



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

Quarterly Financial Report For The Financial Period Ended 30 September 2017

(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
	30/09/17	30/09/16	30/09/17	30/09/16
	RM'000	RM'000	RM'000	RM'000
Revenue	869,979	899,515	869,979	899,515
Cost of sales	(496,228)	(553,450)	(496,228)	(553,450)
Gross profit	373,751	346,065	373,751	346,065
Other operating income	60,856	26,271	60,856	26,271
Marketing and selling expenses	(28,295)	(29,909)	(28,295)	(29,909)
Administration expenses	(44,900)	(40,408)	(44,900)	(40,408)
Other operating expenses	(32,422)	(31,663)	(32,422)	(31,663)
Operating profit	328,990	270,356	328,990	270,356
Share of result of an associate	916	382	916	382
Share of results of joint ventures	11,427	3,747	11,427	3,747
Profit before interest and taxation	341,333	274,485	341,333	274,485
Interest income	12,792	14,975	12,792	14,975
Profit before taxation	354,125	289,460	354,125	289,460
Taxation	(103,154)	(89,539)	(103,154)	(89,539)
Profit for the period	250,971	199,921	250,971	199,921
Attributable to:				
Owners of the parent	242,852	189,568	242,852	189,568
Non-controlling interests	8,119	10,353	8,119	10,353
	250,971	199,921	250,971	199,921
Earnings per share for profit attributable to owners of the parent (sen)				
Basic	4.41	4.02	4.41	4.02
Diluted	4.41	4.02	4.41	4.02

(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 2017 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
	30/09/17	30/09/16	30/09/17	30/09/16
	RM'000	RM'000	RM'000	RM'000
Profit for the period	250,971	199,921	250,971	199,921
Other comprehensive income that will be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations, net of tax	(26,504)	118,654	(26,504)	118,654
Net change in cash flow hedge reserve	6,131	(2,282)	6,131	(2,282)
Other comprehensive income for the period, net of tax	(20,373)	116,372	(20,373)	116,372
Total comprehensive income for the period	230,598	316,293	230,598	316,293
Total comprehensive income attributable to:				
Owners of the parent	222,600	304,527	222,600	304,527
Non-controlling interests	7,998	11,766	7,998	11,766
	230,598	316,293	230,598	316,293

(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 2017 and the accompanying explanatory notes attached to this quarterly financial report.)



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Condensed Consolidated Statement of Financial Position

	As at 30/09/17 RM'000	As at 30/06/17 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	1,136,708	1,137,912
Prepaid lease payments	62,352	62,758
Land held for property development	4,578,432	4,560,892
Investment properties	12,853,644	12,804,095
Goodwill on consolidation	11,472	11,472
Investment in an associate	95,031	94,115
Interests in joint ventures	5,171,223	5,126,081
Derivative financial assets	5,658	4,551
Deferred tax assets	98,621	106,454
	24,013,141	23,908,330
Current assets		
Property development costs	3,859,754	4,014,666
Inventories	1,797,024	1,835,521
Trade and other receivables	1,369,273	1,395,573
Current tax assets	111,324	91,090
Other investments	79,246	6,329
Short term funds	58,972	282,515
Deposits with financial institutions	1,398,602	1,405,299
Cash and bank balances	968,127	688,419
	9,642,322	9,719,412
TOTAL ASSETS	33,655,463	33,627,742



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Condensed Consolidated Statement of Financial Position

	As at 30/09/17 RM'000	As at 30/06/17 RM'000
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	18,514,233	18,514,233
Other reserves	1,257,745	1,277,997
Retained earnings	6,788,393	6,875,883
Reorganisation debit balance	<u>(8,440,152)</u>	<u>(8,440,152)</u>
	18,120,219	18,227,961
Non-controlling interests	<u>268,195</u>	<u>260,615</u>
Total equity	<u>18,388,414</u>	<u>18,488,576</u>
Non-current liabilities		
Borrowings	3,792,781	4,790,513
Trade and other payables	27,137	25,760
Amounts due to non-controlling interests	9,044	17,671
Deferred tax liabilities	<u>1,068,403</u>	<u>1,021,915</u>
	4,897,365	5,855,859
Current liabilities		
Borrowings	8,883,399	7,703,993
Derivative financial liabilities	7,879	9,448
Trade and other payables	1,406,379	1,483,199
Current tax liabilities	72,027	86,667
	<u>10,369,684</u>	<u>9,283,307</u>
Total liabilities	<u>15,267,049</u>	<u>15,139,166</u>
TOTAL EQUITY AND LIABILITIES	<u>33,655,463</u>	<u>33,627,742</u>
Net assets per share attributable to owners of the parent (RM)	3.29	3.31

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 and the accompanying explanatory notes attached to this quarterly financial report.)

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

(Incorporated in Malaysia)

IOI PROPERTIES**Quarterly Financial Report For The Financial Period Ended 30 September 2017**

(The figures have not been audited)

Condensed Consolidated Statement of Cash Flows

	3 Months Ended	3 Months Ended
	30/09/17	30/09/16
	RM'000	RM'000
Operating Activities		
Profit before taxation	354,125	289,460
Adjustments for:		
Depreciation and amortisation	9,692	8,627
Unrealised foreign currency translation (gain)/loss	(54,693)	9,825
Share of results of joint ventures	(11,427)	(3,747)
Interest income	(12,792)	(14,975)
Other non-cash items	(877)	(322)
Operating profit before working capital changes	<u>284,028</u>	288,868
Decrease in inventories	259,941	92,723
Decrease/(Increase) in receivables and other assets	20,707	(27,311)
Decrease in payables and other liabilities	<u>(60,306)</u>	<u>(102,375)</u>
Cash generated from operations	504,370	251,905
Tax paid	(84,528)	(51,008)
Tax refunded	128	3,328
Net cash inflow from operating activities	<u>419,970</u>	<u>204,225</u>
Investing Activities		
Interest received	10,330	12,545
Repayment from a joint venture	2,957	2,727
Proceeds from disposal of property, plant and equipment	61	23
Additions to property, plant and equipment	(7,897)	(61,247)
Additions to land held for property development	(22,618)	(1,521,507)
Additions to investment properties	(29,227)	(7,420)
Advances to joint ventures	(39,756)	(55,281)
Additions to other investments	(72,902)	(55,872)
Dividends received from a joint venture	-	18,034
Deposit paid for purchase of land	-	(30,856)
Net cash outflow from investing activities	<u>(159,052)</u>	<u>(1,698,854)</u>
Financing Activities		
Net drawdown of borrowings	210,000	611,025
Additional investment in a subsidiary	(16)	(94)
Dividend paid to non-controlling interests	(375)	-
Banking facilities fees paid	(881)	-
Repayment to non-controlling interests	(8,782)	-
Interest paid	(80,960)	(58,044)
Dividend paid	<u>(330,369)</u>	<u>-</u>
Net cash (outflow)/inflow from financing activities	<u>(211,383)</u>	<u>552,887</u>
Net increase/(decrease) in cash and cash equivalents	<u>49,535</u>	<u>(941,742)</u>
Cash and cash equivalents at beginning of financial period	<u>2,376,233</u>	<u>2,086,985</u>
Effect of exchange rate changes	<u>(67)</u>	<u>36,905</u>
Cash and cash equivalents at beginning of financial period	<u>2,376,166</u>	<u>2,123,890</u>
Cash and cash equivalents at end of financial period	<u>2,425,701</u>	<u>1,182,148</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 2017 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	Other reserves 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
As at 1 July 2017	18,514,233	-	-	1,265,686	(4,830)	17,141	(8,440,152)	6,875,883	18,227,961	260,615	18,488,576
Profit for the financial period	-	-	-	-	-	-	-	242,852	242,852	8,119	250,971
Exchange differences on translation of foreign operations, net of tax	-	-	-	(26,383)	-	-	-	-	(26,383)	(121)	(26,504)
Net change in cash flow hedge reserve	-	-	-	-	6,131	-	-	-	6,131	-	6,131
Total comprehensive income	-	-	-	(26,383)	6,131	-	-	242,852	222,600	7,998	230,598
Transactions with owners											
Changes in equity interests in subsidiaries	-	-	-	-	-	-	-	27	27	(43)	(16)
Dividend paid	-	-	-	-	-	-	-	(330,369)	(330,369)	-	(330,369)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(375)	(375)
As at 30 September 2017	18,514,233	-	-	1,239,303	1,301	17,141	(8,440,152)	6,788,393	18,120,219	268,195	18,388,414
As at 1 July 2016	4,423,627	12,571,579	(24,487)	1,003,046	(11,669)	17,454	(8,440,152)	6,345,687	15,885,085	130,754	16,015,839
Transition to no par value (Note a)	12,571,579	(12,571,579)	-	-	-	-	-	-	-	-	-
Profit for the financial period	-	-	-	-	-	-	-	920,870	920,870	46,956	967,826
Exchange differences on translation of foreign operations, net of tax	-	-	-	262,640	-	-	-	-	262,640	4,517	267,157
Net change in cash flow hedge reserve	-	-	-	-	6,839	-	-	-	6,839	-	6,839
Total comprehensive income	-	-	-	262,640	6,839	-	-	920,870	1,190,349	51,473	1,241,822
Transactions with owners											
Issuance of ordinary shares	1,520,248	-	-	-	-	-	-	-	1,520,248	-	1,520,248
Share issuance costs	(1,221)	-	-	-	-	-	-	-	(1,221)	-	(1,221)
Dilution of interest in a subsidiary	-	-	-	-	-	-	-	-	-	225	225
Issuance of preference shares to non-controlling interests in a subsidiary	-	-	-	-	-	-	-	-	-	79,463	79,463
Employee share options lapsed	-	-	-	-	-	(313)	-	313	-	-	-
Changes in equity interests in subsidiaries	-	-	-	-	-	-	-	800	800	(1,300)	(500)
Dividend paid	-	-	-	-	-	-	-	(352,897)	(352,897)	-	(352,897)
Repurchase of treasury shares	-	-	(14,403)	-	-	-	-	-	(14,403)	-	(14,403)
Cancellation of treasury shares	-	-	38,890	-	-	-	-	(38,890)	-	-	-
As at 30 June 2017	18,514,233	-	-	1,265,686	(4,830)	17,141	(8,440,152)	6,875,883	18,227,961	260,615	18,488,576

(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 2017 and the accompanying notes attached to this quarterly financial report.)

Note a: Effective from 31 January 2017, the new Companies Act 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium becomes part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.



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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 2017. Those explanatory notes attached to this quarterly financial report 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 2017.

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 2017 save for the adoption of the following new and revised FRS and amendments to FRSs that are mandatory for the Group for the financial year commencing 1 July 2017:

Title

Annual Improvements to FRS 12 *Disclosure of Interests in Other Entities*

Amendments to FRS 107 *Disclosure Initiative*

Amendments to FRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*

The adoption of these new FRSs and amendments to FRSs do not have any significant financial impact on the financial statements 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 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 September 2017.

f) Dividend Paid

	CURRENT YEAR TO DATE RM'000	PRECEDING YEAR CORRESPONDING PERIOD RM'000
Interim single tier dividend of 6 sen per ordinary share in respect of financial year ended 30 June 2017	330,369	-



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Explanatory Notes

g) Segment Revenue & Results

(RM'000)	Property Development	Property Investment	Leisure & Hospitality	Other Operations	Elimination	Consolidated
<u>3 Months Ended 30/09/17</u>						
REVENUE						
External	742,172	77,059	48,273	2,475	-	869,979
Inter-segment	7,029	464	196	34,349	(42,038)	-
Total revenue	<u>749,201</u>	<u>77,523</u>	<u>48,469</u>	<u>36,824</u>	<u>(42,038)</u>	<u>869,979</u>
RESULT						
Segment operating profit	270,189	49,372	7,488	1,941	-	328,990
Share of result of an associate	916	-	-	-	-	916
Share of results of joint ventures	(782)	12,376	(167)	-	-	11,427
Segment results	<u>270,323</u>	<u>61,748</u>	<u>7,321</u>	<u>1,941</u>	-	<u>341,333</u>
Interest income						<u>12,792</u>
Profit before taxation						<u>354,125</u>
Taxation						<u>(103,154)</u>
Profit for the period						<u>250,971</u>
<u>3 Months Ended 30/09/16</u>						
REVENUE						
External	793,572	71,332	32,511	2,100	-	899,515
Inter-segment	38,923	462	178	34,163	(73,726)	-
Total revenue	<u>832,495</u>	<u>71,794</u>	<u>32,689</u>	<u>36,263</u>	<u>(73,726)</u>	<u>899,515</u>
RESULT						
Segment operating profit	223,472	42,506	2,871	1,507	-	270,356
Share of result of an associate	382	-	-	-	-	382
Share of results of joint ventures	8,631	11,290	(16,174)	-	-	3,747
Segment results	<u>232,485</u>	<u>53,796</u>	<u>(13,303)</u>	<u>1,507</u>	-	<u>274,485</u>
Interest income						<u>14,975</u>
Profit before taxation						<u>289,460</u>
Taxation						<u>(89,539)</u>
Profit for the period						<u>199,921</u>

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



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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.

i) Changes in the Composition of the Group

On 3 July 2017, the Company has incorporated a wholly-owned subsidiary, namely Fortune Premiere Sdn Bhd ("FPSB"). FPSB was incorporated in Malaysia as a private limited company under the Companies Act, 2016 with 100 ordinary issued shares.

On 29 August 2017, the Group received a business license for the incorporation of a wholly-owned subsidiary, namely Xiamen Talent Business Management Co. Ltd ("XTBM") in Xiamen, the People's Republic of China with a registered capital of RMB80 million.

On 11 September 2017, a wholly-owned subsidiary of the Company, namely Strategy Assets (L) Limited ("SAL") received notification dated 8 August 2017 from Labuan Financial Services Authority ("LFSA") informing that the name of SAL had been struck off from the register of LFSA under Section 151 of the Labuan Companies Act, 1990. The striking off of the SAL does not have a material effect on the earnings or net assets of the Group for the period under review.

j) Contingent Liabilities

There were no material contingent liabilities for the Group as at 30 September 2017.

k) Capital Commitments

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

- Contracted	RM'000
Additions of land held for property development	81,359
Additions of property, plant and equipment	29,476
Additions of investment properties	265,068
	<u>375,903</u>
- Not contracted	
Additions of property, plant and equipment	413,103
Additions of investment properties	395,049
	<u>808,152</u>
	<u>1,184,055</u>



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

1) Review of Group's Performance

Performance of the current year quarter against the preceding year corresponding quarter

The Group recorded revenue of RM870.0 million for the current quarter, which is RM29.5 million or 3% lower than the preceding year corresponding quarter. The decrease in revenue is mainly due to lower contribution from the property development in overseas. As for operating profit, the Group recorded RM329.0 million for the current quarter, which is RM58.6 million or 22% higher than the preceding year corresponding quarter. The increase in 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 RM742.2 million and RM270.2 million respectively in the current quarter as compared to RM793.6 million and RM223.5 million recorded respectively in the preceding year corresponding quarter. Revenue has decreased by RM51.4 million or 6% while operating profit has increased by RM46.7 million or 21%. The higher revenue in the preceding year corresponding quarter is mainly due to higher take-up rates from the overseas projects in both Singapore and Xiamen, PRC. The increase in operating profit in the current quarter is mainly due to higher operating profit from the development projects in both Klang Valley and Johor regions, which arisen from the improvement in sales of properties in Malaysia.

Property investment

Revenue has increased by 8% from RM71.3 million to RM77.1 million and operating profit has increased by 16% from RM42.5 million to RM49.4 million. The increase in both revenue and operating profit are mainly due to higher occupancy and rental rates for retail segment.

Leisure and hospitality

Revenue of RM48.3 million and operating profit of RM7.5 million are recorded for the current quarter, which is RM15.7 million or 48% and RM4.6 million or 161% respectively higher than the preceding year corresponding quarter. The increase in both revenue and operating profit are mainly derived from Le Meridien by Starwood, Putrajaya which commenced its business operations in August 2016.

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

The Group recorded profit before taxation of RM354.1 million for the current quarter, which is RM195.5 million or 36% lower than the immediate preceding quarter of RM549.6 million. Higher profit before taxation recorded in the immediate preceding quarter was mainly contributed by the completion of Triling project, Singapore with higher take up rate in the immediate preceding quarter.



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

3) Prospects

Demand for the Group's properties remains positive following improvement in sales take up rates for the Group's properties in strategic locations across Malaysia and overseas. The Group expects the property market to scale up to firmer ground, barring any surprises on the international and domestic front. Overall, the property development segment in both Malaysia and overseas is expected to perform satisfactorily.

For the property investment segment, despite the competitive market environment for office leasing and growing prominence of internet retailing, the Group will continue to manage its portfolio of investment properties to ensure they are well-occupied to generate a steady stream of recurring revenue for the Group. The Group's investment properties which are situated in strategically located urban areas are expected to continue to enjoy healthy occupancies and good rental yields.

With the Group's sizeable land bank in strategic locations both in Malaysia and overseas, coupled with strong track record in delivery, the Group is well-positioned to adapt to market conditions. Barring any unforeseen circumstances, the Group is expected to continue to deliver satisfactory performance in the financial year 2018.

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	48,366	47,248	48,366	47,248
-Prior year	1,333	(5,211)	1,333	(5,211)
Deferred taxation	53,455	47,502	53,455	47,502
	103,154	89,539	103,154	89,539

The effective tax rate of the Group for the current quarter of 29% is higher than the prevailing Malaysian statutory tax rate of 24%. The higher effective tax rate is mainly due to higher tax rate in the People's Republic of China.



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

7) Corporate Proposal

Memorandum of Agreement between IOI Properties Group Berhad and Hongkong Land International Holdings Limited in relation to a proposed joint venture

The Company and Hongkong Land International Holdings Limited ("HKLI") have on 12 June 2017 entered into a Memorandum of Agreement ("MOA"), and subject to certain regulatory and other approvals, they have agreed to use their respective subsidiary ("Nominated Subsidiary") to enter into a joint venture ("Proposed Joint Venture") through Wealthy Link Pte. Ltd. ("Wealthy Link") as the joint venture company, to jointly own and undertake a proposed development and management of a land parcel at Central Boulevard in Singapore ("Central Boulevard Site"), which Wealthy Link had successfully tendered for on 11 November 2016 from the Urban Redevelopment Authority ("URA") acting for and on behalf of the Government of Singapore.

As at the date of this announcement, the proposed joint venture is pending for the fulfilment of the conditions precedent as stated in the MOA.

8) Group Borrowings and Debt Securities

Group borrowings and debt securities as at 30 September 2017 are as follows:

	As at 30/09/17 RM'000	As at 30/06/17 RM'000
a) Short term borrowings		
Unsecured		
Denominated in RM	1,127,035	726,308
Denominated in USD (USD11 million) (2017: USD11 million)	53,437	53,848
Denominated in SGD (SGD2,472 million) (2017: SGD2,222 million)	<u>7,702,927</u>	<u>6,923,837</u>
	8,883,399	7,703,993
b) Long term borrowings		
Unsecured		
Denominated in RM	1,428,026	1,617,754
Denominated in USD (USD415 million) (2017: USD415 million)	1,742,315	1,770,874
Denominated in SGD (SGD200 million) (2017: SGD450 million)	<u>622,440</u>	<u>1,401,885</u>
	3,792,781	4,790,513
Total borrowings	<u>12,676,180</u>	<u>12,494,506</u>



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9) Derivative Financial Instruments

(i) Details of derivative financial instrument outstanding as at 30 September 2017 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	50,000	(5,954)
- one year to three years	175,000	(2,202)
- more than three years	<u>100,000</u>	<u>3,094</u>
	<u>325,000</u>	<u>(5,062)</u>
Interest rate swap		
- less than one year	-	(1,925)
- one year to three years	286,338	3,030
- more than three years	<u>572,762</u>	<u>1,736</u>
	<u>859,100</u>	<u>2,841</u>

The above derivatives were entered to hedge its long term borrowings that are denominated in USD in order to minimise its exposure to the fluctuation of foreign currency rate and volatility of the interest rate.

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 2017 in respect of the accounting policies.



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10) Fair Value Changes of Financial Assets

As at 30 September 2017, the Group has recognised derivative financial liabilities of RM2.2 million in respect of a cross currency interest rate swap and an interest rate swap, with the corresponding fair value gains of RM6.1 million in the cash flow hedge reserve for the current quarter under review.

The fair value gain is due to the forward currency and floating interest rate have moved favourably for the Group from the last measurement date.

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.

11) Realised and Unrealised Profits/(Losses)

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

	As at 30/09/17 RM'000	As at 30/06/17 RM'000
Total retained earnings of IOI Properties Group Berhad and its subsidiaries:		
- Realised	5,616,254	5,691,893
- Unrealised	1,126,382	1,150,576
	6,742,636	6,842,469
Total share of retained earnings/(accumulated losses) from associate:		
- Realised	8,919	8,003
- Unrealised	(313)	(313)
	8,606	7,690
Total share of retained earnings/(accumulated losses) from joint ventures:		
- Realised	(488,443)	(500,547)
- Unrealised	525,594	526,271
	37,151	25,724
Total Group retained earnings	6,788,393	6,875,883



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12) Notes to the Condensed Consolidated Statement of Comprehensive Income

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

	CURRENT YEAR QUARTER (30/09/17) RM'000	CURRENT YEAR TO DATE (30/09/17) RM'000
Interest income	(12,792)	(12,792)
Impairment losses on receivables written back	(52)	(52)
Unrealised foreign currency translation gain	(54,693)	(54,693)
Realised foreign currency translation loss	7,324	7,324
Depreciation and amortisation	9,692	9,692
Impairment losses on receivables	141	141

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

On 15 August 2017, the Directors have declared an interim single tier dividend of 6.0 sen per ordinary share, amounting to RM330,369,000 in respect of the financial year ended 30 June 2017. The dividend was paid on 8 September 2017 to shareholders whose names appeared in the Record of Depositors and Register of Members of the Company at the close of business on 30 August 2017.



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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
a) Basic earnings per share				
Net profit for the period	242,852	189,568	242,852	189,568
Weighted average number of ordinary shares in issue ('000)	5,506,145	4,411,215	5,506,145	4,411,215
Adjusted for bonus elements of rights issue ('000) (Restated)*	-	305,179	-	305,179
Adjusted weighted average number of ordinary shares in issue ('000) (Restated)*	5,506,145	4,716,394	5,506,145	4,716,394
Basic earnings per share (sen)	4.41	4.02	4.41	4.02
b) Diluted earnings per share				
Net profit for the period	242,852	189,568	242,852	189,568
Weighted average number of ordinary shares in issue ('000)	5,506,145	4,411,215	5,506,145	4,411,215
Adjustment for share options granted to employees of the Group ('000)	562	2,827	562	2,827
Adjusted for bonus elements of rights issue ('000) (Restated)*	-	305,374	-	305,374
Adjusted weighted average number of ordinary shares in issue ('000) (Restated)*	5,506,707	4,719,417	5,506,707	4,719,417
Diluted earnings per share (sen)	4.41	4.02	4.41	4.02

* The numbers have been restated to account for the issuance of rights issue on 28 March 2017, which is in accordance with FRS 133.

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
20 November 2017