenue is recognised when it is probable that the economic benefits associated with the transaction would flow to the Group and the amount of the revenue can be measured reliably.

6.17.1 Property development

Revenue from property development is recognised based on the “percentage of completion” method in respect of all units that have been sold. The percentage of completion is determined based on the proportion of property development costs incurred for work performed up to the reporting period over the estimated total property development costs.

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue shall be recognised only to the extent of property development costs incurred that is probable to be recoverable and property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense in profit or loss immediately.

6.17.2 Construction contracts

Revenue from work done on construction contracts is recognised based on the “percentage of completion” method. The percentage of completion is determined based on the proportion of contract costs incurred for work performed up to the reporting period over the estimated total contract costs.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 – A

56

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. SIGNIFICANT ACCOUNTING POLICIES (Continued)****6.17 Revenue Recognition (Continued)****6.17.2 Construction contracts (Continued)**

When the financial outcome of a construction contract cannot be estimated reliably, contract revenue shall be recognised only to the extent of contract costs incurred that is probable to be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the foreseeable loss is recognised as an expense immediately.

6.17.3 Dividend income

Dividend income is recognised when shareholder's right to receive payment is established.

6.17.4 Rental income

Rental income is recognised based on the accruals basis.

6.17.5 Interest income

Interest income is recognised in profit or loss as it accrues.

6.17.6 Club membership license fees

Club membership license fees, which are not refundable, are recognised as income when received.

6.17.7 Management fees

Management fees are recognised when services are rendered.

6.17.8 Hotel revenue

Revenue is recognised upon delivery of products and customer acceptance, if any, or performance of services, net of sales taxes and discounts.

6.17.9 Sales of plantation produce

Revenue from the sale of plantation produce is recognised upon delivery of products and customer acceptance.

6.18 Employee Benefits**6.18.1 Short term employee benefits**

Wages, salaries, other monetary and non-monetary benefits are measured on an undiscounted basis and are accrued in the period in which the associated services are rendered by employees of the Group.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)Company No:
1035807 - A

57

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. SIGNIFICANT ACCOUNTING POLICIES (Continued)****6.18 Employee Benefits (Continued)****6.18.1 Short term employee benefits (Continued)**

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

6.18.2 Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and its foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Contributions to defined contribution plans are recognised as an expense in the period in which the employees render their services. Once the contributions have been paid, the Group has no further payment obligations.

6.18.3 Defined benefit plans

The Group operates various defined benefit plans for eligible employees of the Group. The amount recognised as a liability in respect of the defined benefit plan is the present value of the defined benefit obligations at the end of the reporting period less fair value of plan assets.

The Group determines the present value of the defined benefit obligations and the fair value of the plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

The present value of the defined benefit obligations and the related current service cost and past service cost are determined using the projected unit credit method by an actuary. The rate used to discount the obligations is based on market yields at the reporting period for high quality corporate bonds or government bonds.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)Company No:
1035807 – A

58

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. SIGNIFICANT ACCOUNTING POLICIES (Continued)****6.18 Employee Benefits (Continued)****6.18.3 Defined benefit plans (Continued)**

Remeasurement of the net defined obligation which comprise actuarial gains and losses, the effect of the asset ceiling, and the return on plan assets are recognised directly within equity in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

In measuring its defined benefit liability, the Group recognises past service cost as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, the defined benefit plan, the Group recognises past service cost immediately in profit or loss.

Net interest is recognised in profit or loss, and is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the balance of the net defined benefit obligation, considering the effects of contributions and benefit payment during the reporting period. Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in profit or loss.

If the Group has an unconditional right to a refund during the life of the plan, it would recognise an asset measured as the amount of the surplus at the reporting date that it has a right to receive a refund which would be the fair value of the plan assets less the present value of the defined benefits obligation, less any associated costs, such as taxes. If the amount of a refund is determined as the full amount or a proportion of the surplus, rather than a fixed amount, the Group would make no adjustment for the time value of money, even if the refund is realisable only at a future date.

If there is no minimum funding requirement for contributions relating to future service, the economic benefit available as a reduction in future contributions is the present value of future service cost to the entity for each period over the shorter of the expected life of the plan and the expected life of the entity. The Group would assume that there would be no change to the benefits provided by a plan in the future until the plan is amended and a stable workforce unless it is demonstrably committed at the reporting dates to make a reduction in the number of employees covered by the plan.

6.19 Income Taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by foreign subsidiaries, associates, or joint ventures on distributions to the Group and the Company, and real property gains taxes payable on disposal of properties, if any.

Taxation in profit or loss comprises current and deferred tax.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

59

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. SIGNIFICANT ACCOUNTING POLICIES (Continued)****6.19 Income Taxes (Continued)****6.19.1 Current tax**

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties.

6.19.2 Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profits will be available, such reductions will be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

- i. the same taxable entity; or
- ii. different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of the reporting period.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 – A

60

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. SIGNIFICANT ACCOUNTING POLICIES (Continued)****6.20 Earnings per share**

The Group presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing profit or loss for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year. Diluted EPS for the financial year is determined by adjusting profit or loss attributable to owners of the parent and weighted average number of ordinary shares outstanding for the effects of all potentially dilutive ordinary shares.

6.21 Operating Segments

Operating segments are defined as components of the Group that:

- i. engage in business activities from which it could earn revenues and incur expenses (including revenue and expenses relating to transactions with other components of the Group);
- ii. whose operating results are regularly reviewed by the Group’s chief operating decision maker (i.e. the Group’s Chief Executive Officer) in making decisions about resources to be allocated to the segment and assessing its performance; and
- iii. for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenue.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

- i. The reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.
- ii. The absolute amount of reported profit or loss is ten percent (10%) or more, in absolute terms of the greater of:
 - a. the combined reported profit of all operating segments that did not report a loss; and
 - b. the combined reported loss of all operating segments that reported a loss.
- iii. The assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five percent (75%) of the Group’s revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior year’s segment data for comparative purposes.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 – A

61

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6. SIGNIFICANT ACCOUNTING POLICIES (Continued)****6.22 Fair Value Measurements**

The fair value of an asset or a liability, (except for lease transactions) is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

- (a) The condition and location of the asset; and
- (b) Restrictions, if any, on the sale or use of the assets.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 – A

62

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. REVENUE

	Group		Company	
	2014	2013	1.7.2013	25.2.2013
	RM'000	RM'000	to	to
			30.6.2014	30.6.2013
			RM'000	RM'000
Sales of				
- development properties	1,243,476	1,023,318	-	-
- plantation produce	30,779	21,819	-	-
Rental from investment properties	104,894	93,514	-	-
Rendering of services	30,696	12,534	-	-
Revenue from hotel operations	44,587	-	-	-
Dividend income from				
- subsidiaries in Malaysia	-	-	20,734	-
- other investments in Malaysia	13	36	-	-
	1,454,445	1,151,221	20,734	-

8. OTHER OPERATING INCOME

	Group		Company	
	2014	2013	1.7.2013	25.2.2013
	RM'000	RM'000	to	to
			30.6.2014	30.6.2013
			RM'000	RM'000
Fair value gain on				
- investment properties	311,693	39,648	-	-
- other investments	21	24	-	-
- short term funds	1,685	-	-	-
Management fees received from				
- former holding company	-	7,760	-	-
- former related companies	2,150	3,788	-	-
Gain on disposal of				
- investment properties	-	162	-	-
- land from compulsory acquisition	2,061	-	-	-
- property, plant and equipment	256	418	-	-
Gain on				
- remeasurement of previously held investment (Note 39)	-	21,125	-	-
- bargain purchase arising from acquisitions of subsidiaries	197,966	-	-	-
Impairment losses on receivables written back (Note 26)	1,042	2	-	-
Reversal of inventories previously written down	-	227	-	-
Realised gain on foreign currency transactions	680	105	-	-
Unrealised gain on foreign currency transactions	-	-	42	-
Rental income	9,941	8,400	-	-
Others	5,927	5,575	-	-
	533,422	87,234	42	-

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

63

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. OPERATING PROFIT/(LOSS)

	Group		Company	
	2014 RM'000	2013 RM'000	1.7.2013 to 30.6.2014 RM'000	25.2.2013 to 30.6.2013 RM'000
(a) Operating profit has been arrived at after charging:				
Auditors' remuneration				
BDO and affiliates				
Statutory audit	418	267	55	5
Non-statutory audit				
- others	50	4	50	-
Member firms of BDO				
International				
Statutory audit	146	78	-	-
Non-statutory audit				
- tax compliance and advisory services	53	25	-	-
Other auditors				
Statutory audit	117	19	-	-
Non-statutory audit				
- others	5	-	5	-
Bad debts written off	130	3	-	-
Amortisation of prepaid lease payments (Note 16)	4,546	-	-	-
Depreciation of property, plant and equipment (Note 15)	14,198	5,773	-	-
Direct operating expenses of investment properties	27,443	22,618	-	-
Fair value loss on				
- investment properties	6,386	-	-	-
- short term funds	-	78	-	-
Loss on disposal of				
- investment properties	-	1,402	-	-
- property, plant and equipment	11	169	-	-
- land from compulsory land acquisition	662	-	-	-
Property, plant and equipment written off (Note 15)	58	37	-	-
Rental of premises paid to				
- a related company	887	3,768	-	-
- external parties	277	160	-	-
Realised loss on foreign currency transactions	8,746	8,656	16	-
Unrealised loss on foreign currency transactions	-	-	19	-
Impairment losses on receivables (Note 26)	757	1,154	-	-
Management fees to affiliates	829	-	-	-

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 – A

64

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. OPERATING PROFIT/(LOSS) (Continued)

	Group		Company	
	2014 RM'000	2013 RM'000	1.7.2013 to 30.6.2014 RM'000	25.2.2013 to 30.6.2013 RM'000
and crediting:				
Dividend income from				
- other investments in Malaysia	13	36	-	-
- subsidiaries in Malaysia	-	-	20,734	-
Fair value gain on				
- investment properties	311,693	39,648	-	-
- other investments	21	24	-	-
- short term funds	1,685	-	-	-
Gain on disposal of				
- investment properties	-	162	-	-
- land from compulsory acquisition	2,061	-	-	-
- property, plant and equipment	256	418	-	-
Gain on bargain purchase for the acquisitions of subsidiaries (Note 20.1)	197,966	-	-	-
Gain on remeasurement of previously held investment (Note 39)	-	21,215	-	-
Impairment losses on receivables written back (Note 26)	1,042	2	-	-
Rental income from				
- investment properties	104,894	93,514	-	-
- others	9,941	8,400	-	-
Realised gain on foreign currency transactions	680	105	-	-
Reversal of inventories previously written down	-	227	-	-
Unrealised gain on foreign currency transactions	-	-	42	-

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

65

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. OPERATING PROFIT/(LOSS) (Continued)

Cost of inventories of the Group recognised as an expense during the financial year amounted to RM75,539,000 (2013: RM108,046,000).

(b) Employee information

The employee benefits costs are as follows:

	Group		Company	
	2014	2013	1.7.2013	25.2.2013
	RM'000	RM'000	to	to
			30.6.2014	30.6.2013
			RM'000	RM'000
Wages, salaries and others	119,815	55,839	722	-
Contributions to Employee's Provident Fund	12,976	6,062	-	-
	132,791	61,901	722	-

10. INTEREST INCOME

	Group		Company	
	2014	2013	1.7.2013	25.2.2013
	RM'000	RM'000	to	to
			30.6.2014	30.6.2013
			RM'000	RM'000
Interest income from:				
Short term deposits	5,484	7,459	68	-
Subsidiaries	-	-	9,102	-
Joint ventures	15,679	28,317	-	-
Housing development accounts	2,651	1,803	-	-
Other investments	9,106	-	-	-
Others	3,254	2,201	-	-
	36,174	39,780	9,170	-

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

66

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. INTEREST EXPENSE

	<u>Group</u>		<u>Company</u>	
	2014 RM'000	2013 RM'000	1.7.2013 to 30.6.2014 RM'000	25.2.2013 to 30.6.2013 RM'000
Interest expenses:				
Subsidiaries	-	-	5,693	-
Former related company	16,736	34,480	-	-
Borrowings	31,932	4,240	-	-
	<u>48,668</u>	<u>38,720</u>	<u>5,693</u>	<u>-</u>

12. TAXATION

	<u>Group</u>		<u>Company</u>	
	2014 RM'000	2013 RM'000	1.7.2013 to 30.6.2014 RM'000	25.2.2013 to 30.6.2013 RM'000
Current year tax expense based on profit for the financial year:				
Malaysian income taxation	154,658	165,664	873	-
Foreign taxation	512	224	-	-
Deferred taxation (Note 23)	53,412	(2,066)	(171)	-
	<u>208,582</u>	<u>163,822</u>	<u>702</u>	<u>-</u>
Under/(Over) provision in prior years:				
Malaysian income taxation	6,255	2,093	-	-
Foreign taxation	14	(5)	-	-
Deferred taxation (Note 23)	1,811	1,131	-	-
	<u>8,080</u>	<u>3,219</u>	<u>-</u>	<u>-</u>
	<u>216,662</u>	<u>167,041</u>	<u>702</u>	<u>-</u>

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 – A

67

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. TAXATION (Continued)

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

	Group		Company	
	2014 %	2013 %	1.7.2013 to 30.6.2014 %	25.2.2013 to 30.6.2013 %
Applicable tax rate	25.00	25.00	25.00	(25.00)
Tax effects in respect of:				
Depreciation of non-qualifying property, plant and equipment	0.05	0.05	-	-
Non allowable expenses	1.00	3.94	5.97	25.00
Tax exempt income	(8.48)	(3.36)	(27.24)	-
Different tax rates in foreign jurisdiction	2.41	(0.26)	-	-
Unused tax losses and unabsorbed capital allowances not recognised in loss making subsidiaries	0.08	0.20	-	-
Utilisation of previously unutilised tax losses	(0.01)	(0.01)	-	-
Share of post tax results of associates	(0.08)	(0.38)	-	-
Share of post tax results of joint ventures	(1.35)	(3.09)	-	-
	18.62	22.09	3.73	-
Under provision in prior years	0.72	0.43	-	-
	19.34	22.52	3.73	-

The amount of tax savings arising from the utilisation of unutilised tax losses brought forward of the Group amounted to RM456,000 (2013: RM301,000).

Subject to agreement with the tax authorities, certain subsidiaries of the Group have unutilised tax losses and unabsorbed capital allowance of approximately RM11,195,000 (2013: RM8,260,000), for which the related tax effects have not been recognised in the financial statements. These losses are available to be carried forward for set off against future chargeable income when these subsidiaries derive future assessable income of a nature and amount sufficient for the tax losses to be utilised.

Malaysian income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Deferred tax is calculated on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

68

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. DIVIDEND

Group

Dividend paid by a subsidiary of the Group is as follows:

	Group	
	2014	2013
	RM'000	RM'000
First interim dividend in respect of financial year ended 30 June 2013 of 4.68 sen per ordinary share, less tax of 25%, paid on 30 April 2013	-	28,529
First interim dividend in respect of financial year ended 30 June 2014 of 2.46 sen per ordinary share, less tax of 25%, paid on 31 October 2013	14,996	-
	14,996	28,529

Company

Subsequent to the financial year, on 25 August 2014, the Directors declared a first interim single tier dividend of 8.0 sen per ordinary share, amounting to RM259,121,000 in respect of the financial year ended 30 June 2014. The dividend is payable on 29 October 2014 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 30 September 2014.

14. EARNINGS PER SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the legal parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2014	2013
	RM'000	RM'000
Profit attributable to equity holders of the legal parent	889,918	554,581

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 – A

69

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. EARNINGS PER SHARE (Continued)

(a) Basic (Continued)

	<u>Group</u>	
	<u>2014</u>	<u>2013</u>
	<u>'000</u>	<u>'000</u>
Weighted average number of ordinary shares in issue	<u>2,791,036</u>	<u>2,163,867</u>

⁽¹⁾ Based on the weighted average of 2,163,867,000 ordinary shares issued by the Company to the owners of the legal subsidiary (i.e. IOIPB) for the reverse acquisition for five (5) months up to 3 December 2013 and 3,239,015,000 ordinary shares in issue of the Company after 5 December 2013 for seven (7) months.

⁽²⁾ Based on the number of ordinary shares issued by the Company to the owners of the legal subsidiary (i.e. IOIPB) for the reverse acquisition.

	<u>Group</u>	
	<u>2014</u>	<u>2013</u>
	<u>Sen</u>	<u>Sen</u>
Basic earnings per ordinary share for:		
- Profit for the financial year	<u>31.88</u>	<u>25.63</u>

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

71

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group 2013	At beginning of financial year RM'000	Additions RM'000	Transfer from investment properties (Note 18) RM'000	Acquisition of a subsidiary (Note 39) RM'000	Written off RM'000	Disposals RM'000	Foreign currency translation differences RM'000	At end of financial year RM'000
At Cost								
Freehold land	5,419	167	25,140	-	-	-	-	30,726
Golf course development expenditure	13,528	-	-	-	-	-	-	13,528
Buildings and improvements	10,285	5,723	-	-	-	-	-	16,008
Plant and machinery	53,081	372	-	-	(4)	-	-	53,449
Motor vehicles	13,945	2,225	-	76	(32)	(1,684)	5	14,535
Furniture, fittings and equipment	20,296	2,117	-	67	(385)	(139)	4	21,960
Construction-in-progress	-	20,437	16,779	-	-	-	-	37,216
	116,554	31,041	41,919	143	(421)	(1,823)	9	187,422
Accumulated Depreciation								
Golf course development expenditure	1,932	-	322	-	-	-	-	2,254
Buildings and improvements	2,602	-	250	-	-	-	1	2,853
Plant and machinery	39,699	(3)	2,165	(3)	-	-	-	41,861
Motor vehicles	10,319	(25)	1,456	(25)	(1,601)	-	-	10,149
Furniture, fittings and equipment	15,704	(356)	1,580	(356)	(114)	-	1	16,815
	70,256	(384)	5,773	(384)	(1,715)	-	2	73,932

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 – A

72

NOTES TO THE FINANCIAL STATEMENTS (Continued)**15. PROPERTY, PLANT AND EQUIPMENT (Continued)**

	Group	
	2014	2013
Carrying Amount	RM'000	RM'000
Freehold land	134,776	30,726
Golf course development expenditure	72,045	11,274
Buildings and improvements	378,945	13,155
Plant and machinery	18,971	11,588
Motor vehicles	5,800	4,386
Furniture, fittings and equipment	18,626	5,145
Construction-in-progress	418,137	37,216
	1,047,300	113,490

16. PREPAID LEASE PAYMENTS

	Group	
	2014	2013
	RM'000	RM'000
Long term leasehold land		
At Cost		
At beginning of financial year	99,353	-
Additions	-	99,361
Amortisation	(4,546)	-
Exchange differences	(305)	(8)
At end of financial year	94,502	99,353

Included in additions to prepaid lease payments were interest expenses charged by a former related company in the financial year ended 30 June 2013 amounting to RM4,148,000.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

73

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. LAND HELD FOR PROPERTY DEVELOPMENT

Group 2014	Freehold land RM'000	Long term	Short term	Development costs RM'000	Total RM'000
		leasehold land RM'000	leasehold land RM'000		
At Cost					
At beginning of financial year	1,102,913	408,426	173	307,539	1,819,051
Additions	885,417	-	-	229,411	1,114,828
Acquisitions of subsidiaries (Note 20.1)	211,888	-	-	19,426	231,314
Disposals	(6,815)	-	-	(106)	(6,921)
Transfer from deposits	30,816	-	-	-	30,816
Transfer to property development costs (Note 24)	(36,755)	(9,178)	-	(134,240)	(180,173)
Transfer from investment properties (Note 18)	3,674	-	-	-	3,674
Exchange differences	-	(853)	-	(25)	(878)
At end of financial year	2,191,138	398,395	173	422,005	3,011,711
2013					
At Cost					
At beginning of financial year	1,460,149	100,924	173	266,240	1,827,486
Additions	699,430	307,478	-	184,316	1,191,224
Acquisition of a subsidiary (Note 39)	-	215,455	-	6,014	221,469
Transfer to property development costs (Note 24)	(1,062,949)	(223,883)	-	(149,541)	(1,436,373)
Exchange differences	6,283	8,452	-	510	15,245
At end of financial year	1,102,913	408,426	173	307,539	1,819,051

Included in land held for property development of the Group are plantation land of RM382,323,000 (2013: RM98,626,000), which are intended to be used for property development. Currently, the subsidiaries are harvesting oil palm crops from the said land.

Included in additions to land held for property development of the Group are interest expenses charged by a former related company and non-controlling interests during the financial year amounting to RM6,137,000 (2013: RM15,636,000) and RM1,165,000 (2013: RM1,773,000) respectively.

Certain titles of freehold land amounting to RM376,365,000, whereby the Group are the beneficiary owner, are registered under the name of the former holding company. The Group is in the midst of perfecting the land titles.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

74

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. INVESTMENT PROPERTIES

Group 2014	At beginning of financial year RM'000	Transfer to property, plant and equipment (Note 15) RM'000	Transfer to land held for property development (Note 17) RM'000	Acquisitions of subsidiaries (Note 20.1) RM'000	Fair value adjustments RM'000	Additions RM'000	Disposals RM'000	Foreign currency translation differences RM'000	At end of financial year RM'000
Freehold land and buildings	1,185,270	(888)	(3,674)	590,926	233,429	392,191	-	-	2,397,254
Leasehold land	291,837	-	-	-	71,878	5,167	-	(647)	368,235
	1,477,107	(888)	(3,674)	590,926	305,307	397,358	-	(647)	2,765,489
2013									
Freehold land and buildings	1,113,805	(41,919)	-	-	36,499	83,438	(6,553)	-	1,185,270
Leasehold land	-	-	-	-	3,149	288,656	-	32	291,837
	1,113,805	(41,919)	-	-	39,648	372,094	(6,553)	32	1,477,107

The fair values of the investment properties above were estimated based on valuations by independent registered valuers. Valuations were based on market evidence of transaction prices for similar properties for certain properties and where appropriate, the investment method reflecting receipts of contractual rentals, expected future market rentals, current market yields, void periods, sinking funds and maintenance requirements and approximate capitalisation rates are used. The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

Included in investment properties of the Group were interest expenses charged by a former related company in the previous financial year amounted to RM9,589,000.

In connection with the adoption of FRS 13 *Fair Value Measurement* which requires the valuation premises of a non-financial asset to reflect its highest and best use, the basis of valuation of an existing investment property was changed from investment approach to comparison approach which resulted in an increase of fair value of RM30,400,000.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

75

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. INVESTMENT PROPERTIES (Continued)

Investment properties comprise:

Name of building/location	Description	Tenure of land	Net lettable area '000 sq ft.
IOI Mall Bandar Puchong Jaya Puchong Selangor Darul Ehsan	3 storey shopping mall	Freehold	618
IOI Mall (new wing) Bandar Puchong Jaya Puchong Selangor Darul Ehsan	4 storey shopping mall	Freehold	243
Puchong Financial Corporate Centre ("PFCC") Tower 1 and 2 Bandar Puteri Puchong Selangor Darul Ehsan	2 blocks of purpose- built office building	Freehold	379
PFCC Tower 4 and 5 Bandar Puteri Puchong Selangor Darul Ehsan	2 blocks of purpose- built office building	Freehold	495
IOI Boulevard Bandar Puchong Jaya Puchong Selangor Darul Ehsan	104 units of commercial lot	Freehold	282
IOI Business Park Bandar Puchong Jaya Puchong Selangor Darul Ehsan	11 units of commercial lot and 902 car park bays	Freehold	18
Lot No. 40338 Mukim Petaling Selangor Darul Ehsan	Petrol station land	Freehold	18
HS(D) 41529 PT No. 9411 Mukim Petaling Selangor Darul Ehsan	Petrol station land	Freehold	29
PT No. 82181 Lebuh Putra Utama Bandar Putra, Kulai Johor Darul Takzim	Single storey detached commercial building	Freehold	29

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

76

NOTES TO THE FINANCIAL STATEMENTS (Continued)**18. INVESTMENT PROPERTIES (Continued)**

Name of building/location	Description	Tenure of land	Net lettable area '000 sq ft.
Bungalow House IOI Resort Putrajaya	37 units of residential bungalow	Freehold	268
Puteri Mart Bandar Puteri Puchong Selangor Darul Ehsan	1 ½ storey semi-wet market	Freehold	46
IOI Mall Bandar Putra Kulai Johor Bahru Johor Darul Takzim	2 storey shopping mall with a lower ground floor	Freehold	239
IOI Mart Taman Lagenda Putra Senai-Kulai Johor Bahru Johor Darul Takzim	1 storey semi-wet market retail complex	Freehold	76
One and Two IOI Square IOI Resort Putrajaya	2 blocks of 12 storey purpose-built office building	Freehold	404
IOI Resort City Development IOI Resort Putrajaya	Integrated mixed development including shopping mall and 2 blocks of purpose-built office building	Freehold	*
IOI Palm City Development Xinglin Bay Road and Jimei Main Road Jimei New Town Zone 11-12 Jimei District, Xiamen Fujian Province The People's Republic of China	Integrated mixed development including shopping mall and purpose- built office building	40-50 years leasehold	*
Bandar Baru Salak Tinggi District of Sepang Selangor Darul Ehsan	Vacant industrial land	99 years leasehold	-

* The investment properties are currently under construction.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

77

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. GOODWILL ON CONSOLIDATION

	<u>Group</u>	
	2014	2013
	RM'000	RM'000
At beginning of financial year	3,802	3,802
Add: Arising from acquisitions of subsidiaries (Note 20.1)	<u>7,670</u>	<u>-</u>
At end of financial year	<u>11,472</u>	<u>3,802</u>

For the purpose of impairment testing, goodwill is allocated to the Group's Cash-generating Units ("CGUs") identified according to the operating segments as follows:

	<u>Group</u>	
	2014	2013
	RM'000	RM'000
Property development	3,802	3,802
Leisure and hospitality	<u>7,670</u>	<u>-</u>
	<u>11,472</u>	<u>3,802</u>

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGUs based on value-in-use. Value-in-use is determined by discounting the future cash flows to be generated from the continuing use of the CGUs based on the following assumptions:

- i. Cash flows are projected based on the management's most recent three (3) years business plan.
- ii. Discount rates used for cash flows discounting purpose is the Group's weighted average cost of capital. The average discount rate applied for cash flow projections is 10.0%.
- iii. Growth rates of property and other segments are determined based on the industry trends and past performances of the segments.
- iv. Profit margins are projected based on the industry trends, historical profit margin achieved or predetermined profit margin for property projects.

The management is not aware of any reasonably possible change in the above key assumptions that would cause the carrying amounts of the CGUs to materially exceed their recoverable amounts.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

78

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. SUBSIDIARIES

20.1 Interests in Subsidiaries

	Company	
	2014	2013
At Cost	RM'000	RM'000
Unquoted shares in Malaysia	11,767,530	-
Unquoted shares outside Malaysia	1,479,932	-
	13,247,462	-
Equity loans (Note 20.2)	918,499	-
	14,165,961	-

Details of the subsidiaries are set out in Note 47 to the financial statements.

2014

- (A) Prior to the listing of the ordinary shares of the Company on the Main Market of Bursa Malaysia, the Company was incorporated by its former holding company, IOIC for a series of internal reorganisation exercise of IOIC, which entailed the following:
- (i) On 3 December 2013, the Company acquired 810,948,936 ordinary shares of RM0.50 each, representing 99.8% of the issued and paid-up share capital of IOIPB from IOIC, for a total consideration of RM9,768,980,000 which was satisfied via the issuance of 2,163,866,849 new ordinary shares of the Company at an issue price of approximately RM4.51 per ordinary share.

Upon completion of the acquisition, the Company became the legal parent of IOIPB. IOIPB has been identified as the accounting acquirer under the concept of reverse acquisition accounting by analogy pursuant to FRS 3 since the substance of the business combination is that IOIPB acquired the Company in a reverse acquisition.

On consolidation, the reorganisation debit arising from the reverse acquisition accounting by analogy comprises:

	RM'000
Issued equity of the Company for the acquisitions	9,768,980
Issued equity of IOIPB	(1,328,828)
	8,440,152

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

79

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. SUBSIDIARIES (Continued)

20.1 Interests in Subsidiaries (Continued)

2014 (Continued)

- (ii) On 5 December 2013, the Company acquired the equity interests of the following Other Property Companies from IOIC:-

Company Name	Equity Interest	Purchase Consideration RM'000
IOI Consolidated (Singapore) Pte. Ltd. ("IOI Conso")	100%	1,449,270
Resort Villa Development Sdn. Bhd. ("RVD")	100%	342,208
Resort Villa Golf Course Berhad ("RVGCB")	100%	274,130
IOI City Mall Sdn. Bhd. (f.k.a. Dreammont Development Sdn. Bhd.) ("IOI City Mall")	100%	220,255
Palmex Industries Sdn. Bhd. ("Palmex")	100%	90,013
Bukit Kelang Development Sdn. Bhd ("BKD")	100%	84,852
Resort Villa Golf Course Development Sdn. Bhd. ("RVGCD")	100%	48,007
Eng Hup Industries Sdn. Bhd.	100%	5,548
PMX Bina Sdn. Bhd. ("PMX")	100%	2,739
IOI City Holdings Sdn. Bhd. ("IOICH")	100%	*
Nice Skyline Sdn. Bhd. ("NSSB")	60%	64,289 [^]
Total		2,581,311

* Representing RM2

[^] The Group regards NSSB as its subsidiary by virtue of IOIPB's direct equity interest of 40% in NSSB.

The total purchase considerations of RM2,581,311,000 were satisfied via the issuance of 571,770,369 new ordinary shares of the Company at an issue price of approximately RM4.51 per ordinary share.

- (1) The fair values of the identifiable assets and liabilities as at the date of acquisition are as follows:

	RM'000
Property, plant and equipment	858,034
Land held for property development	231,314
Investment properties	590,926
Interest in a joint venture	1,535,218
Property development costs	69,433
Inventories	3,280
Trade and other receivables	86,746
Cash and bank balances	62,436
Trade and other payables	(575,341)
Taxation	(978)
Deferred tax liabilities	(60,667)
Total identifiable net assets	2,800,401
Less: Previously held interest	(28,794)
Goodwill arising from acquisition	7,670
Gain on bargain purchase from the acquisition of subsidiaries	(197,966)
Total cost of acquisition	2,581,311

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

80

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. SUBSIDIARIES (Continued)

20.1 Interests in Subsidiaries (Continued)

2014 (Continued)

(ii) On 5 December 2013, the Company acquired the equity interests of the following Other Property Companies from IOIC (Continued):-

(2) The effects of the acquisition of Other Property Companies on cash flows are as follows:

	RM'000
Total cost of acquisition	2,581,311
Less: Non-cash consideration	<u>(2,581,311)</u>
Consideration settled in cash	-
Cash and cash equivalents of subsidiaries acquired	<u>62,436</u>
Net cash inflow of the Group on acquisition	<u>62,436</u>

(3) Other Property Companies have contributed profit of RM49,309,000 for the financial year from the acquisition date. Had the business combination taken place at the beginning of the year, the Group's profit for the financial year would have been RM958,261,000.

(iii) On 5 December 2013, the Company acquired 10% equity interest each in PVB and PSSB for an aggregate consideration of RM196,345,000, which was satisfied via the issuance of 43,491,177 new ordinary shares of the Company at an issue price of approximately RM4.51 per ordinary share. The Company regards PSSB and PVB as its subsidiaries by virtue of IOIPB's direct equity interest of 90% in both companies. In relation to this, the Group's interest in these subsidiaries accreted from 89.9% to 99.9%. The Group recorded a debit of RM123,535,000 in the retained earnings, being the differences between the carrying amounts of non-controlling interests and purchase consideration.

During the financial year, the Company

- (B) Acquired 2 ordinary shares of RM1.00 each, representing 100% of the issued and paid-up capital of IOI Properties Empire Sdn. Bhd. for cash consideration of RM2.00. The acquisition has no material impact on the Group's financial statements.
- (C) Acquired 2 ordinary shares of RM1.00 each, representing 100% of the issued and paid-up capital of IOIP Capital Management Sdn. Bhd. ("IOIPCM") for cash consideration of RM2.00. The acquisition has no material impact on the Group's financial statements.
- (D) Subscribed 100 ordinary shares of USD1.00 each, representing 100% of the issued and paid-up capital of IOI Properties Capital (L) Berbad for cash consideration of USD100. The acquisition has no material impact on the Group's financial statements.
- (E) Subscribed for 499,998 ordinary shares of RM1.00 each and 371,950,000 Redeemable Preference Shares ("RPS") of RM0.01 each plus premium of RM0.99 each in IOICH. The total consideration for the subscription of RM372,449,998 was settled by offsetting the amount due from IOICH to the Company.
- (F) Subscribed for 499,998 ordinary shares of RM1.00 each and 110,750,000 RPS of RM0.10 each plus premium of RM0.90 each in IOI City Mall. The total consideration for the subscription of RM111,249,998 was settled by offsetting the amount due from IOI City Mall to the Company.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

81

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. SUBSIDIARIES (Continued)

20.1 Interests in Subsidiaries (Continued)

2014 (Continued)

- (G) Subscribed for 11,961,500 RPS in IOI Conso. The consideration for the subscription of SGD11,961,500 or equivalents RM30,662,109 was settled by offsetting the amount due from IOI Conso to the Company.
- (H) Subscribed for an additional 2,500,000 ordinary shares of RM1.00 each in IOIPCM for cash consideration of RM2,500,000.
- (I) Subscribed for 51,369,000 RPS of RM0.01 each plus premium of RM0.99 each in BKD. The consideration for the subscription of RM51,369,000 was settled by offsetting the amount due from BKD to the Company.
- (J) Subscribed for 74,040,000 RPS of RM0.01 each plus premium of RM0.99 each in NSSB. The consideration for the subscription of RM74,040,000 was settled by offsetting the amount due from NSSB to the Company.
- (K) Subscribed for 622,450 RPS of RM0.50 each plus premium of RM99.50 each in RVGCB. The consideration for the subscription of RM62,245,000 was settled by offsetting the amount due from RVGCB to the Company.
- (L) Subscribed for 11,358,000 RPS of RM0.01 each plus premium of RM0.99 each in PSSB, representing 10% of the RPS of PSSB. The consideration for the subscription of RM11,358,000 was settled by offsetting the amount due from PSSB to the Company.
- (M) Redeemed of 15,000 RPS of RM0.50 each plus premium of RM99.50 each in RVGCD. The total redemption amount of RM1,500,000 was settled by offsetting the amount due to RVGCD.
- (N) Redeemed of 135,480 RPS of RM0.50 each plus premium of RM99.50 each in RVD. The total redemption amount of RM13,548,000 was settled by offsetting the amount due to RVD.

The Group does not have any subsidiary that has non-controlling interests which is individually material to the Group for both financial years ended 30 June 2014 and 30 June 2013.

20.2 Equity Loans

Equity loans represent advances to foreign subsidiaries, which are used to invest in development properties in the People's Republic of China ("PRC") and joint venture's projects in Singapore of RM915,922,000 and RM2,577,000 respectively (2013: Nil). These amounts are unsecured, interest free and settlement is neither planned nor likely to occur in the foreseeable future, and in substance form part of the Company's net investment in subsidiaries.

20.3 Amounts Due From/(To) Subsidiaries

The non-current amounts due from subsidiaries represent outstanding amounts arising from advances and payments made on behalf of or by subsidiaries. These amounts are unsecured, bear interest at rates ranging from 1.20% to 1.22% (2013: Nil) per annum and payable upon demand in cash and cash equivalents. The current amount due from a subsidiary represents payments made on behalf of a subsidiary, which is unsecured, bears interest at 4.95% to 5.02% (2013: Nil) per annum and is payable upon demand in cash and cash equivalents. The amounts due to subsidiaries bear interest at 2.90% per annum and payable upon demand in cash and cash equivalents.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

82

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. ASSOCIATES

21.1 Investments in Associates

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	48,166	62,161	1,050	-
Bargain purchase recognised in prior years	9,754	18,758	-	-
	57,920	80,919	1,050	-
Share of post-acquisition results and reserves	6,597	17,263	-	-
	64,517	98,182	1,050	-

All the associates of the Group are accounted for using the equity method in the consolidated financial statements. Details of the associates are set out in Note 47 to the financial statements.

Company

During the financial year, the Company subscribed for 1,050,000 ordinary shares of RM1.00 each, representing 35% of the issued and paid-up share capital of IOI Corporate Services Sdn. Bhd. for a total cash consideration of RM1,050,000.

Group

The Company acquired 60% equity interest in NSSB as disclosed in Note 20.1 (A) to the financial statements. NSSB becomes a 99.9% subsidiary of the Group subsequent to the said acquisition of 60% equity interest.

The Group does not have any associate which is individually material to the Group for both financial years ended 30 June 2014 and 30 June 2013.

21.2 Summary of Financial Information of Associates

	Group	
	2014	2013
	RM'000	RM'000
Assets and liabilities		
Total assets	261,974	373,442
Total liabilities	21,566	34,525
Results		
Revenue	17,638	87,792
Profit for the financial year	6,285	39,559
Other comprehensive income	-	-
Total comprehensive income	6,285	39,559
Other information		
Dividend received	28,899	43,213

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

83

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. ASSOCIATES (Continued)

21.3 The reconciliation of net assets of the associates to the carrying amount of the investment in associates are as follows:

	<u>Group</u>	
	2014	2013
	RM'000	RM'000
Share of net assets of the Group	54,763	79,424
Bargain purchase	<u>9,754</u>	<u>18,758</u>
Carrying amount in the statement of financial position	<u>64,517</u>	<u>98,182</u>
Share of profit or loss of the Group	<u>3,494</u>	<u>11,255</u>
Other information		
Dividend received	<u>28,899</u>	<u>43,213</u>

22. JOINT VENTURES

22.1 Interests in Joint Ventures

	<u>Group</u>	
	2014	2013
	RM'000	RM'000
Unquoted shares, at cost	2,773,533	5,054
Share of post-acquisition results and reserves	<u>58,098</u>	<u>(52,565)</u>
	2,831,631	(47,511)
Fair value adjustment at date of acquisition	(13,883)	-
Amounts due from joint ventures	<u>1,037,998</u>	<u>2,223,750</u>
	<u>3,855,746</u>	<u>2,176,239</u>

The joint arrangements of the Group are regarded as joint ventures pursuant to the contractual rights and obligations of the joint venture agreements that provide the Group with the rights to the net assets of the joint ventures. The joint ventures are accounted for using the equity method in the consolidated financial statements. Details of the joint ventures are set out in Note 47 to the financial statements.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

84

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. JOINT VENTURES (Continued)

22.1 Interests in Joint Ventures (Continued)

During the financial year, the Company acquired 100% equity interests in IOI Conso as disclosed in Note 20.1(A)(ii) to the financial statements. IOI Conso holds 49.9% equity interests in a joint venture, Scottsdale Properties Pte. Ltd..

22.2 Financial Information of Joint Ventures

(i) Summarised statements of financial position

Summarised information of joint ventures that are material to the Group is set out below.

	Scottsdale Properties Pte. Ltd. RM'000	Pinnacle (Sentosa) Pte. Ltd. RM'000	Mergui Development Pte. Ltd. RM'000	Other individual immaterial joint ventures RM'000	Total RM'000
2014					
Non-current assets	4,708,791	3,489	7	81,507	4,793,794
Current assets	1,857,411	3,761,667	1,027,112	1,225,172	7,871,362
Current liabilities	(173,884)	(62,646)	(16,241)	(972,106)	(1,224,877)
Non-current liabilities	<u>(4,343,072)</u>	<u>(1,437,194)</u>	<u>(691,993)</u>	<u>(44,033)</u>	<u>(6,516,292)</u>
Net assets	<u>2,049,246</u>	<u>2,265,316</u>	<u>318,885</u>	<u>290,540</u>	<u>4,923,987</u>
Proportion of the ownership of the Group	49.9%	65.0%	60.0%		
Carrying amounts of the investments in joint ventures	<u>1,022,574</u>	<u>1,472,455</u>	<u>191,331</u>	<u>145,271</u>	<u>2,831,631</u>
		Pinnacle (Sentosa) Pte. Ltd. RM'000	Mergui Development Pte. Ltd. RM'000	Other individual immaterial joint ventures RM'000	Total RM'000
2013					
Non-current assets		-	767,038	31,485	798,523
Current assets		3,631,691	8	1,199,585	4,831,284
Current liabilities		(1,609,716)	(23,235)	(966,586)	(2,599,537)
Non-current liabilities		<u>(2,433,220)</u>	<u>(573,037)</u>	<u>(29,814)</u>	<u>(3,036,071)</u>
Net (liabilities)/assets		<u>(411,245)</u>	<u>170,774</u>	<u>234,670</u>	<u>(5,801)</u>
Proportion of the ownership of the Group		65.0%	60.0%		
Carrying amounts of the investments in joint ventures		<u>(267,310)</u>	<u>102,464</u>	<u>117,335</u>	<u>(47,511)</u>

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)
Company No:
1035807 - A

85

NOTES TO THE FINANCIAL STATEMENTS (Continued)**22. JOINT VENTURES (Continued)****22.2 Financial Information of Joint Ventures (Continued)**

(ii) Summarised statements of comprehensive income

	Scottsdale Properties Pte. Ltd. RM'000	Pinnacle (Sentosa) Pte. Ltd. RM'000	Mergui Development Pte. Ltd. RM'000	Other individual immaterial joint ventures RM'000	Total RM'000
2014					
Revenue	-	3,300	389,245	44,080	436,625
Profit after tax	(11,926)	(37,202)	142,607	10,424	103,903
Share of profit by the Group for the financial year	<u>(5,951)</u>	<u>(24,181)</u>	<u>85,564</u>	<u>5,212</u>	<u>60,644</u>

	Pinnacle (Sentosa) Pte. Ltd. RM'000	Mergui Development Pte. Ltd. RM'000	Other individual immaterial joint ventures RM'000	Total RM'000
2013				
Revenue	-	396,973	64,952	461,925
Profit after tax	(71)	143,962	10,428	154,319
Share of profit by the Group of the financial year	<u>(46)</u>	<u>86,377</u>	<u>5,214</u>	<u>91,545</u>

Group	
2014	2013
RM'000	RM'000

Authorised capital expenditure of joint ventures
Construction in progress

- Contracted	<u>17,869</u>	<u>73,119</u>
--------------	---------------	---------------

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

86

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. JOINT VENTURES (Continued)

22.3 Amounts Due From Joint Ventures

The amounts due from joint ventures represent outstanding amounts arising from the Group's subsidiaries' proportionate share in the advances and working capital to the joint ventures for the acquisition of land and its development projects in Singapore. During the financial year, an amount of SGD695,337,000 (equivalent to RM1,808,236,000) were capitalised as redeemable preference shares. The remaining amounts due from joint ventures are unsecured, non-interest bearing except for an amount of RM477,612,000, which bears interest at 1.20% (2013: 0.20% to 1.41%) per annum and is not repayable within the next twelve (12) months.

23. DEFERRED TAXATION

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At beginning of financial year	16,731	3,572	-	-
Recognised in the profit or loss (Note 12)				
- Current year	53,412	(2,066)	(171)	-
- Prior years	1,811	1,131	-	-
	55,223	(935)	(171)	-
Addition through acquisitions of subsidiaries (Note 20)	60,667	14,084	-	-
Foreign currency translation differences	(106)	10	-	-
At end of financial year	132,515	16,731	(171)	-
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	205,411	38,436	-	-
Deferred tax assets	(72,896)	(21,705)	(171)	-
	132,515	16,731	(171)	-

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

87

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. DEFERRED TAXATION (Continued)

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deferred tax liabilities				
At beginning of financial year	38,436	20,933	-	-
Recognised in profit or loss				
Temporary differences on accelerated capital allowances	15,200	93	-	-
Temporary differences on amortisation of fair value adjustments on business combinations	27,495	(2,139)	-	-
Temporary differences on fair value adjustments on investment properties	48,457	19,549	-	-
Temporary differences on profit from sales of development properties	75,823	-	-	-
	166,975	17,503	-	-
At end of financial year	205,411	38,436	-	-
Deferred tax assets				
At beginning of financial year	21,705	17,361	-	-
Recognised in profit or loss				
Temporary differences on unutilised tax losses	(334)	854	-	-
Temporary differences on unabsorbed capital allowances	(101)	18	-	-
Other deductible temporary differences	51,626	3,472	171	-
	51,191	4,344	171	-
At end of financial year	72,896	21,705	171	-

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

88

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. DEFERRED TAXATION (Continued)

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deferred tax liabilities				
Temporary differences on accelerated capital allowances	18,543	3,343	-	-
Temporary differences on amortisation of fair value adjustments on business combinations	52,329	24,834	-	-
Temporary differences on fair value adjustments on investment properties	58,716	10,259	-	-
Temporary differences on profit from sales of development properties	<u>75,823</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>205,411</u>	<u>38,436</u>	<u>-</u>	<u>-</u>
Deferred tax assets				
Unutilised tax losses	1,720	2,054	-	-
Unabsorbed capital allowances	501	602	-	-
Other deductible temporary differences	<u>70,675</u>	<u>19,049</u>	<u>171</u>	<u>-</u>
	<u>72,896</u>	<u>21,705</u>	<u>171</u>	<u>-</u>

The following deferred tax assets have not been recognised:

	Group	
	2014 RM'000	2013 RM'000
Unutilised tax losses	8,519	5,533
Unabsorbed capital allowance	<u>2,676</u>	<u>2,727</u>
	<u>11,195</u>	<u>8,260</u>

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

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

89

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. PROPERTY DEVELOPMENT COSTS

Group 2014	Freehold land RM'000	Long term leasehold land RM'000	Development costs RM'000	Accumulated cost charged to profit or loss RM'000	Total RM'000
At Cost					
At beginning of financial year	1,378,553	245,653	4,388,493	(4,213,772)	1,798,927
Costs incurred	3,034	-	723,607	-	726,641
Acquisitions of subsidiaries (Note 20.1)	21,351	-	263,599	(215,517)	69,433
Transfer from land held for property development (Note 17)	36,755	9,178	134,240	-	180,173
Transfer to inventories	(2,438)	(3,771)	(125,285)	-	(131,494)
Exchange differences	23,378	(465)	2,915	(341)	25,487
Recognised as expense in profit or loss as part of cost of sales	-	-	-	(552,480)	(552,480)
At end of financial year	1,460,633	250,595	5,387,569	(4,982,110)	2,116,687
2013					
At Cost					
At beginning of financial year	318,561	22,420	3,862,711	(3,874,812)	328,880
Costs incurred	3,034	-	456,522	-	459,556
Transfer from land held for property development (Note 17)	1,062,949	223,883	149,541	-	1,436,373
Transfer to inventories	(5,991)	(650)	(80,281)	-	(86,922)
Exchange differences	-	-	-	(20)	(20)
Recognised as expense in profit or loss as part of cost of sales	-	-	-	(338,940)	(338,940)
At end of financial year	1,378,553	245,653	4,388,493	(4,213,772)	1,798,927

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

90

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. INVENTORIES

	Group	
	2014	2013
	RM'000	RM'000
At Cost		
Completed development properties	185,965	115,446
Raw materials and consumables	2,373	1,736
Nursery inventories	1,828	1,655
Others	952	570
	191,118	119,407
At Net Realisable Value		
Completed development properties	401	408
	191,519	119,815

26. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Trade receivables (Note 26.1)	147,202	146,501	-	-
Other receivables, deposits and prepayments (Note 26.2)	61,472	46,529	2,258	-
Accrued billings	282,488	222,435	-	-
Amounts due from contract customers (Note 26.3)	882	947	-	-
	492,044	416,412	2,258	-

26.1 Trade Receivables

	Group	
	2014	2013
	RM'000	RM'000
Trade receivables	150,846	151,200
Less: Impairment losses	(3,644)	(4,699)
	147,202	146,501

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

91

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. TRADE AND OTHER RECEIVABLES (Continued)

26.1 Trade Receivables (Continued)

- (a) Included in trade receivables of the Group is amount due from affiliates of RM2,280,000 (2013: RM128,000) for property project management services, provision of landscaping services and related costs provided by a subsidiary, which is unsecured, non-interest bearing and payable within the credit period in cash and cash equivalents.
- (b) The normal trade credit terms granted by the Group and the Company range from 7 to 90 days (2013: 7 to 90 days) from date of invoice and progress billing. They are recognised at their original invoiced amounts, which represent their fair values on initial recognition.
- (c) The reconciliation of movements in the impairment losses of trade receivables is as follows:

	Group	
	2014	2013
	RM'000	RM'000
At beginning of financial year	4,699	3,607
Acquisitions of subsidiaries	196	-
Charge for the financial year	757	1,101
Written back	(1,042)	(2)
Written off	(966)	(7)
At end of financial year	3,644	4,699

26.2 Other Receivables, Deposits and Prepayments

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Other receivables	26,733	7,909	2,253	-
Less: Impairment losses	(1,439)	(1,551)	-	-
	25,294	6,358	2,253	-
Deposits	32,767	39,316	5	-
Prepayments	3,411	855	-	-
	61,472	46,529	2,258	-

Included in deposits of the Group was an amount of RM8,500,000 (2013: RM30,816,000) paid during the financial year for new land acquisitions.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

92

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. TRADE AND OTHER RECEIVABLES (Continued)

26.2 Other Receivables, Deposits and Prepayments (Continued)

- (a) The reconciliation of movements in the impairment losses of other receivables is as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
At beginning of financial year	1,551	1,498	-	-
Charge for the financial year	-	53	-	-
Written back	-	-	-	-
Written off	(112)	-	-	-
At end of financial year	1,439	1,551	-	-

26.3 Amounts Due From Contract Customers

	Group	
	2014	2013
	RM'000	RM'000
Aggregate costs incurred to date	26,841	26,091
Recognised profit	6,738	6,123
Progress billings	33,579	32,214
	(32,697)	(31,267)
Amounts due from contract customers	882	947

27. AMOUNTS DUE FROM/(TO) FORMER RELATED COMPANIES

Group

The amounts due from former related companies consisted of trade and non-trade balances. The non-trade balances represented advances and payments made on behalf, which were unsecured, non-interest bearing and payable upon demand in cash and cash equivalents.

Amount due to a former related company represented advances and payments made on behalf, which were unsecured and bore interest at rates ranging from 0.93% to 4.63% (2013: 1.01% to 4.63%) per annum and payable upon demand in cash and cash equivalents.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

93

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28. AMOUNT DUE FROM/(TO) FORMER HOLDING COMPANY

Group and Company

The amount due from/(to) former holding company represented payments made on behalf, which was unsecured, non-interest bearing and payable within the credit period in cash and cash equivalent.

29. OTHER INVESTMENTS

	Group	
	2014	2013
	RM'000	RM'000
At fair value through profit or loss		
- Quoted shares in Malaysia	-	1,060
Loans and receivables		
- Unquoted investment outside Malaysia	340,629	-
Total other investment	340,629	1,060

The unquoted investments are operated by a reputable licensed bank in PRC. The expected return on these investments is linked to the performance of the foreign currency market, and hence the unquoted investments contain embedded derivatives. The notional value of the unquoted investments is classified as loan and receivables and measured at amortised costs. The fair value of the embedded derivative is deemed to be insignificant.

30. SHORT TERM FUNDS

	Group	
	2014	2013
	RM'000	RM'000
Investments in fixed income trust funds in Malaysia at fair value through profit or loss	225,079	59,930

Investments in fixed income trust funds in Malaysia represent investment in highly liquid money market funds, which are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

94

NOTES TO THE FINANCIAL STATEMENTS (Continued)**31. DEPOSITS WITH FINANCIAL INSTITUTIONS**

	Group	
	2014	2013
	RM'000	RM'000
Deposits with licensed banks	261,957	99,464

Included in the Group's deposits with financial institutions are amounts of SGD6,520,000 (2013: Nil), equivalents to approximately RM16,752,000 (2013: Nil) held under Housing Developers (Project Account) (Amendment) Rules 1997, which is not available for general use by the Group.

32. CASH AND BANK BALANCES

Included in the Group's cash and bank balances are amounts of:

- (i) RM94,561,000 (2013: RM125,213,000) held under the Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulation, 2002, which is not available for general use by the Group.
- (ii) SGD1,291,000 (2013: SGD20,330,000), equivalent to approximately RM3,318,000 (2013: RM51,071,000) held under Housing Developers (Project Account) (Amendment) Rules 1997, which is not available for general use by the Group.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

95

NOTES TO THE FINANCIAL STATEMENTS (Continued)

33. SHARE CAPITAL

	Group			
	2014	2013	2013	2013
Ordinary shares	Par value per share RM	Number of shares '000	Par value per share RM	Number of shares '000
Authorised:			RM'000	RM'000
As at 1 July	0.50	1,000,000	500,000	1,000,000
Adjustment on reverse acquisition accounting by analogy on 3 December 2013				
- elimination of IOIPB's authorised share capital	0.50	(1,000,000)	(500,000)	-
- restated to the Company's authorised ordinary share capital	1.00	50,000,000	50,000,000	-
As at 30 June	1.00	50,000,000	50,000,000	1,000,000
Issued and fully paid-up:				
As at 1 July	0.50	812,786	406,393	812,786
Adjustment on reverse acquisition accounting by analogy on 3 December 2013				
- elimination of IOIPB's issued and fully paid-up ordinary share capital	0.50	(812,786)	(406,393)	-
- restated to the Company's issued and fully paid up ordinary share capital	1.00	*	*	-
Issuance during the financial year	1.00	3,239,015	3,239,015	-
As at 30 June	1.00	3,239,015	3,239,015	812,786
		160		406,393

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

96

NOTES TO THE FINANCIAL STATEMENTS (Continued)

33. SHARE CAPITAL (Continued)

	Company			
	2014		2013	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Ordinary shares of RM1.00 each:				
Authorised:				
As at 1 July 2013/date of incorporation	50,000,000	50,000,000	100	100
Increased during the financial year/period	-	-	49,999,900	49,999,900
As at 30 June	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>
Issued and fully paid:				
As at 1 July 2013/date of incorporation	*	*	*	*
Issuance during the financial year/period	<u>3,239,015</u>	<u>3,239,015</u>	-	-
As at 30 June	<u>3,239,015</u>	<u>3,239,015</u>	*	*

* Representing RM2.00

The Company was incorporated on 25 February 2013 with an authorised share capital of 100,000 shares of RM1.00 each. The issued and paid-up capital was 2 shares of RM1.00 each on the date.

On 10 May 2013, the Company increased its authorised share capital from RM100,000 to RM50,000,000,000 by way of the creation of an additional 49,999,900,000 ordinary shares of RM1.00 each.

The issuance of paid-up ordinary shares during the financial year comprised the following:

Date of allotment	Number of shares '000	
3 December 2013	2,163,867	Issued pursuant to the completion of acquisition of IOIPB as disclosed in Note 20.1 to the financial statements.
5 December 2013	1,075,148	Issued pursuant to the completion of acquisition of Other Property Companies, land and debt settlement as disclosed in Note 44 to the financial statements.
	<u>3,239,015</u>	

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

97

NOTES TO THE FINANCIAL STATEMENTS (Continued)

34. RESERVES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Share premium	11,383,821	881,345	11,383,821	-
Capital reserves (Note 34.1)	-	41,090	-	-
Foreign currency translation reserve (Note 34.2)	162,846	128,436	-	-
	11,546,667	1,050,871	11,383,821	-

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

34.1 Capital Reserves

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Net accretion in Group's share of net assets arising from shares issued by certain subsidiaries to non-controlling interests	-	32,355	-	-
Capital redemption reserves arising from the cancellation of treasury shares	-	8,735	-	-
	-	41,090	-	-

34.2 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 the Group's presentation currency. It is also used to record the exchange differences arising from monetary items, which form part of the Group's net investment in foreign operations, whereby the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

98

NOTES TO THE FINANCIAL STATEMENTS (Continued)

35. BORROWINGS

	<u>Group</u>	
	<u>2014</u>	<u>2013</u>
	<u>RM'000</u>	<u>RM'000</u>
Non-current liabilities		
Unsecured		
Term loans (Note 35.1)	2,057,230	502,420
Less: Portion due within 12 months included under short term borrowings	<u>(750,000)</u>	<u>-</u>
	<u>1,307,230</u>	<u>502,420</u>
Current liabilities		
Unsecured		
Term loans - portion due within 12 months (Note 35.1)	<u>750,000</u>	<u>-</u>
Total borrowings	<u>2,057,230</u>	<u>502,420</u>

35.1 Term Loans

Term loans of the Group include:

Unsecured

2014

The Group obtained the following new borrowings during the financial year:

- (a) Bridge loan of RM750,000,000 with interest at 0.90% plus cost of fund per annum and is repayable on or before 6 months from the drawdown date in January 2014. The bank had agreed to extend repayment of the bridge loan by 2 months from July 2014 to September 2014 subject to interest rate at cost of fund plus 1.25% per annum.
- (b) Term loan of RM300,000,000 with fixed interest at 4.75% per annum and is repayable at the end of 3rd year from the drawdown date in May 2014.
- (c) Synthetic foreign currency loan of USD150,000,000, equivalent to RM493,350,000 was drawdown in RM. The currency used for settlement of both principal and interest is also in RM, which is based on the rate of currency exchange fixed at the date of inception. The said loan bears fixed interest at 4.70% per annum and is repayable in 5 years with 3 annual principal repayments of RM164,450,000 each commencing from 31 December 2016.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

99

NOTES TO THE FINANCIAL STATEMENTS (Continued)

35. BORROWINGS (Continued)

35.1 Term Loans (Continued)

2013

In the financial year ended 30 June 2013, the Group obtained a term loan of SGD200,000,000 to finance its existing term loan of SGD200,000,000. This said term loan bore interest at 0.72% plus Swap Offer Rate per annum and was repayable in 36 months from the drawdown date in May 2013.

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

	Group	
	2014	2013
	RM'000	RM'000
Less than 1 year	750,000	-
1 - 2 years	513,880	-
2 - 3 years	464,450	502,420
3 - 4 years	164,450	-
4 - 5 years	164,450	-
More than 5 years	-	-
	2,057,230	502,420

36. 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 and bear interest at rates ranging from 1.20% to 5.02% (2013: 1.18% to 1.38%) per annum.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

100

NOTES TO THE FINANCIAL STATEMENTS (Continued)

37. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade payables (Note 37.1)	279,831	135,347	-	-
Other payables and accruals (Note 37.2)	382,027	143,513	742	6
Progress billings (Note 37.3)	379,007	62,328	-	-
	1,040,865	341,188	742	6

37.1 Trade Payables

Included in trade payables of the Group are retention monies of RM150,364,000 (2013: RM66,111,000).

Credit terms of trade payables vary from 14 to 60 days (2013: 14 to 60 days) from the date of invoice and progress claim. The retention monies are repayable upon expiry of the defect liability period of 12 to 18 months.

37.2 Other Payables and Accruals

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Other payables	46,408	26,896	-	-
Customer deposits and other deposits	51,760	32,700	-	-
Accruals	283,859	83,917	742	6
	382,027	143,513	742	6

37.3 Progress Billings

Included in progress billings of the Group is an amount of RM312,675,000 that relates to proceeds of the pre-sale units of the Group's development properties in Xiamen, PRC. Pursuant to the terms of the agreements with the end financiers who provide the mortgage facilities to the purchasers, the Group is responsible for the outstanding mortgage principal, the accrued interest and penalty owed by the mortgagees upon default. However, the Group is entitled to repossess the unit, to forfeit part of the cash deposit received and make available the unit for resale. The said guarantee period starts from the date when the respective mortgages are released to the Group and ends upon issuance of the document of title after the purchasers have taken vacant possession of the properties.

The Directors of the Group consider that in case of default in payments, the net realisable value of the properties will exceed the guarantee on mortgage principal, accrued interest and penalty, if any.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

101

NOTES TO THE FINANCIAL STATEMENTS (Continued)

38. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at end of financial year comprise:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Short term funds (Note 30)	225,079	59,930	-	-
Deposits with financial institutions (Note 31)	261,957	99,464	-	-
Cash and bank balances (Note 32)	<u>131,216</u>	<u>217,344</u>	<u>52</u>	-
	<u>618,252</u>	<u>376,738</u>	<u>52</u>	-

The Group has undrawn borrowing facilities of RM33,443,000 (2013: RM10,875,000) at end of the financial year.

39. ACQUISITIONS/DISPOSAL OF SUBSIDIARIES

Other than those disclosed in Note 20.1(A) to the financial statements, during the financial year the Group acquired 1.5% equity interest in Flora Horizon Sdn. Bhd. ("FHSB") from KS & KS Brother Development Sdn. Bhd. ("KS & KS Brother"), a related party for a total consideration of approximately RM2,682,000. The Group recorded a loss of RM2,646,000 from this accretion of interest.

In the previous financial year, the Group had:

- (i) Liquidated a 67.4% owned subsidiary of the Group, Kapar Realty Development Sdn. Bhd. and received return on assets of RM270,750. The Group recognised the loss of RM9,250 from the above mentioned liquidation exercise.
- (ii) Disposed 1.5% equity interest in FHSB to KS & KS Brother for a total consideration of RM2,603,000 on 17 December 2012. The Group recorded a gain of approximately RM2,601,000 from this dilution of interest.
- (iii) Acquired 2 ordinary shares of RM1.00 each in Speed Modulation Sdn. Bhd. ("SMSB"), representing 100% of the issued and paid-up share capital of SMSB, for a total cash consideration of RM2.00 on 5 July 2012.

- (a) The fair value of the identifiable assets and liabilities of SMSB as at the date of acquisition were as follows:

	RM'000
Cash and bank balances	4
Other payables and accruals	(2)
Amount due to holding company	<u>(14)</u>
Total identifiable net liabilities	(12)
Goodwill arising from acquisition	<u>12</u>
Total cost of acquisition	<u>*</u>

* Representing RM2.00

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

102

NOTES TO THE FINANCIAL STATEMENTS (Continued)

39. ACQUISITIONS/DISPOSAL OF SUBSIDIARIES (Continued)

- (iii) Acquired 2 ordinary shares of RM1.00 each in Speed Modulation Sdn. Bhd. ("SMSB"), representing 100% of the issued and paid-up share capital of SMSB, for a total cash consideration of RM2.00 on 5 July 2012 (Continued).

- (b) The effects of the acquisition of SMSB on cash flows are as follows:

	RM'000
Consideration settled in cash	-
Less: Cash and bank balances of subsidiary acquired	<u>(4)</u>
Net cash inflow of the Group on acquisition	<u>(4)</u>

- (iv) Acquired the following shareholding in Future Link Properties Pte Ltd ("FLPPL") on 12 October 2012:

- (a) 2,500,000 ordinary shares of SGD1.00 each, representing 25% of the issued and paid-up share capital of FLPPL from an affiliate for a total cash consideration of SGD2,601,000 (equivalent to RM6,519,000); and
- (b) 1,400,000 ordinary shares of SGD1.00 each, representing 14% of the issued and paid-up share capital of FLPPL from Bee Hock Pte. Ltd. for a total cash consideration of SGD1,457,000 (equivalent to RM3,650,000).

- (v) Acquired 5,000 ordinary shares, representing 50% equity interest held by Teijan Management Limited ("Teijan Management") in a jointly controlled entity, Prime Joy Investments Limited ("Prime Joy") for a total cash consideration of USD9,286,000 (equivalent to RM28,233,000) ("Acquisition") via IOIPB's wholly-owned subsidiary, Palmy Max Limited ("PML") on 8 January 2013. The Acquisition also entailed the full settlement of shareholders' advances owing by Prime Joy to Teijan Management amounting to USD30,208,000 (equivalent to RM91,848,000).

- (a) Gain on remeasurement of previously held investment recognised in profit or loss at the date of acquisition was as follow:

	RM'000
Cost of initial shareholding	2
Share of retained earnings	<u>4,538</u>
Carrying amount at 8 January 2013	4,540
Fair value of initial 50% shareholding at 8 January 2013	<u>(25,665)</u>
Gain on remeasurement of previously held investment	<u>(21,125)</u>

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

103

NOTES TO THE FINANCIAL STATEMENTS (Continued)

39. ACQUISITIONS/DISPOSAL OF SUBSIDIARIES (Continued)

- (v) Acquired 5,000 ordinary shares, representing 50% equity interest held by Teijan Management Limited ("Teijan Management") in a jointly controlled entity, Prime Joy Investments Limited ("Prime Joy") for a total cash consideration of USD9,286,000 (equivalent to RM28,233,000) ("Acquisition") via IOIPB's wholly-owned subsidiary, Palmy Max Limited ("PML") on 8 January 2013. The Acquisition also entailed the full settlement of shareholders' advances owing by Prime Joy to Teijan Management amounting to USD30,208,000 (equivalent to RM91,848,000) (Continued).

- (b) The fair value of the identifiable assets and liabilities of Prime Joy as at the date of acquisition were as follows:

	RM'000
Property, plant and equipment	143
Land held for property development	221,469
Other receivables	138
Cash and bank balances	28,982
Other payables	(292)
Amount due to immediate holding company	(92,513)
Amount due to shareholders	(92,513)
Deferred tax liabilities	(14,084)
	<hr/>
Total identifiable net assets	51,330
Less: Previously held interest	(25,665)
Goodwill arising from acquisition	2,568
	<hr/>
Total cost of acquisition	<u>28,233</u>

- (c) The effects of the acquisition of Prime Joy on cash flows were as follows:

	RM'000
Consideration settled in cash	28,233
Less: Cash and bank balances of subsidiary acquired	(28,982)
	<hr/>
Net cash inflow of the Group on acquisition	<u>(749)</u>

- (d) Prime Joy has contributed loss of RM1,698,000 for the financial year from the acquisition date. Had the business combination taken place at the beginning of the year, the Group's profit for the financial year would have been RM574,422,000.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

104

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40. SIGNIFICANT RELATED PARTY DISCLOSURES

40.1 Identities of Related Parties

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

Related parties of the Group include:

- i. Direct and indirect subsidiaries as disclosed in Note 47 to the financial statements;
- ii. Vertical Capacity Sdn. Bhd. and its holding company, Progressive Holdings Sdn. Bhd., the major corporate shareholder of the Company;
- iii. Associates and joint ventures as disclosed in Note 47 to the financial statements;
- iv. Key management personnel which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly; and
- v. Affiliates, companies in which the Directors who are also the substantial shareholders of the Company have substantial shareholdings interest.

40.2 Significant Related Party Transactions

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

	Group	
	2014	2013
	RM'000	RM'000
Affiliates		
Property project management services	7,575	3,746
Sale of plant and landscaping services	814	691
Rendering of building maintenance services	636	545
Rental income	29	-
Disposals of property, plant and equipment	2	-
Acquisition of additional interests in a subsidiary	-	(6,519)
Rental expense	(375)	(375)
Former holding company		
Rental income	319	-
Rendering of management services	-	7,760
Subsidiaries of former holding company		
Sales of palm products	30,779	21,819
Rendering of management services	2,150	360
Rental income	3,256	419
Disposals of property, plant and equipment	185	-
Interest expenses	(22,997)	(36,882)
Management fees paid	(812)	-
Acquisition of property, plant and equipment	(284)	-

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

105

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40. SIGNIFICANT RELATED PARTY DISCLOSURES (Continued)

40.2 Significant Related Party Transactions (Continued)

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

	<u>Group</u>	
	2014	2013
	RM'000	RM'000
Joint Ventures		
Interest income	15,679	28,317
Management fees	5,164	-
Associates		
Sales of palm products	16,907	20,818
Agency fees paid	(725)	(900)
	<u> </u>	<u> </u>
	<u>Company</u>	
	2014	2013
	RM'000	RM'000
Subsidiaries		
Interest income	9,102	-
Interest expense	(5,693)	-
Management fees	(184)	-
	<u> </u>	<u> </u>

The related party transactions described above were carried out on terms and conditions not materially different from those transactions obtainable from unrelated parties.

Information regarding outstanding balances arising from related party transactions as at 30 June 2014 are disclosed in Note 20.2, 20.3, 22.1, 26.1, 27 and 28 to the financial statements.

40.3 Key Management Personnel Compensation

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

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Directors				
Fees	685	240	685	-
Remuneration	35,606	5,380	37	-
Estimated monetary value of benefits-in-kind	88	51	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total short term employee benefits	36,379	5,671	722	-

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

106

NOTES TO THE FINANCIAL STATEMENTS (Continued)

41. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. Capital of the Group comprises equity, borrowings and other long term liabilities. To maintain or adjust the capital structure, the 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 financial years ended 30 June 2014 and 30 June 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by equity attributable to owners of the parent. The Group's net debt includes borrowings less cash and cash equivalents. The Group will continue to monitor its debt portfolio on an ongoing basis.

	Group	
	2014	2013
	RM'000	RM'000
Borrowings (Note 35)	2,057,230	502,420
Less: Cash and cash equivalents (Note 38)	(618,252)	(376,738)
Net debt	1,438,978	125,682
Equity	11,202,530	5,577,879
Gearing ratio	0.13	0.02

42. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

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

The 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 which oversees the management of risk in the Group on behalf of the Board of Directors.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

107

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. FINANCIAL INSTRUMENTS (Continued)

42.1 Foreign Currency Risk

The Group operates internationally and is exposed to various currencies, mainly Singapore Dollar ("SGD"), US Dollar ("USD") and Renminbi ("RMB"). Foreign currency denominated assets and liabilities together with expected cash flows from committed purchases and sales give rise to foreign currency exposures.

The 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.

42.1.1 Risk management approach

The 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.

42.1.2 Foreign currency risk exposure

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

Group 2014	Net financial (liabilities)/assets held in non-functional currencies			
	SGD RM'000	USD RM'000	RMB RM'000	Total RM'000
Functional currency				
Financial assets in foreign currencies				
Trade and other receivables	787	-	6,606	7,393
Deposits with financial institutions	52,674	1,818	190,679	245,171
Cash and bank balances	4,626	336	10,276	15,238
Financial liabilities in foreign currencies				
Trade and other payables	(22,107)	(62)	(25,728)	(47,897)
Amounts due to non-controlling interests	(87,728)	-	-	(87,728)
Borrowings	(513,880)	-	-	(513,880)
Net exposure	(565,628)	2,092	181,833	(381,703)

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

108

NOTES TO THE FINANCIAL STATEMENTS (Continued)**42. FINANCIAL INSTRUMENTS (Continued)****42.1 Foreign Currency Risk (Continued)****42.1.2 Foreign currency risk exposure (Continued)**

Group 2013	Net financial (liabilities)/assets held in non-functional currencies			
	SGD RM'000	USD RM'000	RMB RM'000	Total RM'000
Functional currency				
Financial assets in foreign currencies				
Trade and other receivables	3,910	-	6	3,916
Deposits with financial institutions	5,778	67,726	1,279	74,783
Cash and bank balances	70,665	7,362	287	78,314
Financial liabilities in foreign currencies				
Trade and other payables	(12,241)	(38)	(926)	(13,205)
Amounts due to non-controlling interests	(138,430)	-	-	(138,430)
Amount due to a former related company	(569,930)	(897,089)	-	(1,467,019)
Borrowings	(502,420)	-	-	(502,420)
Net exposure	(1,142,668)	(822,039)	646	(1,964,061)
Company	Net financial assets/(liabilities) held in non-functional currencies			
Functional currency	SGD RM'000			
2014				
Financial assets in foreign currencies				
Amounts due from subsidiaries			<u>590,695</u>	
2013				
Financial assets in foreign currencies				
Amounts due from subsidiaries			<u>-</u>	

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

109

NOTES TO THE FINANCIAL STATEMENTS (Continued)**42. FINANCIAL INSTRUMENTS (Continued)****42.1 Foreign Currency Risk (Continued)****42.1.3 Sensitivity analysis**

The foreign currencies held as at the end of the reporting period comprise mainly USD, SGD and RMB. A 500 basis points movement upwards or downwards in these currencies would have equally decreased or increased the profit for the Group and the Company by approximately RM6,641,000 (2013: RM35,594,000) and RM11,495,000 (2013: Nil) respectively.

42.2 Interest Rate Risk

The 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.

The 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.

42.2.1 Risk management approach

The 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.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

110

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. FINANCIAL INSTRUMENTS (Continued)

42.2 Interest Rate Risk (Continued)

42.2.2 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 the Group's and Company's financial instruments that are exposed to interest rate risk:

Group 2014	Note	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		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Interest bearing financial assets								
Fixed rate instruments								
Deposits with financial institutions	31	261,957	-	-	-	-	261,957	1.46
Short term funds	30	225,079	-	-	-	-	225,079	2.94
		487,036	-	-	-	-	487,036	
Floating rate instruments								
Cash held in Housing Development Accounts	32	97,879	-	-	-	-	97,879	2.13
Other investments	29	340,629	-	-	-	-	340,629	4.90
		438,508	-	-	-	-	438,508	
Total assets repricing		925,544	-	-	-	-	925,544	
Interest bearing financial liabilities								
Fixed rate instruments								
Borrowings	35	-	-	464,450	164,450	164,450	793,350	4.72
Floating rate instruments								
Borrowings	35	750,000	513,880	-	-	-	1,263,880	2.92
Amounts due to non-controlling interests	36	95,305	-	-	-	-	95,305	1.51
Total liabilities repricing		845,305	513,880	464,450	164,450	164,450	2,152,535	
Net repricing gap		80,239	(513,880)	(464,450)	(164,450)	(164,450)	(1,226,991)	

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

111

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. FINANCIAL INSTRUMENTS (Continued)

42.2 Interest Rate Risk (Continued)

42.2.2 Interest rate risk exposure (Continued)

Group 2013	Note	Repricing Brackets				Total	Weighted average effective interest rate %
		Less than 1 year	1 - 2 years	2 - 3 years	3 - 4 years		
		RM'000	RM'000	RM'000	RM'000	RM'000	
Interest bearing financial assets							
Fixed rate instruments							
Deposits with financial institutions	31	99,464	-	-	-	99,464	1.20
Short term funds	30	59,930	-	-	-	59,930	3.21
		159,394	-	-	-	159,394	
Floating rate instruments							
Cash held in Housing Development Accounts	32	176,284	-	-	-	176,284	1.73
		176,284	-	-	-	176,284	
Total assets repricing		335,678	-	-	-	335,678	
Interest bearing financial liabilities							
Floating rate instruments							
Term loans	35	-	-	502,420	-	502,420	1.01
Amount due to a former related company	27	1,786,050	-	-	-	1,786,050	3.23
Amounts due to non-controlling interests	36	138,430	-	-	-	138,430	1.30
Total liabilities repricing		1,924,480	-	502,420	-	2,426,900	
Net repricing gap		(1,588,802)	-	(502,420)	-	(2,091,222)	

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

112

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. FINANCIAL INSTRUMENTS (Continued)

42.2 Interest Rate Risk (Continued)

42.2.2 Interest rate risk exposure (Continued)

Company 2014	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		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Interest bearing financial assets							
Floating rate instruments							
Amounts due from subsidiaries	20.3	590,708	-	-	-	590,708	1.20
Total assets repricing		590,708	-	-	-	590,708	
Interest bearing financial liabilities							
Floating rate instruments							
Amounts due to subsidiaries	20.3	98,180	-	-	-	98,180	4.95
Total liabilities repricing		98,180	-	-	-	98,180	
Net repricing gap		492,528	-	-	-	492,528	

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

113

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. FINANCIAL INSTRUMENTS (Continued)

42.2 Interest Rate Risk (Continued)

42.2.3 Sensitivity analysis

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

A 50 basis points movement in interest rates would have increased or decreased the profit or loss of the Group and of the Company by approximately RM4,603,000 (2013: RM11,253,000) and RM2,463,000 (2013: Nil).

42.3 Price Fluctuation Risk

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

42.3.1 Price risk exposure

Detailed in the table below is a summary of the Group's and of the Company'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	Total RM'000	< 1 year RM'000	> 1 year RM'000	Total RM'000
Group 2013						
Equity based						
Other investments	806	-	806	1,060	-	1,060

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

114

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. FINANCIAL INSTRUMENTS (Continued)

42.3 Price Fluctuation Risk (Continued)

42.3.1 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).

Group	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	Total RM'000
2013				
Equity based				
Other investments	1,060	-	-	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 the Group did not have significant exposure to other investments.

Company No:
1035807 - A

115

NOTES TO THE FINANCIAL STATEMENTS (Continued)**42. FINANCIAL INSTRUMENTS (Continued)****42.4 Credit Risk**

The 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. The Group does not extend any loans or financial guarantees to third parties except for its own subsidiaries and joint ventures.

The 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.

42.4.1 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, the Group may obtain collateral from counter parties as a mean of mitigating losses in the event of default.

The 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 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.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

116

NOTES TO THE FINANCIAL STATEMENTS (Continued)**42. FINANCIAL INSTRUMENTS (Continued)****42.4 Credit Risk (Continued)****42.4.1 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

The 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, the 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 the 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.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

117

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. FINANCIAL INSTRUMENTS (Continued)

42.4 Credit Risk (Continued)

42.4.2 Credit risk exposures and concentration

The 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 table below for both the Group and Company level.

Group 2014	Note	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	32	131,216	156	131,060	Fidelity guarantee and cash-in-transit insurance coverage
Deposits with financial institutions Trade and other receivables, net of deposits and prepayments	31	261,957	-	261,957	
Other investments	29	172,496	1,558	170,938	Security deposits from tenancy contract
Short term funds	30	340,629	203,863	136,766	Principal guaranteed investments
		225,079	-	225,079	
		1,131,377	205,577	925,800	

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

118

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. FINANCIAL INSTRUMENTS (Continued)

42.4 Credit Risk (Continued)

42.4.2 Credit risk exposures and concentration (Continued)

Group 2013	Note	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	32	217,344	36	217,308	Fidelity guarantee and cash-in-transit insurance coverage
Deposits with financial institutions Trade and other receivables, net of deposits and prepayments	31	99,464	-	99,464	
Amounts due from former related companies	27	152,859	2,630	150,229	Security deposits from tenancy contract
Amount due from former holding company	28	562	-	562	
Other investments	29	3,726	-	3,726	
Short term funds	30	1,060	-	1,060	
		59,930	-	59,930	
		534,945	2,666	532,279	

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

119

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. FINANCIAL INSTRUMENTS (Continued)

42.4 Credit Risk (Continued)

42.4.2 Credit risk exposures and concentration (Continued)

Company 2014	Note	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	32	52	-	52	
Trade and other receivables, net of deposits and prepayments		2,253	-	2,253	
Amounts due from subsidiaries	20.3	590,708	-	590,708	
		593,013	-	593,013	

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

120

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. FINANCIAL INSTRUMENTS (Continued)

42.4 Credit Risk (Continued)

42.4.2 Credit risk exposures and concentration (Continued)

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

2014 Group	Note	Neither past due nor Strong RM'000	Medium RM'000	Weak RM'000	Renegotiated RM'000	Past due but 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	32	131,216	-	-	-	-	131,216	-	-
Deposits with financial institutions	31	261,957	-	-	-	-	261,957	-	-
Trade and other receivables, net of deposits and prepayments		140,196	5,883	170	-	26,247	172,496	757	5,083
Other investments	29	340,629	-	-	-	-	340,629	-	-
Short term funds	30	225,079	-	-	-	-	225,079	-	-
		1,099,077	5,883	170	-	26,247	1,131,377	757	5,083

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

121

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. FINANCIAL INSTRUMENTS (Continued)

42.4 Credit Risk (Continued)

42.4.2 Credit risk exposures and concentration (Continued)

2013 Group	Note	Neither past due nor impaired	Renegotiated	Past due but not impaired	Total	Impairment charged in reporting period	Impairment at end of reporting period
		Strong RM'000	Medium RM'000	Weak RM'000	RM'000	RM'000	RM'000
Cash and bank balances	32	217,344	-	-	217,344	-	-
Deposits with financial institutions	31	99,464	-	-	99,464	-	-
Trade and other receivables, net of deposits and prepayments		126,127	744	159	152,859	1,154	6,250
Amounts due from related companies	27	562	-	-	562	-	-
Amount due from holding company	28	3,726	-	-	3,726	-	-
Other investments	29	1,060	-	-	1,060	-	-
Short term funds	30	59,930	-	-	59,930	-	-
		508,213	744	159	534,945	1,154	6,250

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

122

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. FINANCIAL INSTRUMENTS (Continued)

42.4 Credit Risk (Continued)

42.4.2 Credit risk exposures and concentration (Continued)

2014 Company	Note	Neither past due nor impaired			Renegotiated RM'000	Past due but not impaired RM'000	Total RM'000	Impairment charged in reporting period RM'000	Impairment at end of reporting period RM'000
		Strong RM'000	Medium RM'000	Weak RM'000					
Cash and bank balances		52	-	-	-	52	-	-	
Trade and other receivables, net of deposits and prepayments		2,253	-	-	-	2,253	-	-	
Amounts due from subsidiaries	20.3	590,708	-	-	-	590,708	-	-	
		593,013	-	-	-	593,013	-	-	

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

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

123

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. FINANCIAL INSTRUMENTS (Continued)

42.4 Credit Risk (Continued)

42.4.2 Credit risk exposures and concentration (Continued)

From the above table, more than 97% (2013: 95%) in value of the 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 the 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.

Group	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		
2014							
Trade receivables	11,076	8,038	5,035	288	1,613	26,050	1,459
Other receivables	74	12	17	81	13	197	99
	11,150	8,050	5,052	369	1,626	26,247	1,558
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
	18,034	1,725	2,520	2,191	1,359	25,829	2,630

Receivables of the Group that are past due but not impaired are mainly related to the progress billings to be settled by end-buyers' financiers.

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

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

124

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. FINANCIAL INSTRUMENTS (Continued)

42.4 Credit Risk (Continued)

42.4.2 Credit risk exposures and concentration (Continued)

The credit risk concentration of the 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.

Group	Property development		Property investment		Others		Total	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
2014								
Malaysia	139,997	95	12,375	100	12,731	100	165,103	96
Asia (excluding Malaysia)	7,393	5	-	-	-	-	7,393	4
	147,390	100	12,375	100	12,731	100	172,496	100
2013								
Malaysia	145,073	97	3,373	100	497	100	148,943	97
Asia (excluding Malaysia)	3,916	3	-	-	-	-	3,916	3
	148,989	100	3,373	100	497	100	152,859	100

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

125

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. FINANCIAL INSTRUMENTS (Continued)

42.4 Credit Risk (Continued)

42.4.2 Credit risk exposures and concentration (Continued)

Company	Property development	Property investment	Others	Total
	RM'000	RM'000	RM'000	RM'000
2014	-	-	592,961	592,961
Malaysia	-	-	100	100
2013	-	-	-	-
Malaysia	-	-	-	-

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

126

NOTES TO THE FINANCIAL STATEMENTS (Continued)**42. FINANCIAL INSTRUMENTS (Continued)****42.5 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. The Group's liquidity risk also includes non-financial instruments.

The 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.

42.5.1 Risk management approach

The Group leverages on IOI Properties Group Berhad ("IOIPG") as the public listed parent company whereby treasury related activities are centralised and where the optimal weighted-average-costs-of funds is managed. The Company as a parent company plays a central liquidity management role where the 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. The Group practises an arm's-length market based policy with regard to funding costs.

The 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 the Group's operations and investment activities. In addition, the Group strives to maintain available banking facilities at a reasonable level against its overall debt position.

The Group 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 incorporating funding positions and requirements of all its subsidiaries.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

127

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. FINANCIAL INSTRUMENTS (Continued)

42.5 Liquidity and Cash Flow Risk (Continued)

42.5.1 Risk management approach (Continued)

As a 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:

- 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 the Group's forecast cash-flow and liquidity position, which in-turn facilitates further consolidated 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 funds and optimise cash conversion cycle; and
- v. Manage concentration and maturity profile of both financial and non-financial liabilities.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

128

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. FINANCIAL INSTRUMENTS (Continued)

42.5 Liquidity and Cash Flow Risk (Continued)

42.5.2 Liquidity risk exposure

The following table details the maturity profile of the Group's and the Company'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
Group							
2014							
Financial liabilities							
Trade and other payables	-	610,098	-	-	-	-	610,098
Amounts due to non-controlling interests	95,305	-	-	-	-	-	95,305
Borrowings	-	750,000	513,880	464,450	164,450	164,450	2,057,230
	95,305	1,360,098	513,880	464,450	164,450	164,450	2,762,633
2013							
Financial liabilities							
Trade and other payables	-	246,160	-	-	-	-	246,160
Amounts due to non-controlling interests	138,430	-	-	-	-	-	138,430
Amount due to a former related company	1,786,050	-	-	-	-	-	1,786,050
Amount due to former holding company	77	-	-	-	-	-	77
Borrowings	-	-	-	502,420	-	-	502,420
	1,924,557	246,160	-	502,420	-	-	2,673,137

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

129

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. FINANCIAL INSTRUMENTS (Continued)

42.5 Liquidity and Cash Flow Risk (Continued)

42.5.2 Liquidity risk exposure (Continued)

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

Company	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
2014							
Financial liabilities							
Amounts due to subsidiaries	-	19,726	-	98,180	-	-	117,906
Trade and other payables	-	742	-	-	-	-	742
	-	20,468	-	98,180	-	-	118,648
2013							
Financial liabilities							
Trade and other payables	-	6	-	-	-	-	6

2013

Financial liabilities

Trade and other payables

- (i) The Group and the Company have ample liquidity to meet its "on-demand" financial liabilities and obligations maturing in the next 12 months;
- (ii) 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
- (iii) Liquidity risk concentration is evident in maturity bucket financial year 2015 onwards, where the Group and the Company's borrowing commitments are due.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)Company No:
1035807 - A

130

NOTES TO THE FINANCIAL STATEMENTS (Continued)**42. FINANCIAL INSTRUMENTS (Continued)****42.6 Fair Values****(a) Methods and assumptions used to estimate fair value**

The fair values of financial assets and financial liabilities are determined as follows:

- (i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

- (ii) Fixed rate borrowings

The fair value of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowing at the end of each reporting period.

(b) Fair value hierarchy

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).

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

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).

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

131

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. FINANCIAL INSTRUMENTS (Continued)

42.6 Fair Values (Continued)

(b) Fair value hierarchy (Continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
Group								
2014								
Financial assets								
Financial assets at fair value through profit or loss								
- Short term funds	225,079	-	-	-	-	-	225,079	225,079
Financial liabilities								
Other financial liabilities								
- Borrowings	-	-	-	-	-	1,307,230	1,307,230	1,307,230
- Amounts due to non-controlling interests	-	-	-	-	-	95,305	95,305	95,305
	-	-	-	-	-	1,402,535	1,402,535	1,402,535

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

132

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. FINANCIAL INSTRUMENTS (Continued)

42.6 Fair Values (Continued)

(b) Fair value hierarchy (Continued)

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
Group								
2013								
Financial assets								
Financial assets at fair value through profit or loss								
- Other investments	1,060	-	-	-	-	-	1,060	1,060
- Short term funds	59,930	-	-	-	-	-	59,930	59,930
	60,990	-	-	-	-	-	60,990	60,990
Financial liabilities								
Other financial liabilities								
- Borrowings	-	-	-	-	-	502,420	502,420	502,420
- Amounts due to non-controlling interests	-	-	-	-	-	138,430	138,430	138,430
	-	-	-	-	-	640,850	640,850	640,850

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT
THEREON (CONT'D)**

Company No:
1035807 - A

133

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. FINANCIAL INSTRUMENTS (Continued)

42.6 Fair Values (Continued)

(b) Fair value hierarchy (Continued)

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
Company								
2014								
Financial assets								
Loans and receivables								
- Amount due from a subsidiary	-	-	-	-	-	590,695	590,695	590,695
Financial liabilities								
Other financial liabilities								
- Amount due to a subsidiary	-	-	-	-	-	98,180	98,180	98,180

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

134

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42. FINANCIAL INSTRUMENTS (Continued)

42.7 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 Group	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
2014					
Trade and other receivables, net of deposits and prepayments	172,496	-	-	-	172,496
Other investments	340,629	-	-	-	340,629
Short term funds	-	225,079	-	-	225,079
Deposits with financial institutions	261,957	-	-	-	261,957
Cash and bank balances	131,216	-	-	-	131,216
	906,298	225,079	-	-	1,131,377
2013					
Trade and other receivables, net of deposits and prepayments	152,859	-	-	-	152,859
Amounts due from former related companies	562	-	-	-	562
Amount due from former 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

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

135

NOTES TO THE FINANCIAL STATEMENTS (Continued)**42. FINANCIAL INSTRUMENTS (Continued)****42.7 Classification of Financial Instruments (Continued)**

Financial assets Company	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
2014					
Trade and other receivables, net of deposits and prepayments	2,253	-	-	-	2,253
Amounts due from subsidiaries	590,708	-	-	-	590,708
Cash and bank balances	52	-	-	-	52
	593,013	-	-	-	593,013

Financial liabilities Group	Other financial liabilities RM'000	Fair value through profit or loss RM'000	Total RM'000
2014			
Borrowings	2,057,230	-	2,057,230
Trade and other payables	610,098	-	610,098
Amounts due to non-controlling interests	95,305	-	95,305
	2,762,633	-	2,762,633

2013			
Borrowings	502,420	-	502,420
Trade and other payables	246,160	-	246,160
Amount due to a former related company	1,786,050	-	1,786,050
Amounts due to non-controlling interests	138,430	-	138,430
	2,673,060	-	2,673,060

Company

2014			
Trade and other payables	742	-	742
Amounts due to subsidiaries	117,906	-	117,906
	118,648	-	118,648

2013			
Trade and other payables	6	-	6

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

136

NOTES TO THE FINANCIAL STATEMENTS (Continued)**43. COMMITMENTS****43.1 Capital Commitments**

	Group	
	2014	2013
	RM'000	RM'000
Authorised capital expenditure not provided for in the financial statements		
- Contracted		
Additions of land held for property development	40,000	277,333
Additions of property, plant and equipment	174,295	11,643
Additions of investment properties	306,774	13,356
Additions of prepaid lease payments	-	3,688
- Not contracted		
Additions of property, plant and equipment	84,330	33,965
Additions of investment properties	39,000	9,647

43.2 Operating Lease Commitments**43.2.1 The Group as lessee**

The Group entered into a non-cancellable operating lease agreement for lease of office space and or office equipments for a lease period of between one (1) to five (5) years.

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:

	Group	
	2014	2013
	RM'000	RM'000
Not later than one (1) year	310	-
Later than one (1) year and not later than five (5) years	99	-
	409	-

43.2.2 The Group as lessor

The Group 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. The Group also entered into long term property leases on its future property investment land.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

137

NOTES TO THE FINANCIAL STATEMENTS (Continued)

43. COMMITMENTS (Continued)

43.2 Operating Lease Commitments (Continued)

43.2.2 The Group as lessor (Continued)

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:

	Group	
	2014	2013
	RM'000	RM'000
Not later than one (1) year	153,073	70,323
Later than one (1) year and not later than five (5) years	127,236	47,438
Later than five (5) years	20,188	2,447
	300,497	120,208

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Acquisition of land by Knowledge Vision Sdn. Bhd. ("KVSBS")

On 5 August 2013, KVSBS entered into a Sale and Purchase Agreement with Araprop Development Sdn. Bhd. to acquire 346 parcels of freehold bungalow and villa land in Beranang, Ulu Langat with an area of approximately 83 acres for a total consideration of RM103,000,000. The transaction was completed during the financial year.

(b) Acquisition of land by IOI Prima Property Sdn. Bhd. ("IOIPPSB")

On 7 November 2013, IOIPPSB entered into a Sale and Purchase Agreement to acquire 1 parcel of freehold agriculture land located in Mukim of Kulai District of Kulaijaya, Johor with an area of approximately 409.128 acres for a total consideration of RM129,207,000. The said purchase was completed during the financial year.

(c) Internal Reorganisation Exercise

Prior to the listing of the ordinary shares of the Company on the Main Market of Bursa Malaysia, the Company was incorporated by IOIC for a series of internal reorganisation exercise of IOIC, which entailed the following:

- i) acquisitions of equity interests in IOIPB, Other Property Companies and PVB and PSSB as disclosed in 20.1(A) to the financial statements;
- ii) acquisition of two (2) parcels of agricultural land measuring approximately 500 acres, located in Mukim Rompin, District of Jempol, State of Negeri Sembilan and approximately 1,279 acres located in Mukim of Sungai Segamat, District of Segamat, State of Johor from IOIC, for a total consideration of RM276,200,000, which were satisfied via the issuance of 61,179,368 new ordinary shares of the Company at an issue price of approximately RM4.51 per ordinary share;

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

138

NOTES TO THE FINANCIAL STATEMENTS (Continued)**44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Continued)****(c) Internal Reorganisation Exercise (Continued)**

iii) capitalisation of approximately RM1,800,000,000, being an amount owing by the IOIPB group and/or the Other Property Companies to IOIC or its group by way of issuance of 398,706,961 new ordinary shares of the Company at an issue price of approximately RM4.51 per ordinary share.

(d) Listing on the Main Market of Bursa Malaysia

The ordinary shares of the Company were listed on Main Market of Bursa Malaysia on 15 January 2014.

(e) Banking facilities obtained by the Group

During the financial year, the Group drawn down the following bank borrowings obtained from the financial institutions:

- i) Synthetic foreign currency loan of USD150 million, drawn down in fixed amount of RM493,350,000 on 10 January 2014;
- ii) Bridge loan of RM750 million was drawn down on 13 January 2014, and
- iii) Term loan of RM300 million was drawn down on 28 May 2014 for the working capital of the Group.

The drawdown of the above two bank borrowings in (i) and (ii) were for the repayment of advances owing to the former holding company and/or its subsidiaries of approximately RM1,000,000,000.

(f) Proposed issuance of an unrated sukuk issuance programme of up to the nominal value of RM1,500,000,000 under the Shariah principal of Murabahah ("Sukuk Programme")

On 9 May 2014, the Company announced that its wholly-owned subsidiary, IOIP Capital Management Sdn. Bhd. ("IOIPCM") had submitted an application to the Securities Commission Malaysia ("SC") on the proposed issuance of Sukuk Programme.

The Sukuk Programme shall have a tenure of up to fifteen (15) years from the date of first issuance.

IOIPCM intends to use the proceeds raised from the Sukuk Programme for Shariah compliant purposes:

- a. In respect of the first issuance of the Sukuk Murabahah, of up to RM750,000,000, the proceeds to be raised shall be utilised to refinance an existing bridge loan facility granted by Malayan Banking Berhad ("MBB") to IOIPCM; and
- b. In respect of the subsequent issuances of the Sukuk Murabahah, the proceeds to be raised shall be utilised amongst others to finance land and development costs, any incidental costs, investment and working capital requirements of the Group.

The Company had on 23 June 2014 received the SC's approval vide its letter dated 20 June 2014 authorising the Sukuk Programme. The SC's conditional approval was announced to Bursa Malaysia on 23 June 2014 and the Sukuk Programme is now pending completion.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

139

NOTES TO THE FINANCIAL STATEMENTS (Continued)**45. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD**

There was no significant event subsequent to the end of the reporting period except those disclosed in Note 13 to the financial statements.

46. SEGMENTAL INFORMATION

The Group has four (4) 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
Leisure & hospitality	Management and operation of hotels, resorts and golf course
Other operations	Cultivation of plantation produce, project and building services management, landscape services and other operations which are not sizeable to be reported separately

The 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 the Group position.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

140

NOTES TO THE FINANCIAL STATEMENTS (Continued)

46. SEGMENTAL INFORMATION (Continued)

2014	Property development RM'000	Property investment RM'000	Leisure & hospitality RM'000	Other operations RM'000	Total RM'000
Revenue					
Segment revenue	1,357,021	104,894	58,317	47,758	1,567,990
Result					
Operating profit	462,630	66,575	4,377	31,905	565,487
Gain on bargain purchase for the acquisitions of subsidiaries	81,174	93,993	22,684	115	197,966
Fair value gain on investment properties	-	305,307	-	-	305,307
Share of results of associates	543,804	465,875	27,061	32,020	1,068,760
Share of results of joint ventures	1,990	-	-	1,504	3,494
Segment results	606,438	465,875	27,061	33,524	1,132,898
Assets					
Operating assets	6,162,924	2,796,807	840,402	390,964	10,191,097
Interests in associates	-	-	-	64,517	64,517
Interests in joint ventures	3,855,746	-	-	-	3,855,746
Segment assets	10,018,670	2,796,807	840,402	455,481	14,111,360
Liabilities					
Segment liabilities	873,980	174,851	84,748	2,591	1,136,170
Other Information					
Capital expenditure	4,921	400,933	80,794	947	487,595
Depreciation and amortisation	2,696	6,138	9,628	282	18,744
Non-cash items other than depreciation and amortisation	9,870	6,860	12	8	16,750

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

141

NOTES TO THE FINANCIAL STATEMENTS (Continued)

46. SEGMENTAL INFORMATION (Continued)

2013	Property development RM'000	Property investment RM'000	Leisure & hospitality RM'000	Other operations RM'000	Total RM'000
Revenue					
Segment revenue	1,135,189	93,514	5,852	28,537	1,263,092
Result					
Operating profit	514,858	59,489	(112)	25,101	599,336
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	(112)	25,101	637,744
Share of results of joint ventures	4,266	-	-	6,989	11,255
Segment results	91,545	-	-	-	91,545
	610,669	97,897	(112)	32,090	740,544
Assets					
Operating assets	4,393,812	1,491,676	25,707	155,652	6,066,847
Interests in associates	26,804	-	-	71,378	98,182
Interests in joint ventures	2,176,239	-	-	-	2,176,239
Segment assets	6,596,855	1,491,676	25,707	227,030	8,341,268
Liabilities					
Segment liabilities	2,229,391	24,928	528	10,815	2,265,662
Other Information					
Capital expenditure	9,904	372,512	985	12,871	396,272
Depreciation and amortisation	2,296	2,002	1,071	404	5,773
Non-cash items other than depreciation and amortisation	8,421	1,046	58	494	10,019

206

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

142

NOTES TO THE FINANCIAL STATEMENTS (Continued)**46. SEGMENTAL INFORMATION (Continued)**

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

	Group	
	2014	2013
	RM'000	RM'000
Revenue		
Segment revenue	1,567,990	1,263,092
Inter-segment sales	<u>(113,545)</u>	<u>(111,871)</u>
Total revenue	<u>1,454,445</u>	<u>1,151,221</u>
Profit or loss		
Segment results	1,132,898	740,544
Interest income	36,174	39,780
Finance costs	<u>(48,668)</u>	<u>(38,720)</u>
Profit before taxation	1,120,404	741,604
Taxation	<u>(216,662)</u>	<u>(167,041)</u>
Profit for the financial year	<u>903,742</u>	<u>574,563</u>
Assets		
Segment assets	14,111,360	8,341,268
Unallocated corporate assets	<u>613,715</u>	<u>185,963</u>
Total assets	<u>14,725,075</u>	<u>8,527,231</u>
Liabilities		
Segment liabilities	1,136,170	2,265,662
Unallocated corporate liabilities	<u>2,287,698</u>	<u>583,670</u>
Total liabilities	<u>3,423,868</u>	<u>2,849,332</u>

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

143

NOTES TO THE FINANCIAL STATEMENTS (Continued)

46. SEGMENTAL INFORMATION (Continued)

Geographical Segments

The Group's major businesses operate in the following principal geographical areas:

Malaysia	Development of residential, commercial and industrial properties Investments in shopping mall, office building 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
PRC	Development of residential properties Investments in shopping mall, hotel, office building and other properties

	Malaysia RM'000	Singapore RM'000	PRC RM'000	Total RM'000
2014				
Revenue from external customers by location of customers	1,123,340	46,278	284,827	1,454,445
Segment assets by location of assets	8,255,088	4,973,165	1,496,822	14,725,075
Capital expenditure by location of assets	477,193	-	10,402	487,595
2013				
Revenue from external customers by location of customers	1,141,713	9,508	-	1,151,221
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 from which the revenue generated exceeded 10% of the Group's revenue.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

144

NOTES TO THE FINANCIAL STATEMENTS (Continued)

47. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The subsidiaries, associates and joint ventures incorporated in Malaysia except otherwise stated, are as follows:

Name of Company	Effective Group Interest		Principal Activities
	2014 %	2013 %	
Direct Subsidiaries			
Bukit Kelang Development Sdn. Bhd.	100.0	-	Property development and cultivation of plantation produce
Eng Hup Industries Sdn. Bhd.	100.0	-	Property development and property investment
IOI City Holdings Sdn. Bhd.	100.0	-	Investment holding and property investment
IOI City Mall Sdn. Bhd. <i>(Formerly known as Dreammont Development Sdn. Bhd.)</i>	100.0	-	Property investment, property development and property management
IOI Consolidated (Singapore) Pte. Ltd. * <i>(Incorporated in Singapore)</i>	100.0	-	Investment holding
IOI Properties Berhad	99.8	99.8	Property development, property investment and investment holding
IOI Properties Capital (L) Berhad <i>(Incorporated in Labuan)</i>	100.0	-	Provision of treasury management services
IOI Properties Empire Sdn. Bhd. #	100.0	-	Property development and property investment
IOIP Capital Management Sdn. Bhd.	100.0	-	Provision of treasury management services
Nice Skyline Sdn. Bhd.	99.9	-	Property development and investment holding
Palmex Industries Sdn. Bhd. #	100.0	-	Property development and investment holding
PMX Bina Sdn. Bhd. #	100.0	-	General contractor
Resort Villa Development Sdn. Bhd.	100.0	-	Property investment and hotel and hospitality services
Resort Villa Golf Course Berhad	100.0	-	Development and management of a golf club
Resort Villa Golf Course Development Sdn. Bhd	100.0	-	Hotel and hospitality services

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

 Company No:
1035807 - A

145

NOTES TO THE FINANCIAL STATEMENTS (Continued)
47. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

Name of Company	Effective Group Interest		Principal Activities
	2014 %	2013 %	
Subsidiaries of IOI Properties Berhad			
Cahaya Kota Development Sdn. Bhd.	99.8	99.8	Property development, property investment and investment holding
Commercial Wings Sdn. Bhd.	99.8	99.8	Property investment
Dynamic Management Sdn. Bhd.	99.8	99.8	Property development, investment holding and provision of management services
Flora Development Sdn. Bhd.	99.8	99.8	Property development and property investment
Flora Horizon Sdn. Bhd.	99.8	98.3	Property development and cultivation of plantation produce
Future Link Properties Pte. Ltd. # (Incorporated in Singapore)	99.8	99.8	Property investment, property development and investment holding
Hartawan Development Sdn. Bhd.	99.8	99.8	Property development and cultivation of plantation produce
IOI Harbour Front Sdn. Bhd.	99.8	-	Property development and property investment
IOI Landscape Services Sdn. Bhd.	99.8	99.8	Landscape services, sale of ornamental plants and turfing grass
IOI Land Singapore Pte. Ltd. * (Incorporated in Singapore)	99.8	99.8	Investment holding
IOI Lavender Sdn. Bhd.	99.8	-	Property development and property investment
IOI Medini Sdn. Bhd.	99.8	99.8	Property development and property investment
IOI Medini Management Sdn. Bhd.	99.8	-	Provision of management services

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

146

NOTES TO THE FINANCIAL STATEMENTS (Continued)

47. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

Name of Company	Effective Group Interest		Principal Activities
	2014 %	2013 %	
Subsidiaries of IOI Properties Berhad (Continued)			
IOI Mulberry Sdn. Bhd.	99.8	99.8	Property development and property investment
IOI PFCC Hotel Sdn. Bhd.	99.8	99.8	Property development, hotel and hospitality services
IOI Prima Property Sdn. Bhd.	99.8	-	Property development and property investment
IOI Properties (Singapore) Pte. Ltd. * <i>(Incorporated in Singapore)</i>	99.8	99.8	Property investment and investment holding
Jutawan Development Sdn. Bhd.	79.8	79.8	Property development and property investment
Knowledge Vision Sdn. Bhd.	99.8	99.8	Property development and property investment
Kumpulan Mayang Sdn. Bhd.	99.8	99.8	Property development
Multi Wealth (Singapore) Pte. Ltd. * <i>(Incorporated in Singapore)</i>	99.8	99.8	Investment holding
Palmy Max Limited* <i>(Incorporated in Hong Kong)</i>	99.8	99.8	Investment holding
Paska Development Sdn. Bhd.	99.8	99.8	Property development and property investment
Pilihan Teraju Sdn. Bhd.	99.8	99.8	Property development and property investment
Pine Properties Sdn. Bhd.	99.8	99.8	Property development and property investment
Property Skyline Sdn. Bhd.	99.8	89.8	Provision of management services and investment holding
Speed Modulation Sdn. Bhd.	99.8	99.8	Property investment

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

147

NOTES TO THE FINANCIAL STATEMENTS (Continued)

47. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

Name of Company	Effective Group Interest		Principal Activities
	2014 %	2013 %	
Subsidiaries of IOI City Holdings Sdn. Bhd.			
IOI City Hotel Sdn. Bhd.	100.0	-	Property investment, property development, hotel and hospitality services
IOI City Park Sdn. Bhd.	100.0	-	Car park operator and provision of car park management service
IOI City Tower One Sdn. Bhd.	100.0	-	Property investment, property development and property management
IOI City Tower Two Sdn. Bhd.	100.0	-	Property investment, property development and property management
Subsidiaries of Cahaya Kota Development Sdn. Bhd.			
IOI Building Services Sdn. Bhd.	99.8	99.8	Building maintenance services
Lush Development Sdn. Bhd.	99.8	99.8	Property development
Riang Takzim Sdn. Bhd.	99.8	99.8	Investment holding
Tanda Bestari Development Sdn. Bhd.	99.8	99.8	Property development
Subsidiaries of Dynamic Management Sdn. Bhd.			
Legend Advance Sdn. Bhd.	69.8	69.8	Property development and property investment
Paksi Teguh Sdn. Bhd.	99.8	99.8	General contractors
Pilihan Megah Sdn. Bhd.	99.8	99.8	Property development, property investment, investment holding and provision of management services

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

148

NOTES TO THE FINANCIAL STATEMENTS (Continued)

47. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

Name of Company	Effective Group Interest		Principal Activities
	2014 %	2013 %	
Subsidiary of Multi Wealth (Singapore) Pte. Ltd.			
Clementi Development Pte. Ltd.* <i>(Incorporation in Singapore)</i>	87.8	87.8	Property development
Subsidiaries of Property Skyline Sdn. Bhd.			
Nice Frontier Sdn. Bhd.	99.8	92.3	Property development, property investment and cultivation of plantation produce
Property Village Berhad	99.8	80.8	Property development, golf club and recreational services and investment holding
Trilink Pyramid Sdn. Bhd.	99.8	89.8	Property development
Wealthy Growth Sdn. Bhd.	99.8	89.8	Property development
Subsidiary of Property Village Berhad			
Baycrest Sdn. Bhd.	99.8	80.8	General contractors
Subsidiaries of Palmy Max Limited			
IOI (Xiamen) Properties Co. Ltd. # <i>(Incorporated in the People's Republic of China)</i>	99.8	99.8	Property development, property investment and hotel and hospitality services
Prime Joy Investments Limited * <i>(Incorporated in Hong Kong)</i>	99.8	99.8	Investment holding
Subsidiary of Prime Joy Investments Limited			
Xiamen Double Prosperous Real Estate Development Co. Ltd. # <i>(Incorporated in the People's Republic of China)</i>	99.8	99.8	Property development and property management services

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

149

NOTES TO THE FINANCIAL STATEMENTS (Continued)

47. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

Name of Company	Effective Group Interest		Principal Activities
	2014 %	2013 %	
Subsidiary of Nice Skyline Sdn. Bhd.			
Jurang Teguh Sdn. Bhd.	99.9	39.9	General contractors
Direct Associate			
IOI Corporate Services Sdn. Bhd.	35.0	-	Provision of management services
Associates of IOI Properties Berhad			
Continental Estates Sdn. Bhd. #	24.2	24.2	Property development and cultivation of plantation produce
Nice Skyline Sdn. Bhd.	-	39.9	Property development and investment holding
Joint Venture of IOI Consolidated (Singapore) Pte. Ltd.			
Scottsdale Properties Pte. Ltd. #	49.9	-	Investment holding
Joint Venture of IOI Land Singapore Pte. Ltd.			
Seaview (Sentosa) Pte. Ltd. # <i>(Incorporated in Singapore)</i>	49.9	49.9	Property development
Joint Venture of IOI Properties Berhad			
PJ Midtown Development Sdn. Bhd. #	49.9	49.9	Property development
Joint Venture of IOI Properties (Singapore) Pte. Ltd.			
Pinnacle (Sentosa) Pte. Ltd. # <i>(Incorporated in Singapore)</i>	64.9	64.9	Property development

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

150

NOTES TO THE FINANCIAL STATEMENTS (Continued)**47. LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)**

Name of Company	Effective Group Interest		Principal Activities
	2014 %	2013 %	
Joint Venture of Multi Wealth (Singapore) Pte. Ltd.			
Mergui Development Pte. Ltd. # <i>(Incorporated in Singapore)</i>	59.9	59.9	Property development

*Not audited by BDO** *Audited by member firm of BDO International***48. AUTHORISATION FOR ISSUE**

The financial statements of the Group and of the Company for the financial year ended 30 June 2014 were authorised for issue by the Board of Directors on 3 September 2014.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

151

NOTES TO THE FINANCIAL STATEMENTS (Continued)

49. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of the reporting period are analysed as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total retained profits of the Company and its subsidiaries				
Realised	3,775,249	3,513,216	18,029	(83)
Unrealised	1,075,697	640,322	-	-
	4,850,946	4,153,538	18,029	(83)
Total share of retained profits from associates				
Realised	6,792	17,635	-	-
Unrealised	(195)	(372)	-	-
	6,597	17,263	-	-
Total share of accumulated losses from joint ventures				
Realised	37,862	(30,028)	-	-
Unrealised	(38,405)	(20,158)	-	-
	(543)	(50,186)	-	-
	4,857,000	4,120,615	18,029	(83)

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Company No:
1035807 - A

152

IOI PROPERTIES GROUP BERHAD (1035807 - A)

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 9 to 150 have been drawn up in accordance with 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 2014 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 49 to the financial statements on page 151 has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors:



Tan Sri Dato' Lee Shin Cheng
Director



Lee Yeow Seng
Director


Putrajaya
3 September 2014

STATUTORY DECLARATION

I, Lau Sui Hing Betty, being the officer primarily responsible for the financial management of IOI Properties Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 9 to 151 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the abovesigned)
at Puchong, Selangor, Darul Ehsan)
this 3 September 2014. No. B-252)
Nama: CHEONG LAK HOONG)

Before me


B-5-13, IOI BOULEVARD,
Jalan Kenari 5, Bandar Puchong Jaya
47170 Puchong, Selangor.



APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)Company No:
1035807 - A

153

Tel: +603 2616 2888
Fax: +603 2616 3190, 2616 3191
www.bdo.my12th Floor Menara Uni.Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
IOI PROPERTIES GROUP BERHAD****Report on the Financial Statements**

We have audited the financial statements of IOI Properties Group Berhad, which comprise the statements of financial position as at 30 June 2014 of the Group and of the Company, and statements of profit or loss, 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 information, as set out on pages 9 to 150.

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.

APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)Company No:
1035807 - A

154

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS 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 Group and of the Company as at 30 June 2014 and of their financial performance and cash flows for the year then ended 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 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 47 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 Reporting Responsibilities

The supplementary information set out in Note 49 to the financial statements is disclosed to meet the requirements of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**APPENDIX IV - OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE
2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Company No:
1035807 - A

155



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
IOI PROPERTIES GROUP BERHAD (Continued)**

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.

A handwritten signature in black ink that reads 'BDO' in a stylized, cursive font.

BDO
AF : 0206
Chartered Accountants

Kuala Lumpur
3 September 2014

A handwritten signature in black ink, appearing to be 'Ooi Thiam Poh', written in a cursive style. A horizontal line is drawn above the signature.

Ooi Thiam Poh
2495/01/16 (J)
Chartered Accountant

**APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FPE 30
SEPTEMBER 2014**



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Condensed Consolidated Statement of Profit or Loss

	INDIVIDUAL QUARTER (Q1)		CUMULATIVE QUARTER (3 Mths)	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/9/14	30/9/13	30/9/14	30/9/13
	RM'000	RM'000	RM'000	RM'000
Revenue	375,519	280,609	375,519	280,609
Cost of sales	(161,814)	(114,909)	(161,814)	(114,909)
Gross profit	213,705	165,700	213,705	165,700
Other operating income	5,508	6,565	5,508	6,565
Marketing and selling expenses	(22,040)	(9,913)	(22,040)	(9,913)
Administration expenses	(26,700)	(21,234)	(26,700)	(21,234)
Other operating expenses	(19,480)	(7,859)	(19,480)	(7,859)
Operating profit	150,993	133,259	150,993	133,259
Share of results of associates	(594)	2,178	(594)	2,178
Share of results of joint ventures	6,952	26,260	6,952	26,260
Profit before interest and taxation	157,351	161,697	157,351	161,697
Interest income	8,974	9,705	8,974	9,705
Interest expense	(19,200)	(8,400)	(19,200)	(8,400)
Profit before taxation	147,125	163,002	147,125	163,002
Taxation	(44,892)	(51,327)	(44,892)	(51,327)
Profit for the period	102,233	111,675	102,233	111,675
Attributable to:				
Owners of the parent	101,001	111,060	101,001	111,060
Non-controlling interests	1,232	615	1,232	615
	102,233	111,675	102,233	111,675
Earnings per share for profit attributable to owners of the Company (sen)				
Basic	3.12	3.43	3.12	3.43
Diluted	3.12	3.43	3.12	3.43

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014 and the accompanying explanatory notes attached to this interim financial report.)

**APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FPE 30
SEPTEMBER 2014 (CONT'D)**



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Condensed Consolidated Statement of Other Comprehensive Income

	INDIVIDUAL QUARTER (Q1)		CUMULATIVE QUARTER (3 Mths)	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/9/14	30/9/13	30/9/14	30/9/13
	RM'000	RM'000	RM'000	RM'000
Profit for the period	102,233	111,675	102,233	111,675
Other comprehensive income that will be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	35,006	71,407	35,006	71,407
Other comprehensive income for the period, net of tax	35,006	71,407	35,006	71,407
Total comprehensive income for the period	137,239	183,082	137,239	183,082
Total comprehensive income attributable to:				
Owners of the Company	135,908	182,313	135,908	182,313
Non-controlling interests	1,331	769	1,331	769
	137,239	183,082	137,239	183,082

(The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014 and the accompanying explanatory notes attached to this interim financial report.)

**APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FPE 30
SEPTEMBER 2014 (CONT'D)**



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Condensed Consolidated Statement of Financial Position

	AS AT 30/9/14 RM'000	AS AT 30/06/14 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	1,071,646	1,047,300
Prepaid lease payments	96,823	94,502
Land held for property development	3,091,523	3,011,711
Investment properties	2,836,970	2,765,489
Goodwill on consolidation	11,472	11,472
Investments in associates	84,726	64,517
Interests in joint ventures	3,872,885	3,855,746
Deferred tax assets	71,151	72,896
	<u>11,137,196</u>	<u>10,923,633</u>
Current assets		
Property development costs	2,161,550	2,116,687
Inventories	246,383	191,519
Trade and other receivables	560,860	492,044
Current tax assets	58,931	42,311
Other investments	274,117	340,629
Short term funds	37,091	225,079
Deposits with financial institutions	335,225	261,957
Cash and bank balances	158,685	131,216
	<u>3,832,842</u>	<u>3,801,442</u>
TOTAL ASSETS	<u><u>14,970,038</u></u>	<u><u>14,725,075</u></u>

**APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FPE 30
SEPTEMBER 2014 (CONT'D)**



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Condensed Consolidated Statement of Financial Position

	AS AT 30/9/14 RM'000	AS AT 30/06/14 RM'000
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	3,239,015	3,239,015
Reserves	11,581,574	11,546,667
Reorganisation debit balance	(8,440,152)	(8,440,152)
Retained earnings	4,958,010	4,857,000
	<u>11,338,447</u>	<u>11,202,530</u>
Non-controlling interests	99,993	98,677
Total equity	<u>11,438,440</u>	<u>11,301,207</u>
Non-current liabilities		
Borrowings	2,057,430	1,307,230
Amounts due to non-controlling interests	95,429	95,305
Deferred tax liabilities	223,060	205,411
	<u>2,375,919</u>	<u>1,607,946</u>
Current liabilities		
Borrowings	-	750,000
Trade and other payables	1,140,333	1,040,865
Current tax liabilities	15,346	25,057
	<u>1,155,679</u>	<u>1,815,922</u>
Total liabilities	<u>3,531,598</u>	<u>3,423,868</u>
TOTAL EQUITY AND LIABILITIES	<u>14,970,038</u>	<u>14,725,075</u>
Net assets per share attributable to owners of the Company (RM)	3.50	3.46

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014 and the accompanying explanatory notes attached to this interim financial report.)

**APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FPE 30
SEPTEMBER 2014 (CONT'D)**



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Condensed Consolidated Statement of Cash Flows

	3 Months Ended 30/9/14 RM'000	3 Months Ended 30/9/13 RM'000
Operating Activities		
Profit before taxation	147,125	163,002
Adjustments for:		
Depreciation and amortisation	5,518	1,382
Other non-cash items	2,906	(30,417)
Operating profit before working capital changes	<u>155,549</u>	133,967
Decrease in inventories	10,048	22,406
(Increase)/Decrease in receivables and other assets	(129,084)	41,650
Increase/(Decrease) in payables and other liabilities	<u>90,879</u>	(20,257)
Cash generated from operations	<u>127,392</u>	177,766
Taxes paid	<u>(53,666)</u>	(37,434)
Net cash inflow from operating activities	<u>73,726</u>	140,332
Investing Activities		
Repayments from a joint venture	3,342	-
Interest received	7,533	2,127
Dividends received	-	6,290
Proceeds from disposal of land from compulsory acquisition	-	3,269
Proceeds received upon maturity of other investments	77,178	-
Proceeds from disposal of other investments	-	1,081
Proceeds from disposal of property, plant and equipment	1,530	62
Additions to prepaid lease payments	-	(744)
Additional investment in a subsidiary	(6)	-
Additional investments in a joint venture	(8,081)	-
Additional investments in an associate	(20,803)	-
Advances to joint ventures	(2,507)	(12,669)
Additions to property, plant and equipment	(29,388)	(2,996)
Additions to investment properties	(99,362)	(2,963)
Additions to land held for property development	(76,780)	(251,668)
Net cash outflow from investing activities	<u>(147,344)</u>	(258,211)
Financing Activities		
Advance from a former related company	-	309,482
Interest paid	(19,501)	(1,348)
Net cash (outflow)/inflow from financing activities	<u>(19,501)</u>	308,134
Net (decrease)/increase in cash and cash equivalents	<u>(93,119)</u>	190,255
Cash and cash equivalents at beginning of period	<u>618,252</u>	376,738
Effect of exchange rate changes	5,868	4,499
Cash and cash equivalents at beginning of financial period	<u>624,120</u>	381,237
Cash and cash equivalents at end of period	<u>531,001</u>	571,492

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014 and the accompanying explanatory notes attached to this interim financial report.)

APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FPE 30 SEPTEMBER 2014 (CONT'D)



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Condensed Consolidated Statement Of Changes In Equity

(RM'000)	Share capital	Share premium	Capital reserve	Foreign currency translation reserve	Reorganisation debit balance	Retained earnings	Total attributable to owners of the Company	Non-controlling interests	Total equity
As at 1 July 2014	3,239,015	11,383,821	-	162,846	(8,440,152)	4,857,000	11,202,530	98,677	11,301,207
Profit for the financial period	-	-	-	-	-	101,001	101,001	1,232	102,233
Exchange difference on translation of foreign operations	-	-	-	34,907	-	-	34,907	99	35,006
Total comprehensive income	-	-	-	34,907	-	101,001	135,908	1,331	137,239
Transactions with owners	-	-	-	-	-	9	9	(15)	(6)
Changes in equity interests in subsidiaries	-	-	-	-	-	-	-	-	-
As at 30 September 2014	3,239,015	11,383,821	-	197,753	(8,440,152)	4,958,010	11,338,447	99,993	11,438,440
As at 1 July 2013	406,393	881,345	41,090	128,436	-	4,120,615	5,577,879	100,020	5,677,899
Profit for the financial period	-	-	-	-	-	889,918	889,918	13,824	903,742
Exchange difference on translation of foreign operations	-	-	-	34,410	-	-	34,410	133	34,543
Total comprehensive income	-	-	-	34,410	-	889,918	924,328	13,957	938,285
Transactions with owners	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares	3,239,015	11,383,821	-	-	-	-	14,622,836	-	14,622,836
Issuance of redeemable preference shares to non-controlling interests	-	-	-	-	-	-	-	53,848	53,848
Changes in equity interests in subsidiaries	-	-	-	-	-	(138,537)	(138,537)	(64,745)	(203,282)
Acquisition of subsidiaries	(406,393)	(881,345)	(41,090)	-	(8,440,152)	-	(9,768,980)	-	(9,768,980)
Dividend paid	-	-	-	-	-	(14,996)	(14,996)	-	(14,996)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(4,403)	(4,403)
As at 30 June 2014	3,239,015	11,383,821	-	162,846	(8,440,152)	4,857,000	11,202,530	98,677	11,301,207

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014 and the accompanying notes attached to this interim financial report.)

**APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FPE 30
SEPTEMBER 2014 (CONT'D)**



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Explanatory Notes

a) Accounting Policies

The interim financial report of the IOIPG Group is unaudited and has been prepared in accordance with Financial Reporting Standard ("FRS") 134 "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The report should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014. Those explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2014.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 30 June 2014 except for the adoption of the following new/revised FRSs and amendments to FRSs:

Title	Effective Date
Amendments to FRS 10 <i>Consolidated Financial Statements: Investment Entities</i>	1 January 2014
Amendments to FRS 12 <i>Disclosure of Interest in Other Entities: Investment Entities</i>	1 January 2014
Amendments to FRS 127 <i>Separate Financial Statements(2011): Investment Entities</i>	1 January 2014
Amendments to FRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to FRS 136 <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to FRS 139 <i>Novation of Derivatives and Continuation of Hedge-Accounting</i>	1 January 2014
IC Interpretation 21 <i>Levies</i>	1 January 2014
Amendments to FRS 119 <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Amendments to FRSs <i>Annual Improvements to FRSs 2010-2012 Cycle</i>	1 July 2014
Amendments to FRSs <i>Annual Improvements to FRSs 2011-2013 Cycle</i>	1 July 2014

The adoption of the above FRS, amendments to FRSs and IC Interpretation do not have any financial impact on the results and financial position of the Group for the current quarter.

b) Seasonal or Cyclical Factors

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

c) Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income and cash flows for the quarter under review.

d) Material changes in Estimates of Amounts Reported

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

e) Details of Changes in Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale or repayment of debt and/or equity securities, share buy-back, share cancellation, shares held as treasury shares and/or resale of treasury shares for the current quarter under review save for the issuance of Sukuk Murabahah as disclosed in Note 7 of this interim report.

f) Dividends Paid

There was no dividend paid by the Company during this financial quarter ended 30 September 2014.

**APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FPE 30
SEPTEMBER 2014 (CONT'D)**



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Explanatory Notes

g) Segment Revenue & Results

(RM'000)	Property Development	Property Investment	Leisure & Hospitality	Other Operations	Elimination	Consolidated
3 Months Ended 30/09/14						
REVENUE						
External	311,329	28,549	20,907	14,734	-	375,519
Inter-segment	21,962	-	-	-	(21,962)	-
Total Revenue	333,291	28,549	20,907	14,734	(21,962)	375,519
RESULT						
Segment operating profit	124,298	17,126	45	9,524	-	150,993
Share of results of associates	-	-	-	(594)	-	(594)
Share of results of joint ventures	6,952	-	-	-	-	6,952
Segment results	131,250	17,126	45	8,930	-	157,351
Interest income						8,974
Interest expense						(19,200)
Profit before taxation						147,125
Taxation						(44,892)
Profit for the period						102,233
3 Months Ended 30/09/13						
REVENUE						
External	245,718	24,034	1,270	9,587	-	280,609
Inter-segment	14,891	-	-	-	(14,891)	-
Total Revenue	260,609	24,034	1,270	9,587	(14,891)	280,609
RESULT						
Segment operating profit	111,825	15,967	(366)	5,833	-	133,259
Share of results of associates	1,124	-	-	1,054	-	2,178
Share of results of joint ventures	26,260	-	-	-	-	26,260
Segment results	139,209	15,967	(366)	6,887	-	161,697
Interest income						9,705
Interest expense						(8,400)
Profit before taxation						163,002
Taxation						(51,327)
Profit for the period						111,675

Other operations consist mainly of cultivation of plantation produce, property maintenance services and other activities unrelated to any of the abovementioned major industry segments.

**APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FPE 30
SEPTEMBER 2014 (CONT'D)**



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

Explanatory Notes

h) Material Events Subsequent to the End of Financial Period

There were no material events subsequent to the end of financial period.

i) Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period ended 30 September 2014 save for the acquisition of additional 5.2% of the issued and paid-up ordinary shares and 6.5% of the issued and paid-up cumulative redeemable preference shares in an associate, Continental Estate Sdn. Bhd. ("CESB") for a total consideration of RM20.8 million. Upon completion of this acquisition, the Group owns 29.3% of the equity interest in CESB.

j) Contingent Liabilities

There were no material contingent liabilities for the Group as at 30 September 2014.

**APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FPE 30
SEPTEMBER 2014 (CONT'D)**



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

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

1) Review of Group's Performance

Q1 FY 2015 vs Q1 FY 2014

The Group has achieved revenue and operating profit of RM375.5 million and RM151.0 respectively in Q1 FY 2015, which is RM94.9 million or 34% and RM17.7 million or 13% respectively higher than Q1 FY 2014. The increase in both revenue and operating profit is contributed from all operating segments and the details are set out as follows:-

Property development

Revenue and operating profit of RM311.3 million and RM124.3 million respectively were recorded for Q1 FY 2015, which is RM65.6 million or 27% and RM12.5 million or 11% respectively higher than the previous corresponding period. The increase in both revenue and operating profit is mainly due to higher contribution from sales of completed properties and advanced progress works from high rise residential properties.

Property investment

Revenue and operating profit of RM28.5 million and RM17.1 million respectively were reported for Q1 FY 2015, which is RM4.5 million or 19% and RM1.2 million or 8% respectively higher than the previous corresponding period. The increase is mainly due to additional rental income from assets acquired from the internal restructuring exercise that was completed on 5 December 2013 prior to the listing of the Company.

Leisure, hospitality and other operations

Revenue and operating profit of RM35.6 million and RM9.6 million respectively were recorded for Q1 FY 2015, which is RM24.8 million or 228% and RM4.1 million or 75% respectively higher than the previous corresponding period. The increase is mainly contributed from additional income generated from Putrajaya Marriott Hotel and Palm Garden Hotel, which were acquired from the internal restructuring exercise that was completed on 5 December 2013 prior to the listing of the Company.

The Group has reported lower profit before taxation of RM147.1 million for the current quarter as compared to RM163.0 million in the previous corresponding period. The lower profit before taxation is mainly due to decrease in share of results from both associates and joint ventures and higher net interest expense reported for the current period under review.

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

The Group's profit before taxation for Q1 FY 2015 of RM147.1 million is RM13.1 million or 8% lower than the profit before taxation of RM160.2 million (excluding fair value gains on investment properties of RM305.3 million) reported in Q4 FY 2014. This is mainly due to decrease in share of results of associates and joint ventures, lower income from other operations and increase in net interest expense in the current quarter under review.

3) Prospects

The Malaysia property market remains challenging with tighter financial criteria by banks on loan approvals, looming introduction of Goods and Services Tax ("GST") and potential interest rate hikes. However, we believe that there will be a surge in demand for properties prior to the implementation of GST as evidenced in most of the countries when GST was first implemented.

The Group will continue to focus on affordable housing and landed properties in our new townships in Bangi, Sepang and Bahau, Negeri Sembilan. In addition, the Group is expected to generate additional income from our investment property segment with the opening of IOI City Mall in November 2014.

Barring unforeseen circumstances, the Group's overall performance is expected to be satisfactory.

4) Achievability of forecast results

Not applicable.

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

Not applicable.

**APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FPE 30
SEPTEMBER 2014 (CONT'D)**



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

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

6) Taxation

	INDIVIDUAL QUARTER (Q1)		CUMULATIVE QUARTER (3 Mths)	
	CURRENT YEAR QUARTER RM'000	PRECEDING YEAR CORRESPONDING QUARTER RM'000	CURRENT YEAR TO DATE RM'000	PRECEDING YEAR CORRESPONDING PERIOD RM'000
The tax expense comprises the following:				
Current taxation				
-Current year	28,941	32,136	28,941	32,136
-Prior year	(650)	8,345	(650)	8,345
Deferred taxation				
-Current year	16,365	10,954	16,365	10,954
-Prior year	236	(108)	236	(108)
	<u>44,892</u>	<u>51,327</u>	<u>44,892</u>	<u>51,327</u>

The effective tax rate of the Group for the current quarter of 30.5% is higher than the prevailing statutory rate of 25%. The higher effective tax rate is mainly due to higher tax rate in foreign operations.

7) Corporate Proposal

(a) Proposed issuance of unrated Islamic Medium Term Notes pursuant to an unrated Islamic Term Note Programme of up to RM1,500 million in nominal value ("Sukuk Programme")

Proposal	<p>On 9 May 2014, the Company announced that its wholly- owned subsidiary, IOIP Capital Management Sdn. Bhd. ("IOIPCM") has submitted an application to the Securities Commission Malaysia ("SC") in relation to the Sukuk Programme.</p> <p>The Sukuk Programme shall have a tenure of up to fifteen (15) years from the date of first issuance of the unrated Islamic Medium Term Notes ("Sukuk Murabahah") under the Sukuk Programme.</p> <p>IOIPCM intends to use the proceeds raised from the Sukuk Programme for Shariah compliant purposes:</p> <p>(i) In respect of the first issuance of the Sukuk Murabahah of up to RM750 million, the proceeds to be raised shall be utilised to refinance an existing bridge loan facility granted by Malayan Banking Berhad ("MBB") to IOIPCM; and</p> <p>(ii) In respect of the subsequent issuances of the Sukuk Murabahah, the proceeds to be raised shall be utilised amongst others to finance land and development costs, any incidental costs, investment and working capital requirements of the Group.</p>
Principal Adviser, Lead Arranger and Lead Manager	Maybank Investment Bank Berhad
Status	<p>The proposal was completed after the completion of the following:-</p> <p>(i) On 23 June 2014, IOIPG received the SC's approval vide its letter dated 20 June 2014 authorising the Sukuk Programme.</p> <p>(ii) On 15 September 2014, IOIPG and IOIPCM entered into transaction documents for the establishment of the Sukuk Programme.</p> <p>(iii) On 30 September 2014, IOIPCM successfully made its first issuance of Sukuk Murabahah under the Sukuk Programme. The Sukuk Murabahah is issued for the aggregate nominal value of RM750.0 million for tenures of 3, 4 and 5 years.</p>

**APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FPE 30
SEPTEMBER 2014 (CONT'D)**



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

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

7) Corporate Proposal

- (b) (i) Proposed renounceable rights issue of 539,835,787 new ordinary shares of RM1.00 each in IOIPG ("IOIPG Shares") ("Rights Shares") at an issue price of RM1.90 per Right Share on the basis of one (1) Rights Share for every six (6) existing IOIPG Shares at an entitlement date to be determined later ("Entitlement Date") ("Proposed Rights Issue") and
- (ii) Proposed establishment of an employees' share option scheme ("ESOS") of up to ten percent (10%) of the issued and paid-up share capital of IOIPG ("Proposed ESOS" or the Scheme")

Proposal	<p>On 10 November 2014, IOIPG announced to Bursa Malaysia Securities Berhad ("Bursa Malaysia") that the Company proposes to undertake the Proposed Rights Issue and Proposed ESOS (collectively referred to as the "Proposals")</p>
Proposed Rights Issue	<p>The Proposed Rights Issue of 539,835,787 Rights Shares at an issue price of RM1.90 is to be implemented on a renounceable basis of one (1) Rights Share for every six (6) existing IOIPG Shares held at the Entitlement Date.</p> <p>The Rights Shares will be offered to the shareholders of IOIPG whose names appear in the Record of Depositors of the Company as at the close of business at the Entitlement Date ("Entitled Shareholders").</p> <p>Any Rights Shares which are not taken up or validly taken up shall be made available for excess Rights Shares applications by the Entitled Shareholders and/or their renounees. It is the intention of the Board to allocate the excess Rights Shares in a fair and equitable manner on such basis to be determined by the Board and announced later by the Company.</p> <p>The Company intends to undertake the Proposed Rights Issue on a full subscription basis (i.e. full subscription for the 539,835,787 Rights Shares proposed to be issued under the Proposed Rights Issue) ("Full Subscription Level").</p> <p>The expected utilisation of the proceeds to be raised from the Proposed Rights Issue are as follows:-</p> <ul style="list-style-type: none"> (i) To utilise mainly for our investment properties at IOI Resort City, which includes the development costs for the completion of common infrastructure, IOI City Tower One, IOI City Tower Two and IOI City Hotel; (ii) To earmark for any potential investment opportunities which may arise in the future, and (iii) To use for the Group's working capital purposes, which include the payment to suppliers and contractors for on-going development projects, as well as for day-to-day operations.
Proposed ESOS or the Scheme	<p>The Proposed ESOS will involve granting of options ("ESOS Options") to the eligible employees and directors of IOIPG and its subsidiaries which are incorporated and existing in Malaysia and/or are not dormant, who meet the eligible criteria to participate in the Scheme ("Eligible Person(s)"), to subscribe for new IOIPG Shares at a pre-determined price ("Exercise Price"), in accordance with the by-laws governing the Scheme ("By-Laws"). The Proposed ESOS will be valid for a duration of five (5) years.</p> <p>The Scheme will be administered by a share scheme committee ("ESOS Committee"), the members of which shall be duly appointed and authorised by the Board, which will have the absolute discretion in administering the Scheme including prescribing the financial and performance targets/criteria and such other conditions as it may deem fit. Any liberty, power or discretion which may be exercised or any decision or determination which may be made by the ESOS Committee (including any selection) may be exercised in the ESOS Committee's sole and absolute discretion in accordance with the terms of reference of which the Board may establish to regulate and govern the ESOS Committee's functions and responsibilities under the By-Laws.</p> <p>The Proposed ESOS is targeted at employees (under the grade M1 and above) and all executive directors of the Group who are involved in the management of the Group ("Executive Directors") in recognition of their accumulated contributions to the operations and continued growth of the Group. The Proposed ESOS is also intended to align the interests of the management and Executive Directors of the Group to drive long term financial performance and shareholders' value enhancement.</p>
Adviser	AmInvestment Bank Berhad
Status	The Company had on 11 November 2014 submitted the additional listing application on the Proposals to Bursa Malaysia.

**APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FPE 30
SEPTEMBER 2014 (CONT'D)**



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

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

8) Group Borrowings and Debt Securities

Group borrowings and debt securities as at 30 September 2014 are as follows:

RM'000

Long term borrowings

Unsecured

Denominated in RM

1,543,350

Denominated in SGD (SGD200 million)

514,080

2,057,430

9) Derivative Financial Instruments

There is no significant outstanding derivative financial instrument at the end of the reporting period.

10) Fair Value Changes of Financial Liabilities

There is no fair value changes of financial liabilities as at the end of the reporting period.

11) Realised and Unrealised Profits

The retained profits as at the end of the reporting period are analysed as follows:

**Total retained profits of IOI Properties Group Berhad
and its subsidiaries:**

- Realised

3,889,568

- Unrealised

1,056,030

4,945,598

**Total share of retained profits from
associates:**

- Realised

6,198

- Unrealised

(195)

6,003

**Total share of accumulated losses from
joint ventures:**

- Realised

45,797

- Unrealised

(39,388)

6,409

Total Group retained profits

4,958,010

**APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FPE 30
SEPTEMBER 2014 (CONT'D)**



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

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

12) Notes to the Condensed Consolidated Statement of Comprehensive Income

Profit for the period has been arrived after charging/(crediting):

	CURRENT YEAR QUARTER (30/9/14) RM'000	CURRENT YEAR TO DATE (30/9/14) RM'000
Interest income	(8,974)	(8,974)
Interest expense	19,200	19,200
Depreciation and amortisation	5,518	5,518
Impairment losses on receivables	13	13

Other than as per disclosed above, the Group does not have other material items that recognised as profit/loss in the consolidated statement of profit or loss and statement of other comprehensive income.

13) Material Litigation

There is no pending material litigation as at the date of this announcement.

14) Dividends

No dividend has been declared by the Board for the financial quarter ended 30 September 2014.

**APPENDIX V - OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FPE 30
SEPTEMBER 2014 (CONT'D)**



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

Interim Report For The Financial Period Ended 30 September 2014

(The figures have not been audited)

15) Earnings per Share

	INDIVIDUAL QUARTER (Q1)		CUMULATIVE QUARTER (3 Mths)	
	CURRENT YEAR QUARTER RM'000	PRECEDING YEAR CORRESPONDING QUARTER RM'000	CURRENT YEAR TO DATE RM'000	PRECEDING YEAR CORRESPONDING PERIOD RM'000
a) Basic earnings per share				
Net profit for the period	101,001	111,060	101,001	111,060
Weighted average number of ordinary shares in issue ('000)	3,239,015	3,239,015	3,239,015	3,239,015
Basic earnings per share (sen)	<u>3.12</u>	3.43	<u>3.12</u>	<u>3.43</u>
b) Diluted earnings per share				
Net profit for the period	101,001	111,060	101,001	111,060
Weighted average number of ordinary shares in issue ('000)	3,239,015	3,239,015	3,239,015	3,239,015
Diluted earnings per share (sen)	<u>3.12</u>	3.43	<u>3.12</u>	<u>3.43</u>

16) Audit Qualification

The audit report on the Group's preceding year's financial statements is not qualified.

By Order of the Board

Tan Choong Khiang
Company Secretary

Putrajaya
21 November 2014

APPENDIX VI – DIRECTORS' REPORT



IOI PROPERTIES

Date: **06 JAN 2015**

The Shareholders of

IOI PROPERTIES GROUP BERHAD
("IOIPG" OR THE "COMPANY")

Dear Sir / Madam,

On behalf of the Board of Directors of IOIPG ("**Board**"), I wish to report that after due enquiry by us in relation to the interval between the period from 30 June 2014 (being the date to which the last audited consolidated financial statements of the Company and its subsidiaries ("**Group**") have been made up) to the date hereof (being a date not earlier than fourteen (14) days before the date of issuance of this Abridged Prospectus), that:-

- (a) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;
- (b) in the opinion of the Board, since the last audited consolidated financial statements of the Group, no circumstances that has adversely affected the trading or the value of the assets of the Group has arisen;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in this Abridged Prospectus, there are no contingent liabilities that has arisen by reason of any guarantees or indemnities given by the Group;
- (e) there has not been, since the last audited consolidated financial statements of the Group, any default or known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of the Group;
- (f) save as disclosed in the unaudited consolidated financial statements of the Group for the three (3)-month financial period ended 30 September 2014 as set out in Appendix V of this Abridged Prospectus, there has not been, since the last audited consolidated financial statements of the Group, any material changes in the published reserves or unusual factors affecting the profits of the Group; and
- (g) as disclosed above and up to the date of this letter, no other reports are required in relation to items (a) to (f) above.

Yours faithfully,
For and on behalf of the Board of
IOI PROPERTIES GROUP BERHAD

Lee Yeow Seng
Chief Executive Officer

APPENDIX VII - ADDITIONAL INFORMATION

1. SHARE CAPITAL

- (i) No securities will be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of the issuance of this Abridged Prospectus.
- (ii) As at the LPD, there is only one (1) class of shares in our Company, namely ordinary shares of RM1.00 each in our Company, all of which rank *pari passu* with one another.
- (iii) Save as disclosed in Section 2 of Appendix II, no securities of our Company have been issued or are proposed or intended to be issued as fully or partly paid-up in cash or otherwise than in cash within the two (2) years preceding the date of this Abridged Prospectus.
- (iv) Save as discussed below, no person has been or is entitled to be granted an option to subscribe for any securities of our Company and no capital of our Company is under any option or agreed conditionally or unconditionally to be put under any option as at the date of this Abridged Prospectus:-
 - (a) The Rights Shares to be issued pursuant to the Rights Issue, which are the subject of this Abridged Prospectus; and
 - (b) The ESOS which involves the granting of ESOS Options of up to 10% of the issued and paid-up share capital of our Company (excluding treasury shares) at any point in time during the duration of the ESOS. The ESOS shall be in force for a period of five (5) years, commencing from the effective date on which the last of the approvals and/or conditions stipulated in the By-Laws have been obtained and/or complied with.

Subject to any adjustments made in accordance with the provisions of the By-Laws, the exercise price at which the eligible persons are entitled to subscribe for new IOIPG Shares shall be based on the higher of the following:-

- (i) the five (5)-day VWAP of IOIPG Shares, as quoted on Bursa Securities, immediately preceding the date of offer of the option, with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the ESOS; or
- (ii) the par value of IOIPG Shares of RM1.00 each.

As at the date of this Abridged Prospectus, the ESOS has yet to be implemented / effected.

2. REMUNERATION OF DIRECTORS

An extract of the provisions of our Articles of Association relating to the remuneration of our Directors are as follows:-

Article 95 - Directors' fee

The fees payable to the Directors shall from time to time be determined by the Company in general meeting, and such fees shall be divided among the Directors in such proportions and manner as that Directors may determine provided always that:-

- (a) *fees payable to Directors who hold non-executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover. Salaries payable to executive directors may not include a commission on or percentage of turnover.*

APPENDIX VII – ADDITIONAL INFORMATION (CONT'D)

- (b) *fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and*
- (c) *any fee paid to an Alternate Director shall be such amount as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.*

Article 96 - Reimbursement

The Directors may also be paid all traveling, hotel, and other expenses properly incurred by them in attending and returning from meeting of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company. Any Director who serves on any committee or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration.

Article 97 - Special remuneration

If by arrangement with the Directors, any Director shall perform or render any special duties outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged provided that the special remuneration payable to non-executive directors shall not by way of a commission on or percentage of profits or turnover.

3. MATERIAL CONTRACTS

Save as disclosed below, as at the LPD, there are no other material contracts which have been (not being contracts entered into in the ordinary course of business) entered into by our Group during the two (2) years preceding the date of this Abridged Prospectus:-

- (i) IOIPG had on 5 December 2014 entered into three (3) conditional share purchase agreements to acquire an aggregate of 546,460,486 ordinary shares of NTD10 each, representing 37.17% interest in Taipei Financial Center Corporation (“**TFCC**”), which owns the Taipei 101 building, from the following parties:-
 - (a) Share purchase agreement dated 5 December 2014 entered into between IOIPG (as purchaser) and Golden Shine International Holdings Ltd. (as vendor) for the acquisition by IOIPG of 55,000,000 ordinary shares of NTD10 each, representing 100% of the issued and outstanding shares of Ting Gu Development Co., Ltd. for a sale and purchase consideration of NTD3,608,700,000, subject to adjustment (if applicable) in accordance with the terms contained therein. Ting Gu Development Co., Ltd. holds 78,450,000 ordinary shares of NTD10 each of TFCC;
 - (b) Share purchase agreement dated 5 December 2014 entered into between IOIPG (as purchaser) and Ting An Co., Ltd. (as vendor) for the acquisition by IOIPG of 4,410,000 ordinary shares of NTD10 each of TFCC, representing approximately 0.3% of the issued capital of TFCC, for a sale and purchase consideration of NTD202,860,000, subject to adjustment (if applicable) in accordance with the terms contained therein; and

APPENDIX VII – ADDITIONAL INFORMATION (CONT'D)

- (c) Share purchase agreement dated 5 December 2014 entered into between IOIPG (as purchaser) and Ting Ji Development Co., Ltd and Ting Li Development Co., Ltd (collectively as vendors) for the acquisition by IOIPG of an aggregate 463,600,486 ordinary shares of NTD10 each of TFCC, representing approximately 31.53% of the issued capital of TFCC, for an aggregate sale and purchase consideration of NTD21,325,622,356, subject to adjustment (if applicable) in accordance with the terms contained therein.

The transaction is pending completion in accordance with the terms of respective share purchase agreements.

- (ii) IOIP Capital Management Sdn Bhd ("**IOIP Capital Management**") had on 15 September 2014, established a sukuk issuance programme of up to the nominal value of RM1,500,000,000.00 under the Shariah principle of Murabahah ("**Sukuk Programme**") and executed *inter alia* the following transaction documents in relation to the Sukuk Programme:-
- (a) Programme agreement dated 15 September 2014 entered into between IOIP Capital Management (as issuer) and Maybank Investment Bank Berhad (as principal adviser, lead arranger, lead manager and facility agent);
- (b) Trust deed dated 15 September 2014 entered into between IOIP Capital Management and Maybank Trustees Berhad (as trustee);
- (c) Commodity murabahah master agreement dated 15 September 2014 entered into between IOIP Capital Management (as issuer), Maybank Trustees Berhad (as sukuk trustee) and Maybank Investment Bank Berhad (as security agent);
- (d) Security agency agreement dated 15 September 2014 entered into between IOIP Capital Management, Maybank Trustees Berhad and Maybank Investment Bank Berhad (as security agent); and
- (e) Subscription agreement dated 22 September 2014 entered into between IOIP Capital Management (as issuer), Maybank Investment Bank Berhad (as principal adviser, lead arranger and lead manager) and Malayan Banking Berhad (as investor).
- (iii) IOI Prima Property Sdn Bhd (as purchaser), a wholly-owned subsidiary of IOIP, had on 7 November 2013 entered into a sale and purchase agreement with the identified parties as set out in the first schedule annexed thereto (as vendors) for the acquisition of the vendors' respective undivided share aggregating 412,718/467,375 share (being equivalent to 409.128 acres) in all that piece of a freehold agricultural land held under Geran 225500, Lot 2704 measuring approximately 189.1402 hectares, in the Mukim of Kulai, District of Kulajjaya and State of Johor, for a total sale and purchase consideration of RM129,206,713.68. The transaction has been completed in accordance with the terms of the sale and purchase agreement.
- (iv) IOI Harbour Front Sdn Bhd (as purchaser), a wholly-owned subsidiary of IOIP, had on 12 September 2013 entered into a sale and purchase agreement with Madon Bin Johan (as vendor) for the acquisition of all that piece of land held under Geran Mukim 673, Lot 581 measuring approximately 0.7057 hectares, in the Mukim of Pulai, District of Johor Bahru and State of Johor, for a total sale and purchase consideration of RM48,500,000. The transaction is pending completion in accordance with the terms of the sale and purchase agreement.

APPENDIX VII – ADDITIONAL INFORMATION (CONT'D)

- (v) IOI Lavender Sdn Bhd (as purchaser), a wholly-owned subsidiary of IOIP, had on 9 September 2013 entered into a sale and purchase agreement with Permastulin Sdn Bhd (as vendor) for the acquisition of all that piece of land held under Geran 43120, Lot 1639 measuring approximately 4.0646 hectares (equivalent to approximately 437,510 sq ft), in the Mukim of Plentong, District of Johor Bahru and State of Johor, for a total sale and purchase consideration of RM44,678,521.20. The transaction has been completed in accordance with the terms of the sale and purchase agreement.
- (vi) Knowledge Vision Sdn Bhd (as purchaser), a wholly-owned subsidiary of IOIP, had on 5 August 2013 entered into a sale and purchase agreement with Araprop Development Sdn Bhd (as vendor) for the acquisition of all that 345 parcels of freehold lands collectively measuring approximately 334,877 square metres held under various identified individual titles (as set out in the sale and purchase agreement) in the Mukim of Beranang, Daerah of Ulu Langat and State of Selangor for a total sale and purchase consideration of RM103,000,000. The transaction has been completed in accordance with the terms of the sale and purchase agreement.
- (vii) IOI Mulberry Sdn Bhd (as purchaser), a wholly-owned subsidiary of IOIP, had on 26 June 2013 entered into a sale and purchase agreement with (as amended by a supplemental sale and purchase agreement dated 2 April 2014) Aishah Binti Abdul Hamid (as administrator of the estate of Murupek Binti Abdullah and Md Jamal Bin Kassim) (as vendor) for the acquisition of all that piece of agricultural land held under GM 993, Lot 982 measuring approximately 320,344 sq ft which has subsequently been adjusted to approximately 7.4606 acres (which equivalent to approximately 324,983 sq ft) upon completion of survey on the land), in the Mukim of Pulai, District of Johor Bahru and State of Johor, for a total sale and purchase consideration of RM51,255,040 (which has subsequently been revised to RM51,997,280.00 under the supplemental sale and purchase agreement). The transaction has been completed in accordance with the terms of the sale and purchase agreement.
- (viii) IOI Mulberry Sdn Bhd (as purchaser) had on 30 May 2013 entered into a sale and purchase agreement with Metro Pactplus Sdn Bhd (as vendor) for the acquisition of 3 pieces of freehold lands held under H.S.(D) 210934 PTD 62219, H.S.(D) 210935 PTD 62220 and H.S.(D) 210936 PTD 62221, all in the Mukim of Pulai, District of Johor and State of Johor, for a total sale and purchase consideration of RM124,727,961.60. The transaction has been completed in accordance with the terms of the sale and purchase agreement.
- (ix) IOI Medini Sdn Bhd (as purchaser), a wholly-owned subsidiary of IOIP, had on 28 May 2013 entered into a lease purchase agreement with Global Capital and Development Sdn Bhd (as vendor) to acquire a registered lease over 2 pieces of freehold lands in Zone A of Medini, Iskandar Malaysia, held under H.S.(D) 478965, PTD 170722 measuring approximately 13,415 square metres and H.S.(D) 478964, PTD 170721 measuring approximately 14,381 square metres, both in the Mukim of Pulai, District of Johor Bahru and the State of Johor for a total sale and purchase consideration of RM132,164,634.03. The transaction has been completed in accordance with the terms of the lease purchase agreement.
- (x) Share sale agreement in respect of the identified property companies dated 17 May 2013 (as amended and supplemented by a supplemental agreement dated 24 June 2013 and supplemental letter dated 24 June 2013) entered into between IOI Corp and IOI Oleochemical Industries Berhad ("IOI Oleo") (as vendors) and IOIPG (as purchaser) for the disposal by IOI Corp and IOI Oleo of their entire equity interest in the identified property companies to IOIPG for an aggregate sale and purchase consideration of RM2,629,721,000 (which has subsequently been revised to RM2,581,311,000 via the supplemental agreement). The transaction has been completed in accordance with the terms of the share sale purchase agreement.

APPENDIX VII – ADDITIONAL INFORMATION (CONT'D)

- (xi) Sale and purchase agreement dated 17 May 2013 (as supplemented by a supplemental letters dated 24 June 2013 and 5 December 2013 respectively) entered into between IOI Corp (as vendor), Bukit Kelang Development Sdn Bhd (as purchaser) and IOIPG for the disposal by IOI Corp of a portion of approximately 500 acres of all those parcels of freehold lands held under master land titles No. Geran 52836 for No. Lot 7 and No. Geran 72320 for No. Lot 203 both in the Mukim of Rompin, District of Jempol, State of Negeri Sembilan, to Bukit Kelang Development Sdn. Bhd. for a sale and purchase consideration of RM60,000,000. The transaction has been completed in accordance with the terms of the sale and purchase agreement.
- (xii) Sale and purchase agreement dated 17 May 2013 (as supplemented by a supplemental letter dated 24 June 2013) entered into between IOI Corp (as vendor), Nice Skyline Sdn Bhd (as purchaser) and IOIPG for the disposal by IOI Corp of a portion of approximately 1,279 acres of all those parcels of freehold lands held under master land titles No. Geran 100933 for No. Lot 1197, No. Geran 29364 for No. Lot 1474, Geran 29365 for No. Lot 1478 and No. Geran 101115 for No. Lot 330 all in the Mukim of Sungai Segamat, District of Segamat, State of Johor and No. Geran 101210 for No. Lot 1728 in the Mukim of Pogoh, District of Segamat and State of Johor, to Nice Skyline for a sale and purchase consideration of RM216,200,000. The transaction has been completed in accordance with the terms of the sale and purchase agreement.
- (xiii) Share sale agreement in respect Property Skyline Sdn Bhd and Property Village Berhad dated 17 May 2013 (as supplemented by a Supplemental Letter dated 24 June 2013) entered into between SSB (as vendor) and IOIPG (as purchaser) for the disposal by SSB of its entire equity interest in Property Skyline Sdn Bhd and Property Village Berhad for an aggregate sale and purchase consideration of RM196,345,000. The transaction has been completed in accordance with the terms of the share sale agreement.
- (xiv) Share sale agreement in respect of IOIP dated 14 May 2013 (as supplemented by a supplemental letter dated 24 June 2013) entered into between IOI Corp (as vendor) and IOIPG (as purchaser) for the disposal by IOI Corp of its entire equity interest in IOIP, together with its direct and indirect subsidiaries, associates and joint ventures, to IOIPG for an aggregate sale and purchase consideration of RM9,768,980,000. The transaction has been completed in accordance with the terms of the Share Sale Agreement.
- (xv) Knowledge Vision Sdn Bhd (as purchaser), a wholly owned subsidiary of IOIP, had on 15 January 2013 entered into a sale and purchase agreement with Araprop Development Sdn Bhd (as vendor) for the acquisition of the following freehold lands:-
- (a) all that piece of freehold land known as parcel 7A held under H.S.(D) 155844, PT 14028, Mukim of Beranang, District of Ulu Langat and State of Selangor measuring approximately 498,960 square metres;
 - (b) all that piece of freehold land known as parcel 7B held under H.S.(D) 155845, PT 14029, Mukim of Beranang, District of Ulu Langat and State of Selangor measuring approximately 247,849 square metres; and
 - (c) all that piece of freehold land known as parcel 7C measuring approximately 319,294 square metres, which has been subdivided into 565 individual residential parcels held under 565 titles as set out the sale and purchase agreement therein, which collectively measuring approximately 168,126 square metres following the subdivision,

which were formerly held under a master title Parent Lot 4414, Geran 57067, in the Mukim of Beranang, District of Ulu Langat and State of Selangor, for a total sale and purchase consideration of RM363,287,030. The transaction has been completed in accordance with the terms of the sale and purchase agreement.

APPENDIX VII – ADDITIONAL INFORMATION (CONT'D)

4. MATERIAL LITIGATION

Save as disclosed below, as at the LPD, neither IOIPG nor our subsidiaries are engaged, whether as plaintiff or defendant, in any legal action, proceeding, arbitration or prosecution for any criminal offence which has a material effect on the financial position of our Group and the Board is not aware of any proceedings, pending or threatened or any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group:-

- (i) High Court of Malaya at Shah Alam Civil Suit No. S-22NCVC-332-04/2012: Koh Beng Teck and 4 others (“**Plaintiffs 1**”) v. IOIP, Flora Development Sdn. Bhd., a wholly-owned subsidiary of IOIPG (“**Flora Development**”) and Majlis Perbandaran Subang Jaya (collectively, the “**Defendants**”) (“**Claim 1**”);
- (ii) High Court of Malaya at Shah Alam Civil Suit No. 21NCVC-65-04/2012: Paramanathan a/l Muniandy & 1 other (“**Plaintiffs 2**”) v. The Defendants (“**Claim 2**”); and
- (iii) High Court of Malaya at Shah Alam Civil Suit No. 21NCVC-100-06/2012: Chai Yoke Mei (“**Plaintiff 3**”) v. The Defendants (“**Claim 3**”)

All these three (3) claims arise from substantially the same set of background facts and circumstances and essentially have the same basis of claim.

A legal suit was instituted by each of Plaintiffs 1, Plaintiffs 2 and Plaintiff 3 (collectively, the “**Plaintiffs**”), who are respectively the owners and family members of the owners of properties situated at Jalan Puteri 9/2A and Jalan Puteri 9/2, Bandar Puteri Puchong, 47100 Puchong forming part of a development known as “*Elyssa Villas Puteri 9*”, against the Defendants. The Statement of Claims which were all filed in 2012 alleged, *inter alia*, that IOIP and Flora Development have failed to discharge their engagement as developer of Elyssa Villas Puteri 9 under the Sale and Purchase Agreements entered into with Flora Development and to carry out proper designing, architectural and engineering works for construction of the Plaintiffs’ respective properties and the surrounding areas and structures comprised in Elyssa Villas Puteri 9, resulting in the occurrence of a landslide and collapse of the retaining wall incident in May 2011 at Jalan Puteri 9/2 (i.e. the only access road leading to the Plaintiffs’ properties).

In respect of Claim 1:

The Plaintiffs 1 are claiming for, *inter alia*, injunctions restraining the Defendants from entering and carrying out construction works at one of the Plaintiffs 1’s property and publishing any statements that may give rise to defamatory meanings and special and general damages and costs.

In respect of Claim 2:

The Plaintiffs 2 are claiming for, *inter alia*, special damages in the approximate sum of RM26,400,000 and such other cost and amount as may be assessed by the court.

In respect of Claim 3:

The Plaintiff 3 is claiming for, *inter alia*, special damages in the approximate sum of RM8,188,800 and such other cost and amount as may be assessed by the court.

Two mediations were conducted on 2 May 2013 and 24 June 2013 for the parties to negotiate for settlement. The mediation scheduled on 12 July 2013 was vacated as the parties could not reach on any settlement. As such, the parties have agreed to proceed with trial proceeding for the Claim 1, Claim 2 and Claim 3 (collectively, the “**Suits**”).

APPENDIX VII – ADDITIONAL INFORMATION (CONT'D)

Following an application by IOIP and Flora Development, the High Court of Malaya at Shah Alam has on 27 November 2013 granted an order to consolidate the Suits. The trial dates for the Suits have now been fixed on 9, 10, 20 to 23 April 2015 (all dates inclusive). A case management is fixed on 16 February 2015 to confirm the exchange of the experts' reports and for Court's directions on the conduct of the trial.

IOIP and Flora Development solicitors are unable to comment on the probable outcome as the Suits are still pending case management and filing of experts' reports.

5. GENERAL

- (i) There are no service contracts or proposed service contracts between our Directors and our Company or any of our subsidiaries, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus;
- (ii) Save as disclosed in this Abridged Prospectus, the Board is not aware of any material information, including all special trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect our Group's profits; and
- (iii) Save as disclosed in this Abridged Prospectus and to the best knowledge of the Board, the financial condition and operations of our Group are not affected by any of the following:-
 - (a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease our Group's liquidity;
 - (b) any material commitment for capital expenditure of our Group;
 - (c) unusual, infrequent events or transactions or any significant economic changes which materially affect the amount of reported income from our operations; and
 - (d) known trends or uncertainties which have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on our revenues or operating income.

6. CONSENTS

- (i) The written consents of the Principal Adviser, Company Secretary, Share Registrar, Solicitors for the Rights Issue and Principal Bankers for the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.
- (ii) The written consent of the Auditors and Reporting Accountants for the inclusion in this Abridged Prospectus of their names, letter and/or report relating to our proforma consolidated statement of financial position as at 30 June 2014 and all reference thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.
- (iii) The written consent of Messrs BDO for the inclusion in this Abridged Prospectus of their report on our Company's audited consolidated financial statements for the FYE 30 June 2014 have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.
- (iv) The written consent of Bloomberg (Malaysia) Sdn Bhd to the inclusion in this Abridged Prospectus of its name and citation of the market data made available to its subscribers in the form and context in which such name and market data appear has been given before the issuance of this Abridged Prospectus and has not been subsequently withdrawn.

APPENDIX VII – ADDITIONAL INFORMATION (CONT'D)

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office at Level 10, Two IOI Square, IOI Resort, 62502 Putrajaya during normal business hours from Mondays to Fridays (except public holidays) for a period of twelve (12) months from the date of this Abridged Prospectus:-

- (i) our Company's Memorandum and Articles of Association;
- (ii) our proforma consolidated statement of financial position as at 30 June 2014 together with the Reporting Accountants' Letter thereon as set out in Appendix III of this Abridged Prospectus;
- (iii) our audited consolidated financial statements for the FYE 30 June 2014;
- (iv) our unaudited consolidated financial statements for the three (3)-month FPE 30 September 2014;
- (v) the Undertakings referred to in Section 5 of this Abridged Prospectus;
- (vi) the Directors' Report as set out in Appendix VI of this Abridged Prospectus;
- (vii) the material contracts referred to in Section 3 of Appendix VII of this Abridged Prospectus;
- (viii) the writ and relevant cause papers in relation to the material litigation matters as set out in Section 4 of Appendix VII of this Abridged Prospectus;
- (ix) the letters of consent as referred to in Section 6 of Appendix VII of this Abridged Prospectus; and
- (x) the certified true extract of the ordinary resolution pertaining to the Rights Issue passed at our EGM convened on 18 December 2014 as set out in Appendix I of this Abridged Prospectus.

8. RESPONSIBILITY STATEMENT

- (i) The Board has seen and approved this Abridged Prospectus, together with the NPA and RSF and our Directors, collectively and individually, accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in these documents false or misleading.
- (ii) AmInvestment Bank, being the Principal Adviser for the Rights Issue, acknowledges that, based on all available information, and to the best of their knowledge and belief, this Abridged Prospectus constitutes full and true disclosure of all material facts concerning the Rights Issue.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]