



**IOI PROPERTIES**

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

(Incorporated in Malaysia)

**Quarterly Financial Report For The Financial Period Ended 31 December 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
	31/12/18	31/12/17	31/12/18	31/12/17
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	666,150	695,407	1,226,212	1,578,174
Cost of sales	(304,129)	(415,147)	(565,158)	(922,398)
<b>Gross profit</b>	362,021	280,260	661,054	655,776
Other operating income	26,508	34,821	48,245	95,677
Marketing and selling expenses	(17,312)	(12,916)	(34,633)	(25,343)
Administration expenses	(45,951)	(54,735)	(90,256)	(99,635)
Other operating expenses	(26,464)	(30,993)	(107,590)	(63,415)
<b>Operating profit</b>	298,802	216,437	476,820	563,060
Share of result of an associate	193	731	592	1,647
Share of results of joint ventures	38,358	(70,198)	44,958	(58,967)
<b>Profit before interest and taxation</b>	337,353	146,970	522,370	505,740
Interest income	17,659	12,563	34,796	25,355
<b>Profit before taxation</b>	355,012	159,533	557,166	531,095
Taxation	(140,430)	(57,034)	(229,540)	(175,374)
<b>Profit for the period</b>	214,582	102,499	327,626	355,721
Attributable to:				
Owners of the parent	214,864	97,451	326,822	342,555
Non-controlling interests	(282)	5,048	804	13,166
	214,582	102,499	327,626	355,721
<b>Earnings per share for profit attributable to owners of the parent (sen)</b>				
Basic	3.90	1.77	5.94	6.22
Diluted	3.90	1.77	5.94	6.22

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



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(Incorporated in Malaysia)

**Quarterly Financial Report For The Financial Period Ended 31 December 2018**

(The figures have not been audited)

**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
	31/12/18	31/12/17	31/12/18	31/12/17
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	<b>214,582</b>	<b>102,499</b>	<b>327,626</b>	<b>355,721</b>
<b>Other comprehensive income that will be reclassified subsequently to profit or loss</b>				
Exchange differences on translation of foreign operations, net of tax	8,610	(738)	139,998	(643)
Net change in cash flow hedge reserve	(32,971)	20,794	(28,259)	26,925
<b>Other comprehensive income for the period, net of tax</b>	<b>(24,361)</b>	<b>20,056</b>	<b>111,739</b>	<b>26,282</b>
<b>Total comprehensive income for the period</b>	<b>190,221</b>	<b>122,555</b>	<b>439,365</b>	<b>382,003</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	190,483	117,508	438,282	368,838
Non-controlling interests	(262)	5,047	1,083	13,165
	<b>190,221</b>	<b>122,555</b>	<b>439,365</b>	<b>382,003</b>

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



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**Quarterly Financial Report For The Financial Period Ended 31 December 2018**

(The figures have not been audited)

**Condensed Consolidated Statement of Financial Position**

	As at 31/12/18 RM'000	As at 30/06/18 RM'000 Restated	As at 01/07/17 RM'000 Restated
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment	1,167,037	1,167,505	1,137,912
Prepaid lease payments	56,595	58,394	62,758
Land held for property development	4,541,633	4,508,568	4,560,892
Investment properties	13,277,838	12,891,488	12,804,095
Goodwill on consolidation	11,472	11,472	11,472
Investment in an associate	97,900	97,308	94,115
Interests in joint ventures	5,129,070	4,951,641	5,125,574
Derivative financial assets	6,092	13,597	4,551
Deferred tax assets	153,497	145,970	106,741
	<b>24,441,134</b>	<b>23,845,943</b>	<b>23,908,110</b>
<b>Current assets</b>			
Property development costs	3,632,185	3,467,800	4,032,642
Inventories	1,999,839	2,106,832	1,835,521
Derivative financial assets	7,999	6,529	-
Trade and other receivables	324,809	280,163	645,780
Contract assets	226,544	286,331	728,990
Amount due from joint venture	-	107	-
Current tax assets	42,589	42,013	91,090
Other investments	-	-	6,329
Short term funds	794,576	298,122	282,515
Deposits with financial institutions	947,818	1,837,610	1,405,299
Cash and bank balances	730,714	547,588	688,419
	<b>8,707,073</b>	<b>8,873,095</b>	<b>9,716,585</b>
<b>TOTAL ASSETS</b>	<b>33,148,207</b>	<b>32,719,038</b>	<b>33,624,695</b>

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

(Incorporated in Malaysia)

**IOI PROPERTIES****Quarterly Financial Report For The Financial Period Ended 31 December 2018**

(The figures have not been audited)

**Condensed Consolidated Statement of Financial Position**

	As at 31/12/18 RM'000	As at 30/06/18 RM'000 Restated	As at 01/07/17 RM'000 Restated
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	18,514,233	18,514,233	18,514,233
Other reserves	(249,134)	(360,594)	13,119
Retained earnings	8,652,265	8,600,655	8,175,548
Reorganisation debit balance	(8,440,152)	(8,440,152)	(8,440,152)
	<b>18,477,212</b>	<b>18,314,142</b>	<b>18,262,748</b>
<b>Non-controlling interests</b>	<b>161,994</b>	<b>166,603</b>	<b>260,655</b>
<b>Total equity</b>	<b>18,639,206</b>	<b>18,480,745</b>	<b>18,523,403</b>
<b>Non-current liabilities</b>			
Borrowings	10,437,831	9,573,746	4,790,513
Derivative financial liabilities	25,826	12,032	-
Trade and other payables	42,361	40,395	25,760
Amounts due to non-controlling interests	1,154	9,934	17,671
Deferred tax liabilities	861,677	811,086	1,052,107
	<b>11,368,849</b>	<b>10,447,193</b>	<b>5,886,051</b>
<b>Current liabilities</b>			
Borrowings	1,610,570	2,379,320	7,703,993
Derivative financial liabilities	12,408	7,358	9,448
Trade and other payables	974,922	1,110,858	1,252,624
Contract liabilities	319,869	112,784	162,509
Current tax liabilities	222,383	180,780	86,667
	<b>3,140,152</b>	<b>3,791,100</b>	<b>9,215,241</b>
<b>Total liabilities</b>	<b>14,509,001</b>	<b>14,238,293</b>	<b>15,101,292</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>33,148,207</b>	<b>32,719,038</b>	<b>33,624,695</b>
<b>Net assets per share attributable to owners of the parent (RM)</b>	<b>3.36</b>	<b>3.33</b>	<b>3.32</b>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018 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 2018**

(The figures have not been audited)

**Condensed Consolidated Statement of Cash Flows**

	<b>6 Months Ended 31/12/18 RM'000</b>	<b>6 Months Ended 31/12/17 RM'000 Restated</b>
<b>Operating Activities</b>		
Profit before taxation	557,166	531,095
Adjustments for:		
Unrealised foreign currency translation loss/(gain)	49,781	(78,240)
Depreciation and amortisation	20,199	19,348
Share of results of joint ventures	(44,958)	58,967
Interest income	(34,796)	(25,355)
Other non-cash items	(316)	(1,524)
Operating profit before working capital changes	<u>547,076</u>	504,291
Decrease in inventories	224,506	452,423
(Increase)/Decrease in receivables and other assets	(60,586)	41,991
Increase/(Decrease) in payables and other liabilities	<u>80,735</u>	(211,177)
Cash generated from operations	<u>791,731</u>	787,528
Tax paid	(144,172)	(154,626)
Tax refunded	<u>1,296</u>	128
<b>Net cash inflow from operating activities</b>	<u><b>648,855</b></u>	<u><b>633,030</b></u>
<b>Investing Activities</b>		
Interest received	27,614	20,443
Repayment from a joint venture	3,895	5,009
Proceeds from disposal of property, plant and equipment	67	175
Proceeds from disposal of land from compulsory acquisition	40	-
Additional investments in joint ventures	(11,453)	(74,221)
Additions to property, plant and equipment	(13,291)	(15,720)
Additions to land held for property development	(85,474)	(33,751)
Additions to investment properties	(163,621)	(74,739)
Dividends received from a joint venture	-	9,226
Proceeds from disposal of other investments	-	6,213
<b>Net cash outflow from investing activities</b>	<u><b>(242,223)</b></u>	<u><b>(157,365)</b></u>
<b>Financing Activities</b>		
Additional investment in a subsidiary	(58)	(176)
Banking facilities fees paid	(5,993)	(2,567)
Dividend paid to non-controlling interests	(14,539)	(3,375)
Net repayment of borrowings	(148,525)	(29,450)
Interest paid	(189,726)	(154,318)
Dividend paid	(275,307)	(330,369)
Repayment to non-controlling interests	-	(58,960)
<b>Net cash outflow from financing activities</b>	<u><b>(634,148)</b></u>	<u><b>(579,215)</b></u>
<b>Net decrease in cash and cash equivalents</b>	<u><b>(227,516)</b></u>	<u><b>(103,550)</b></u>
<b>Cash and cash equivalents at beginning of financial period</b>	<u><b>2,683,320</b></u>	<u><b>2,376,233</b></u>
<b>Effect of exchange rate changes</b>	<u><b>17,304</b></u>	<u><b>(37,881)</b></u>
<b>Cash and cash equivalents at end of financial period</b>	<u><b>2,473,108</b></u>	<u><b>2,234,802</b></u>

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



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**Quarterly Financial Report For The Financial Period Ended 31 December 2018**

(The figures have not been audited)

**Condensed Consolidated Statement Of Changes In Equity  
(RM'000)**

	-----Other reserves-----					Retained earnings	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
	Share capital	Foreign currency translation reserve	Cash flow hedge reserve	Share-based payment reserve	Reorganisation debit balance				
<b>As at 1 July 2018</b>	<b>18,514,233</b>	<b>875,335</b>	<b>14,200</b>	<b>15,604</b>	<b>(8,440,152)</b>	<b>7,330,986</b>	<b>18,310,206</b>	<b>166,598</b>	<b>18,476,804</b>
Effects of adoption of the MFRS Framework	-	(1,265,733)	-	-	-	1,269,669	3,936	5	3,941
<b>As at 1 July 2018 (restated)</b>	<b>18,514,233</b>	<b>(390,398)</b>	<b>14,200</b>	<b>15,604</b>	<b>(8,440,152)</b>	<b>8,600,655</b>	<b>18,314,142</b>	<b>166,603</b>	<b>18,480,745</b>
Profit for the financial period	-	-	-	-	-	326,822	326,822	804	327,626
Exchange differences on translation of foreign operations, net of tax	-	139,719	-	-	-	-	139,719	279	139,998
Net change in cash flow hedge reserve	-	-	(28,259)	-	-	-	(28,259)	-	(28,259)
<b>Total comprehensive income</b>	<b>-</b>	<b>139,719</b>	<b>(28,259)</b>	<b>-</b>	<b>-</b>	<b>326,822</b>	<b>438,282</b>	<b>1,083</b>	<b>439,365</b>
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	-	-	-	-	-	-	-	(14,539)	(14,539)
<b>As at 31 December 2018</b>	<b>18,514,233</b>	<b>(250,679)</b>	<b>(14,059)</b>	<b>15,604</b>	<b>(8,440,152)</b>	<b>8,652,265</b>	<b>18,477,212</b>	<b>161,994</b>	<b>18,639,206</b>
<b>As at 1 July 2017</b>	<b>18,514,233</b>	<b>1,265,686</b>	<b>(4,830)</b>	<b>17,141</b>	<b>(8,440,152)</b>	<b>6,875,883</b>	<b>18,227,961</b>	<b>260,615</b>	<b>18,488,576</b>
Effects of adoption of the MFRS Framework	-	(1,264,878)	-	-	-	1,299,665	34,787	40	34,827
<b>As at 1 July 2017 (restated)</b>	<b>18,514,233</b>	<b>808</b>	<b>(4,830)</b>	<b>17,141</b>	<b>(8,440,152)</b>	<b>8,175,548</b>	<b>18,262,748</b>	<b>260,655</b>	<b>18,523,403</b>
Profit for the financial period	-	-	-	-	-	342,555	342,555	13,166	355,721
Exchange differences on translation of foreign operations, net of tax	-	(642)	-	-	-	-	(642)	(1)	(643)
Net change in cash flow hedge reserve	-	-	26,925	-	-	-	26,925	-	26,925
<b>Total comprehensive income</b>	<b>-</b>	<b>(642)</b>	<b>26,925</b>	<b>-</b>	<b>-</b>	<b>342,555</b>	<b>368,838</b>	<b>13,165</b>	<b>382,003</b>
Transactions with owners									
Employee share options lapsed	-	-	-	(729)	-	729	-	-	-
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	-	-	-	-	-	-	-	(50,191)	(50,191)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(3,375)	(3,375)
<b>As at 31 December 2017</b>	<b>18,514,233</b>	<b>166</b>	<b>22,095</b>	<b>16,412</b>	<b>(8,440,152)</b>	<b>8,188,767</b>	<b>18,301,521</b>	<b>219,774</b>	<b>18,521,295</b>

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



**IOI PROPERTIES**

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

(Incorporated in Malaysia)

### **Quarterly Financial Report For The Financial Period Ended 31 December 2018**

(The figures have not been audited)

#### **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 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 MFRS 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.



**Quarterly Financial Report For The Financial Period Ended 31 December 2018**

(The figures have not been audited)

**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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(The figures have not been audited)

**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
<b>Condensed consolidated statement of financial position</b>			
<b>Assets</b>			
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
<b>Liabilities</b>			
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
<b>Equity</b>			
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
<b>Condensed consolidated statement of financial position</b>			
<b>Assets</b>			
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
<b>Liabilities</b>			
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
<b>Equity</b>			
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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(Incorporated in Malaysia)

**Quarterly Financial Report For The Financial Period Ended 31 December 2018**

(The figures have not been audited)

**Explanatory Notes**

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

**iii. Impact on condensed consolidated income statement for the 6 months period ended 31 December 2017:**

	<b>As previously reported 31/12/2017 RM'000</b>	<b>Effect on adoption of MFRS RM'000</b>	<b>Restated as at 31/12/2017 RM'000</b>
Revenue	1,577,423	751	1,578,174
Cost of sales	(878,687)	(43,711)	(922,398)
Marketing and selling expenses	(56,323)	30,980	(25,343)
Share of results of joint ventures	(58,505)	(462)	(58,967)
Taxation	(178,368)	2,994	(175,374)
Non-controlling interests	(13,178)	12	(13,166)
Net impact on profit or loss attributable to owners of the parent	<u>351,991</u>	<u>(9,436)</u>	<u>342,555</u>

**iv. Impact on condensed consolidated statement of comprehensive income for the 6 months period ended 31 December 2017:**

	<b>As previously reported 31/12/2017 RM'000</b>	<b>Effect on adoption of MFRS RM'000</b>	<b>Restated as at 31/12/2017 RM'000</b>
<b>Other comprehensive income that will be reclassified subsequently to profit or loss</b>			
Exchange differences on translation of foreign operations, net of tax	(223,844)	223,201	(643)
Net impact on total comprehensive income attributable to owners of the parent	<u>157,731</u>	<u>211,107</u>	<u>368,838</u>

**v. Impact on condensed consolidated statement of cash flows for the 6 months period ended 31 December 2017 and the impact on basic EPS:**

There is no material impact on the consolidated statement of cash flows for the 6 months period ended 31 December 2017. The impact on basic EPS is as follows:

	<b>Decrease</b>
Earnings per ordinary share attributable to owners of the parent:	
- Basic (sen)	<u>0.17</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.



# IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

**IOI PROPERTIES**

## Quarterly Financial Report For The Financial Period Ended 31 December 2018

(The figures have not been audited)

### 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 31 December 2018.

**g) Dividend Paid**

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



IOI PROPERTIES

## IOI PROPERTIES GROUP BERHAD (1035807-A)

### Quarterly Financial Report For The Financial Period Ended 31 December 2018

(The figures have not been audited)

#### Explanatory Notes

#### h) Segment Revenue & Results

(RM'000)	Property Development	Property Investment	Hospitality & leisure	Other Operations	Elimination	Consolidated
<b>i) <u>3 Months Ended 31/12/18</u></b>						
<b>REVENUE</b>						
External	519,211	91,282	53,068	2,589	-	666,150
Inter-segment	-	1,100	215	28,381	(29,696)	-
Total revenue	<u>519,211</u>	<u>92,382</u>	<u>53,283</u>	<u>30,970</u>	<u>(29,696)</u>	<u>666,150</u>
<b>RESULT</b>						
Segment operating profit	222,188	53,699	8,841	1,911	-	286,639
Net realised/unrealised foreign currency translation gain	12,163	-	-	-	-	12,163
Share of result of an associate	193	-	-	-	-	193
Share of results of joint ventures	31,943	9,308	(2,893)	-	-	38,358
Segment results	<u>266,487</u>	<u>63,007</u>	<u>5,948</u>	<u>1,911</u>	<u>-</u>	<u>337,353</u>
Interest income						<u>17,659</u>
Profit before taxation						<u>355,012</u>
Taxation						<u>(140,430)</u>
Profit for the period						<u>214,582</u>

#### 3 Months Ended 31/12/17

#### Restated

<b>REVENUE</b>						
External	557,315	82,041	52,427	3,624	-	695,407
Inter-segment	12,367	429	189	33,293	(46,278)	-
Total revenue	<u>569,682</u>	<u>82,470</u>	<u>52,616</u>	<u>36,917</u>	<u>(46,278)</u>	<u>695,407</u>
<b>RESULT</b>						
Segment operating profit	130,728	48,471	10,506	3,123	-	192,828
Fair value gain on investment properties	-	-	-	-	-	-
Net realised/unrealised foreign currency translation gain	23,609	-	-	-	-	23,609
Share of result of an associate	731	-	-	-	-	731
Share of results of joint ventures	(72,652)	3,787	(1,333)	-	-	(70,198)
Segment results	<u>82,416</u>	<u>52,258</u>	<u>9,173</u>	<u>3,123</u>	<u>-</u>	<u>146,970</u>
Interest income						<u>12,563</u>
Profit before taxation						<u>159,533</u>
Taxation						<u>(57,034)</u>
Profit for the period						<u>102,499</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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**IOI PROPERTIES GROUP BERHAD (1035807-A)**

**Quarterly Financial Report For The Financial Period Ended 31 December 2018**

(The figures have not been audited)

**Explanatory Notes**

**h) Segment Revenue & Results (continued)**

(RM'000)	Property Development	Property Investment	Hospitality & Leisure	Other Operations	Elimination	Consolidated
<b>ii) <u>6 Months Ended 31/12/18</u></b>						
<b>REVENUE</b>						
External	942,030	176,259	102,396	5,527	-	1,226,212
Inter-segment	-	2,060	407	60,519	(62,986)	-
Total revenue	<u>942,030</u>	<u>178,319</u>	<u>102,803</u>	<u>66,046</u>	<u>(62,986)</u>	<u>1,226,212</u>
<b>RESULT</b>						
Segment operating profit	385,344	103,749	15,407	3,939	-	508,439
Net realised/unrealised foreign currency translation loss	(31,619)	-	-	-	-	(31,619)
Share of result of an associate	592	-	-	-	-	592
Share of results of joint ventures	30,966	18,471	(4,479)	-	-	44,958
Profit before interest and taxation	385,283	122,220	10,928	3,939	-	522,370
Interest income						34,796
Profit before taxation						<u>557,166</u>
Taxation						<u>(229,540)</u>
Profit for the period						<u>327,626</u>

**6 Months Ended 31/12/17**

**Restated**

<b>REVENUE</b>						
External	1,312,275	159,100	100,700	6,099	-	1,578,174
Inter-segment	19,396	893	385	67,642	(88,316)	-
Total revenue	<u>1,331,671</u>	<u>159,993</u>	<u>101,085</u>	<u>73,741</u>	<u>(88,316)</u>	<u>1,578,174</u>
<b>RESULT</b>						
Segment operating profit	373,016	97,843	17,994	5,064	-	493,917
Net realised/unrealised foreign currency translation gain	69,143	-	-	-	-	69,143
Share of result of an associate	1,647	-	-	-	-	1,647
Share of results of joint ventures	(73,630)	16,163	(1,500)	-	-	(58,967)
Profit before interest and taxation	370,176	114,006	16,494	5,064	-	505,740
Interest income						25,355
Profit before taxation						<u>531,095</u>
Taxation						<u>(175,374)</u>
Profit for the period						<u>355,721</u>

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



**IOI PROPERTIES**

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

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## **Quarterly Financial Report For The Financial Period Ended 31 December 2018**

(The figures have not been audited)

### **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**

On 17 October 2018, the Company has incorporated a wholly-owned subsidiary, namely IOI Business Hotel Sdn Bhd ("IBH"). IBH was incorporated in Malaysia as a private limited company under the Companies Act, 2016 with 100 ordinary issued shares. IBH's intended principal activity is hotel and hospitality services.

**k) Contingent Liabilities**

There were no material contingent liabilities for the Group as at 31 December 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	<b>RM'000</b>
Additions of land held for property development	81,359
Additions of property, plant and equipment	54,374
Additions of investment properties	314,937
	<hr/>
	<b>450,670</b>



# IOI PROPERTIES GROUP BERHAD (1035807-A)

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IOI PROPERTIES

## Quarterly Financial Report For The Financial Period Ended 31 December 2018

(The figures have not been audited)

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

#### 1) Review of Group's Performance

##### (a) Performance of the current year quarter against the preceding year corresponding quarter

The Group recorded revenue of RM666.2 million for the current quarter, which is RM29.2 million or 4% lower than the preceding year corresponding quarter. The decrease in revenue is mainly due to lower contribution from the property development segment. After excluding foreign currency translation gain of RM12.2 million, the Group recorded profit before taxation ("PBT") of RM342.8 million for the current quarter, which is RM127.2 million or 59% higher than the preceding year corresponding quarter of RM215.6 million (after excluding foreign currency translation gain of RM23.6 million and share of impairment loss in joint venture of RM79.7 million). The increase in PBT is mainly due to higher operating profit contributed from property development in People's Republic of China ("PRC") and higher share of profit in joint ventures arising from the sale of South Beach Residences in Singapore.

##### Property development

The property development segment recorded revenue of RM519.2 million in the current quarter, which is RM38.1 million or 7% lower than the preceding year corresponding quarter. Lower revenue recorded in the current quarter is mainly due to lower progress billing from ongoing projects in Malaysia as the current quarter sales are mainly from the completed projects. The Group's operating profit of RM222.2 million for the current quarter is RM91.5 million or 70% higher than the preceding year corresponding quarter mainly due to higher profit contribution from our development projects in PRC.

##### Property investment

Revenue and operating profit of RM91.3 million and RM53.7 million respectively for the current year quarter, which is RM9.3 million or 11% and RM5.2 million or 11% respectively higher than the preceding year corresponding quarter. Higher financial performance in the current quarter is mainly due to higher occupancy and rental rates secured by the retail and office segments.

##### Hospitality and leisure

Revenue increased by 1% from RM52.4 million to RM53.1 million, while the operating profit decreased by 16% from RM10.5 million to RM8.8 million. The increase in revenue is attributable to higher F&B revenue from the hotel segment due to festive seasons. Lower operating profit for the current quarter arose from the leisure segment.

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

The Group recorded revenue of RM1,226.2 million, which is RM352.0 million or 22% lower than the preceding year corresponding period. This is mainly due to lower sales from Singapore arising from lesser units remaining for sale in The Triling. The Group's PBT of RM588.8 million (after excluding the foreign currency translation loss of RM31.6 million) for the current year to date, which is RM47.1 million or 9% higher than the preceding year corresponding period of RM541.7 million (after excluding the foreign currency translation gain of RM69.1 million and share of impairment loss in joint venture of RM79.7 million). Higher PBT is contributed by our development projects in PRC and higher share of profit in joint ventures arising from the sale of South Beach Residences in Singapore.

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

The Group recorded PBT of RM342.8 million (after excluding foreign currency translation gain of RM12.2 million) for the current year quarter, which is RM96.9 million or 39% higher than the immediate preceding quarter of RM245.9 million (after excluding foreign currency translation loss of RM43.8 million). Higher PBT recorded in the current year quarter is mainly due to higher profit contribution from the development projects both in Malaysia and PRC and higher share of profit in joint ventures arising from the sale of South Beach Residences in Singapore.



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

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(The figures have not been audited)

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

##### **3) Prospects**

Despite uncertainties in the global environment arising from the trade conflict, volatility in global financial markets and oil prices, our recent launch of residential development in IOI Palm City, Xiamen received strong take up rates, contributing positively to the results of the Group. Property development in China is anticipated to continue its positive impact on the Group's financial results as the Group proceeds with its future residential development comprising mid to high rise condominium and town villas in IOI Palm City, Xiamen, with GDV of approximately RMB4 billion to be launched within the next two (2) years. In Singapore, our recently launched joint venture project, South Beach Residences is anticipated to generate positive impact on the Group's financial results arising from positive sales response.

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 actively adapt its marketing strategies in tandem with domestic developments to address the prevalent affordability gap and to unlock development value in the longer term.

In its property investment segment, the Group's portfolio of investment properties continue to enjoy healthy occupancy levels and good rental yields, generating a steady stream of recurring income for the Group. Central Boulevard in Singapore is progressing in accordance to plan with the construction of main building expected to commence by last quarter of FY2019.

With the sizeable land bank of the Group 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 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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(The figures have not been audited)

### 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	130,109	51,248	183,495	99,614
-Prior year	(115)	772	35	2,105
Deferred taxation	10,436	5,014	46,010	73,655
	<b>140,430</b>	<b>57,034</b>	<b>229,540</b>	<b>175,374</b>

The effective tax rate of the Group for the current year quarter of 40% 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 31 December 2018 are as follows:

	As at 31/12/18	As at 30/06/18
	RM'000	RM'000
a) <b>Short term borrowings</b>		
Unsecured		
Denominated in RM	736,568	1,246,780
Denominated in USD (USD134 million) (2018: USD17 million)	561,330	78,148
Denominated in SGD (SGD100 million) (2018: SGD350 million)	312,672	1,054,392
	<b>1,610,570</b>	<b>2,379,320</b>
b) <b>Long term borrowings</b>		
Unsecured		
Denominated in RM	2,288,987	1,154,846
Denominated in USD (USD279 million) (2018: USD396 million)	1,136,295	1,582,839
Denominated in SGD (SGD2,322 million) (2018: SGD2,322 million)	7,012,549	6,836,061
	<b>10,437,831</b>	<b>9,573,746</b>
<b>Total borrowings</b>	<b>12,048,401</b>	<b>11,953,066</b>



# IOI PROPERTIES GROUP BERHAD (1035807-A)

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## Quarterly Financial Report For The Financial Period Ended 31 December 2018

(The figures have not been audited)

### 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 31 December 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	(5,013)
- one year to three years	<u>200,000</u>	<u>(7,486)</u>
	<u>275,000</u>	<u>(12,499)</u>
Interest rate swap		
- less than one year	276,272	604
- one year to three years	552,628	(8,638)
- more than three years	<u>2,124,220</u>	<u>(3,610)</u>
	<u>2,953,120</u>	<u>(11,644)</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.



**IOI PROPERTIES**

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

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**Quarterly Financial Report For The Financial Period Ended 31 December 2018**

(The figures have not been audited)

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

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

As at 31 December 2018, the Group has recognised derivative financial liabilities of RM12.5 million in respect of a cross currency interest rate swap and derivative financial liabilities of RM11.6 million in respect of an interest rate swap, with the corresponding fair value loss of RM28.3 million in the cash flow hedge reserve for the current period under review.

The fair value loss is due to the forward currency and floating interest rate have moved unfavourably 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):

	<b>CURRENT YEAR QUARTER (31/12/18) RM'000</b>	<b>CURRENT YEAR TO DATE (31/12/18) RM'000</b>
Interest income	<b>(17,659)</b>	<b>(34,796)</b>
Impairment losses on receivables written back	<b>(28)</b>	<b>(115)</b>
Realised foreign currency translation gain	<b>(6,833)</b>	<b>(18,162)</b>
Unrealised foreign currency translation (gain)/loss	<b>(5,330)</b>	<b>49,781</b>
Depreciation and amortisation	<b>10,235</b>	<b>20,199</b>
Impairment losses on receivables	<b>27</b>	<b>48</b>

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**

No dividend has been declared by the Board for the financial quarter ended 31 December 2018.



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(The figures have not been audited)

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

**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
<b>a) Basic earnings per share</b>				
Net profit for the period	214,864	97,451	326,822	342,555
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)	3.90	1.77	5.94	6.22
<b>b) Diluted earnings per share</b>				
Net profit for the period	214,864	97,451	326,822	342,555
Weighted average number of ordinary shares in issue ('000)	5,506,145	5,506,145	5,506,145	5,506,145
Adjusted weighted average number of ordinary shares in issue ('000)	5,506,145	5,506,145	5,506,145	5,506,145
Diluted earnings per share (sen)	3.90	1.77	5.94	6.22

**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  
26 February 2019