



IOI PROPERTIES

# IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

## Quarterly Financial Report For The Financial Period Ended 30 June 2016

(The figures have not been audited)

### Condensed Consolidated Statement of Profit or Loss

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/06/16	30/06/15	30/06/16	30/06/15
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	<b>891,716</b>	<b>614,327</b>	<b>3,024,940</b>	<b>1,906,491</b>
Cost of sales	(502,677)	(313,731)	(1,645,512)	(926,142)
<b>Gross profit</b>	<b>389,039</b>	<b>300,596</b>	<b>1,379,428</b>	<b>980,349</b>
Other operating income	116,952	158,503	322,428	356,379
Marketing and selling expenses	(29,464)	(21,552)	(111,525)	(84,858)
Administration expenses	(60,452)	(49,232)	(202,515)	(162,141)
Other operating expenses	(28,066)	(29,298)	(97,667)	(83,883)
<b>Operating profit</b>	<b>388,009</b>	<b>359,017</b>	<b>1,290,149</b>	<b>1,005,846</b>
Share of results of associates	(720)	677	(3,806)	1,716
Share of results of joint ventures	110,394	78,837	181,278	72,073
<b>Profit before interest and taxation</b>	<b>497,683</b>	<b>438,531</b>	<b>1,467,621</b>	<b>1,079,635</b>
Interest income	12,899	16,206	57,078	50,691
Interest expense	-	31,524	-	-
<b>Profit before taxation</b>	<b>510,582</b>	<b>486,261</b>	<b>1,524,699</b>	<b>1,130,326</b>
Taxation	(111,970)	(82,176)	(424,440)	(229,729)
<b>Profit for the period</b>	<b>398,612</b>	<b>404,085</b>	<b>1,100,259</b>	<b>900,597</b>
Attributable to:				
Owners of the parent	389,414	401,593	1,080,018	890,702
Non-controlling interests	9,198	2,492	20,241	9,895
	<b>398,612</b>	<b>404,085</b>	<b>1,100,259</b>	<b>900,597</b>
<b>Earnings per share for profit attributable to owners of the parent (sen)</b>				
Basic	8.83	10.64	26.72	25.83
Diluted	8.83	10.64	26.72	25.83

(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 2015 and the accompanying explanatory notes attached to this quarterly financial report.)

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(The figures have not been audited)

**Condensed Consolidated Statement of Other Comprehensive Income**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/06/16	30/06/15	30/06/16	30/06/15
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	<b>398,612</b>	<b>404,085</b>	<b>1,100,259</b>	<b>900,597</b>
<b>Other comprehensive income that will be reclassified subsequently to profit or loss</b>				
Exchange differences on translation of foreign operations	82,223	199,385	252,713	597,455
Fair value loss arising from cash flow hedge	(795)	-	(11,669)	-
<b>Other comprehensive income for the period, net of tax</b>	<b>81,428</b>	<b>199,385</b>	<b>241,044</b>	<b>597,455</b>
<b>Total comprehensive income for the period</b>	<b>480,040</b>	<b>603,470</b>	<b>1,341,303</b>	<b>1,498,052</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	468,971	598,479	1,317,026	1,482,225
Non-controlling interests	11,069	4,991	24,277	15,827
	<b>480,040</b>	<b>603,470</b>	<b>1,341,303</b>	<b>1,498,052</b>

(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 2015 and the accompanying explanatory notes attached to this quarterly financial report.)



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**Condensed Consolidated Statement of Financial Position**

	<b>As at 30/06/16 RM'000</b>	<b>As at 30/06/15 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	1,122,322	1,120,101
Prepaid lease payments	105,090	108,401
Land held for property development	4,591,032	2,894,104
Investment properties	4,024,219	3,388,152
Goodwill on consolidation	11,472	11,472
Investments in associates	90,851	95,788
Interests in joint ventures	4,820,518	4,155,262
Deferred tax assets	96,227	97,770
	<b>14,861,731</b>	<b>11,871,050</b>
<b>Current assets</b>		
Property development costs	4,156,329	3,355,681
Inventories	700,324	302,444
Trade and other receivables	932,978	906,520
Current tax assets	71,994	94,164
Short term funds	118,812	706,481
Deposits with financial institutions	692,687	762,105
Cash and bank balances	1,275,486	441,053
	<b>7,948,610</b>	<b>6,568,448</b>
<b>TOTAL ASSETS</b>	<b>22,810,341</b>	<b>18,439,498</b>

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**Condensed Consolidated Statement of Financial Position**

	As at 30/06/16 RM'000	As at 30/06/15 RM'000
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	4,423,627	3,778,851
Share premium	12,571,579	11,868,773
Other reserves	984,344	730,768
Retained earnings	6,345,687	5,488,957
Reorganisation debit balance	(8,440,152)	(8,440,152)
	<b>15,885,085</b>	<b>13,427,197</b>
<b>Non-controlling interests</b>	<b>130,754</b>	<b>110,957</b>
<b>Total equity</b>	<b>16,015,839</b>	<b>13,538,154</b>
<b>Non-current liabilities</b>		
Borrowings	3,797,582	2,238,650
Derivative financial liabilities	21,183	-
Amounts due to non-controlling interests	114,408	104,896
Deferred tax liabilities	781,023	317,542
	<b>4,714,196</b>	<b>2,661,088</b>
<b>Current liabilities</b>		
Borrowings	464,450	560,360
Derivative financial liabilities	9,623	-
Trade and other payables	1,576,652	1,661,939
Current tax liabilities	29,581	17,957
	<b>2,080,306</b>	<b>2,240,256</b>
<b>Total liabilities</b>	<b>6,794,502</b>	<b>4,901,344</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>22,810,341</b>	<b>18,439,498</b>
<b>Net assets per share attributable to owners of the parent (RM)</b>	<b>3.60</b>	<b>3.56</b>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to this quarterly financial report.)

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**IOI PROPERTIES****Quarterly Financial Report For The Financial Period Ended 30 June 2016**

(The figures have not been audited)

**Condensed Consolidated Statement of Cash Flows**

	<b>12 Months Ended 30/06/16 RM'000</b>	<b>12 Months Ended 30/06/15 RM'000</b>
<b>Operating Activities</b>		
Profit before taxation	1,524,699	1,130,326
Adjustments for:		
Depreciation and amortisation	37,616	30,140
Share option expenses in relation to employee share option scheme	17,454	-
Interest income	(57,078)	(50,691)
Gain on bargain purchase for the acquisition of subsidiaries	(71,091)	-
Fair value gain on investment properties	(145,405)	(316,586)
Share of results of joint ventures	(181,278)	(72,073)
Other non-cash items	3,725	(2,167)
Operating profit before working capital changes	1,128,642	718,949
Decrease in inventories	35,261	100,050
Increase in receivables and other assets	(532,630)	(859,445)
(Decrease)/Increase in payables and other liabilities	(209,456)	590,399
Cash generated from operations	421,817	549,953
Taxes paid	(328,923)	(218,503)
Taxes refund	13,274	2,812
<b>Net cash inflow from operating activities</b>	<b>106,168</b>	<b>334,262</b>
<b>Investing Activities</b>		
Dividends received from a joint venture	83,146	101,515
Interest received	49,336	44,724
Repayments from a joint venture	8,556	46,765
Proceeds from disposal of land from compulsory acquisition	2,067	5,256
Proceeds from disposal of investment in associate	1,034	-
Proceeds from disposal of property, plant and equipment	252	12,530
Additions to prepaid lease payment	(43)	-
Additions to investment properties	(37,465)	(268,811)
Additions to property, plant and equipment	(66,202)	(179,857)
Additions to land held for property development	(86,909)	(472,377)
Advances to joint ventures	(242,154)	(72,935)
Acquisition of subsidiaries	(740,259)	-
Proceeds received upon maturity of other investments	-	401,237
Proceeds from disposal of investment properties	-	2,094
Deposit paid for purchase of land	-	(2,774)
Additional investment in an associate	-	(29,555)
<b>Net cash outflow from investing activities</b>	<b>(1,028,641)</b>	<b>(412,188)</b>
<b>Financing Activities</b>		
Drawdown of borrowings	2,046,868	973,526
Advances from non-controlling interests	759	-
Repurchase of treasury shares	(886)	(23,601)
Additional investment in a subsidiary	(1,775)	(171)
Interest paid	(125,487)	(90,274)
Dividend paid	(225,993)	(259,121)
Repayment of borrowings	(596,260)	(278,532)
Proceeds from issuance of right issues	-	1,024,788
Dividend paid to non-controlling interests	-	(3,000)
<b>Net cash inflow from financing activities</b>	<b>1,097,226</b>	<b>1,343,615</b>
<b>Net increase in cash and cash equivalents</b>	<b>174,753</b>	<b>1,265,689</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>1,909,639</b>	<b>618,252</b>
<b>Effect of exchange rate changes</b>	<b>2,593</b>	<b>25,698</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>1,912,232</b>	<b>643,950</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>2,086,985</b>	<b>1,909,639</b>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to this quarterly financial report.)



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**Quarterly Financial Report For The Financial Period Ended 30 June 2016**

(The figures have not been audited)

**Condensed Consolidated Statement Of Changes In Equity**

(RM'000)

	Share capital	Share premium	Foreign currency translation reserve	Share-based payment reserve	Cash flow hedge reserve	Treasury shares	Reorganisation debit balance	Retained earnings	Total equity attributable to owners of the Parent	Non-controlling interests	Total equity
<b>As at 1 July 2015</b>	<b>3,778,851</b>	<b>11,868,773</b>	<b>754,369</b>	-	-	<b>(23,601)</b>	<b>(8,440,152)</b>	<b>5,488,957</b>	<b>13,427,197</b>	<b>110,957</b>	<b>13,538,154</b>
Profit for the financial period	-	-	-	-	-	-	-	1,080,018	1,080,018	20,241	1,100,259
Exchange difference on translation of foreign operations	-	-	248,677	-	-	-	-	-	248,677	4,036	252,713
Fair value loss arising from cash flow hedge	-	-	-	-	(11,669)	-	-	-	(11,669)	-	(11,669)
<b>Total comprehensive income</b>	-	-	248,677	-	(11,669)	-	-	1,080,018	1,317,026	24,277	1,341,303
Transactions with owners											
Issuance of ordinary shares	644,776	702,806	-	-	-	-	-	-	1,347,582	-	1,347,582
Share option expenses in relation to employee share option scheme	-	-	-	17,454	-	-	-	-	17,454	-	17,454
Changes in equity interests in subsidiaries	-	-	-	-	-	-	-	2,705	2,705	(4,480)	(1,775)
Dividend paid	-	-	-	-	-	-	-	(225,993)	(225,993)	-	(225,993)
Repurchase of treasury shares	-	-	-	-	-	(886)	-	-	(886)	-	(886)
<b>As at 30 June 2016</b>	<b>4,423,627</b>	<b>12,571,579</b>	<b>1,003,046</b>	<b>17,454</b>	<b>(11,669)</b>	<b>(24,487)</b>	<b>(8,440,152)</b>	<b>6,345,687</b>	<b>15,885,085</b>	<b>130,754</b>	<b>16,015,839</b>
<b>As at 1 July 2014</b>	<b>3,239,015</b>	<b>11,383,821</b>	<b>162,846</b>	-	-	-	<b>(8,440,152)</b>	<b>4,857,000</b>	<b>11,202,530</b>	<b>98,677</b>	<b>11,301,207</b>
Profit for the financial period	-	-	-	-	-	-	-	890,702	890,702	9,895	900,597
Exchange difference on translation of foreign operations	-	-	591,523	-	-	-	-	-	591,523	5,932	597,455
<b>Total comprehensive income</b>	-	-	591,523	-	-	-	-	890,702	1,482,225	15,827	1,498,052
Transactions with owners											
Issuance of ordinary shares	539,836	485,852	-	-	-	-	-	-	1,025,688	-	1,025,688
Share issuance costs	-	(900)	-	-	-	-	-	-	(900)	-	(900)
Changes in equity interests in subsidiaries	-	-	-	-	-	-	-	376	376	(547)	(171)
Dividend paid	-	-	-	-	-	-	-	(259,121)	(259,121)	-	(259,121)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(3,000)	(3,000)
Repurchase of treasury shares	-	-	-	-	-	(23,601)	-	-	(23,601)	-	(23,601)
<b>As at 30 June 2015</b>	<b>3,778,851</b>	<b>11,868,773</b>	<b>754,369</b>	-	-	<b>(23,601)</b>	<b>(8,440,152)</b>	<b>5,488,957</b>	<b>13,427,197</b>	<b>110,957</b>	<b>13,538,154</b>

(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 2015 and the accompanying notes attached to this quarterly financial report.)



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# **IOI PROPERTIES GROUP BERHAD (1035807-A)**

(Incorporated in Malaysia)

## **Quarterly Financial Report For The Financial Period Ended 30 June 2016**

(The figures have not been audited)

### **Explanatory Notes**

#### **a) Accounting Policies**

The quarterly 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 2015. Those explanatory notes attached to the quarterly 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 2015.

The accounting policies and methods of computation adopted by the Group in this quarterly financial report are consistent with those adopted in the annual financial statements for the financial year ended 30 June 2015 save for the adoption of new accounting policies as disclosed in Note 9 (iii) of this interim report.

#### **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 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 financial period ended 30 June 2016 save for:

- (i) the repurchase of equity securities of 455,100 ordinary shares at an average price of RM1.95 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act, 1965.
- (ii) the increase in paid-up ordinary share capital from RM3,778,851,000 to RM4,423,627,000 by way of the issuance of 644,776,187 new ordinary shares of RM1.00 each at an issue price of RM2.09 per ordinary share as part of the purchase consideration in respect of corporate proposals as disclosed in Note 7(b) of this interim report.
- (iii) On 23 May 2016, the Company offered a total of 33,800,000 share options at an option price of RM2.25 to the eligible employees of IOIPG Group in accordance with the By-Laws of the Employees' Share Option Scheme ("ESOS"). As of 30 June 2016, there are total of 33,500,000 share options accepted by employees.

#### **f) Dividends Paid**

On 30 September 2015, the Company paid an interim single-tier dividend of 6 sen per ordinary share amounting to RM225,993,000 in respect of the financial year ended 30 June 2015.



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## Quarterly Financial Report For The Financial Period Ended 30 June 2016

(The figures have not been audited)

### Explanatory Notes

#### g) Segment Revenue & Results

(RM'000)	Property Development	Property Investment	Leisure & Hospitality	Other Operations	Elimination	Consolidated
<b>12 Months Ended 30/06/16</b>						
<b>REVENUE</b>						
External	2,588,879	271,872	131,816	32,373	-	3,024,940
Inter-segment	139,047	2,038	812	130,287	(272,184)	-
Total revenue	<u>2,727,926</u>	<u>273,910</u>	<u>132,628</u>	<u>162,660</u>	<u>(272,184)</u>	<u>3,024,940</u>
<b>RESULT</b>						
Segment operating profit	895,801	141,360	18,221	18,270	-	1,073,653
Fair value gain on investment properties	-	145,405	-	-	-	145,405
Share of results of associates	-	-	-	(3,806)	-	(3,806)
Share of results of joint ventures	(191,485)	448,887	(76,124)	-	-	181,278
Segment results	<u>704,316</u>	<u>735,652</u>	<u>(57,903)</u>	<u>14,464</u>	<u>-</u>	<u>1,396,530</u>
Gain on bargain purchase for the acquisitions of subsidiaries						71,091
Interest income						57,078
Profit before taxation						<u>1,524,699</u>
Taxation						<u>(424,440)</u>
Profit for the period						<u>1,100,259</u>
<b>12 Months Ended 30/06/2015</b>						
<b>REVENUE</b>						
External	1,562,258	192,633	110,778	40,822	-	1,906,491
Inter-segment	178,504	1,860	1,094	60,232	(241,690)	-
Total revenue	<u>1,740,762</u>	<u>194,493</u>	<u>111,872</u>	<u>101,054</u>	<u>(241,690)</u>	<u>1,906,491</u>
<b>RESULT</b>						
Segment operating profit	559,368	97,515	10,143	22,234	-	689,260
Fair value gain on investment properties	-	316,586	-	-	-	316,586
Share of results of associates	-	-	-	1,716	-	1,716
Share of results of joint ventures	72,073	-	-	-	-	72,073
Segment results	<u>631,441</u>	<u>414,101</u>	<u>10,143</u>	<u>23,950</u>	<u>-</u>	<u>1,079,635</u>
Interest income						50,691
Interest expense						-
Profit before taxation						<u>1,130,326</u>
Taxation						<u>(229,729)</u>
Profit for the period						<u>900,597</u>

Other operations consist mainly of cultivation of plantation produce, project and building services management and other activities unrelated to any of the abovementioned major operation segments.





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## **Quarterly Financial Report For The Financial Period Ended 30 June 2016**

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### **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 material changes in the composition of the Group during the financial period ended 30 June 2016 save for the completion of the corporate proposals mentioned in Note 7(b) of this interim report.

**j) Contingent Liabilities**

There were no material contingent liabilities for the Group as at 30 June 2016.



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## Quarterly Financial Report For The Financial Period Ended 30 June 2016

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

#### 1) Review of Group's Performance

##### (a) Performance of the current year quarter against the preceding year corresponding quarter

The Group recorded revenue and profit before taxation of RM891.7 million and RM510.6 million respectively for the current quarter, which is RM277.4 million or 45% and RM24.3 million or 5% respectively higher than the preceding year corresponding quarter. After excluding fair value gain on investment properties of RM60.1 million, the Group's operating profit of RM327.9 million for the current quarter is RM107.1 million or 49% higher than the preceding year corresponding quarter (similarly excluding the fair value gain on investment properties of RM138.3 million). The increase in both revenue and operating profit is derived from the three main operating segments and can be summarised as follows:-

##### Property development

The property development segment recorded revenue and operating profit of RM778.3 million and RM281.3 million respectively in the current quarter as compared to RM508.6 million and RM182.8 million recorded respectively in the preceding year corresponding quarter, an increase of RM269.7 million or 53% and RM98.4 million or 54% respectively. The increase in both revenue and operating profit is mainly contributed from higher sales take up rate in Triling project, Singapore, improvement in sales of properties in Malaysia coupled with steady increase in progress works from all on-going development projects.

##### Property investment

Revenue and operating profit of RM71.7 million and RM37.6 million are recorded respectively in the current quarter, which are RM6.8 million or 10% and RM6.7 million or 22% respectively higher than the preceding year corresponding quarter mainly due to higher rental income from retail and office segments that enjoy higher occupancy and rental rates.

##### Leisure and hospitality

Revenue and operating profit of RM33.5 million and RM4.6 million are recorded respectively in the current quarter, which are RM3.6 million or 12% and RM3.8 million or 498% respectively higher than the preceding year corresponding quarter. The increase in both revenue and operating profit is mainly derived from higher occupancy and average room rates, and better control of operating expenses from both Marriott Hotel and Four Points by Sheraton, Puchong during the current financial quarter.

##### (b) Performance of the current year to date against the preceding year corresponding period

The Group recorded revenue and operating profit of RM3,024.9 million and RM1,290.1 million respectively for the current year to date, which is RM1,118.4 million or 59% and RM284.3 million or 28% respectively higher than the preceding year corresponding period. After excluding fair value gain on investment properties of RM145.4 million and one-off gain of RM71.1 million arising from the bargain purchase for the acquisition of subsidiaries, the Group's operating profit of RM1,073.7 million for the current year to date is RM384.4 million or 56% higher than the preceding year corresponding period (similarly excluding the fair value gain on investment properties of RM316.6 million). The increase in both revenue and operating profit is mainly derived from the property development, whereby the Group's overseas development projects both in Xiamen, PRC, Singapore and our township in Bandar Puteri, Bangi have contributed significantly to the increase.

#### 2) Material Change in Profit Before Taxation for the Current Quarter as Compared with the Immediate Preceding Quarter

The Group recorded profit before tax of RM510.6 million for the current quarter, which is RM139.1 million or 37% higher than the immediate preceding quarter of RM371.5 million. After excluding fair value gain on investment properties of RM60.1 million, the Group's profit before taxation of RM450.4 million for the current quarter is RM235.3 million or 109% higher than the immediate preceding quarter (after excluding fair value gain on investment properties of RM85.3 million and one-off gain arising from the bargain purchase for the acquisition of subsidiaries of RM71.1 million). The increase is mainly due to higher property sales from the property development segment.



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#### 3) Prospects

In view of the challenging economic environment both globally and domestically, the Malaysian property sector is expected to continue to consolidate. The residential property market is expected to remain soft due to weak consumer sentiment and tight lending conditions. However, the demand for both landed properties and high rise properties in high growth areas in medium price range remains resilient.

On the international front, both the development projects in Xiamen and Singapore are progressing well and they continue to contribute positively to the Group's results.

In the property investment segment, amidst an increasingly competitive environment, the strategic locations of the Group's retail, hospitality and office developments within matured townships and high growth corridors have enabled our property investment portfolio to enjoy healthy occupancies and rental yields.

With the sizable land bank in strategic locations, the group is well-positioned to face the challenges ahead. It will continue to focus on improving its group synergies to become more resilient and competitive. Barring any unforeseen circumstances, the Group's 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.

#### 6) Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	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	75,620	40,538	340,813	164,351
-Prior year	2,076	1,217	5,995	(2,213)
Deferred taxation	34,274	40,421	77,632	67,591
	<b>111,970</b>	<b>82,176</b>	<b>424,440</b>	<b>229,729</b>

The overall effective tax rate of the Group for the current quarter is 22%. After excluded the fair value gains of RM60.1 million on investment properties that are subject to real property gain tax, the effective tax rate of 25% for the current quarter is higher than the prevailing statutory tax rate of 24%. The higher effective tax rate is mainly due to higher tax rate in foreign operation.



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**7) Corporate Proposals**

- (a) **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 ("Rights Issue")**

The Rights Issue had been duly completed following the listing and quotation of 539,835,787 new ordinary shares on the Main Market of Bursa Malaysia on 9 February 2015. The total gross proceeds raised from the Rights Issue were amounted to RM1,025,688,000. The status of the utilisation of proceeds as at 30 June 2016 is as follows:-

Details of utilisation	Approved utilisation RM'mil	Actual utilisation RM'mil	Balance unutilised RM'mil	Time frame for utilisation
Capital expenditure	500.0	408.5	91.5	Within 30 months *
Investment opportunities	200.0	52.6	147.4	Within 24 months
Working capital	324.8	324.8	-	Within 18 months
Estimated expenses in relation to the Rights Issue	0.9	0.9	-	Within 6 months
	<u>1,025.7</u>	<u>786.8</u>	<u>238.9</u>	

\* As announced on 20 April 2016, the Company has extended the time frame for the utilisation of the balance of the proceeds for another 12 months from August 2016 to August 2017.

- (b) **Proposed acquisitions of the entire equity interest in Mayang Development Sdn. Bhd. ("MDSB") and Nusa Properties Sdn. Bhd. ("Nusa") for a total consideration of RM1,583.29 million and subscription of 296,314,000 and 48,621,000 new redeemable non-cumulative preference shares-class B of RM0.01 each in MDSB and Nusa respectively for a total consideration of RM344.94 million.**

Proposal	<p>On 20 October 2015, IOIPG announced that the Company had on 19 October 2015 entered into:-</p> <p>(i) a conditional share sale agreement with Tan Sri Dato' Lee Shin Cheng ("Tan Sri Lee") and Puan Sri Datin Hoong May Kuan ("Puan Sri Hoong") (collectively, the "MDSB Vendors") ("MDSB SSA") for the proposed acquisition of 250,000 ordinary shares of RM1.00 each in MDSB ("MDSB Sale Shares"), representing the entire equity interest in MDSB for a total consideration of RM1,263.46 million ("MDSB Purchase Consideration") ("Proposed MDSB Acquisition"); and</p> <p>(ii) a conditional share sale agreement with Tan Sri Lee, Puan Sri Hoong and Dato' Lee Yeow Chor ("DLYC") (collectively, the "Nusa Vendors") ("Nusa SSA") for the proposed acquisition of 6,000,000 ordinary shares of RM1.00 each in Nusa ("Nusa Sale Shares"), representing the entire equity interest in Nusa for a total consideration of RM319.83 million ("Nusa Purchase Consideration") ("Proposed Nusa Acquisition").</p> <p>(iii) a conditional subscription agreement with MDSB for the proposed subscription of 296,314,000 new redeemable non-cumulative preference share-class B of RM0.01 each in MDSB ("MDSB RPS-B") at a cash subscription price of RM296,314,0000 ("MDSB Subscription Agreement").</p> <p>(iv) a conditional subscription agreement with Nusa for the subscription of 48,621,000 new redeemable non-cumulative preference share-class B of RM0.01 each in Nusa ("Nusa RPS-B") at a cash subscription price of RM48,621,000 ("Nusa Subscription Agreement").</p>
Principal and Independent Advisers	<p>Principal Adviser- AmInvestment Bank</p> <p>Independent Adviser - Kenanga Investment Bank Berhad</p>
Status	<p>The MDSB and Nusa acquisitions have been completed on 27 January 2016 in accordance with the respective terms of the MDSB and Nusa share sale agreements. Accordingly MDSB and Nusa are now wholly-owned subsidiaries of IOIPG. On the same date, MDSB and Nusa had also issued MDSB RPS-B and Nusa RPS-B to IOIPG in accordance with the MDSB Subscription Agreement and Nusa Subscription Agreement respectively.</p>



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**8) Group Borrowings and Debt Securities**

Group borrowings and debt securities as at 30 June 2016 are as follows:

	As at 30/06/16	As at 30/06/15
	RM'000	RM'000
a) <b>Short term borrowings</b>		
Unsecured		
Denominated in RM	464,450	-
Denominated in SGD (SGD200 million)	-	560,360
	<u>464,450</u>	<u>560,360</u>
b) <b>Long term borrowings</b>		
Unsecured		
Denominated in RM	2,153,532	2,238,650
Denominated in USD (USD76 million)	302,465	-
Denominated in SGD (SGD450 million)	1,341,585	-
	<u>3,797,582</u>	<u>2,238,650</u>
<b>Total borrowings</b>	<u>4,262,032</u>	<u>2,799,010</u>

**9) Derivative Financial Instruments**

- (i) During the current financial period, the Group entered into cross currency interest rate swap contract to hedge its long term borrowing that is denominated in USD in order to minimise its exposure to the fluctuation of foreign currency rate and volatility of the interest rate.

Details of derivative financial instrument outstanding as at 30 June 2016 are as follows:

	Notional value	Fair value
	RM'000	liabilities RM'000
<b>Type of derivative</b>		
Cash flow hedge derivative		
Cross currency interest rate swap		
- less than one year	5,718	(9,623)
- one year to three years	224,018	(21,139)
- more than three years	94,712	(44)
	<u>324,448</u>	<u>(30,806)</u>

The Group's derivative financial instrument is subject to market and credit risk as follows:

(a) Market risk

Market risk on derivative is the potential fluctuation in the value of this contract arising from the change in price of the underlying items such as interest rates, foreign currency rate or other indices. The market risk to the Group is mitigated as the swap contract effectively swapped the Group's USD floating interest rate borrowing into RM fixed interest rate liability and serve as a cash flow hedge for the Group's principal and interest repayment for the USD borrowing obtained.

(b) Credit risk

Credit risk exposure arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group and or the Bank has entered into. There is minimal credit risk to the Group as the swap was entered into with reputable financial institution which is governed by appropriate policies and procedures.



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#### 9) Derivative Financial Instruments

##### (ii) Cash requirement of the derivatives

There is no cash requirement for this derivative other than the repayment obligation for the underlying bank borrowing.

##### (iii) Related Accounting Policies

###### **Derivative financial instruments and hedging activities**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

A derivative financial instrument is carried as an asset when the fair value is positive and as a liability when the fair value is negative. The fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

###### **Cash flow hedge**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in cash flow hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expense.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

#### 10) Fair Value Changes of Financial Liabilities

As at 30 June 2016, the Group has recognised a derivative financial liability of RM30.8 million in respect of a cross currency interest rate swap, with the corresponding fair value loss of RM11.7 million in the cash flow hedge reserve. The fair value loss is due to unfavourable movements in the market exchange rates and interest rates up to the maturity date of the contract, as compared to the contracted rates since the inception date of the swap contract.

The fair value of the cross currency interest rate swap is calculated based on the present value of estimated cash flow using an appropriate market-based yield curve.



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**11) Realised and Unrealised Profits/(Losses)**

The retained earnings as at the end of the reporting period are analysed as follows:

	As at 30/06/16	As at 30/06/15
	RM'000	RM'000
<b>Total retained earnings of IOI Properties Group Berhad and its subsidiaries:</b>		
- Realised	4,885,238	4,314,975
- Unrealised	1,387,827	1,243,995
	<b>6,273,065</b>	<b>5,558,970</b>
<b>Total share of retained earnings/(accumulated losses) from associates:</b>		
- Realised	4,739	8,626
- Unrealised	(313)	(313)
	<b>4,426</b>	<b>8,313</b>
<b>Total share of retained earnings/(accumulated losses) from joint ventures</b>		
- Realised	(451,025)	(63,454)
- Unrealised	526,218	(14,872)
	<b>75,193</b>	<b>(78,326)</b>
<b>Total Group retained earnings</b>	<b>6,352,684</b>	<b>5,488,957</b>

**12) Notes to the Condensed Consolidated Statement of Comprehensive Income**

Profit for the period has been arrived after charging/(crediting):

	CURRENT YEAR QUARTER (30/06/16) RM'000	CURRENT YEAR TO DATE (30/06/16) RM'000
Fair value gain on investment properties	(60,141)	(145,405)
Gain on bargain purchase for the acquisition of subsidiaries	-	(71,091)
Interest income	(12,899)	(57,078)
Impairment losses on receivables written back	(51)	(57)
Gain on foreign currency transactions	(50,962)	(69,093)
Depreciation and amortisation	8,805	37,616
Impairment losses on receivables	970	1,010

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.



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### 14) Dividends

The Board now declares an interim single tier dividend of 8% or 8 sen per ordinary share of RM1.00 each in respect of the financial year ended 30 June 2016 which is not taxable in the hands of the shareholders pursuant to paragraph 12B of schedule 6 of the Income Tax Act, 1967.

The dividend will be payable on 21 October 2016 to shareholders whose names appear in the Record Depositors and Register of Members of the Company at the close of business on 22 September 2016.

A Depositor shall qualify for entitlement only in respect of:

- Shares transferred into the Depositor's Securities Account before 4.00p.m. on 22 September 2016 in respect of
- Shares deposited into the Depositor's Securities Account before 12.30p.m. on 20 September 2016 (in respect of shares which are exempted from mandatory deposit); and
- Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

The total dividend declared to date for the current financial period is a single tier dividend of 8 sen (30 June 2015: 6 sen) per ordinary share of RM1.00 each.

### 15) Earnings per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER RM'000	PRECEDING YEAR CORRESPONDING QUARTER RM'000	CURRENT YEAR TO DATE RM'000	PRECEDING YEAR CORRESPONDING PERIOD RM'000
<b>a) Basic earnings per share</b>				
Net profit for the period	389,414	401,593	1,080,018	890,702
Weighted average number of ordinary shares in issue ('000)	4,411,279	3,774,924	4,041,357	3,448,043
Basic earnings per share (sen)	<b>8.83</b>	10.64	<b>26.72</b>	25.83
<b>b) Diluted earnings per share</b>				
Net profit for the period	389,414	401,593	1,080,018	890,702
Weighted average number of ordinary shares in issue ('000)	4,411,663	3,774,924	4,041,453	3,448,043
Diluted earnings per share (sen)	<b>8.83</b>	10.64	<b>26.72</b>	25.83

### 16) Audit Qualification

The audit report on the Group's preceding year's financial statements is not qualified.

By Order of the Board

**Tan Sin Yee**  
Company Secretary

Putrajaya  
22 August 2016