



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

Quarterly Financial Report For The Financial Period Ended 31 December 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
	31/12/17	31/12/16	31/12/17	31/12/16
	RM'000	RM'000	RM'000	RM'000
Revenue	707,444	1,194,725	1,577,423	2,094,240
Cost of sales	(382,459)	(723,404)	(878,687)	(1,276,854)
Gross profit	324,985	471,321	698,736	817,386
Other operating income	34,821	69,728	95,677	95,999
Marketing and selling expenses	(28,028)	(34,995)	(56,323)	(64,904)
Administration expenses	(54,735)	(48,398)	(99,635)	(88,806)
Other operating expenses	(30,993)	(64,061)	(63,415)	(95,724)
Operating profit	246,050	393,595	575,040	663,951
Share of result of an associate	731	718	1,647	1,100
Share of results of joint ventures	(69,932)	(5,709)	(58,505)	(1,962)
Profit before interest and taxation	176,849	388,604	518,182	663,089
Interest income	12,563	7,621	25,355	22,596
Profit before taxation	189,412	396,225	543,537	685,685
Taxation	(75,214)	(107,780)	(178,368)	(197,319)
Profit for the period	114,198	288,445	365,169	488,366
Attributable to:				
Owners of the parent	109,139	273,530	351,991	463,098
Non-controlling interests	5,059	14,915	13,178	25,268
	114,198	288,445	365,169	488,366
Earnings per share for profit attributable to owners of the parent (sen)				
Basic	1.98	5.80	6.39	9.82
Diluted	1.98	5.80	6.39	9.82

(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
	31/12/17	31/12/16	31/12/17	31/12/16
	RM'000	RM'000	RM'000	RM'000
Profit for the period	114,198	288,445	365,169	488,366
Other comprehensive income that will be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations, net of tax	(197,340)	149,794	(223,844)	268,447
Net change in cash flow hedge reserve	20,794	12,379	26,925	10,097
Other comprehensive income for the period, net of tax	(176,546)	162,173	(196,919)	278,544
Total comprehensive income for the period	(62,348)	450,618	168,250	766,910
Total comprehensive income attributable to:				
Owners of the parent	(64,869)	433,280	157,731	737,807
Non-controlling interests	2,521	17,338	10,519	29,103
	(62,348)	450,618	168,250	766,910

(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 31/12/17 RM'000	As at 30/06/17 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	1,134,638	1,137,912
Prepaid lease payments	60,710	62,758
Land held for property development	4,490,264	4,560,892
Investment properties	12,715,958	12,804,095
Goodwill on consolidation	11,472	11,472
Investment in an associate	95,762	94,115
Interests in joint ventures	5,001,287	5,126,081
Derivative financial assets	11,297	4,551
Deferred tax assets	97,768	106,454
	23,619,156	23,908,330
Current assets		
Property development costs	3,913,054	4,014,666
Inventories	1,743,662	1,835,521
Trade and other receivables	1,227,121	1,395,573
Current tax assets	127,338	91,090
Other investments	-	6,329
Short term funds	129,851	282,515
Deposits with financial institutions	1,648,329	1,405,299
Cash and bank balances	456,622	688,419
	9,245,977	9,719,412
TOTAL ASSETS	32,865,133	33,627,742



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Condensed Consolidated Statement of Financial Position

	As at 31/12/17 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	1,083,008	1,277,997
Retained earnings	6,898,538	6,875,883
Reorganisation debit balance	(8,440,152)	(8,440,152)
	<u>18,055,627</u>	<u>18,227,961</u>
Non-controlling interests	<u>217,088</u>	<u>260,615</u>
Total equity	<u>18,272,715</u>	<u>18,488,576</u>
Non-current liabilities		
Borrowings	3,467,116	4,790,513
Trade and other payables	32,220	25,760
Amounts due to non-controlling interests	9,103	17,671
Deferred tax liabilities	1,080,841	1,021,915
	<u>4,589,280</u>	<u>5,855,859</u>
Current liabilities		
Borrowings	8,692,938	7,703,993
Derivative financial liabilities	4,668	9,448
Trade and other payables	1,235,381	1,483,199
Current tax liabilities	70,151	86,667
	<u>10,003,138</u>	<u>9,283,307</u>
Total liabilities	<u>14,592,418</u>	<u>15,139,166</u>
TOTAL EQUITY AND LIABILITIES	<u>32,865,133</u>	<u>33,627,742</u>
Net assets per share attributable to owners of the parent (RM)	3.28	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 31 December 2017**

(The figures have not been audited)

Condensed Consolidated Statement of Cash Flows

	6 Months Ended	6 Months Ended
	31/12/17	31/12/16
	RM'000	RM'000
Operating Activities		
Profit before taxation	543,537	685,685
Adjustments for:		
Depreciation and amortisation	19,348	16,668
Share of results of joint ventures	58,505	1,962
Interest income	(25,355)	(22,596)
Unrealised foreign currency translation (gain)/loss	(78,240)	17,102
Gain on disposal of land from compulsory acquisitions	-	(27,718)
Other non-cash items	(1,524)	(290)
Operating profit before working capital changes	516,271	670,813
Decrease in inventories	452,423	153,132
Decrease/(Increase) in receivables and other assets	41,991	(73,481)
Decrease in payables and other liabilities	(223,157)	(61,196)
Cash generated from operations	787,528	689,268
Tax paid	(154,626)	(79,296)
Tax refunded	128	3,407
Net cash inflow from operating activities	633,030	613,379
Investing Activities		
Interest received	20,443	18,150
Dividends received from a joint venture	9,226	18,034
Proceeds from disposal of other investments	6,213	-
Repayment from a joint venture	5,009	4,813
Proceeds from disposal of property, plant and equipment	175	24
Additions to property, plant and equipment	(15,720)	(80,429)
Additions to land held for property development	(33,751)	(1,686,465)
Additional investments in joint ventures	(74,221)	(109,959)
Additions to investment properties	(74,739)	(65,222)
Proceeds from disposal of land from compulsory acquisition	-	30,881
Additions to other investments	-	(98,546)
Deposit paid for purchase of land	-	(2,399,641)
Net cash outflow from investing activities	(157,365)	(4,368,360)
Financing Activities		
Additional investment in a subsidiary	(176)	(255)
Banking facilities fees paid	(2,567)	-
Dividend paid to non-controlling interests	(3,375)	-
Net (repayment)/drawdown of borrowings	(29,450)	3,982,963
Repayment to non-controlling interests	(58,960)	-
Interest paid	(154,318)	(98,699)
Dividend paid	(330,369)	(352,897)
Repurchase of treasury shares	-	(10,179)
Net cash (outflow)/inflow from financing activities	(579,215)	3,520,933
Net decrease in cash and cash equivalents	(103,550)	(234,048)
Cash and cash equivalents at beginning of financial period	2,376,233	2,086,985
Effect of exchange rate changes	(37,881)	111,931
Cash and cash equivalents at beginning of financial period	2,338,352	2,198,916
Cash and cash equivalents at end of financial period	2,234,802	1,964,868

(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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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	-	-	-	-	-	-	-	351,991	351,991	13,178	365,169
Exchange differences on translation of foreign operations, net of tax	-	-	-	(221,185)	-	-	-	-	(221,185)	(2,659)	(223,844)
Net change in cash flow hedge reserve	-	-	-	-	26,925	-	-	-	26,925	-	26,925
Total comprehensive income	-	-	-	(221,185)	26,925	-	-	351,991	157,731	10,519	168,250
Transactions with owners											
Employee share options lapsed	-	-	-	-	-	(729)	-	729	-	-	-
Changes in equity interests in subsidiaries	-	-	-	-	-	-	-	304	304	(480)	(176)
Capital repayment to non-controlling interests	-	-	-	-	-	-	-	-	-	(50,191)	(50,191)
Dividend paid	-	-	-	-	-	-	-	(330,369)	(330,369)	-	(330,369)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(3,375)	(3,375)
As at 31 December 2017	18,514,233	-	-	1,044,501	22,095	16,412	(8,440,152)	6,898,538	18,055,627	217,088	18,272,715
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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Quarterly Financial Report For The Financial Period Ended 31 December 2017

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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 31 December 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, paid on 8 September 2017	330,369	-
Interim single tier dividend of 8 sen per ordinary share in respect of financial year ended 30 June 2016, paid on 21 October 2016	-	352,897
	330,369	352,897



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Explanatory Notes

g) Segment Revenue & Results

(RM'000)	Property Development	Property Investment	Hospitality & leisure	Other Operations	Elimination	Consolidated
i) 3 Months Ended 31/12/17						
REVENUE						
External	569,352	82,041	52,427	3,624	-	707,444
Inter-segment	12,367	429	189	33,293	(46,278)	-
Total revenue	<u>581,719</u>	<u>82,470</u>	<u>52,616</u>	<u>36,917</u>	<u>(46,278)</u>	<u>707,444</u>
RESULT						
Segment operating profit	183,950	48,471	10,506	3,123	-	246,050
Share of result of an associate	731	-	-	-	-	731
Share of results of joint ventures	(72,386)	3,787	(1,333)	-	-	(69,932)
Segment results	<u>112,295</u>	<u>52,258</u>	<u>9,173</u>	<u>3,123</u>	-	<u>176,849</u>
Interest income						<u>12,563</u>
Profit before taxation						<u>189,412</u>
Taxation						<u>(75,214)</u>
Profit for the period						<u><u>114,198</u></u>
3 Months Ended 31/12/16						
REVENUE						
External	1,068,251	77,490	47,473	1,511	-	1,194,725
Inter-segment	3,711	446	260	26,293	(30,710)	-
Total revenue	<u>1,071,962</u>	<u>77,936</u>	<u>47,733</u>	<u>27,804</u>	<u>(30,710)</u>	<u>1,194,725</u>
RESULT						
Segment operating profit	337,908	43,877	11,069	741	-	393,595
Share of result of an associate	718	-	-	-	-	718
Share of results of joint ventures	6,100	10,199	(22,008)	-	-	(5,709)
Segment results	<u>344,726</u>	<u>54,076</u>	<u>(10,939)</u>	<u>741</u>	-	<u>388,604</u>
Interest income						<u>7,621</u>
Profit before taxation						<u>396,225</u>
Taxation						<u>(107,780)</u>
Profit for the period						<u><u>288,445</u></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

g) Segment Revenue & Results

(RM'000)	Property Development	Property Investment	Hospitality & leisure	Other Operations	Elimination	Consolidated
ii) 6 Months Ended 31/12/17						
REVENUE						
External	1,311,524	159,100	100,700	6,099	-	1,577,423
Inter-segment	19,396	893	385	67,642	(88,316)	-
Total revenue	<u>1,330,920</u>	<u>159,993</u>	<u>101,085</u>	<u>73,741</u>	<u>(88,316)</u>	<u>1,577,423</u>
RESULT						
Segment operating profit	454,139	97,843	17,994	5,064	-	575,040
Share of result of an associate	1,647	-	-	-	-	1,647
Share of results of joint ventures	(73,168)	16,163	(1,500)	-	-	(58,505)
Segment results	<u>382,618</u>	<u>114,006</u>	<u>16,494</u>	<u>5,064</u>	<u>-</u>	<u>518,182</u>
Interest income						<u>25,355</u>
Profit before taxation						<u>543,537</u>
Taxation						<u>(178,368)</u>
Profit for the period						<u>365,169</u>
6 Months Ended 31/12/16						
REVENUE						
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>
RESULT						
Segment operating profit	560,998	86,383	13,940	2,630	-	663,951
Share of result of an associate	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>

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

During the quarter under review, Mayang Construction Sdn Bhd ("MCSB"), an indirect wholly-owned subsidiary of the Company, had on 15 December 2017 received a confirmation from the Companies Commission of Malaysia that MCSB is still in the process of striking-off pursuant to Section 550 of the Companies Act 2016.

Upon the publication of MCSB's name in the Gazette, MCSB shall be dissolved. The striking-off of MCSB does not have any 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 31 December 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	27,050
Additions of investment properties	244,615
	<u>353,024</u>
- Not contracted	
Additions of property, plant and equipment	397,803
Additions of investment properties	524,968
	<u>922,771</u>
	<u>1,275,795</u>



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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 RM707.4 million and RM189.4 million respectively for the current year quarter, which is RM487.3 million or 41% and RM206.8 million or 52% respectively lower than the preceding year corresponding quarter. Lower revenue and profit before taxation in the current year quarter are due to lower contribution from the overseas projects in the property development segment and share of impairment loss in joint venture. Excluding the share of impairment loss of RM79.7 million, the Group's profit before taxation of RM269.1 million for the current year quarter is RM127.1 million or 32% lower than the preceding year corresponding quarter.

Property development

The property development segment recorded revenue and operating profit of RM569.4 million and RM184.0 million respectively in the current year quarter, which is RM498.9 million or 47% and RM154.0 million or 46% respectively lower than the preceding year corresponding quarter. The Group's performance was lower in the current year quarter mainly due to lower profit contribution from development projects in Malaysia and lesser units remaining for sale in Triling,

Property investment

Revenue has increased by 6% from RM77.5 million to RM82.0 million and operating profit has increased by 10% from RM43.9 million to RM48.5 million. The increase in both revenue and operating profit are mainly due to higher occupancy and rental rates for the retail segment.

Hospitality and leisure

Revenue of RM52.4 million was recorded for the current year quarter, which is RM5.0 million or 10% higher than the preceding year corresponding quarter. The increase in revenue is mainly derived from Putrajaya Marriott Hotel and Le Meridien by Starwood, Putrajaya due to higher occupancy rates achieved in the current quarter under review. Operating profit of RM10.5 million was RM0.6 million or 5% lower than the preceding year corresponding quarter mainly due to lower profit contribution from the leisure sub-segment.

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

The Group recorded revenue and profit before taxation of RM1,577.4 million and RM623.2 million (after excluding the share of impairment loss of RM79.7 million) respectively for the current year to date, which is RM516.8 million or 25% and RM62.4 million or 9% respectively lower than the preceding year corresponding period. The Group's performance is lower in the current period under review is due to lower contribution from the overseas projects in the property development segment.

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 RM269.1 million (after excluding the share of impairment loss of RM79.7 million) for the current quarter, which is RM85.0 million or 24% lower than the immediate preceding quarter of RM354.1 million. Lower profit before taxation recorded in the current quarter was mainly due to lower profit contribution from property development segment.



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3) Prospects

Notwithstanding the challenging market conditions, the Group remains optimistic that properties in strategic locations across Malaysia and overseas will continue to draw prospective buyers. With unbilled sales of RM1.2 billion on hand, the Group is expected to perform satisfactorily in the property development segment.

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 that 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 mature 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	51,248	67,247	99,614	114,495
-Prior year	772	425	2,105	(4,786)
Deferred taxation	23,194	40,108	76,649	87,610
	75,214	107,780	178,368	197,319

The effective tax rate of the Group for the current quarter of 29% (after excluding share of results from joint ventures) 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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7) Corporate Proposal

a) 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.

b) Issuance of Islamic Medium Term Notes ("Sukuk Murabahah") by Fortune Premiere Sdn Bhd ("FPSB"), a wholly-owned subsidiary of the Company, under its Multi-Currency Islamic Medium Term Note Programme of up to RM3.0 billion (or its equivalent in Other Currencies) in Nominal Value ("Sukuk Murabahah Programme")

As announced on 21 December 2017, FPSB had made its first issuance of RM100.0 million in nominal value of Sukuk Murabahah based on the Shariah principle of Murabahah (via Tawarruq arrangement) under its Sukuk Murabahah Programme ("First Issuance"). The Sukuk Murabahah Programme was established with a tenure of up to 15 years from the date of the First Issuance.

8) Group Borrowings and Debt Securities

Group borrowings and debt securities as at 31 December 2017 are as follows:

	As at 31/12/17 RM'000	As at 30/06/17 RM'000
a) Short term borrowings		
Unsecured		
Denominated in RM	1,123,362	726,308
Denominated in USD (USD11 million) (2017: USD11 million)	53,786	53,848
Denominated in SGD (SGD2,472 million) (2017: SGD2,222 million)	<u>7,515,790</u>	<u>6,923,837</u>
	8,692,938	7,703,993
b) Long term borrowings		
Unsecured		
Denominated in RM	1,188,675	1,617,754
Denominated in USD (USD415 million) (2017: USD415 million)	1,671,341	1,770,874
Denominated in SGD (SGD200 million) (2017: SGD450 million)	<u>607,100</u>	<u>1,401,885</u>
	3,467,116	4,790,513
Total borrowings	<u>12,160,054</u>	<u>12,494,506</u>



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9) Derivative Financial Instruments

(i) Details of derivative financial instrument outstanding as at 31 December 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	(5,127)
- one year to three years	175,000	(457)
- more than three years	100,000	3,566
	325,000	(2,018)
Interest rate swap		
- less than one year	-	459
- one year to three years	286,338	6,714
- more than three years	572,762	1,474
	859,100	8,647

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 31 December 2017, the Group has recognised net derivative financial assets of RM6.6 million in respect of a cross currency interest rate swap and an interest rate swap, with the corresponding fair value gains of RM26.9 million in the cash flow hedge reserve for the current period 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 31/12/17 RM'000	As at 30/06/17 RM'000
Total retained earnings of IOI Properties Group Berhad and its subsidiaries:		
- Realised	5,763,417	5,691,893
- Unrealised	1,167,791	1,150,576
	6,931,208	6,842,469
Total share of retained earnings/(accumulated losses) from associate:		
- Realised	9,650	8,003
- Unrealised	(313)	(313)
	9,337	7,690
Total share of retained earnings/(accumulated losses) from joint ventures:		
- Realised	(582,170)	(500,547)
- Unrealised	540,163	526,271
	(42,007)	25,724
Total Group retained earnings	6,898,538	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 (31/12/17) RM'000	CURRENT YEAR TO DATE (31/12/17) RM'000
Interest income	(12,563)	(25,355)
Impairment losses on receivables written back	(7)	(59)
Unrealised foreign currency translation gain	(23,547)	(78,240)
Realised foreign currency translation loss	2,357	9,681
Depreciation and amortisation	9,656	19,348
Impairment losses on receivables	35	176

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 2017.



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15) Earnings per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT	PRECEDING YEAR
	QUARTER	CORRESPONDING	YEAR TO	CORRESPONDING
	RM'000	QUARTER	DATE	PERIOD
		RM'000	RM'000	RM'000
a) Basic earnings per share				
Net profit for the period	109,139	273,530	351,991	463,098
Weighted average number of ordinary shares in issue ('000)	5,506,145	4,409,743	5,506,145	4,410,479
Adjusted for bonus elements of rights issue ('000) (Restated)*	-	305,076	-	304,340
Adjusted weighted average number of ordinary shares in issue ('000) (Restated)*	5,506,145	4,714,819	5,506,145	4,714,819
Basic earnings per share (sen)	1.98	5.80	6.39	9.82
b) Diluted earnings per share				
Net profit for the period	109,139	273,530	351,991	463,098
Weighted average number of ordinary shares in issue ('000)	5,506,145	4,409,743	5,506,145	4,410,479
Adjustment for share options granted to employees of the Group ('000)	-	825	-	1,923
Adjusted for bonus elements of rights issue ('000) (Restated)*	-	305,076	-	304,340
Adjusted weighted average number of ordinary shares in issue ('000) (Restated)*	5,506,145	4,715,644	5,506,145	4,716,742
Diluted earnings per share (sen)	1.98	5.80	6.39	9.82

* 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

Oh Mei Chen
Company Secretary

Putrajaya
23 February 2018