



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

Quarterly Financial Report For The Financial Period Ended 30 September 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 RESTATED	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD RESTATED
	30/09/18	30/09/17	30/09/18	30/09/17
	RM'000	RM'000	RM'000	RM'000
Revenue	560,062	882,767	560,062	882,767
Cost of sales	(261,029)	(507,251)	(261,029)	(507,251)
Gross profit	299,033	375,516	299,033	375,516
Other operating income	21,737	60,856	21,737	60,856
Marketing and selling expenses	(17,321)	(12,427)	(17,321)	(12,427)
Administration expenses	(44,305)	(44,900)	(44,305)	(44,900)
Other operating expenses	(81,126)	(32,422)	(81,126)	(32,422)
Operating profit	178,018	346,623	178,018	346,623
Share of result of an associate	399	916	399	916
Share of results of joint ventures	6,600	11,231	6,600	11,231
Profit before interest and taxation	185,017	358,770	185,017	358,770
Interest income	17,137	12,792	17,137	12,792
Profit before taxation	202,154	371,562	202,154	371,562
Taxation	(89,110)	(118,340)	(89,110)	(118,340)
Profit for the period	113,044	253,222	113,044	253,222
Attributable to:				
Owners of the parent	111,958	245,104	111,958	245,104
Non-controlling interests	1,086	8,118	1,086	8,118
	113,044	253,222	113,044	253,222
Earnings per share for profit attributable to owners of the parent (sen)				
Basic	2.03	4.45	2.03	4.45
Diluted	2.03	4.45	2.03	4.45

(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 2018 and the accompanying explanatory notes attached to this quarterly financial report.)



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Quarterly Financial Report For The Financial Period Ended 30 September 2018

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Condensed Consolidated Statement of Other Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER RESTATED	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD RESTATED
	30/09/18	30/09/17	30/09/18	30/09/17
	RM'000	RM'000	RM'000	RM'000
Profit for the period	113,044	253,222	113,044	253,222
Other comprehensive income that will be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations, net of tax	131,388	95	131,388	95
Net change in cash flow hedge reserve	4,712	6,131	4,712	6,131
Other comprehensive income for the period, net of tax	136,100	6,226	136,100	6,226
Total comprehensive income for the period	249,144	259,448	249,144	259,448
Total comprehensive income attributable to:				
Owners of the parent	247,799	251,330	247,799	251,330
Non-controlling interests	1,345	8,118	1,345	8,118
	249,144	259,448	249,144	259,448

(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 2018 and the accompanying explanatory notes attached to this quarterly financial report.)



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Condensed Consolidated Statement of Financial Position

	As at 30/09/18 RM'000	As at 30/06/18 RM'000 Restated	As at 01/07/17 RM'000 Restated
ASSETS			
Non-current assets			
Property, plant & equipment	1,162,590	1,167,505	1,137,912
Prepaid lease payments	57,023	58,394	62,758
Land held for property development	4,521,732	4,508,568	4,560,892
Investment properties	13,225,503	12,891,488	12,804,095
Goodwill on consolidation	11,472	11,472	11,472
Investment in an associate	97,707	97,308	94,115
Interests in joint ventures	5,085,369	4,951,641	5,125,574
Derivative financial assets	13,474	13,597	4,551
Deferred tax assets	149,090	145,970	106,741
	24,323,960	23,845,943	23,908,110
Current assets			
Property development costs	3,551,815	3,467,800	4,032,642
Inventories	2,001,137	2,106,832	1,835,521
Derivative financial assets	7,974	6,529	-
Trade and other receivables	290,099	280,163	645,780
Contract assets	188,851	286,331	728,990
Amount due from joint venture	-	107	-
Current tax assets	42,434	42,013	91,090
Other investments	-	-	6,329
Short term funds	271,320	298,122	282,515
Deposits with financial institutions	1,296,054	1,837,610	1,405,299
Cash and bank balances	817,255	547,588	688,419
	8,466,939	8,873,095	9,716,585
TOTAL ASSETS	32,790,899	32,719,038	33,624,695

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Condensed Consolidated Statement of Financial Position

	As at 30/09/18 RM'000	As at 30/06/18 RM'000 Restated	As at 01/07/17 RM'000 Restated
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	18,514,233	18,514,233	18,514,233
Other reserves	(224,753)	(360,594)	13,119
Retained earnings	8,437,401	8,600,655	8,175,548
Reorganisation debit balance	(8,440,152)	(8,440,152)	(8,440,152)
	18,286,729	18,314,142	18,262,748
Non-controlling interests	165,264	166,603	260,655
Total equity	18,451,993	18,480,745	18,523,403
Non-current liabilities			
Borrowings	10,616,523	9,573,746	4,790,513
Derivative financial liabilities	7,344	12,032	-
Trade and other payables	43,605	40,395	25,760
Amounts due to non-controlling interests	1,020	9,934	17,671
Deferred tax liabilities	846,324	811,086	1,052,107
	11,514,816	10,447,193	5,886,051
Current liabilities			
Borrowings	1,414,697	2,379,320	7,703,993
Derivative financial liabilities	5,091	7,358	9,448
Trade and other payables	1,047,372	1,110,858	1,252,624
Contract liabilities	156,769	112,784	162,509
Current tax liabilities	200,161	180,780	86,667
	2,824,090	3,791,100	9,215,241
Total liabilities	14,338,906	14,238,293	15,101,292
TOTAL EQUITY AND LIABILITIES	32,790,899	32,719,038	33,624,695
Net assets per share attributable to owners of the parent (RM)	3.32	3.33	3.32

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to this quarterly financial report.)

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IOI PROPERTIES**Quarterly Financial Report For The Financial Period Ended 30 September 2018**

(The figures have not been audited)

Condensed Consolidated Statement of Cash Flows

	3 Months Ended 30/09/18 RM'000	3 Months Ended 30/09/17 RM'000 Restated
Operating Activities		
Profit before taxation	202,154	371,562
Adjustments for:		
Unrealised foreign currency translation loss/(gain)	55,111	(54,693)
Depreciation and amortisation	9,964	9,692
Share of results of joint ventures	(6,600)	(11,231)
Interest income	(17,137)	(12,792)
Other non-cash items	(459)	(877)
Operating profit before working capital changes	<u>243,033</u>	301,661
Decrease in inventories	106,432	259,941
Decrease in receivables and other assets	32,450	3,074
Decrease in payables and other liabilities	(1,016)	(60,306)
Cash generated from operations	<u>380,897</u>	504,370
Tax paid	(36,958)	(84,528)
Tax refunded	1,360	128
Net cash inflow from operating activities	<u>345,299</u>	<u>419,970</u>
Investing Activities		
Interest received	14,929	10,330
Repayment from a joint venture	1,497	2,957
Proceeds from disposal of land from compulsory acquisition	40	-
Proceeds from disposal of property, plant and equipment	6	61
Additions to property, plant and equipment	(4,337)	(7,897)
Advances to joint ventures	(11,444)	(39,756)
Additions to land held for property development	(21,536)	(22,618)
Additions to investment properties	(94,155)	(29,227)
Additions to other investments	-	(72,902)
Net cash outflow from investing activities	<u>(115,000)</u>	<u>(159,052)</u>
Financing Activities		
Additional investment in a subsidiary	(58)	(16)
Dividend paid to non-controlling interests	(11,531)	(375)
Interest paid	(107,422)	(80,960)
Net (repayment)/drawdown of borrowings	(138,525)	210,000
Dividend paid	(275,307)	(330,369)
Banking facilities fees paid	-	(881)
Repayment to non-controlling interests	-	(8,782)
Net cash outflow from financing activities	<u>(532,843)</u>	<u>(211,383)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(302,544)</u>	49,535
Cash and cash equivalents at beginning of financial period	<u>2,683,320</u>	<u>2,376,233</u>
Effect of exchange rate changes	<u>3,853</u>	<u>(67)</u>
Cash and cash equivalents at beginning of financial period	<u>2,687,173</u>	<u>2,376,166</u>
Cash and cash equivalents at end of financial period	<u>2,384,629</u>	<u>2,425,701</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 2018 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	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 2018	18,514,233	875,335	14,200	15,604	(8,440,152)	7,330,986	18,310,206	166,598	18,476,804
Effects of adoption of the MFRS Framework	-	(1,265,733)	-	-	-	1,269,669	3,936	5	3,941
As at 1 July 2018 (restated)	18,514,233	(390,398)	14,200	15,604	(8,440,152)	8,600,655	18,314,142	166,603	18,480,745
Profit for the financial period	-	-	-	-	-	111,958	111,958	1,086	113,044
Exchange differences on translation of foreign operations, net of tax	-	131,129	-	-	-	-	131,129	259	131,388
Net change in cash flow hedge reserve	-	-	4,712	-	-	-	4,712	-	4,712
Total comprehensive income	-	131,129	4,712	-	-	111,958	247,799	1,345	249,144
Transactions with owners									
Issuance of preference shares to non-controlling interests in a subsidiary	-	-	-	-	-	-	-	9,000	9,000
Changes in equity interests in a subsidiary	-	-	-	-	-	95	95	(153)	(58)
Dividend paid	-	-	-	-	-	(275,307)	(275,307)	-	(275,307)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(11,531)	(11,531)
As at 30 September 2018	18,514,233	(259,269)	18,912	15,604	(8,440,152)	8,437,401	18,286,729	165,264	18,451,993
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
Effects of adoption of the MFRS Framework	-	(1,264,878)	-	-	-	1,299,665	34,787	40	34,827
As at 1 July 2017 (restated)	18,514,233	808	(4,830)	17,141	(8,440,152)	8,175,548	18,262,748	260,655	18,523,403
Profit for the financial period	-	-	-	-	-	753,635	753,635	24,478	778,113
Exchange differences on translation of foreign operations, net of tax	-	(391,206)	-	-	-	-	(391,206)	(4,192)	(395,398)
Net change in cash flow hedge reserve	-	-	19,030	-	-	-	19,030	-	19,030
Total comprehensive income	-	(391,206)	19,030	-	-	753,635	381,459	20,286	401,745
Transactions with owners									
Issuance of preference shares to non-controlling interests in a subsidiary	-	-	-	-	-	-	-	3,600	3,600
Employee share options lapsed	-	-	-	(1,537)	-	1,537	-	-	-
Changes in equity interests in a subsidiary	-	-	-	-	-	304	304	(480)	(176)
Dividend paid	-	-	-	-	-	(330,369)	(330,369)	-	(330,369)
Capital repayment to non-controlling interests in a subsidiary	-	-	-	-	-	-	-	(61,906)	(61,906)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(55,552)	(55,552)
As at 30 June 2018	18,514,233	(390,398)	14,200	15,604	(8,440,152)	8,600,655	18,314,142	166,603	18,480,745

(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 2018 and the accompanying notes attached to this quarterly financial report.)



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Explanatory Notes

a) Basis of Preparation

The quarterly financial report of the IOIPG Group is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 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 2018. 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 2018.

b) Changes in Accounting Policies

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the annual audited financial statements for the financial year ended 30 June 2018, except for the effects arising from the transition from Financial Reporting Standards ("FRS") to MFRSs, which are disclosed below.

The quarterly financial statements of the Group for the 3 months period ended 30 September 2018 is the first set of interim financial statements prepared in accordance with MFRS frameworks and MFRS 1: First-time Adoption of Malaysian Financial Standards has been applied. The MFRS framework is effective for the Group from 1 July 2018 and the date of transition to the MFRS framework for the purpose of preparation of the MFRS compliant interim financial report is 1 July 2017.

In conjunction to the adoption of the MFRS Framework above, the Group has elected to reset the exchange reserves as at 1 July 2017 to zero and transfer the exchange reserves to retained earnings permissible under MFRS 1. The Group has also reassessed the current accounting policies and elected to change its accounting policy on measurement of the Group's investment properties under construction from the fair value model to cost model. The Group has elected to use the previous fair value as deemed cost under MFRS. Accordingly, the carrying amounts of these investment properties under construction as at 1 July 2017 have not been restated. Except for this change in accounting policy, the Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 July 2017 and throughout all comparable interim periods presented, as if these policies had always been in effect. Comparative information in this interim financial statements have been restated to give effect to the above changes.

MFRS 9 Financial Instruments

MFRS 9 replaces MFRS 139 and introduces new requirements for classification and measurement of financial assets and financial liabilities, impairment and hedge accounting. MFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

Retrospective application is required but restatement of comparative information is not compulsory. The Group has applied this standard for financial year beginning on 1 July 2018 where no restatement of comparatives was made. The key affect of the adoption of this standard on the Group would be assessment of impairment loss of financial assets. MFRS 9 introduces an expected credit loss ("ECL") model on impairment that replaces the incurred loss impairment model used in FRS 139. The ECL model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The initial application of the new ECL model does not have any significant impact on the financial statements of the Group.



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Explanatory Notes

b) Changes in Accounting Policies (continued)

MFRS 15: Revenue from Contracts with Customers

The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group has adopted MFRS 15 using the full retrospective method and the key affected areas as a results of adopting this standard on the property development activities of the Group are as follows:-

i) Multiple promises from the sale of development properties

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. Under FRS regime, the Group accounts for bundled sales as one deliverable and recognises revenue over time. Under MFRS 15, revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. The sale of development properties and the multiple promises are separate deliverables of bundled sales. The transaction price will be allocated to each performance obligation based on standalone selling prices. If these are not directly observable, they are estimated based on expected cost plus margin.

ii) Cost incurred in securing a contract

Under FRS regime, the Group expensed off all costs incurred to secure the contract, such as sales commissions and free legal fees as these costs do not qualify for recognition as an asset under any of the other FRS standards. However, all the cost to secure contracts and are expected to be recovered through the goods and services to be provided. Accordingly, under MFRS 15, these costs will be eligible for capitalisation and recognised as contract cost assets. The contract cost assets will be amortised based on a systematic basis that is consistent with the transfer to the customer of the goods and services to which the asset relates.

iii) Recognition of provision for foreseeable losses for low cost housing

The Group recognised upfront the provision for foreseeable losses for anticipated losses to be incurred on the development of involuntary low cost housing as required by approving authorities in accordance to FRSIC Consensus 17: Development of Affordable Housing ("FRSIC 17") issued by Malaysian Institute of Accountants ("MIA").

MFRS 15 requires the accounting to be done on a contract basis. Pursuant to the clarification on the use of FRSIC 17 on 17 March 2018, it stated that FRSIC 17 is no longer relevant upon the adoption of MFRS framework. The Group is required to reassess the recognition of foreseeable losses, if any, on the development of low cost housing under the MFRS framework.

iv) Presentation and disclosure

The notes to the financial statements for the financial year ending 30 June 2019 will be expanded to include additional disclosure on significant judgements and accounting estimates made. Thing amongst others, determining the transaction prices of those contracts that include variable consideration, transaction price allocation to each performance obligation, and the assumptions made to estimate the stand-alone selling prices of each performance obligation. MFRS 15 also requires revenue recognised to be disaggregated into categories that depict the nature, amount, timing and uncertainty of revenue and cashflows.

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Explanatory Notes**b) Changes in Accounting Policies (continued)**

As a result, the following comparatives in the interim financial report have been restated.

i. Impact on condensed consolidated financial statement as at 1 July 2017 (date of transition):

	Audited as at 1/07/2017 RM'000	Effect on adoption of MFRS RM'000	Restated as at 1/07/2017 RM'000
Condensed consolidated statement of financial position			
Assets			
Interests in joint ventures	5,126,081	(507)	5,125,574
Deferred tax assets	106,454	287	106,741
Property development costs	4,014,666	17,976	4,032,642
Trade and other receivables	1,395,573	(749,793)	645,780
Contract assets	-	728,990	728,990
Liabilities			
Deferred tax liabilities	1,021,915	30,192	1,052,107
Trade and other payables	1,483,199	(230,575)	1,252,624
Contract liabilities	-	162,509	162,509
Equity			
Other reserves	1,277,997	(1,264,878)	13,119
Retained earnings	6,875,883	1,299,665	8,175,548
Non-controlling interests	260,615	40	260,655

ii. Impact on condensed consolidated financial statement as at 30 June 2018:

	Audited as at 30/06/2018 RM'000	Effect on adoption of MFRS RM'000	Restated as at 30/06/2018 RM'000
Condensed consolidated statement of financial position			
Assets			
Investment properties	12,895,582	(4,094)	12,891,488
Interests in joint ventures	4,951,803	(162)	4,951,641
Deferred tax assets	144,537	1,433	145,970
Property development costs	3,434,348	33,452	3,467,800
Trade and other receivables	574,037	(293,874)	280,163
Contract assets	-	286,331	286,331
Liabilities			
Deferred tax liabilities	806,356	4,730	811,086
Trade and other payables	1,209,227	(98,369)	1,110,858
Contract liabilities	-	112,784	112,784
Equity			
Other reserves	905,139	(1,265,733)	(360,594)
Retained earnings	7,330,986	1,269,669	8,600,655
Non-controlling interests	166,598	5	166,603

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Explanatory Notes**b) Changes in Accounting Policies (continued)****iii. Impact on condensed consolidated income statement for the 3 months period ended 30 September 2017:**

	As previously reported 30/09/2017 RM'000	Effect on adoption of MFRS RM'000	Restated as at 30/09/2017 RM'000
Revenue	869,979	12,788	882,767
Cost of sales	(496,228)	(11,023)	(507,251)
Marketing and selling expenses	(28,295)	15,868	(12,427)
Share of results of joint ventures	11,427	(196)	11,231
Taxation	(103,154)	(15,186)	(118,340)
Non-controlling interests	(8,119)	1	(8,118)
Net impact on profit or loss attributable to owners of the parent	<u>242,852</u>	<u>2,252</u>	<u>245,104</u>

iv. Impact on condensed consolidated statement of comprehensive income for the 3 months period ended 30 September 2017:

	As previously reported 30/09/2017 RM'000	Effect on adoption of MFRS RM'000	Restated as at 30/09/2017 RM'000
Other comprehensive income that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations, net of tax	(26,504)	26,599	95
Net impact on total comprehensive income attributable to owners of the parent	<u>222,600</u>	<u>28,730</u>	<u>251,330</u>

v. Impact on condensed consolidated statement of cash flows for the 3 months period ended 30 September 2017 and the impact on basic EPS:

There is no material impact on the consolidated statement of cash flows for the 3 months period ended 30 September 2017. The impact on basic EPS is as follows:

	Increase
Earnings per ordinary share attributable to owners of the parent:	
- Basic (sen)	<u>0.04</u>

c) Seasonal or Cyclical Factors

There were no significant seasonal or cyclical factors that affect the business of the Group for the quarter under review.

d) Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income and cash flows for the quarter under review.



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Explanatory Notes

e) 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.

f) 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 2018.

g) Dividend Paid

	CURRENT YEAR TO DATE RM'000	PRECEDING YEAR CORRESPONDING PERIOD RM'000
Interim single tier dividend of 5 sen per ordinary share in respect of financial year ended 30 June 2018, paid on 28 September 2018	275,307	-
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
	275,307	330,369



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Explanatory Notes

h) Segment Revenue & Results

(RM'000)	Property Development	Property Investment	Hospitality & Leisure	Other Operations	Elimination	Consolidated
<u>3 Months Ended 30/09/18</u>						
REVENUE						
External	422,819	84,977	49,328	2,938	-	560,062
Inter-segment	-	960	192	32,138	(33,290)	-
Total revenue	<u>422,819</u>	<u>85,937</u>	<u>49,520</u>	<u>35,076</u>	<u>(33,290)</u>	<u>560,062</u>
RESULT						
Segment operating profit	163,156	50,050	6,566	2,028	-	221,800
Net realised/unrealised foreign currency translation loss	(43,782)	-	-	-	-	(43,782)
Share of result of an associate	399	-	-	-	-	399
Share of results of joint ventures	(977)	9,163	(1,586)	-	-	6,600
Profit before interest and taxation	<u>118,796</u>	<u>59,213</u>	<u>4,980</u>	<u>2,028</u>	-	<u>185,017</u>
Interest income						<u>17,137</u>
Profit before taxation						<u>202,154</u>
Taxation						<u>(89,110)</u>
Profit for the period						<u>113,044</u>
<u>3 Months Ended 30/09/17</u>						
Restated						
REVENUE						
External	754,960	77,059	48,273	2,475	-	882,767
Inter-segment	7,029	464	196	34,349	(42,038)	-
Total revenue	<u>761,989</u>	<u>77,523</u>	<u>48,469</u>	<u>36,824</u>	<u>(42,038)</u>	<u>882,767</u>
RESULT						
Segment operating profit	242,288	49,372	7,488	1,941	-	301,089
Net realised/unrealised foreign currency translation gain	45,534	-	-	-	-	45,534
Share of result of an associate	916	-	-	-	-	916
Share of results of joint ventures	(978)	12,376	(167)	-	-	11,231
Profit before interest and taxation	<u>287,760</u>	<u>61,748</u>	<u>7,321</u>	<u>1,941</u>	-	<u>358,770</u>
Interest income						<u>12,792</u>
Profit before taxation						<u>371,562</u>
Taxation						<u>(118,340)</u>
Profit for the period						<u>253,222</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

i) Material Events Subsequent to the End of Financial Period

The were no material events subsequent to the end of the financial period.

j) Changes in the Composition of the Group

Palmy Max Limited, an indirect subsidiary of the Company, has on 19 September 2018 received a business license for the incorporation of its wholly-owned subsidiary known as IOI (Xiamen) Business Management Co., Ltd. ("IOIXB") in Xiamen, the People's Republic of China. IOIXB was incorporated on 12 September 2018 with a total registered capital of RMB80.0 million and is currently dormant.

k) Contingent Liabilities

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

l) 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	121,197
Additions of investment properties	308,383
	<hr/>
	510,939
	<hr/>



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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 RM560.1 million and RM202.2 million respectively for the current year quarter, which is RM322.7 million or 37% and RM169.4 million or 46% lower than the corresponding quarter of the preceding year. Lower revenue and profit before taxation in the current quarter are mainly due to lower contribution from property development segment.

Property development

The property development segment recorded revenue and operating profit of RM422.8 million and RM163.2 million respectively in the current year quarter, which is RM332.2 million or 44% and RM79.1 million or 33% respectively lower than the corresponding quarter of the preceding year. Performance of the Group was lower in the current year quarter predominantly due to lower sales from Singapore arising from lesser units remaining for sale in The Triling and lower contribution from the development projects in Malaysia. This is due to lesser progress works from ongoing development projects as the sales are mainly from the completed projects. The above impacts have partly offset by higher contribution from our PRC operations arising from the recent launch of high rise condominium that has achieved high sales take up rate.

Property investment

Revenue and operating profit of RM85.0 million and RM50.0 million respectively for the current year quarter, which is RM7.9 million or 10% and RM0.6 million or 1% higher than the corresponding quarter of the preceding year. 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 lower profit contribution from IOI Puchong Mall due to refit exercise and higher operating expenses incurred for newly completed investment properties.

Hospitality and leisure

Revenue has increased by 2% from RM48.3 million to RM49.3 million, while the operating profit decreased by 12% from RM7.5 million to RM6.6 million. The increase in revenue is mainly contributed by golf course and leisure segments. Higher operating profit in preceding year corresponding period is due to higher occupancy rate from hotel segment arising from Southeast Asian Games.

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 RM246.0 million (after excluding foreign currency translation loss of RM43.8 million) for the current year quarter, which is RM33.5 million or 16% higher than the immediate preceding quarter of RM212.5 million (after excluding fair value gain on investment properties of RM164.8 million and foreign currency translation loss of RM89.9 million). Higher profit before taxation recorded in the current year quarter was mainly due to higher profit contribution from development projects in PRC.



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3) Prospects

Despite uncertainties in the global environment arising from the burgeoning trade conflict, volatility in global financial markets and oil prices, our recent launch of high-rise residential development in IOI Palm City, Xiamen worth approximately RMB650 million received strong take up rates, contributing positively to the results of the Group. Sustained development in Mainland China is anticipated to contribute positively to the results of the Group in the future as the Group proceeds with residential development comprising mid to high rise condominium and town villas in IOI Palm City, Xiamen of approximately RMB4 billion to be launched within the two (2) years.

Although the property market in Malaysia continues to be subdued in the short term, the Group remains cautiously optimistic that demand for properties in strategic locations integrated with good transportation infrastructure and close proximity to amenities will continue to draw prospective buyers. The Group will dynamically adapt its marketing strategies in tandem with domestic developments to address the prevalent affordability gap and to unlock development value in the longer term.

With regard to the property investment segment, the Group will continue to manage its portfolio of investment properties to ensure that these are well occupied to generate steady stream of recurring income for the Group.

With the sizeable land bank of the Group in strategic locations both in Malaysia and overseas, coupled with strong track record in delivering, the Group is well-positioned to adapt to market conditions domestically and abroad. Barring any unforeseen circumstances, the Group is expected to continue to deliver satisfactory performance in the coming quarters.

4) Achievability of Forecast Results

Not applicable.

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

Not applicable.

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Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements**6) Taxation**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER RESTATED	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD RESTATED
	RM'000	RM'000	RM'000	RM'000
The tax expense comprises the following:				
Current taxation				
-Current year	53,386	48,366	53,386	48,366
-Prior year	150	1,333	150	1,333
Deferred taxation	35,574	68,641	35,574	68,641
	89,110	118,340	89,110	118,340

The effective tax rate of the Group for the current year quarter of 44% is higher than the prevailing Malaysian statutory tax rate of 24%. This higher effective tax rate is driven by the higher tax rate in the People's Republic of China.

7) Corporate Proposal

There were no outstanding corporate proposal for the current quarter under review.

8) Group Borrowings and Debt Securities

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

	As at 30/09/18	As at 30/06/18
	RM'000	RM'000
a) Short term borrowings		
Unsecured		
Denominated in RM	1,025,053	1,246,780
Denominated in USD (USD17 million) (2018: USD17 million)	78,564	78,148
Denominated in SGD (SGD100 million) (2018: SGD350 million)	311,080	1,054,392
	1,414,697	2,379,320
b) Long term borrowings		
Unsecured		
Denominated in RM	1,991,941	1,154,846
Denominated in USD (USD396 million) (2018: USD396 million)	1,618,138	1,582,839
Denominated in SGD (SGD2,322 million) (2018: SGD2,322 million)	7,006,444	6,836,061
	10,616,523	9,573,746
Total borrowings	12,031,220	11,953,066



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

9) Derivative Financial Instruments

- (i) Details of derivative financial instrument outstanding as at 30 September 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	(5,091)
- one year to three years	<u>200,000</u>	<u>(7,344)</u>
	<u>275,000</u>	<u>(12,435)</u>
Interest rate swap		
- less than one year	-	7,974
- one year to three years	552,545	12,620
- more than three years	<u>276,355</u>	<u>854</u>
	<u>828,900</u>	<u>21,448</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 2018 in respect of the accounting policies.



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

10) Fair Value Changes of Financial Assets

As at 30 September 2018, the Group has recognised derivative financial liabilities of RM12.4 million in respect of a cross currency interest rate swap and derivative financial asset of RM21.4 million in respect of an interest rate swap, with the corresponding fair value gains of RM4.7 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 abovementioned derivatives 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 (30/09/18) RM'000	CURRENT YEAR TO DATE (30/09/18) RM'000
Interest income	(17,137)	(17,137)
Impairment losses on receivables written back	(87)	(87)
Realised foreign currency translation gain	(11,329)	(11,329)
Unrealised foreign currency translation loss	55,111	55,111
Depreciation and amortisation	9,964	9,964
Impairment losses on receivables	21	21

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

On 27 August 2018, the Directors have declared an interim single tier dividend of 5.0 sen per ordinary share, amounting to RM275,307,000 in respect of the financial year ended 30 June 2018. The dividend was paid on 28 September 2018 to shareholders whose names appeared in the Record of Depositors and Register of Members of the Company at the close of business on 18 September 2018.



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(The figures have not been audited)

14) Earnings per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER RESTATED	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD RESTATED
	RM'000	RM'000	RM'000	RM'000
a) Basic earnings per share				
Net profit for the period	111,958	245,104	111,958	245,104
Weighted average number of ordinary shares in issue ('000)	5,506,145	5,506,145	5,506,145	5,506,145
Basic earnings per share (sen)	2.03	4.45	2.03	4.45
b) Diluted earnings per share				
Net profit for the period	111,958	245,104	111,958	245,104
Weighted average number of ordinary shares in issue ('000)	5,506,145	5,506,145	5,506,145	5,506,145
Adjustment for share options granted to employees of the Group ('000)	-	562	-	562
Adjusted weighted average number of ordinary shares in issue ('000)	5,506,145	5,506,707	5,506,145	5,506,707
Diluted earnings per share (sen)	2.03	4.45	2.03	4.45

15) Audit Qualification

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

By Order of the Board

Chang Mei Yee
Chee Ban Tuck
Company Secretaries

Putrajaya
23 November 2018