



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

Quarterly Financial Report For The Financial Period Ended 30 June 2018

(The figures have not been audited)

Condensed Consolidated Statement of Profit or Loss

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/06/18	30/06/17	30/06/18	30/06/17
	RM'000	RM'000	RM'000	RM'000
Revenue	673,975	1,195,297	2,792,610	4,185,361
Cost of sales	(385,766)	(573,740)	(1,571,130)	(2,337,760)
Gross profit	288,209	621,557	1,221,480	1,847,601
Other operating income	101,961	69,393	259,541	182,939
Marketing and selling expenses	(33,434)	(39,490)	(112,806)	(134,383)
Administration expenses	(49,181)	(42,751)	(189,310)	(168,761)
Other operating expenses	(29,501)	(73,471)	(128,786)	(344,907)
Operating profit	278,054	535,238	1,050,119	1,382,489
Share of result of an associate	891	1,025	3,193	3,264
Share of results of joint ventures	11,675	(338)	(34,220)	(1,001)
Profit before interest and taxation	290,620	535,925	1,019,092	1,384,752
Interest income	15,641	13,686	52,440	51,873
Profit before taxation	306,261	549,611	1,071,532	1,436,625
Taxation	(33,721)	(184,245)	(263,388)	(468,799)
Profit for the period	272,540	365,366	808,144	967,826
Attributable to:				
Owners of the parent	264,993	336,636	783,631	920,870
Non-controlling interests	7,547	28,730	24,513	46,956
	272,540	365,366	808,144	967,826
Earnings per share for profit attributable to owners of the parent (sen)				
Basic	4.81	5.79	14.23	18.42
Diluted	4.81	5.79	14.23	18.42

(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
	30/06/18	30/06/17	30/06/18	30/06/17
	RM'000	RM'000	RM'000	RM'000
Profit for the period	272,540	365,366	808,144	967,826
Other comprehensive income that will be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations, net of tax	50,788	(99,657)	(394,543)	267,157
Net change in cash flow hedge reserve	2,901	(715)	19,030	6,839
Other comprehensive income for the period, net of tax	53,689	(100,372)	(375,513)	273,996
Total comprehensive income for the period	326,229	264,994	432,631	1,241,822
Total comprehensive income attributable to:				
Owners of the parent	317,790	237,150	412,310	1,190,349
Non-controlling interests	8,439	27,844	20,321	51,473
	326,229	264,994	432,631	1,241,822

(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 30/06/18 RM'000	As at 30/06/17 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	1,167,505	1,137,912
Prepaid lease payments	58,394	62,758
Land held for property development	4,508,568	4,560,892
Investment properties	12,895,582	12,804,095
Goodwill on consolidation	11,472	11,472
Investment in an associate	97,308	94,115
Interests in joint ventures	4,951,803	5,126,081
Derivative financial assets	1,565	4,551
Deferred tax assets	144,537	106,454
	23,836,734	23,908,330
Current assets		
Property development costs	3,434,348	4,014,666
Inventories	2,106,832	1,835,521
Trade and other receivables	574,037	1,395,573
Amount due from joint venture	107	-
Current tax assets	42,013	91,090
Other investments	-	6,329
Short term funds	298,122	282,515
Deposits with financial institutions	1,837,610	1,405,299
Cash and bank balances	547,588	688,419
	8,840,657	9,719,412
TOTAL ASSETS	32,677,391	33,627,742



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Condensed Consolidated Statement of Financial Position

	As at 30/06/18 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	905,139	1,277,997
Retained earnings	7,330,986	6,875,883
Reorganisation debit balance	(8,440,152)	(8,440,152)
	<u>18,310,206</u>	<u>18,227,961</u>
Non-controlling interests	<u>166,598</u>	<u>260,615</u>
Total equity	<u>18,476,804</u>	<u>18,488,576</u>
Non-current liabilities		
Borrowings	9,573,746	4,790,513
Trade and other payables	40,395	25,760
Amounts due to non-controlling interests	9,934	17,671
Deferred tax liabilities	806,356	1,021,915
	<u>10,430,431</u>	<u>5,855,859</u>
Current liabilities		
Borrowings	2,379,320	7,703,993
Derivative financial liabilities	829	9,448
Trade and other payables	1,209,227	1,483,199
Current tax liabilities	180,780	86,667
	<u>3,770,156</u>	<u>9,283,307</u>
Total liabilities	<u>14,200,587</u>	<u>15,139,166</u>
TOTAL EQUITY AND LIABILITIES	<u>32,677,391</u>	<u>33,627,742</u>
Net assets per share attributable to owners of the parent (RM)	3.33	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 June 2018**

(The figures have not been audited)

Condensed Consolidated Statement of Cash Flows

	12 Months Ended 30/06/18 RM'000	12 Months Ended 30/06/17 RM'000
Operating Activities		
Profit before taxation	1,071,532	1,436,625
Adjustments for:		
Depreciation and amortisation	38,938	36,704
Share of results of joint ventures	34,220	1,001
Property, plant and equipment written off	73	45,928
Gain on disposal of land from compulsory acquisitions	(664)	(27,886)
Unrealised foreign currency translation (gain)/loss	(37,672)	27,401
Interest income	(52,440)	(51,873)
Fair value gain on investment properties	(164,789)	(56,231)
Other non-cash items	(3,217)	917
Operating profit before working capital changes	885,981	1,412,586
Decrease in inventories	778,963	181,733
Decrease/(Increase) in receivables and other assets	490,755	(1,159,200)
Decrease in payables and other liabilities	(263,661)	(185,823)
Cash generated from operations	1,892,038	249,296
Tax paid	(360,165)	(219,353)
Tax refunded	1,935	5,045
Net cash inflow from operating activities	1,533,808	34,988
Investing Activities		
Interest received	45,244	42,878
Dividends received from a joint venture	26,419	48,468
Repayment from a joint venture	16,398	13,100
Proceeds from disposal of other investments	6,216	-
Proceeds from disposal of property, plant and equipment	1,133	531
Proceeds from disposal of land from compulsory acquisition	664	31,597
Advances to joint ventures	(29,000)	(5,873)
Additions to property, plant and equipment	(36,621)	(109,077)
Additions to land held for property development	(89,099)	(329,494)
Additional investments in joint ventures	(118,792)	(138,563)
Additions to investment properties	(182,535)	(8,374,386)
Net investment in short term funds	(297,775)	-
Additions to other investments	-	(6,329)
Net cash outflow from investing activities	(657,748)	(8,827,148)
Financing Activities		
Proceeds from issuance of preference shares to non-controlling interests in a subsidiary	3,600	79,463
Additional investment in a subsidiary	(176)	(500)
Net drawdown of borrowings	(1,460)	8,195,421
Banking facilities fees paid	(47,643)	(17,337)
Dividend paid to non-controlling interests	(55,552)	-
Repayment to non-controlling interests	(70,219)	(103,264)
Interest paid	(308,628)	(241,439)
Dividend paid	(330,369)	(352,897)
Net proceeds from issuance of right issues	-	1,519,027
Proceeds from dilution of interest in a subsidiary	-	225
Repurchase of treasury shares	-	(14,403)
Net cash (outflow)/inflow from financing activities	(810,447)	9,064,296
Net increase in cash and cash equivalents	65,613	272,136
Cash and cash equivalents at beginning of financial period	2,376,233	2,086,985
Effect of exchange rate changes	(56,648)	17,112
Cash and cash equivalents at beginning of financial period	2,319,585	2,104,097
Cash and cash equivalents at end of financial period	2,385,198	2,376,233

(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	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
				Foreign currency translation reserve							
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	-	-	-	-	-	-	-	783,631	783,631	24,513	808,144
Exchange differences on translation of foreign operations, net of tax	-	-	-	(390,351)	-	-	-	-	(390,351)	(4,192)	(394,543)
Net change in cash flow hedge reserve	-	-	-	-	19,030	-	-	-	19,030	-	19,030
Total comprehensive income	-	-	-	(390,351)	19,030	-	-	783,631	412,310	20,321	432,631
Transactions with owners											
Employee share options lapsed	-	-	-	-	-	(1,537)	-	1,537	-	-	-
Issuance of preference shares to non-controlling interests in a subsidiary	-	-	-	-	-	-	-	-	-	3,600	3,600
Changes in equity interests in subsidiaries	-	-	-	-	-	-	-	304	304	(480)	(176)
Capital repayment to non-controlling interests	-	-	-	-	-	-	-	-	-	(61,906)	(61,906)
Dividend paid	-	-	-	-	-	-	-	(330,369)	(330,369)	-	(330,369)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(55,552)	(55,552)
As at 30 June 2018	18,514,233	-	-	875,335	14,200	15,604	(8,440,152)	7,330,986	18,310,206	166,598	18,476,804
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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(Incorporated in Malaysia)

Quarterly Financial Report For The Financial Period Ended 30 June 2018

(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 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 year ended 30 June 2018.

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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Quarterly Financial Report For The Financial Period Ended 30 June 2018

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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 30/06/18						
REVENUE						
External	544,004	83,487	43,546	2,938	-	673,975
Inter-segment	(500)	1,143	366	30,107	(31,116)	-
Total revenue	<u>543,505</u>	<u>84,630</u>	<u>43,912</u>	<u>33,045</u>	<u>(31,116)</u>	<u>673,975</u>
RESULT						
Segment operating profit	150,499	43,863	5,882	2,921	-	203,165
Fair value gain on investment properties	-	164,789	-	-	-	164,789
Net realised/unrealised foreign currency translation gain/(loss)	(89,900)	-	-	-	-	(89,900)
Share of result of an associate	891	-	-	-	-	891
Share of results of joint ventures	2,979	10,611	(1,915)	-	-	11,675
Segment results	<u>64,469</u>	<u>219,263</u>	<u>3,967</u>	<u>2,921</u>	<u>-</u>	<u>290,620</u>
Interest income						<u>15,641</u>
Profit before taxation						<u>306,261</u>
Taxation						<u>(33,721)</u>
Profit for the period						<u>272,540</u>
3 Months Ended 30/06/17						
REVENUE						
External	1,075,199	77,433	40,884	1,781	-	1,195,297
Inter-segment	14,162	455	95	36,052	(50,764)	-
Total revenue	<u>1,089,361</u>	<u>77,888</u>	<u>40,979</u>	<u>37,833</u>	<u>(50,764)</u>	<u>1,195,297</u>
RESULT						
Segment operating profit	481,567	454	(1,412)	975	-	481,584
Fair value gain on investment properties	-	48,789	-	-	-	48,789
Net realised/unrealised foreign currency translation gain/(loss)	4,865	-	-	-	-	4,865
Share of result of an associate	1,025	-	-	-	-	1,025
Share of results of joint ventures	416	10,774	(11,528)	-	-	(338)
Segment results	<u>487,873</u>	<u>60,017</u>	<u>(12,940)</u>	<u>975</u>	<u>-</u>	<u>535,925</u>
Interest income						<u>13,686</u>
Profit before taxation						<u>549,611</u>
Taxation						<u>(184,245)</u>
Profit for the period						<u>365,366</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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Quarterly Financial Report For The Financial Period Ended 30 June 2018

(The figures have not been audited)

Explanatory Notes

g) Segment Revenue & Results

(RM'000)	Property Development	Property Investment	Hospitality & leisure	Other Operations	Elimination	Consolidated
ii) <u>12 Months Ended 30/06/18</u>						
REVENUE						
External	2,265,137	326,214	190,023	11,236	-	2,792,610
Inter-segment	19,270	3,018	968	128,836	(152,092)	-
Total revenue	<u>2,284,407</u>	<u>329,232</u>	<u>190,991</u>	<u>140,072</u>	<u>(152,092)</u>	<u>2,792,610</u>
RESULT						
Segment operating profit	627,357	195,060	28,533	8,717	-	859,667
Fair value gain on investment properties	-	164,789	-	-	-	164,789
Net realised/unrealised foreign currency translation gain/(loss)	25,663	-	-	-	-	25,663
Share of result of an associate	3,193	-	-	-	-	3,193
Share of results of joint ventures	(66,996)	39,062	(6,286)	-	-	(34,220)
Segment results	<u>589,217</u>	<u>398,911</u>	<u>22,247</u>	<u>8,717</u>	<u>-</u>	<u>1,019,092</u>
Interest income						<u>52,440</u>
Profit before taxation						<u>1,071,532</u>
Taxation						<u>(263,388)</u>
Profit for the period						<u>808,144</u>
<u>12 Months Ended 30/06/17</u>						
REVENUE						
External	3,714,204	302,119	161,796	7,242	-	4,185,361
Inter-segment	61,137	1,799	595	126,116	(189,647)	-
Total revenue	<u>3,775,341</u>	<u>303,918</u>	<u>162,391</u>	<u>133,358</u>	<u>(189,647)</u>	<u>4,185,361</u>
RESULT						
Segment operating profit	1,143,008	126,482	15,393	4,896	-	1,289,779
Fair value gain on investment properties	-	56,231	-	-	-	56,231
Net realised/unrealised foreign currency translation gain/(loss)	36,479	-	-	-	-	36,479
Share of result of an associate	3,264	-	-	-	-	3,264
Share of results of joint ventures	14,841	44,765	(60,607)	-	-	(1,001)
Segment results	<u>1,197,592</u>	<u>227,478</u>	<u>(45,214)</u>	<u>4,896</u>	<u>-</u>	<u>1,384,752</u>
Interest income						<u>51,873</u>
Profit before taxation						<u>1,436,625</u>
Taxation						<u>(468,799)</u>
Profit for the period						<u>967,826</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

There were no material changes in the composition of the Group for the current quarter under review.

j) Contingent Liabilities

There were no material contingent liabilities for the Group as at 30 June 2018.

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	18,243
Additions of investment properties	322,695
	<hr/>
	422,297
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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 of RM674.0 million for the current year quarter, which is RM521.3 million or 44% lower than the corresponding quarter of the preceding year. After excluding the fair value gain on investment properties of RM164.8 million and net foreign currency translation loss of RM89.9 million, consolidated profit before taxation of RM231.4 million for the current year quarter is RM307.8 million or 57% lower than the reported RM539.2 million (after excluding the fair value gain on investment properties of RM48.8 million, foreign currency translation gain of RM4.9 million and one off property, plant and equipment written off of RM43.3 million) in the corresponding quarter of the preceding year. Lower revenue and profit before taxation in the current quarter are due to lower contribution from overseas projects in the property development segment.

Property development

The property development segment recorded revenue and operating profit of RM544.0 million and RM150.5 million respectively in the current quarter, which is RM531.2 million or 49% and RM331.1 million or 69% respectively lower than the corresponding quarter of the preceding year. Performance of the Group was lower in the current quarter predominantly due to lower profit contribution from development projects overseas arising from lesser units remaining for sale in both Triling, Singapore and D3 Residence in Xiamen, PRC. Higher operating profit in the corresponding quarter of the preceding year was mainly due to downwards cost adjustments arising from the completion of the Triling, Singapore and reallocation of cost for the D3 Residence project in Xiamen, PRC.

Property investment

Revenue and operating profit of RM83.5 million and RM43.9 million respectively for the current quarter, which is RM6.1 million or 8% and RM0.1 million or 1% higher than the corresponding quarter of the preceding year of RM77.4 million and RM43.8 million (after excluding one off property, plant and equipment written off of RM43.3 million in the corresponding quarter of the preceding year) respectively. The increase in revenue is mainly due to higher occupancy and rental rates for the retail and office segments. The lower rate of increase in operating profit is mainly due to higher repair and maintenance costs incurred during the current quarter. The Group recorded total fair value gain on investment properties of RM164.8 million during the current quarter, which is RM116.0 million or 238% higher than the corresponding quarter of the preceding year. The higher fair value gain is mainly attributable to IOI City Mall arising from the renewal of tenancies.

Hospitality and leisure

Revenue and operating profit of RM43.5 million and RM5.9 million respectively recorded for the current quarter is RM2.6 million or 6% and RM7.3 million or 521% higher than the corresponding quarter of the preceding year. The increase in both revenue and operating profit are mainly derived from the hotels and golf operations within IOI Resort such as Le Meridien by Starwood, Putrajaya Marriott Hotel and Palm Garden Hotel due to higher occupancy and room rates achieved and higher golfing activities from Palm Garden Golf Club, Putrajaya during current quarter under review.

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

The Group recorded revenue and profit before taxation of RM2,792.6 million and RM906.7 million (after excluding the fair value gain on investment properties of RM164.8 million) respectively for the current year to date, which is RM1,392.8 million or 33% and RM680.9 million or 43% respectively lower than the corresponding period of the preceding year of RM4,185.4 million and RM1,587.60 million (after excluding the additional buyers stamp duty of RM163.9 million, one off property, plant and equipment written off of RM43.3 million and fair value gain on investment properties of RM56.2 million) respectively. Performance of the Group is lower in the current period under review due to lower contribution from Klang Valley and overseas projects in both, Singapore and PRC 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 RM141.5 million (after excluding fair value gain on investment properties of RM164.8 million) for the current quarter, which is RM80.2 million or 36% lower than the immediate preceding quarter of RM221.7 million. Lower profit before taxation recorded in the current quarter was mainly due to foreign currency translation loss of RM89.9 million mainly on translation of foreign currency borrowings recorded in the current quarter.



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3) Prospects

Following the conclusion of the GE 14 in May 2018, new initiatives and efforts by the new Federal Government such as the substitution of GST with SST, abolishment of the fuel price floating mechanism, and consolidation of affordable housing under one roof are expected to boost domestic market sentiments and increase optimism with renewed consumer confidence in the property market. The Group remains cautiously optimistic that demand for properties in strategic locations with good transportation infrastructure and close proximity to amenities will continue to draw prospective buyers.

On the international front, the Group is expecting higher sales contribution from its residential development in Xiamen in the coming financial year. In Singapore, the Government recently introduced new curbs on residential properties but marketplace expectations indicate that these effects could be temporary.

With regard to the property investment segment, despite competitive market environment for office leasing, the Group will continue to manage its portfolio of investment properties to ensure that these are well occupied to generate a steady stream of recurring revenue for the Group. The retail investment properties of the Group, which are strategically located in high growth areas are expected to continue to enjoy healthy occupancies and good rental yields. Our Central Boulevard project in Singapore has commenced construction in January 2018 and is progressing in accordance to plan.

For the hospitality and leisure segment, the Group succeeded in maintaining market share for its hotels. Although the market remains challenging in an increasingly competitive market with many new hotels envisaged to be launched. The Group will continue its aggressive marketing strategies targeting the right market segment in order to further increase occupancy rate.

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 in both Malaysia and overseas. Barring any unforeseen circumstances, the Group is expected to continue to deliver satisfactory performance in the coming quarter.

4) Achievability of Forecast Results

Not applicable.

5) Variance of Actual Profit from Forecast Results or Profit Guarantee

Not applicable.



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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	334,477	74,261	510,228	254,920
-Prior year	(91)	909	(5,300)	(2,492)
Deferred taxation	(300,665)	109,075	(241,540)	216,371
	<u>33,721</u>	<u>184,245</u>	<u>263,388</u>	<u>468,799</u>

The effective tax rate of the Group for the current quarter of 11% is lower than the prevailing Malaysian statutory tax rate of 24%. This lower effective tax rate is predominantly driven by the real property gain tax rate ("RPGT") applied to the fair value gain on investment properties of RM164.8 million instead of the corporate tax rate and unrealised foreign currency translation loss of RM93.7 million. The Group also recognised deferred tax assets on unused investment tax allowance ("ITA") of RM40.5 million arising from its hospitality and leisure segment, thereby reducing the effective tax rate of the Group. Had the RPGT, unrealised foreign currency translation loss and ITA effects been excluded, the effective tax rate of the Group of 28% would be higher than the statutory tax rate of 24%, which in turn is driven by the higher tax rate in the People's Republic of China.

7) Corporate Proposal

There were no corporate proposals announced but not completed as at the reporting date.

8) Group Borrowings and Debt Securities

Group borrowings and debt securities as at 30 June 2018 are as follows:

	As at 30/06/18 RM'000	As at 30/06/17 RM'000
a) Short term borrowings		
Unsecured		
Denominated in RM	1,246,780	726,308
Denominated in USD (USD17 million) (2017: USD11 million)	78,148	53,848
Denominated in SGD (SGD350 million) (2017: SGD2,222 million)	<u>1,054,392</u>	<u>6,923,837</u>
	<u>2,379,320</u>	<u>7,703,993</u>
b) Long term borrowings		
Unsecured		
Denominated in RM	1,154,846	1,617,754
Denominated in USD (USD396 million) (2017: USD415 million)	1,582,839	1,770,874
Denominated in SGD (SGD2,322 million) (2017: SGD450 million)	<u>6,836,061</u>	<u>1,401,885</u>
	<u>9,573,746</u>	<u>4,790,513</u>
Total borrowings	<u>11,953,066</u>	<u>12,494,506</u>



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9) Derivative Financial Instruments

(i) Details of derivative financial instrument outstanding as at 30 June 2018 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	75,000	(7,358)
- one year to three years	200,000	(12,032)
- more than three years	-	-
	275,000	(19,390)
Interest rate swap		
- less than one year	-	6,529
- one year to three years	286,338	12,129
- more than three years	572,762	1,468
	859,100	20,126

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 June 2018, the Group has recognised net derivative financial assets of RM0.7 million in respect of a cross currency interest rate swap and an interest rate swap, with the corresponding fair value gains of RM19.0 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) Notes to the Condensed Consolidated Statement of Comprehensive Income

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

	CURRENT YEAR QUARTER (30/06/18) RM'000	CURRENT YEAR TO DATE (30/06/18) RM'000
Fair value gain on investment properties	(164,789)	(164,789)
Interest income	(15,641)	(52,440)
Impairment losses on receivables written back	(359)	(582)
Unrealised foreign currency translation (gain)/loss	93,670	(37,672)
Realised foreign currency translation (gain)/loss	(3,770)	12,009
Depreciation and amortisation	10,708	38,938
Impairment losses on receivables	153	796

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.

12) Material Litigation

There is no pending material litigation as at the date of this announcement.

13) Dividends

The Board declared an interim single tier dividend of 5.0 sen per ordinary share in respect of the financial year ended 30 June 2018 which is not taxable in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act, 1967.

The dividend will be payable on 28 September 2018 to shareholders whose names appear in the Record Depositors and Register of Members of the Company at the close of business on 18 September 2018.

A Depositor shall qualify for entitlement only in respect of:

- a) Shares transferred into the Depositor's Securities Account before 4.00p.m. on 18 September 2018 in respect of transfers;
- b) Shares deposited into the Depositor's Securities Account before 12.30p.m. on 13 September 2018 (in respect of shares which are exempted from mandatory deposit); and
- c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

The total dividend declared todate for the current financial year is a single tier dividend of 5.0 sen (30 June 2017: 6.0 sen) per ordinary share.



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14) Earnings per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT	PRECEDING YEAR
	QUARTER	CORRESPONDING	YEAR TO	CORRESPONDING
	QUARTER	QUARTER	DATE	PERIOD
	RM'000	RM'000	RM'000	RM'000
a) Basic earnings per share				
Net profit for the period	264,993	336,636	783,631	920,870
Weighted average number of ordinary shares in issue ('000)	5,506,145	5,811,834	5,506,145	4,694,949
Adjusted for bonus elements of rights issue ('000) (Restated)*	-	-	-	304,991
Adjusted weighted average number of ordinary shares in issue ('000) (Restated)*	5,506,145	5,811,834	5,506,145	4,999,940
Basic earnings per share (sen)	4.81	5.79	14.23	18.42
b) Diluted earnings per share				
Net profit for the period	264,993	336,636	783,631	920,870
Weighted average number of ordinary shares in issue ('000)	5,506,145	5,812,381	5,506,145	4,694,949
Adjustment for share options granted to employees of the Group ('000)	-	-	-	319
Adjusted for bonus elements of rights issue ('000) (Restated)*	-	-	-	305,043
Adjusted weighted average number of ordinary shares in issue ('000) (Restated)*	5,506,145	5,812,381	5,506,145	5,000,311
Diluted earnings per share (sen)	4.81	5.79	14.23	18.42

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

15) Audit Qualification

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

By Order of the Board

Felicia Chang Mei Yee
Chee Ban Tuck
 Company Secretaries

Putrajaya
 27 August 2018