



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD (1035807-A)

(Incorporated in Malaysia)

Quarterly Financial Report For The Financial Period Ended 30 September 2019

(The figures have not been audited)

Condensed Consolidated Statement of Profit or Loss

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/09/19	30/09/18	30/09/19	30/09/18
	RM'000	RM'000	RM'000	RM'000
Revenue	540,315	552,809	540,315	552,809
Cost of sales	(236,675)	(261,029)	(236,675)	(261,029)
Gross profit	303,640	291,780	303,640	291,780
Other operating income	15,129	15,559	15,129	15,559
Marketing and selling expenses	(12,522)	(17,321)	(12,522)	(17,321)
Administration expenses	(27,521)	(44,305)	(27,521)	(44,305)
Other operating expenses	(35,628)	(24,155)	(35,628)	(24,155)
Operating profit	243,098	221,558	243,098	221,558
Share of result of an associate	502	399	502	399
Share of results of joint ventures	48,347	6,600	48,347	6,600
Profit before interest and taxation	291,947	228,557	291,947	228,557
Interest income	15,840	17,137	15,840	17,137
Interest expenses	(13)	-	(13)	-
Net foreign currency translation (loss)/gain on:				
- foreign denominated borrowings	(52,771)	(55,818)	(52,771)	(55,818)
- foreign denominated deposits	646	12,278	646	12,278
Profit before taxation	255,649	202,154	255,649	202,154
Taxation	(119,145)	(89,110)	(119,145)	(89,110)
Profit for the period	136,504	113,044	136,504	113,044
Attributable to:				
Owners of the parent	136,636	111,958	136,636	111,958
Non-controlling interests	(132)	1,086	(132)	1,086
	136,504	113,044	136,504	113,044
Earnings per share for profit attributable to owners of the parent (sen)				
Basic	2.48	2.03	2.48	2.03
Diluted	2.48	2.03	2.48	2.03

(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 2019 and the accompanying explanatory notes attached to this quarterly financial report.)



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Condensed Consolidated Statement of Other Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/09/19	30/09/18	30/09/19	30/09/18
	RM'000	RM'000	RM'000	RM'000
Profit for the period	136,504	113,044	136,504	113,044
Other comprehensive (loss)/income that will be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations, net of tax	(99,498)	131,388	(99,498)	131,388
Net change in cash flow hedge reserve	(7,371)	4,712	(7,371)	4,712
Other comprehensive (loss)/income for the period, net of tax	(106,869)	136,100	(106,869)	136,100
Total comprehensive income for the period	29,635	249,144	29,635	249,144
Total comprehensive income/(loss) attributable to:				
Owners of the parent	29,852	247,799	29,852	247,799
Non-controlling interests	(217)	1,345	(217)	1,345
	29,635	249,144	29,635	249,144

(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 2019 and the accompanying explanatory notes attached to this quarterly financial report.)



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PROPERTIES GROUP BERHAD (1035807-A)

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(The figures have not been audited)

Condensed Consolidated Statement of Financial Position

	As at 30/09/19 RM'000	As at 30/06/19 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	1,303,565	1,265,538
Prepaid lease payments	53,638	55,542
Right-of-use assets	1,603	-
Land held for property development	4,694,102	4,642,164
Investment properties	13,703,048	13,672,410
Goodwill on consolidation	11,472	11,472
Investment in an associate	99,815	99,313
Interests in joint ventures	4,722,181	5,012,119
Deferred tax assets	128,902	133,854
	24,718,326	24,892,412
Current assets		
Property development costs	3,253,349	3,567,548
Inventories	2,276,484	2,047,991
Derivative financial assets	913	-
Trade and other receivables	304,727	357,910
Contract assets	189,994	216,591
Amount due from joint venture	914	560
Current tax assets	61,042	59,305
Short term funds	352	41
Deposits with financial institutions	899,951	455,086
Cash and bank balances	591,818	1,121,758
	7,579,544	7,826,790
TOTAL ASSETS	32,297,870	32,719,202



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Condensed Consolidated Statement of Financial Position

	As at 30/09/19 RM'000	As at 30/06/19 RM'000
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	18,514,233	18,514,233
Other reserves	(332,485)	(225,701)
Retained earnings	8,957,557	8,986,081
Reorganisation debit balance	(8,440,152)	(8,440,152)
	18,699,153	18,834,461
Non-controlling interests	158,865	159,122
Total equity	18,858,018	18,993,583
Non-current liabilities		
Borrowings	10,299,468	10,150,209
Lease liabilities	684	-
Derivative financial liabilities	45,248	43,514
Trade and other payables	28,519	29,709
Deferred tax liabilities	837,502	801,155
	11,211,421	11,024,587
Current liabilities		
Borrowings	794,579	1,176,252
Lease liabilities	727	-
Derivative financial liabilities	18,894	14,167
Trade and other payables	970,176	1,025,111
Contract liabilities	316,381	341,508
Current tax liabilities	127,674	143,994
	2,228,431	2,701,032
Total liabilities	13,439,852	13,725,619
TOTAL EQUITY AND LIABILITIES	32,297,870	32,719,202
Net assets per share attributable to owners of the parent (RM)	3.40	3.42

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to this quarterly financial report.)

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

(Incorporated in Malaysia)

IOI PROPERTIES**Quarterly Financial Report For The Financial Period Ended 30 September 2019**

(The figures have not been audited)

Condensed Consolidated Statement of Cash Flows

	3 Months Ended 30/09/19 RM'000	3 Months Ended 30/09/18 RM'000
Operating Activities		
Profit before taxation	255,649	202,154
Adjustments for:		
Unrealised foreign currency translation loss	52,777	55,111
Depreciation and amortisation	9,927	9,964
Interest income	(15,840)	(17,137)
Share of results of joint ventures	(48,347)	(6,600)
Other non-cash items	(591)	(459)
Operating profit before working capital changes	253,575	243,033
Decrease in inventories	104,030	106,432
Decrease in receivables and other assets	16,598	32,450
Decrease in payables and other liabilities	(61,537)	(1,018)
Cash generated from operations	312,666	380,897
Tax paid	(94,223)	(36,958)
Tax refunded	5,104	1,360
Net cash inflow from operating activities	223,547	345,299
Investing Activities		
Repayments from joint ventures	290,352	1,497
Interest received	12,785	14,929
Proceeds from disposal of property, plant and equipment	293	6
Additions to land held for property development	(19,638)	(21,536)
Additions to property, plant and equipment	(57,732)	(4,337)
Additions to investment properties	(70,532)	(94,155)
Proceeds from compulsory land acquisition	-	40
Advance to a joint venture	-	(11,444)
Net cash inflow/(outflow) from investing activities	155,528	(115,000)
Financing Activities		
Consideration paid for acquisition of additional shares from non-controlling interests	(16)	(58)
Repayment of lease liabilities	(296)	-
Interest paid	(119,349)	(107,422)
Net repayment of borrowings	(161,695)	(138,525)
Dividend paid	(165,184)	(275,307)
Dividend paid to non-controlling interests	-	(11,531)
Net cash outflow from financing activities	(446,540)	(532,843)
Net decrease in cash and cash equivalents	(67,465)	(302,544)
Cash and cash equivalents at beginning of financial period	1,576,885	2,683,320
Effect of exchange rate changes	(17,299)	3,853
Cash and cash equivalents at end of financial period	1,492,121	2,384,629

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2019 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	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
As at 1 July 2019	18,514,233	(186,259)	(51,217)	11,775	(8,440,152)	8,986,081	18,834,461	159,122	18,993,583
Profit for the financial period	-	-	-	-	-	136,636	136,636	(132)	136,504
Exchange differences on translation of foreign operations, net of tax	-	(99,413)	-	-	-	-	(99,413)	(85)	(99,498)
Net change in cash flow hedge reserve	-	-	(7,371)	-	-	-	(7,371)	-	(7,371)
Total comprehensive income	-	(99,413)	(7,371)	-	-	136,636	29,852	(217)	29,635
Transactions with owners									
Changes in equity interests in a subsidiary	-	-	-	-	-	24	24	(40)	(16)
Dividend paid	-	-	-	-	-	(165,184)	(165,184)	-	(165,184)
As at 30 September 2019	18,514,233	(285,672)	(58,588)	11,775	(8,440,152)	8,957,557	18,699,153	158,865	18,858,018
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 on adoption of the MFRS Framework	-	(1,265,733)	-	-	-	1,265,122	(611)	5	(606)
As at 1 July 2018 (restated)	18,514,233	(390,398)	14,200	15,604	(8,440,152)	8,596,108	18,309,595	166,603	18,476,198
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)	8,432,854	18,282,182	165,264	18,447,446

(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 2019 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 2019. 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 2019.

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 2019, except for the adoption of the following new MFRSs, Amendments to MFRS and IC Interpretations that are effective for the Group.

Title

MFRS 16 *Leases*

Amendments to MFRS 9 *Prepayment Features with Negative Compensation*

Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*

Amendments to MFRS 128 *Long Term Interests in Associates and Joint Ventures*

Amendments to MFRS 3 and MFRS 11 *Previously Held Interest in a Joint Operation*

Amendments to MFRS 112 *Income Tax Consequences of Payment on Financial Instruments Classified as Equity*

Amendments to MFRS 123 *Borrowing Costs Eligible for Capitalisation*

IC Interpretation 23 *Uncertainty Over Income Tax Treatments*

The adoption of these new MFRSs and amendments to MFRSs do not have any significant financial impact on the financial statements of the Group for the current quarter, except for the following set out below:

MFRS 16 Leases

MFRS 16 "Leases" supersedes MFRS 117 "Leases" and the related interpretations. MFRS 16 eliminates the classification of leases by the lessee as either finance leases or operating leases. MFRS 16 introduces a single accounting model, requiring the lessee to recognise the "right-of-use" of the underlying asset and the lease liability reflecting future lease payment liabilities in the statement of financial position. The right-of-use asset is depreciated in accordance with the principles in MFRS 116 "Property, Plant and Equipment" and the lease liability is accreted over time with interest expense recognised in the statement of comprehensive income. For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Group has adopted MFRS 16 using the modified retrospective method and has not restated the comparatives. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening balance of statement of financial position as at 1 July 2019.

As permitted by the exemptions under the standard, the Group has applied the principles of MFRS 16 to short term leases (leases with lease terms of 12 months or less from dates of commencement) and leases for which the underlying assets are of low value.



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Explanatory Notes

b) Changes in Accounting Policies (continued)

MFRS 16 Leases (continued)

The impact of adoption of MFRS 16 on operating leases is as follows:

Leases previously classified as operating leases

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of MFRS 117. These liabilities are measured at the present value of the remaining lease payments.

On a lease-by-lease basis, the Group measures the associated right-of-use asset on a retrospective basis either at its carrying amount as if the new rules had always been applied or at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 30 June 2019.

In applying MFRS 16 for the first time, the Group has applied the following practical expedients:

- (a) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- (b) Reliance on previous assessments on whether leases are onerous;
- (c) The accounting for operating leases with remaining lease terms of less than 12 months as short term leases as at the date of initial application; and
- (d) The exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made by applying MFRS 117 and IC Interpretation 4 “Determining whether an Arrangement contains a Lease”.

The following table presents the impact of changes to the consolidated statements of financial position of the Group resulting from adoption of MFRS 16 as at 1 July 2019:

	Audited as at 30/06/19 RM'000	Effect on adoption of MFRS 16 RM'000	Restated as at 01/07/19 RM'000
Condensed consolidated statement of financial position			
Non-Current Assets			
Right-of-use assets	-	1,695	1,695
Non-Current Liabilities			
Lease liabilities	-	684	684
Current Liabilities			
Lease liabilities	-	1,010	1,010

Other than the recognition of right-of-use assets and lease liabilities in the Condensed Statement of Financial Position, the impact on the Group’s Condensed Consolidated Statement of Profit or Loss and Condensed Consolidated Statement of Cash Flows upon adoption of MFRS 16 in the current financial period is as follows:

- (i) Condensed Consolidated Statement of Profit or Loss
Expenses which had included operating lease rentals within adjusted earnings before interest, tax, depreciation and amortisation (“EBITDA”) are now replaced by interest expense on lease liabilities (included within “interest expenses”) and amortisation of rights of use assets (included within “depreciation and amortisation”); and
- (ii) Condensed Consolidated Statement of Cash Flows
Operating lease rental outflows previously recorded within “net cash flow from operating activities” are now classified as “net cash flow from financing activities” for repayment of lease liabilities.



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Explanatory Notes

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.

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 2019.

g) Dividend Paid

	CURRENT YEAR TO DATE RM'000	PRECEDING YEAR CORRESPONDING PERIOD RM'000
Interim single tier dividend of 3 sen per ordinary share in respect of financial year ended 30 June 2019, paid on 27 September 2019	165,184	-
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
	165,184	275,307



Quarterly Financial Report For The Financial Period Ended 30 September 2019

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Explanatory Notes

h) Segment Revenue & Results

(RM'000)	Property Development	Property Investment	Hospitality & Leisure	Other Operations	Elimination	Consolidated
3 Months Ended 30/09/19						
REVENUE						
External	398,906	90,301	50,144	964	-	540,315
Inter-segment	-	1,067	93	27,620	(28,780)	-
Total revenue	398,906	91,368	50,237	28,584	(28,780)	540,315
RESULT						
Segment operating profit	181,634	54,959	6,246	259	-	243,098
Share of result of an associate	502	-	-	-	-	502
Share of results of joint ventures	40,443	8,796	(892)	-	-	48,347
Profit before interest and taxation	222,579	63,755	5,354	259	-	291,947
Interest income						15,840
Interest expenses						(13)
Net foreign currency translation (loss)/gain on:						
- foreign denominated borrowings						(52,771)
- foreign denominated deposits						646
Profit before taxation						255,649
Taxation						(119,145)
Profit for the period						136,504

3 Months Ended 30/09/18

REVENUE						
External	415,566	84,977	49,328	2,938	-	552,809
Inter-segment	-	960	192	32,138	(33,290)	-
Total revenue	415,566	85,937	49,520	35,076	(33,290)	552,809
RESULT						
Segment operating profit	162,914	50,050	6,566	2,028	-	221,558
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	162,336	59,213	4,980	2,028	-	228,557
Interest income						17,137
Net foreign currency translation (loss)/gain on:						
- foreign denominated borrowings						(55,818)
- foreign denominated deposits						12,278
Profit before taxation						202,154
Taxation						(89,110)
Profit for the period						113,044

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

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

j) Changes in the Composition of the Group

During the current quarter under review, there were no new changes in the composition of the Group except for Jurang Teguh Sdn Bhd and Kumpulan Mayang Sdn Bhd have been dissolved on 3 September 2019.

k) Contingent Liabilities

There were no material contingent liabilities for the Group as at 30 September 2019.

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	162,943
Additions of investment properties	1,837,420
	<u>2,081,722</u>



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

1) Review of Group's Performance

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

The Group recorded revenue of RM540.3 million for the current year quarter, which is RM12.5 million or 2% lower than the corresponding quarter of the preceding year corresponding quarter. The decrease in revenue is mainly due to lower contribution from the property development segment. The Group recorded profit before interest & taxation ("PBIT") of RM291.9 million (after excluding net foreign currency translation loss on foreign denominated borrowings and deposits of RM52.1 million) for the current quarter, which is RM63.3 million or 28% higher than the preceding year corresponding quarter of RM228.6 million (after excluding net foreign currency translation loss on foreign denominated borrowings and deposits of RM43.5 million). The increase in PBIT is mainly due to higher operating profit contributed from development projects in People's Republic of China ("PRC") and Klang Valley, higher share of profit in joint ventures mainly arising from the sale of South Beach Residences in Singapore and over provision of expenses in the previous financial year.

Property development

The property development segment recorded revenue of RM398.9 in the current quarter, which is RM16.7 million or 4% lower than the preceding year corresponding quarter. Lower revenue in the current quarter is mainly due to lower sales from Singapore and Johor operations arising from lesser units remaining for sale. For Johor operations, most of the remaining unsold units are pending for bumi release from the governing authority.

The Group's operating profit of RM181.6 million for the current quarter is RM18.7 million or 11% higher than the preceding year corresponding quarter. It is mainly due to higher profit contribution from development projects in PRC and Klang Valley, as well as over provision of expenses in the previous financial year. The operating profit is partially impacted by lower contribution from Singapore and Johor operations as discussed above.

Property investment

Revenue and operating profit of RM90.3 million and RM55.0 million respectively for the current year quarter, which is RM5.3 million and RM4.9 million respectively or 6% and 10% respectively higher than the preceding year corresponding quarter. This is mainly contributed by higher profit contribution from retail sub segment arising from higher occupancy rate and average rental rate post re-fit exercise carried out by IOI Mall, Puchong.

Hospitality and leisure

Revenue rose by 2% from RM49.3 million to RM50.1 million, while the operating profit decreased by 5% from RM6.6 million to RM6.2 million. The increase in revenue is attributable to higher occupancy rate secured by the hotels in Putrajaya. Lower operating profit for the current quarter is mainly due to lower performance from the leisure sub segment.

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

The Group recorded PBT of RM307.8 million (after excluding net foreign currency translation loss on foreign denominated borrowings and deposits of RM52.1 million) for the current quarter, which is RM106.3 million or 53% higher than the immediate preceding quarter of RM201.5 million (after excluding net foreign currency translation loss on foreign denominated borrowings and deposits of RM24.2 million, fair value gain on investment properties of RM93.4 million and share of impairment loss of RM42.8 million in a joint venture's development property). Higher PBT recorded in the current quarter is mainly due to higher operating profit contributed from property development in PRC and Klang Valley, share of profit in joint ventures arising from sale of South Beach Residences in Singapore and over provision of expenses in the previous financial year.



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

3) Prospects

In Malaysia, the Group will continue to tap on the Home Ownership Campaign ("HOC") coupled with on-going marketing campaigns targeting both the traditional and digital platforms audience to create visibility for our developments. Echoing the success from the recent launch of affordable high-rise residential development in Warisan Puteri, the Group will continue to focus on the affordable housing segment for our Malaysian operations.

Uncertainties in the global business environment stemming from the ongoing US-China trade conflicts, as well as cooling measures imposed by the Chinese Government have to a certain extent decelerated the momentum of the property market in China. The Group however, remain optimistic on the prospects of our projects in China due to their locations which are close to amenities and infrastructure.

For property investment segment, the retail properties continue to enjoy healthy occupancy levels with good rental yields, generating a recurring income stream for the Group. The construction of the Group's future investment properties such as Central Boulevard in Singapore and IOI City Mall Phase 2 in Malaysia are progressing well.

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.

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

(Incorporated in Malaysia)

IOI PROPERTIES**Quarterly Financial Report For The Financial Period Ended 30 September 2019**

(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	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	RM'000	RM'000	RM'000	RM'000

The tax expense comprises the following:

Current taxation	73,861	53,536	73,861	53,536
Deferred taxation	45,284	35,574	45,284	35,574
	119,145	89,110	119,145	89,110

The effective tax rate of the Group for the current year quarter of 47% 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 2019 are as follows:

	As at 30/09/19 RM'000	As at 30/06/19 RM'000
a) Short term borrowings		
Unsecured		
Denominated in RM	197,686	585,234
Denominated in USD (USD139 million) (2019: USD139 million)	589,171	582,779
Denominated in SGD *	7,665	8,194
Denominated in RMB *	57	45
	794,579	1,176,252
b) Long term borrowings		
Unsecured		
Denominated in RM	2,318,011	2,117,946
Denominated in USD (USD257 million) (2019: USD257 million)	1,072,750	1,060,834
Denominated in SGD (SGD2,272 million) (2019: SGD2,272 million)	6,857,893	6,927,719
Denominated in RMB (RMB86 million) (2019: RMB73 million)	50,814	43,710
	10,299,468	10,150,209
Total borrowings	11,094,047	11,326,461

* Comprise accrued interest expense.



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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 2019 are as follows:

Type of derivative	Notional value	Fair value liabilities
	RM'000	RM'000
Cash flow hedge derivative		
Cross currency interest rate swap		
- less than one year	100,000	(4,605)
- one year to three years	100,000	(2,194)
	<u>200,000</u>	<u>(6,799)</u>
Interest rate swap		
- less than one year	276,206	(13,376)
- one year to three years	552,494	(35,529)
- more than three years	3,062,300	(7,525)
	<u>3,891,000</u>	<u>(56,430)</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 2019 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 2019, the Group has recognised derivative financial liabilities of RM6.8 million and RM56.4 million in respect of a cross currency interest rate swap and an interest rate swap respectively, with the corresponding fair value loss of RM7.4 million in the cash flow hedge reserve for the current financial 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 (crediting)/charging:

	CURRENT YEAR QUARTER RM'000	CURRENT YEAR TO DATE RM'000
Interest income	(15,840)	(15,840)
Interest expense	13	13
Impairment losses on receivables written back	(153)	(153)
Net loss on foreign currency translation differences	54,046	54,046
Depreciation and amortisation	9,927	9,927
Impairment losses on receivables	69	69

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 29 August 2019, the Directors had declared an interim single tier dividend of 3.0 sen per ordinary share, amounting to RM165,184,361 in respect of the financial year ended 30 June 2019. The dividend was paid on 27 September 2019 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 2019.



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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	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	RM'000	RM'000	RM'000	RM'000
a) Basic earnings per share				
Net profit for the period	136,636	111,958	136,636	111,958
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)	2.48	2.03	2.48	2.03
b) Diluted earnings per share				
Net profit for the period	136,636	111,958	136,636	111,958
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)	2.48	2.03	2.48	2.03

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
25 November 2019