



IOI PROPERTIES

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

(Incorporated in Malaysia)

**Quarterly Financial Report For The Financial Period Ended 31 December 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
	31/12/16	31/12/15	31/12/16	31/12/15
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	<b>1,194,725</b>	<b>894,408</b>	<b>2,094,240</b>	<b>1,489,670</b>
Cost of sales	(723,404)	(475,997)	(1,276,854)	(783,678)
<b>Gross profit</b>	<b>471,321</b>	<b>418,411</b>	<b>817,386</b>	<b>705,992</b>
Other operating income	69,728	14,213	95,999	26,081
Marketing and selling expenses	(34,995)	(22,871)	(64,904)	(56,653)
Administration expenses	(48,398)	(54,150)	(88,806)	(93,807)
Other operating expenses	(64,061)	(36,406)	(95,724)	(50,504)
<b>Operating profit</b>	<b>393,595</b>	<b>319,197</b>	<b>663,951</b>	<b>531,109</b>
Share of results of associates	718	(1,161)	1,100	(2,108)
Share of results of joint ventures	(5,709)	99,240	(1,962)	85,880
<b>Profit before interest and taxation</b>	<b>388,604</b>	<b>417,276</b>	<b>663,089</b>	<b>614,881</b>
Interest income	7,621	17,128	22,596	27,780
<b>Profit before taxation</b>	<b>396,225</b>	<b>434,404</b>	<b>685,685</b>	<b>642,661</b>
Taxation	(107,780)	(123,636)	(197,319)	(213,038)
<b>Profit for the period</b>	<b>288,445</b>	<b>310,768</b>	<b>488,366</b>	<b>429,623</b>
Attributable to:				
Owners of the parent	273,530	307,165	463,098	422,641
Non-controlling interests	14,915	3,603	25,268	6,982
	288,445	310,768	488,366	429,623
<b>Earnings per share for profit attributable to owners of the parent (sen)</b>				
Basic	6.20	8.16	10.50	11.22
Diluted	6.20	8.16	10.50	11.22

(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 2016 and the accompanying explanatory notes attached to this quarterly financial report.)



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**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
	31/12/16	31/12/15	31/12/16	31/12/15
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	<b>288,445</b>	<b>310,768</b>	<b>488,366</b>	<b>429,623</b>
<b>Other comprehensive income that will be reclassified subsequently to profit or loss</b>				
Exchange differences on translation of foreign operations, net of tax	149,794	(202,417)	268,447	539,285
Net change in cash flow hedge	12,379	-	10,097	-
<b>Other comprehensive income for the period, net of tax</b>	<b>162,173</b>	<b>(202,417)</b>	<b>278,544</b>	<b>539,285</b>
<b>Total comprehensive income for the period</b>	<b>450,618</b>	<b>108,351</b>	<b>766,910</b>	<b>968,908</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	433,280	106,678	737,807	956,748
Non-controlling interests	17,338	1,673	29,103	12,160
	<b>450,618</b>	<b>108,351</b>	<b>766,910</b>	<b>968,908</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 2016 and the accompanying explanatory notes attached to this quarterly financial report.)



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**Condensed Consolidated Statement of Financial Position**

	<b>As at 31/12/16 RM'000</b>	<b>As at 30/06/16 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	1,188,583	1,122,322
Prepaid lease payments	110,470	105,090
Land held for property development	6,292,454	4,591,032
Investment properties	4,363,000	4,024,219
Goodwill on consolidation	11,472	11,472
Investments in associates	91,951	90,851
Interests in joint ventures	5,109,344	4,820,518
Derivative financial assets	27,737	-
Deferred tax assets	94,098	96,227
	<b>17,289,109</b>	<b>14,861,731</b>
<b>Current assets</b>		
Property development costs	3,322,074	4,156,329
Inventories	1,065,141	700,324
Trade and other receivables	3,621,085	932,978
Current tax assets	62,251	71,994
Other investments	98,546	-
Short term funds	280,741	118,812
Deposits with financial institutions	1,267,781	692,687
Cash and bank balances	416,346	1,275,486
	<b>10,133,965</b>	<b>7,948,610</b>
<b>TOTAL ASSETS</b>	<b>27,423,074</b>	<b>22,810,341</b>



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(The figures have not been audited)

**Condensed Consolidated Statement of Financial Position**

	As at 31/12/16 RM'000	As at 30/06/16 RM'000
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	4,423,627	4,423,627
Share premium	12,571,579	12,571,579
Other reserves	1,248,561	984,344
Retained earnings	6,456,610	6,345,687
Reorganisation debit balance	(8,440,152)	(8,440,152)
	<u>16,260,225</u>	<u>15,885,085</u>
<b>Non-controlling interests</b>	<b>159,193</b>	<b>130,754</b>
<b>Total equity</b>	<b><u>16,419,418</u></b>	<b><u>16,015,839</u></b>
<b>Non-current liabilities</b>		
Borrowings	5,156,522	3,797,582
Derivative financial liabilities	11,796	21,183
Amounts due to non-controlling interests	114,427	114,408
Deferred tax liabilities	881,780	781,023
	<u>6,164,525</u>	<u>4,714,196</u>
<b>Current liabilities</b>		
Borrowings	3,202,455	464,450
Derivative financial liabilities	7,619	9,623
Trade and other payables	1,576,849	1,576,652
Current tax liabilities	52,208	29,581
	<u>4,839,131</u>	<u>2,080,306</u>
<b>Total liabilities</b>	<b><u>11,003,656</u></b>	<b><u>6,794,502</u></b>
	<u>27,423,074</u>	<u>22,810,341</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>27,423,074</u></b>	<b><u>22,810,341</u></b>
<b>Net assets per share attributable to owners of the parent (RM)</b>	<b>3.69</b>	<b>3.60</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 2016 and the accompanying explanatory notes attached to this quarterly financial report.)

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

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**IOI PROPERTIES****Quarterly Financial Report For The Financial Period Ended 31 December 2016**

(The figures have not been audited)

**Condensed Consolidated Statement of Cash Flows**

	<b>6 Months Ended</b> <b>31/12/16</b> <b>RM'000</b>	<b>6 Months Ended</b> <b>31/12/15</b> <b>RM'000</b>
<b>Operating Activities</b>		
Profit before taxation	685,685	642,661
Adjustments for:		
Unrealised foreign currency translation loss	17,102	-
Depreciation and amortisation	16,668	20,208
Share of results of joint ventures	1,962	(85,880)
Interest income	(22,596)	(27,780)
Gain on disposal of land from compulsory acquisitions	(27,718)	-
Other non-cash items	(290)	2,165
Operating profit before working capital changes	<u>670,813</u>	551,374
Decrease in inventories	153,132	1,712
Increase in receivables and other assets	(73,481)	(73,443)
Decrease in payables and other liabilities	<u>(61,196)</u>	<u>(247,370)</u>
Cash generated from operations	689,268	232,273
Tax paid	(79,296)	(106,162)
Tax refunded	<u>3,407</u>	<u>3,593</u>
<b>Net cash inflow from operating activities</b>	<u><b>613,379</b></u>	<u><b>129,704</b></u>
<b>Investing Activities</b>		
Proceeds from disposal of land from compulsory acquisition	30,881	294
Interest received	18,150	24,248
Dividends received from a joint venture	18,034	-
Repayments from a joint venture	4,813	3,946
Proceeds from disposal of property, plant and equipment	24	81
Additions to investment properties	(65,222)	(4,966)
Additions to property, plant and equipment	(80,429)	(19,973)
Additions to other investments	(98,546)	(636,977)
Additional investments in joint ventures	(109,959)	-
Additions to land held for property development	(1,686,465)	(50,567)
Deposit paid for purchase of land	(2,399,641)	-
Deposit paid for acquisition of subsidiaries	-	(15,833)
Advances to joint ventures	-	(158,766)
<b>Net cash outflow from investing activities</b>	<u><b>(4,368,360)</b></u>	<u><b>(858,513)</b></u>
<b>Financing Activities</b>		
Net drawdown of borrowings	3,982,963	293,948
Additional investment in a subsidiary	(255)	(1,207)
Repurchase of treasury shares	(10,179)	(665)
Interest paid	(98,699)	(62,616)
Dividend paid	(352,897)	(225,993)
Advances from non-controlling interests	-	759
<b>Net cash inflow from financing activities</b>	<u><b>3,520,933</b></u>	<u><b>4,226</b></u>
<b>Net decrease in cash and cash equivalents</b>	<u><b>(234,048)</b></u>	<u><b>(724,583)</b></u>
<b>Cash and cash equivalents at beginning of financial period</b>	<u><b>2,086,985</b></u>	<u><b>1,909,639</b></u>
<b>Effect of exchange rate changes</b>	<u><b>111,931</b></u>	<u><b>95,635</b></u>
<b>Cash and cash equivalents at beginning of financial period</b>	<u><b>2,198,916</b></u>	<u><b>2,005,274</b></u>
<b>Cash and cash equivalents at end of financial period</b>	<u><b>1,964,868</b></u>	<u><b>1,280,691</b></u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 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 Changes In Equity**

(RM'000)

	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Cash flow hedge reserve	Share-based payment reserve	Reorganisation debit balance	Retained earnings	Total equity attributable to owners of the Parent	Non-controlling interests	Total equity
<b>As at 1 July 2016</b>	<b>4,423,627</b>	<b>12,571,579</b>	<b>(24,487)</b>	<b>1,003,046</b>	<b>(11,669)</b>	<b>17,454</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>
Profit for the financial period	-	-	-	-	-	-	-	463,098	463,098	25,268	488,366
Exchange differences on translation of foreign operations, net of tax	-	-	-	264,612	-	-	-	-	264,612	3,835	268,447
Net change in cash flow hedge	-	-	-	-	10,097	-	-	-	10,097	-	10,097
<b>Total comprehensive income</b>	-	-	-	264,612	10,097	-	-	463,098	737,807	29,103	766,910
Transactions with owners											
Employee share options lapsed	-	-	-	-	-	(313)	-	313	-	-	-
Changes in equity interests in subsidiaries	-	-	-	-	-	-	-	409	409	(664)	(255)
Dividend paid	-	-	-	-	-	-	-	(352,897)	(352,897)	-	(352,897)
Repurchase of treasury shares	-	-	(10,179)	-	-	-	-	-	(10,179)	-	(10,179)
<b>As at 31 December 2016</b>	<b>4,423,627</b>	<b>12,571,579</b>	<b>(34,666)</b>	<b>1,267,658</b>	<b>(1,572)</b>	<b>17,141</b>	<b>(8,440,152)</b>	<b>6,456,610</b>	<b>16,260,225</b>	<b>159,193</b>	<b>16,419,418</b>
<b>As at 1 July 2015</b>	<b>3,778,851</b>	<b>11,868,773</b>	<b>(23,601)</b>	<b>754,369</b>	<b>-</b>	<b>-</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 differences on translation of foreign operations, net of tax	-	-	-	248,677	-	-	-	-	248,677	4,036	252,713
Net change in 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 employees' 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>(24,487)</b>	<b>1,003,046</b>	<b>(11,669)</b>	<b>17,454</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>

(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 2016 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 31 December 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 2016. 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 2016.

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 2016.

#### **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 31 December 2016 save for the repurchase of equity securities of 4,698,900 ordinary shares at an average price of RM2.17 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act, 1965.

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

On 21 October 2016, the Company paid an interim single-tier dividend of 8 sen per ordinary share amounting to RM352,897,000 in respect of the financial year ended 30 June 2016.



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**Explanatory Notes**

**g) Segment Revenue & Results**

(RM'000)	Property Development	Property Investment	Leisure & Hospitality	Other Operations	Elimination	Consolidated
<b><u>6 Months Ended 31/12/16</u></b>						
<b>REVENUE</b>						
External	1,861,823	148,822	79,984	3,611	-	2,094,240
Inter-segment	42,634	908	438	60,456	(104,436)	-
Total revenue	<u>1,904,457</u>	<u>149,730</u>	<u>80,422</u>	<u>64,067</u>	<u>(104,436)</u>	<u>2,094,240</u>
<b>RESULT</b>						
Segment operating profit	560,998	86,383	13,940	2,630	-	663,951
Share of results of associates	1,100	-	-	-	-	1,100
Share of results of joint ventures	14,731	21,489	(38,182)	-	-	(1,962)
Segment results	<u>576,829</u>	<u>107,872</u>	<u>(24,242)</u>	<u>2,630</u>	<u>-</u>	<u>663,089</u>
Interest income						<u>22,596</u>
Profit before taxation						<u>685,685</u>
Taxation						<u>(197,319)</u>
Profit for the period						<u>488,366</u>
<b><u>6 Months Ended 31/12/15 *</u></b>						
<b>REVENUE</b>						
External	1,287,646	129,805	68,703	3,516	-	1,489,670
Inter-segment	81,233	892	445	61,479	(144,049)	-
Total revenue	<u>1,368,879</u>	<u>130,697</u>	<u>69,148</u>	<u>64,995</u>	<u>(144,049)</u>	<u>1,489,670</u>
<b>RESULT</b>						
Segment operating profit	450,832	67,476	10,611	2,190	-	531,109
Share of results of associates	(2,227)	-	-	119	-	(2,108)
Share of results of joint ventures	(201,552)	329,240	(41,808)	-	-	85,880
Segment results	<u>247,053</u>	<u>396,716</u>	<u>(31,197)</u>	<u>2,309</u>	<u>-</u>	<u>614,881</u>
Interest income						<u>27,780</u>
Profit before taxation						<u>642,661</u>
Taxation						<u>(213,038)</u>
Profit for the period						<u>429,623</u>

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

\* Restatement has been made to prior year's figures to conform to the presentation for the current quarter.





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**Explanatory Notes**

**h) Material Events Subsequent to the End of Financial Period**

The were no material events subsequent to the end of the financial period save for the proposed renounceable rights issue as disclosed in Notes 7(b), 7(c), 7(d) and 7(e) of this interim report.

**i) Changes in the Composition of the Group**

On 12 July 2016, the Company acquired 2 ordinary shares of RM1.00 each, representing 100% of the total issued and paid-up share capital in Fortune Growers Sdn Bhd (“Fortune Growers”) for a total cash consideration of Ringgit Malaysia Two (RM2.00) only. Following the acquisition, Fortune Growers has become a wholly-owned subsidiary of the Group.

On 12 October 2016, the Company has incorporated a wholly-owned subsidiary, namely Wealthy Link Pte Ltd (“WLPL”). WLPL was incorporated in Singapore as a private limited company under the Companies Act, Chapter 50 with 1 ordinary issued and paid up share capital and WLPL is currently dormant. The intended principal activity of WLPL is investment holding.

Xiamen Palm Kaiyue Real Estate Development Co Ltd (“XPK”) was incorporated under the laws of the People’s Republic of China on 22 November 2016 with an intended registered capital of RMB50.0 million. The registered and paid in capital of XPK will be increased up to RMB1.0 billion upon the proposed Xiang An land transfer from IOI (Xiamen) Properties Co Ltd to XPK, as announced on 2 February 2017. The proposed land transfer is expected to be completed by March 2017.

On 25 January 2017, Pine Properties Sdn Bhd (“PPSB”), a 99.98% owned subsidiary of the Company disposed 45% of its existing equity stake in PINE MJR Development Sdn Bhd (“PINE MJR”) to MJR Investment Pte Ltd (“MJRI”). PINE MJR will be a special purpose entity which is 55% owned by PPSB and 45% owned by MJRI for the purpose of developing a freehold land located at Pekan Bukit Bisa, District of Sepang, Selangor Darul Ehsan, measuring 9.652 acres in area, into residential condominiums.

**j) Contingent Liabilities**

There were no material contingent liabilities for the Group as at 31 December 2016.

**k) Capital Commitments**

Capital commitments not provided for in the Condensed Report as at the end of the financial period are as follows:

- Contracted	<b>RM'000</b>
Additions of land held for property development	209,900
Additions of property, plant and equipment	27,700
Additions of investment properties *	6,444,400
	<u>6,682,000</u>
- Not contracted	
Additions of property, plant and equipment	476,300
Additions of investment properties	610,500
	<u>1,086,800</u>
	<u><b>7,768,800</b></u>

\* The above additions include the balance payment in relation to the tender consideration for Central Boulevard land located in Singapore, amounting to SGD2.06 billion (approximately RM6.40 billion). This payment was settled on 8 February 2017.



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IOI PROPERTIES

## Quarterly Financial Report For The Financial Period Ended 31 December 2016

(The figures have not been audited)

### 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 operating profit of RM1,194.7 million and RM393.6 million respectively for the current quarter, which is RM300.3 million or 34% and RM74.4 million or 23% respectively higher than the preceding year corresponding quarter. The Group's profit before taxation of RM396.2 million for the current quarter is RM38.2 million or 9% lower than the preceding year corresponding quarter mainly due to decrease in share of results of joint ventures derived from net fair value gain of RM121.0 million. After excluding the net fair value gain, the Group's profit before taxation for the current quarter is RM82.8 million or 26% higher than preceding year corresponding quarter. The increase in both revenue and operating profit is derived from the three main business segments and can be summarised as follows:-

##### Property development

The property development segment recorded revenue and operating profit of RM1,068.3 million and RM337.5 million respectively in the current quarter as compared to RM785.5 million and RM273.3 million recorded respectively in the preceding year corresponding quarter, an increase of RM282.8 million or 36% and RM64.2 million or 23% respectively. The increase in both revenue and operating profit is mainly contributed from higher sales take-up rates for the overseas projects in Singapore. In addition, the sales from IOI Resort City, 16 Sierra and Bandar Puteri, Bangi continued to register favourable take-up rates, coupled with steady increase in progress works from all on-going development projects.

##### Property investment

Revenue has increased by 12% from RM69.0 million to RM77.5 million and operating profit has increased by 17% from RM37.7 million to RM43.9 million. The increase was mainly contributed by IOI City Mall which recorded a higher revenue in 2Q17 mainly due to increased in average occupancy rates and upward rate revision upon tenancy renewal.

##### Leisure and hospitality

Revenue and operating profit of RM47.5 million and RM11.1 million are recorded respectively for the current quarter, which is RM9.2 million or 24% and RM3.4 million or 44% respectively higher than the preceding year corresponding quarter. The increase in revenue is mainly derived from Four Points by Sheraton, Puchong and Le Meridien by Starwood, Putrajaya which commenced its business operations in August 2016.

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

The Group recorded revenue and operating profit of RM2,094.2 million and RM664.0 million respectively for the current year to date, which is RM604.6 million or 41% and RM132.8 million or 25% respectively higher than the preceding year corresponding period. The increase in both revenue and operating profit is mainly derived from the property development, whereby the Group's overseas development project in Singapore and Klang Valley townships in IOI Resort City, Warisan Puteri @ Sepang and 16 Sierra 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 RM396.2 million for the current quarter, which is RM106.7 million or 37% higher than the immediate preceding year quarter of RM289.5 million. The increase is mainly due to higher margins derived from higher revenue recorded from the three main business segments in Note 1(a) above.



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#### 3) Prospects

The demand for properties in Malaysia is generally supported by a young population demographic, conducive interest rate environment and urbanisation. The Group's property development segment is expected to contribute positively to its performance as evidenced by the demand for mid-priced range properties at its township developments in Malaysia.

On the international front, our development projects in Singapore and Xiamen, China will continue to contribute positively to the Group's results. The development project in Singapore, Triling is expected to obtain the Temporary Occupational Permit by next quarter.

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 our sizable land bank in strategic locations, strong track record of delivery and solid financial capabilities, the Group is well-positioned to adapt to market demand. Barring any unforeseen circumstances, the Group is expected to perform well in the remaining financial period.

#### 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	67,247	40,236	114,495	62,300
-Prior year	425	(485)	(4,786)	2,095
Deferred taxation	40,108	83,885	87,610	148,643
	<b>107,780</b>	<b>123,636</b>	<b>197,319</b>	<b>213,038</b>

The effective tax rate of the Group for the current quarter of 27% is higher than the prevailing statutory rate of 24%. The higher effective tax rate is mainly due to higher tax rate in the People's Republic of China, which was then offsetted by tax rate of 17% in the Singapore jurisdiction, for which significant profits are derived from.



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#### 7) Corporate Proposals

- (a) **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 ("2015 Rights Issue").**

The 2015 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 2015 Rights Issue were amounted to RM1,025,688,000. The status of the utilisation of proceeds as at 31 December 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	473.0	27.0	Within 30 months *
Investment opportunities	200.0	71.0	129.0	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>869.7</u>	<u>156.0</u>	

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

\*\* As announced on 8 February 2017, the Company had extended the time frame for the utilisation of the balance of the proceeds for another 6 months from February 2017 to August 2017.

- (b) **As announced on 18 November 2016, the Company proposed to undertake a renounceable rights issue of 1,111,178,800 new ordinary shares of RM1.00 each in IOIPG ("IOIPG Shares") ("Rights Shares") at an issue price of RM1.38 per Rights Share on the basis of one (1) Rights Share for every four (4) existing IOIPG Shares ("Proposed Rights Issue").**

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 Shareholder"). The Entitled Shareholders can fully or partially renounce their entitlements for the Rights Shares.

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.

The proceeds from the Proposed Rights Issue will be utilised to repay the borrowings obtained to fund the parcel of leasehold land at Central Boulevard in the Republic of Singapore measuring approximately 1.09 hectares.



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#### 7) Corporate Proposals (continued)

##### (c) As announced on 26 January 2017, circular was issued to the shareholders in relation to the following ordinary resolutions:-

- (i) Proposed ratification of the land tender by Wealthy Link Pte Ltd, a wholly owned subsidiary of the Company, of a parcel of leasehold land at Central Boulevard in the Republic of Singapore measuring approximately 10,868.70 square metres (1.09 hectares) for a tender consideration of SGD2,568,686,688 (approximately RM7.96 billion based on the exchange rate of SGD1.00:RM3.0995 as at 3 January 2017) from the Urban Redevelopment Authority, acting as agent for and on behalf of the government of the Republic of Singapore ("Proposed Ratification"); and
- (ii) Proposed renounceable rights issue up to 1,111,178,800 new ordinary shares of RM1.00 each in the Company ("IOIPG shares") ("Rights shares") at an issue price of RM1.38 per rights share on the basis of one rights share for every four existing IOIPG shares held on an entitlement date to be determined later.

##### (d) As announced on 13 February 2017, Extraordinary General Meeting ("EGM") of the Company held on the even date, the Proposed Ratification and Proposed Rights Issue set forth in the Notice of EGM were considered and approved by way of poll.

##### (e) As announced on 16 February 2017, the entitlement date of the Rights Issue has been fixed on 2 March 2017.

#### 8) Group Borrowings and Debt Securities

Group borrowings and debt securities as at 31 December 2016 are as follows:

	As at 31/12/16 RM'000	As at 30/06/16 RM'000
a) <b>Short term borrowings</b>		
Unsecured		
Denominated in RM	829,450	464,450
Denominated in SGD (SGD764 million)	2,373,005	-
	<u>3,202,455</u>	<u>464,450</u>
b) <b>Long term borrowings</b>		
Unsecured		
Denominated in RM	1,624,077	2,153,532
Denominated in USD (USD476 million) (2016: USD76 million)	2,135,060	302,465
Denominated in SGD (SGD450 million)	1,397,385	1,341,585
	<u>5,156,522</u>	<u>2,455,997</u>
<b>Total borrowings</b>	<u>8,358,977</u>	<u>2,920,447</u>



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

#### 9) Derivative Financial Instruments

- (i) During the financial year ended 30 June 2016, 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 31 December 2016 are as follows:

Type of derivative	Notional value RM'000	Fair value assets/(liabilities) RM'000
Cash flow hedge derivative		
Cross currency interest rate swap		
- less than one year	-	(7,619)
- one year to three years	125,000	(11,796)
- more than three years	200,000	27,737
	<u>325,000</u>	<u>8,322</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.

#### (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

There have been no changes since the end of the previous financial year ended 30 June 2016 in respect of the accounting policies.

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

As at 31 December 2016, the Group has recognised a derivative financial assets of RM8.3 million in respect of a cross currency interest rate swap, with the corresponding fair value gain of RM39.1 million in the cash flow hedge reserve since 30 June 2016.

The fair value gain is due to unfavourable movements on the underlying borrowings 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 31/12/16 RM'000	As at 30/06/16 RM'000
<b>Total retained earnings of IOI Properties Group Berhad and its subsidiaries:</b>		
- Realised	5,226,731	4,878,241
- Unrealised	1,169,382	1,387,827
	<b>6,396,113</b>	<b>6,266,068</b>
<b>Total share of retained earnings/(accumulated losses) from associates:</b>		
- Realised	5,839	4,739
- Unrealised	(313)	(313)
	<b>5,526</b>	<b>4,426</b>
<b>Total share of retained earnings/(accumulated losses) from joint ventures</b>		
- Realised	(465,683)	(451,025)
- Unrealised	520,654	526,218
	<b>54,971</b>	<b>75,193</b>
<b>Total Group retained earnings</b>	<b>6,456,610</b>	<b>6,345,687</b>

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

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

	CURRENT YEAR QUARTER (31/12/16) RM'000	CURRENT YEAR TO DATE (31/12/16) RM'000
Interest income	(7,621)	(22,596)
Impairment losses on receivables written back	(8)	(18)
Realised foreign currency exchange gain	(9,172)	(27,415)
Unrealised foreign currency translation loss	7,277	17,102
Depreciation and amortisation	8,041	16,668
Impairment losses on receivables	96	126

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 31 December 2016.



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**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	273,530	307,165	463,098	422,641
Weighted average number of ordinary shares in issue ('000)	4,409,743	3,766,540	4,410,479	3,766,549
Basic earnings per share (sen)	<b>6.20</b>	8.16	<b>10.50</b>	11.22
<b>b) Diluted earnings per share</b>				
Net profit for the period	273,530	307,165	463,098	422,641
Weighted average number of ordinary shares in issue ('000)	4,410,514	3,766,540	4,412,277	3,766,549
Diluted earnings per share (sen)	<b>6.20</b>	8.16	<b>10.50</b>	11.22

**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  
21 February 2017