



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD 201301005964 (1035807-A)

(Incorporated in Malaysia)

Quarterly Financial Report For The Financial Period Ended 31 December 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
	31/12/19	31/12/18	31/12/19	31/12/18
	RM'000	RM'000	RM'000	RM'000
Revenue	564,129	659,175	1,104,444	1,211,984
Cost of sales	(268,648)	(297,069)	(505,323)	(558,098)
Gross profit	295,481	362,106	599,121	653,886
Other operating income	13,633	15,881	28,762	31,440
Marketing and selling expenses	(13,875)	(17,312)	(26,397)	(34,633)
Administration expenses	(44,497)	(45,951)	(72,018)	(90,256)
Other operating expenses	(31,265)	(27,810)	(66,893)	(51,965)
Operating profit	219,477	286,914	462,575	508,472
Share of result of an associate	267	193	769	592
Share of results of joint ventures	29,399	38,358	77,746	44,958
Profit before interest and taxation	249,143	325,465	541,090	554,022
Interest income	11,811	17,659	27,651	34,796
Interest expenses	(9)	-	(22)	-
Net foreign currency translation gain/(loss) on:				
- foreign denominated borrowings	25,021	2,447	(27,750)	(53,371)
- foreign denominated deposits	335	9,441	981	21,719
Profit before taxation	286,301	355,012	541,950	557,166
Taxation	(85,422)	(140,430)	(204,567)	(229,540)
Profit for the period	200,879	214,582	337,383	327,626
Attributable to:				
Owners of the parent	199,749	214,864	336,385	326,822
Non-controlling interests	1,130	(282)	998	804
	200,879	214,582	337,383	327,626
Earnings per share for profit attributable to owners of the parent (sen)				
Basic	3.63	3.90	6.11	5.94
Diluted	3.63	3.90	6.11	5.94

(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
	31/12/19	31/12/18	31/12/19	31/12/18
	RM'000	RM'000	RM'000	RM'000
Profit for the period	200,879	214,582	337,383	327,626
Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations, net of tax	15,607	8,610	(83,891)	139,998
Net change in cash flow hedge reserve	(6,151)	(32,971)	(13,522)	(28,259)
Other comprehensive income/(loss) for the period, net of tax	9,456	(24,361)	(97,413)	111,739
Total comprehensive income for the period	210,335	190,221	239,970	439,365
Total comprehensive income/(loss) attributable to:				
Owners of the parent	209,182	190,483	239,034	438,282
Non-controlling interests	1,153	(262)	936	1,083
	210,335	190,221	239,970	439,365

(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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Condensed Consolidated Statement of Financial Position

	As at 31/12/19 RM'000	As at 30/06/19 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	1,404,698	1,265,538
Prepaid lease payments	-	55,542
Land held for property development	4,718,902	4,642,164
Investment properties	13,923,483	13,672,410
Goodwill on consolidation	11,472	11,472
Investment in an associate	100,082	99,313
Interests in joint ventures	4,642,810	5,012,119
Deferred tax assets	129,459	133,854
	24,930,906	24,892,412
Current assets		
Property development costs	3,281,372	3,567,548
Inventories	2,214,651	2,047,991
Derivative financial assets	132	-
Trade and other receivables	391,442	357,910
Contract assets	219,636	216,591
Amount due from joint venture	1,267	560
Current tax assets	62,995	59,305
Short term funds	-	41
Deposits with financial institutions	484,130	455,086
Cash and bank balances	999,209	1,121,758
	7,654,834	7,826,790
TOTAL ASSETS	32,585,740	32,719,202



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Condensed Consolidated Statement of Financial Position (Continued)

	As at 31/12/19 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	(323,052)	(225,701)
Retained earnings	9,157,306	8,986,081
Reorganisation debit balance	(8,440,152)	(8,440,152)
	18,908,335	18,834,461
Non-controlling interests	157,018	159,122
Total equity	19,065,353	18,993,583
Non-current liabilities		
Borrowings	10,439,273	10,150,209
Lease liabilities	96	-
Derivative financial liabilities	48,195	43,514
Trade and other payables	16,076	29,709
Deferred tax liabilities	878,029	801,155
	11,381,669	11,024,587
Current liabilities		
Borrowings	548,029	1,176,252
Lease liabilities	1,022	-
Derivative financial liabilities	28,240	14,167
Trade and other payables	1,090,202	1,025,111
Contract liabilities	326,618	341,508
Current tax liabilities	144,607	143,994
	2,138,718	2,701,032
Total liabilities	13,520,387	13,725,619
TOTAL EQUITY AND LIABILITIES	32,585,740	32,719,202
Net assets per share attributable to owners of the parent (RM)	3.43	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****Quarterly Financial Report For The Financial Period Ended 31 December 2019**

(The figures have not been audited)

Condensed Consolidated Statement of Cash Flows

	6 Months Ended 31/12/19 RM'000	6 Months Ended 31/12/18 RM'000
Operating Activities		
Profit before taxation	541,950	557,166
Adjustments for:		
Unrealised foreign currency translation loss	26,910	49,781
Depreciation and amortisation	20,084	20,199
Interest income	(27,651)	(34,796)
Share of results of joint ventures	(77,746)	(44,958)
Other non-cash items	(280)	(316)
Operating profit before working capital changes	483,267	547,076
Decrease in inventories	165,967	224,506
Increase in receivables and other assets	(104,608)	(60,586)
Increase in payables and other liabilities	31,071	80,735
Cash generated from operations	575,697	791,731
Tax paid	(130,793)	(144,172)
Tax refunded	12,236	1,296
Net cash inflow from operating activities	457,140	648,855
Investing Activities		
Repayments from joint ventures	414,187	3,895
Interest received	20,898	27,614
Proceeds from disposal of property, plant and equipment	359	67
Additions to land held for property development	(46,304)	(85,474)
Additions to property, plant and equipment	(114,678)	(13,291)
Additions to investment properties	(206,803)	(163,621)
Proceeds from compulsory land acquisition	-	40
Additional investments in joint ventures	-	(11,453)
Net cash inflow/(outflow) from investing activities	67,659	(242,223)
Financing Activities		
Consideration paid for acquisition of additional shares from non-controlling interests	(16)	(58)
Payment of lease liabilities	(546)	-
Dividend paid to non-controlling interests	(3,000)	(14,539)
Banking facilities fees paid	(9,020)	(5,993)
Dividend paid	(165,184)	(275,307)
Interest paid	(200,103)	(189,726)
Repayment of borrowings	(1,425,195)	(1,678,525)
Drawdown of borrowings	1,200,598	1,530,000
Net cash outflow from financing activities	(602,466)	(634,148)
Net decrease in cash and cash equivalents	(77,667)	(227,516)
Cash and cash equivalents at beginning of financial period	1,576,885	2,683,320
Effect of exchange rate changes	(15,879)	17,304
Cash and cash equivalents at end of financial period	1,483,339	2,473,108

(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	-	-	-	-	-	336,385	336,385	998	337,383
Exchange differences on translation of foreign operations, net of tax	-	(83,829)	-	-	-	-	(83,829)	(62)	(83,891)
Net change in cash flow hedge reserve	-	-	(13,522)	-	-	-	(13,522)	-	(13,522)
Total comprehensive income	-	(83,829)	(13,522)	-	-	336,385	239,034	936	239,970
Transactions with owners									
Changes in equity interests in a subsidiary	-	-	-	-	-	24	24	(40)	(16)
Dividend paid	-	-	-	-	-	(165,184)	(165,184)	-	(165,184)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(3,000)	(3,000)
As at 31 December 2019	18,514,233	(270,088)	(64,739)	11,775	(8,440,152)	9,157,306	18,908,335	157,018	19,065,353
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	-	-	-	-	-	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)
Total comprehensive income	-	139,719	(28,259)	-	-	326,822	438,282	1,083	439,365
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)
As at 31 December 2018	18,514,233	(250,679)	(14,059)	15,604	(8,440,152)	8,647,718	18,472,665	161,994	18,634,659

(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.



Quarterly Financial Report For The Financial Period Ended 31 December 2019

(The figures have not been audited)

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 Condensed Consolidated 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 Condensed Consolidated Statement 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			
Property, plant & equipment	1,265,538	57,236	1,322,774
Prepaid lease payments	55,542	(55,542)	-
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 Consolidated 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.

**IOI PROPERTIES****Quarterly Financial Report For The Financial Period Ended 31 December 2019**

(The figures have not been audited)

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 31 December 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	-	<u>275,307</u>
	<u>165,184</u>	<u>275,307</u>



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Explanatory Notes

h) Segment Revenue & Results

(RM'000)	Property Development	Property Investment	Hospitality & Leisure	Other Operations	Elimination	Consolidated
i) <u>3 Months Ended 31/12/19</u>						
REVENUE						
External	410,876	95,276	54,650	3,327	-	564,129
Inter-segment	16,000	1,066	62	14,509	(31,637)	-
Total revenue	<u>426,876</u>	<u>96,342</u>	<u>54,712</u>	<u>17,836</u>	<u>(31,637)</u>	<u>564,129</u>
RESULT						
Segment operating profit	156,809	52,876	8,504	1,288	-	219,477
Share of result of an associate	267	-	-	-	-	267
Share of results of joint ventures	14,972	9,798	4,629	-	-	29,399
Segment results	<u>172,048</u>	<u>62,674</u>	<u>13,133</u>	<u>1,288</u>	<u>-</u>	<u>249,143</u>
Interest income						11,811
Interest expenses						(9)
Net foreign currency translation gain on:						
- foreign denominated borrowings						25,021
- foreign denominated deposits						335
Profit before taxation						<u>286,301</u>
Taxation						<u>(85,422)</u>
Profit for the period						<u>200,879</u>

3 Months Ended 31/12/18

REVENUE						
External	512,236	91,282	53,068	2,589	-	659,175
Inter-segment	-	1,100	215	28,381	(29,696)	-
Total revenue	<u>512,236</u>	<u>92,382</u>	<u>53,283</u>	<u>30,970</u>	<u>(29,696)</u>	<u>659,175</u>
RESULT						
Segment operating profit	222,463	53,699	8,841	1,911	-	286,914
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>254,599</u>	<u>63,007</u>	<u>5,948</u>	<u>1,911</u>	<u>-</u>	<u>325,465</u>
Interest income						17,659
Net foreign currency translation gain on:						
- foreign denominated borrowings						2,447
- foreign denominated deposits						9,441
Profit before taxation						<u>355,012</u>
Taxation						<u>(140,430)</u>
Profit for the period						<u>214,582</u>

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



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Explanatory Notes

h) Segment Revenue & Results (Continued)

(RM'000)	Property Development	Property Investment	Hospitality & Leisure	Other Operations	Elimination	Consolidated
ii) 6 Months Ended 31/12/19						
REVENUE						
External	809,782	185,577	104,794	4,291	-	1,104,444
Inter-segment	16,000	2,133	155	42,129	(60,417)	-
Total revenue	<u>825,782</u>	<u>187,710</u>	<u>104,949</u>	<u>46,420</u>	<u>(60,417)</u>	<u>1,104,444</u>
RESULT						
Segment operating profit	338,443	107,835	14,750	1,547	-	462,575
Share of result of an associate	769	-	-	-	-	769
Share of results of joint ventures	55,415	18,594	3,737	-	-	77,746
Profit before interest and taxation	394,627	126,429	18,487	1,547	-	541,090
Interest income						27,651
Interest expenses						(22)
Net foreign currency translation (loss)/gain on:						
- foreign denominated borrowings						(27,750)
- foreign denominated deposits						981
Profit before taxation						<u>541,950</u>
Taxation						<u>(204,567)</u>
Profit for the period						<u>337,383</u>

6 Months Ended 31/12/18

REVENUE						
External	927,802	176,259	102,396	5,527	-	1,211,984
Inter-segment	-	2,060	407	60,519	(62,986)	-
Total revenue	<u>927,802</u>	<u>178,319</u>	<u>102,803</u>	<u>66,046</u>	<u>(62,986)</u>	<u>1,211,984</u>
RESULT						
Segment operating profit	385,377	103,749	15,407	3,939	-	508,472
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	416,935	122,220	10,928	3,939	-	554,022
Interest income						34,796
Net foreign currency translation (loss)/gain on:						
- foreign denominated borrowings						(53,371)
- foreign denominated deposits						21,719
Profit before taxation						<u>557,166</u>
Taxation						<u>(229,540)</u>
Profit for the period						<u>327,626</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

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.

k) Contingent Liabilities

There were no material contingent liabilities for the Group as at 31 December 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	253,338
Additions of investment properties	1,938,091
	<hr/>
	2,272,788
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Quarterly Financial Report For The Financial Period Ended 31 December 2019

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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 interest and taxation ("PBIT") of RM564.1 million and RM249.1 million respectively for the current year quarter, which is RM95.1 million or 14% and RM76.4 million or 23% lower than the preceding year corresponding quarter. The decrease in revenue and PBIT is mainly due to lower contribution from the property development segment and lower share of profit in joint ventures.

Property development

The property development segment recorded revenue and operating profit of RM410.9 million and RM156.8 million respectively in the current year quarter, which is RM101.3 million or 20% and RM65.7 million or 30% respectively lower than the preceding year corresponding quarter. Lower financial performance in the current year quarter is mainly due to lower revenue contribution from Johor and PRC operations. For Johor operations, most of the remaining unsold units are bumi lots pending for release from the governing authority. As for PRC operations, lower revenue recorded in the current year quarter is due to lower sales from IOI Palm City development projects.

Property investment

Revenue of RM95.3 million for the current year quarter is RM4.0 million or 4% 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 and renewal of tenancies by IOI City Mall, Putrajaya.

The property investment segment recorded operating profit of RM52.9 million which is RM0.8 million or 1% lower than the preceding year corresponding quarter. Lower operating profit is mainly due to pre-operating expenses incurred for our future investment properties such as Central Boulevard, IOI City Mall Phase 2 and IOI Palm City Mall, PRC.

Hospitality and leisure

Revenue rose by 3% from RM53.1 million to RM54.7 million, while the operating profit decreased by 3% from RM8.8 million to RM8.5 million. The increase in revenue is attributable to higher occupancy rate secured by the hotels in Putrajaya. Lower operating profit for the current year quarter is mainly due to lower performance by the leisure sub segment.

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

The Group recorded revenue of RM1,104.4 million, which is RM107.6 million or 9% lower than the preceding year corresponding period. This is mainly due to lower revenue contribution from Johor and PRC operations. The Group's PBT of RM568.8 million (after excluding net foreign currency translation loss on foreign denominated borrowings and deposits of RM26.8 million) in the current year to date, which is RM20.1 million or 3% lower than the preceding year corresponding period of RM588.9 million (after excluding net foreign currency translation loss on foreign denominated borrowings and deposits of RM31.7 million). Lower PBT is mainly due to lower contribution from property development 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 RM260.9 million (after excluding net foreign currency translation gain on foreign denominated borrowings and deposits of RM25.4 million) for the current quarter, which is RM46.8 million or 15% lower than the immediate preceding quarter of RM307.7 million (after excluding net foreign currency translation loss on foreign denominated borrowings and deposits of RM52.1 million). Lower PBT in the current quarter is mainly due to lower share of profit in joint ventures from the sale of South Beach Residences in Singapore and recognition of over provision of expenses in the immediate preceding quarter.



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3) Prospects

The property market remains challenging due to uncertainties in the global business environment and the outbreak of the COVID-19. However, the Group will continue to adopt aggressive marketing and sales strategies and focus more on the affordable housing segment for our Malaysia operations to cushion the increasingly challenging market conditions.

In China, the contagious impact of the COVID-19 has reduced economic activities and the momentum of the property market has temporarily decelerated. As for the Group, the epidemic outbreak will impact sales performance in China due to deferment of property launches and the progress of the construction for the coming quarters.

It is also envisaged that the retail and hospitality business would be subject to some impact arising from COVID-19 as worldwide tourists travel experience a slow-down.

Overall, we expect the operating environment to be challenging and uncertain. Nonetheless, the Group remains optimistic on the longer term prospects of our projects due to the locations which are served by good infrastructure and amenities.

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	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	RM'000	RM'000	RM'000	RM'000
The tax expense comprises the following:				
Current taxation	44,473	129,994	118,334	183,530
Deferred taxation	40,949	10,436	86,233	46,010
	85,422	140,430	204,567	229,540

The effective tax rate of the Group for the current year quarter of 30% 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 2019 are as follows:

	As at 31/12/19	As at 30/06/19
	RM'000	RM'000
a) Short term borrowings		
Unsecured		
Denominated in RM	179,815	585,234
Denominated in USD (USD90 million) (2019: USD139 million)	368,214	582,779
Denominated in SGD	-	8,194
Denominated in RMB	-	45
	548,029	1,176,252
b) Long term borrowings		
Unsecured		
Denominated in RM	2,449,775	2,117,946
Denominated in USD (USD90 million) (2019: USD257 million)	358,417	1,060,834
Denominated in SGD (SGD2,272 million) (2019: SGD2,272 million)	6,759,245	6,927,719
Denominated in RMB (RMB1,486 million) (2019: RMB73 million)	871,836	43,710
	10,439,273	10,150,209
Total borrowings	10,987,302	11,326,461

Short term borrowings comprise accrued interest expense.

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(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 2019 are as follows:

Type of derivative	Fair value liabilities RM'000
Cash flow hedge derivative	
Cross currency interest rate swap	
<i>USD denominated borrowing:</i>	
- less than one year (RM100 million)*	(6,983)
- one year to three years (RM100 million)*	(4,170)
	<u>(11,153)</u>
Interest rate swap	
<i>SGD denominated borrowing (RM4,560 million)*:</i>	
- less than one year	(21,257)
- one year to three years	(39,582)
- more than three years	(4,091)
	<u>(64,930)</u>
<i>USD denominated borrowing (RM546 million)*:</i>	
- less than one year	132
- one year to three years	(352)
	<u>(220)</u>
	<u>(65,150)</u>

* represents notional amounts throughout the facility periods.

The above derivatives were entered to hedge its long term borrowings that are denominated in foreign currency in order to minimise the exposure to the fluctuation of foreign currency rate and/or 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 as well as the Group's USD and SGD floating rate borrowings to fixed interest rate borrowings to serve as a cash flow hedge for the Group's principal and interest repayment for the foreign currency borrowings 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 these derivatives other than the repayment obligation for the underlying bank borrowings.

(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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10) Fair Value Changes of Financial Assets

As at 31 December 2019, the Group has recognised derivative financial liabilities of RM11.2 million and RM65.1 million in respect of a cross currency interest rate swap and an interest rate swap respectively, with the corresponding fair value loss of RM13.5 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	(11,811)	(27,651)
Interest expense	9	22
Impairment losses on receivables written down/(back)	30	(123)
Net (gain)/loss on foreign currency translation differences	(26,894)	27,152
Depreciation and amortisation	10,157	20,084
Impairment losses on receivables	712	781

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 2019.



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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	199,749	214,864	336,385	326,822
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)	3.63	3.90	6.11	5.94
b) Diluted earnings per share				
Net profit for the period	199,749	214,864	336,385	326,822
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)	3.63	3.90	6.11	5.94

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 February 2020