



IOI PROPERTIES

IOI PROPERTIES GROUP BERHAD 201301005964 (1035807-A)

(Incorporated in Malaysia)

Quarterly Financial Report For The Financial Period Ended 31 March 2020

(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
	31/03/20	31/03/19	31/03/20	31/03/19
	RM'000	RM'000	RM'000	RM'000
Revenue	401,432	487,739	1,505,876	1,699,723
Cost of sales	(207,674)	(221,330)	(712,997)	(779,428)
Gross profit	193,758	266,409	792,879	920,295
Other operating income	12,355	26,888	41,117	58,328
Marketing and selling expenses	(11,999)	(19,516)	(38,396)	(54,149)
Administration expenses	(42,385)	(60,705)	(114,403)	(150,961)
Other operating expenses	(31,037)	(36,807)	(97,930)	(88,772)
Operating profit	120,692	176,269	583,267	684,741
Share of result of an associate	(483)	308	286	900
Share of results of joint ventures	17,490	80,632	95,236	125,590
Profit before interest and taxation	137,699	257,209	678,789	811,231
Interest income	12,450	19,740	40,101	54,536
Interest expenses	(31)	-	(53)	-
Net foreign currency translation (loss)/gain on:				
- foreign denominated borrowings	(10,547)	30,931	(38,297)	(22,440)
- foreign denominated deposits	(282)	(6,978)	699	14,741
Profit before taxation	139,289	300,902	681,239	858,068
Taxation	(66,801)	(107,616)	(271,368)	(337,156)
Profit for the period	72,488	193,286	409,871	520,912
Attributable to:				
Owners of the parent	71,359	194,700	407,744	521,522
Non-controlling interests	1,129	(1,414)	2,127	(610)
	72,488	193,286	409,871	520,912
Earnings per share for profit attributable to owners of the parent (sen)				
Basic	1.30	3.54	7.41	9.47
Diluted	1.30	3.54	7.41	9.47

(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
	31/03/20	31/03/19	31/03/20	31/03/19
	RM'000	RM'000	RM'000	RM'000
Profit for the period	72,488	193,286	409,871	520,912
Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations, net of tax	34,585	(41,661)	(49,306)	98,337
Net change in cash flow hedge reserve	(95,711)	(5,301)	(109,233)	(33,560)
Other comprehensive (loss)/income for the period, net of tax	(61,126)	(46,962)	(158,539)	64,777
Total comprehensive income for the period	11,362	146,324	251,332	585,689
Total comprehensive income/(loss) attributable to:				
Owners of the parent	10,236	147,774	249,270	586,056
Non-controlling interests	1,126	(1,450)	2,062	(367)
	11,362	146,324	251,332	585,689

(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 31/03/20 RM'000	As at 30/06/19 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	1,426,470	1,265,538
Prepaid lease payments	-	55,542
Land held for property development	4,770,830	4,642,164
Investment properties	14,147,241	13,672,410
Goodwill on consolidation	11,472	11,472
Investment in an associate	90,187	99,313
Interests in joint ventures	4,482,446	5,012,119
Deferred tax assets	146,464	133,854
	25,075,110	24,892,412
Current assets		
Property development costs	3,331,013	3,567,548
Inventories	2,259,269	2,047,991
Trade and other receivables	270,366	357,910
Contract assets	213,458	216,591
Amount due from joint venture	186	560
Current tax assets	47,006	59,305
Short term funds	-	41
Deposits with financial institutions	584,434	455,086
Cash and bank balances	680,409	1,121,758
	7,386,141	7,826,790
TOTAL ASSETS	32,461,251	32,719,202



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Condensed Consolidated Statement of Financial Position (Continued)

	As at 31/03/20 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	(384,175)	(225,701)
Retained earnings	9,228,665	8,986,081
Reorganisation debit balance	(8,440,152)	(8,440,152)
	18,918,571	18,834,461
Non-controlling interests	155,230	159,122
Total equity	19,073,801	18,993,583
Non-current liabilities		
Borrowings	10,258,711	10,150,209
Lease liabilities	320	-
Derivative financial liabilities	88,074	43,514
Trade and other payables	15,251	29,709
Deferred tax liabilities	900,835	801,155
	11,263,191	11,024,587
Current liabilities		
Borrowings	570,066	1,176,252
Lease liabilities	1,057	-
Derivative financial liabilities	72,194	14,167
Trade and other payables	1,076,273	1,025,111
Contract liabilities	241,083	341,508
Current tax liabilities	163,586	143,994
	2,124,259	2,701,032
Total liabilities	13,387,450	13,725,619
TOTAL EQUITY AND LIABILITIES	32,461,251	32,719,202
Net assets per share attributable to owners of the parent (RM)	3.44	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 March 2020**

(The figures have not been audited)

Condensed Consolidated Statement of Cash Flows

	9 Months Ended 31/03/20 RM'000	9 Months Ended 31/03/19 RM'000
Operating Activities		
Profit before taxation	681,239	858,068
Adjustments for:		
Unrealised foreign currency translation loss	19,236	22,607
Depreciation and amortisation	30,919	30,212
Interest income	(40,101)	(54,536)
Share of results of joint ventures	(95,236)	(125,590)
Other non-cash items	738	(1,276)
Operating profit before working capital changes	596,795	729,485
Decrease in inventories	214,575	297,096
Increase in receivables and other assets	(36,656)	(97,308)
Decrease in payables and other liabilities	(78,148)	(76,203)
Cash generated from operations	696,566	853,070
Tax paid	(173,440)	(384,089)
Tax refunded	18,083	1,403
Net cash inflow from operating activities	541,209	470,384
Investing Activities		
Repayments from joint ventures	588,450	154,894
Interest received	33,049	47,349
Dividends received from an associate	9,412	-
Proceeds from disposal of property, plant and equipment	273	133
Additions to land held for property development	(57,565)	(49,913)
Additions to property, plant and equipment	(140,870)	(54,158)
Additions to investment properties	(372,492)	(245,368)
Dividends received from a joint venture	-	4,509
Proceeds from compulsory land acquisition	-	40
Additional investments in joint ventures	-	(11,453)
Net cash inflow/(outflow) from investing activities	60,257	(153,967)
Financing Activities		
Consideration paid for acquisition of additional shares from non-controlling interests	(16)	(98)
Payment of lease liabilities	(1,698)	-
Dividend paid to non-controlling interests	(5,914)	(14,539)
Banking facilities fees paid	(9,020)	(5,993)
Dividend paid	(165,184)	(275,307)
Interest paid	(304,542)	(306,052)
Repayment of borrowings	(1,632,724)	(2,326,125)
Drawdown of borrowings	1,200,598	1,530,000
Repayment to non-controlling interests	-	(1,161)
Net cash outflow from financing activities	(918,500)	(1,399,275)
Net decrease in cash and cash equivalents	(317,034)	(1,082,858)
Cash and cash equivalents at beginning of financial period	1,576,885	2,683,320
Effect of exchange rate changes	4,992	17,152
Cash and cash equivalents at end of financial period	1,264,843	1,617,614

(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	-	-	-	-	-	407,744	407,744	2,127	409,871
Exchange differences on translation of foreign operations, net of tax	-	(49,241)	-	-	-	-	(49,241)	(65)	(49,306)
Net change in cash flow hedge reserve	-	-	(109,233)	-	-	-	(109,233)	-	(109,233)
Total comprehensive income	-	(49,241)	(109,233)	-	-	407,744	249,270	2,062	251,332
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	-	-	-	-	-	-	-	(5,914)	(5,914)
As at 31 March 2020	18,514,233	(235,500)	(160,450)	11,775	(8,440,152)	9,228,665	18,918,571	155,230	19,073,801
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	-	-	-	-	-	521,522	521,522	(610)	520,912
Exchange differences on translation of foreign operations, net of tax	-	98,094	-	-	-	-	98,094	243	98,337
Net change in cash flow hedge reserve	-	-	(33,560)	-	-	-	(33,560)	-	(33,560)
Total comprehensive income	-	98,094	(33,560)	-	-	521,522	586,056	(367)	585,689
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	-	-	-	-	-	161	161	(259)	(98)
Dividend paid	-	-	-	-	-	(275,307)	(275,307)	-	(275,307)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(14,539)	(14,539)
As at 31 March 2019	18,514,233	(292,304)	(19,360)	15,604	(8,440,152)	8,842,484	18,620,505	160,438	18,780,943

(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 March 2020

(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.



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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 31 March 2020.

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

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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 31/03/20</u>						
REVENUE						
External	284,100	80,854	35,446	1,032	-	401,432
Inter-segment	42,589	1,065	8	23,237	(66,899)	-
Total revenue	<u>326,689</u>	<u>81,919</u>	<u>35,454</u>	<u>24,269</u>	<u>(66,899)</u>	<u>401,432</u>
RESULT						
Segment operating profit	85,512	40,109	(5,022)	93	-	120,692
Share of result of an associate	(483)	-	-	-	-	(483)
Share of results of joint ventures	18,279	9,314	(10,103)	-	-	17,490
Segment results	<u>103,308</u>	<u>49,423</u>	<u>(15,125)</u>	<u>93</u>	<u>-</u>	<u>137,699</u>
Interest income						12,450
Interest expenses						(31)
Net foreign currency translation loss on:						
- foreign denominated borrowings						(10,547)
- foreign denominated deposits						(282)
Profit before taxation						<u>139,289</u>
Taxation						<u>(66,801)</u>
Profit for the period						<u>72,488</u>

3 Months Ended 31/03/19

REVENUE						
External	350,216	88,665	46,864	1,994	-	487,739
Inter-segment	-	1,097	135	48,763	(49,995)	-
Total revenue	<u>350,216</u>	<u>89,762</u>	<u>46,999</u>	<u>50,757</u>	<u>(49,995)</u>	<u>487,739</u>
RESULT						
Segment operating profit	120,186	51,057	3,819	1,207	-	176,269
Share of result of an associate	308	-	-	-	-	308
Share of results of joint ventures	47,754	36,224	(3,346)	-	-	80,632
Segment results	<u>168,248</u>	<u>87,281</u>	<u>473</u>	<u>1,207</u>	<u>-</u>	<u>257,209</u>
Interest income						19,740
Net foreign currency translation gain/(loss) on:						
- foreign denominated borrowings						30,931
- foreign denominated deposits						(6,978)
Profit before taxation						<u>300,902</u>
Taxation						<u>(107,616)</u>
Profit for the period						<u>193,286</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) <u>9 Months Ended 31/03/20</u>						
REVENUE						
External	1,093,882	266,431	140,240	5,323	-	1,505,876
Inter-segment	58,589	3,198	163	65,366	(127,316)	-
Total revenue	<u>1,152,471</u>	<u>269,629</u>	<u>140,403</u>	<u>70,689</u>	<u>(127,316)</u>	<u>1,505,876</u>
RESULT						
Segment operating profit	423,955	147,944	9,728	1,640	-	583,267
Share of result of an associate	286	-	-	-	-	286
Share of results of joint ventures	73,694	27,908	(6,366)	-	-	95,236
Profit before interest and taxation	497,935	175,852	3,362	1,640	-	678,789
Interest income						40,101
Interest expenses						(53)
Net foreign currency translation (loss)/gain on:						
- foreign denominated borrowings						(38,297)
- foreign denominated deposits						699
Profit before taxation						681,239
Taxation						(271,368)
Profit for the period						<u>409,871</u>

9 Months Ended 31/03/19

REVENUE						
External	1,278,018	264,924	149,260	7,521	-	1,699,723
Inter-segment	-	3,157	542	109,282	(112,981)	-
Total revenue	<u>1,278,018</u>	<u>268,081</u>	<u>149,802</u>	<u>116,803</u>	<u>(112,981)</u>	<u>1,699,723</u>
RESULT						
Segment operating profit	505,563	154,806	19,226	5,146	-	684,741
Share of result of an associate	900	-	-	-	-	900
Share of results of joint ventures	78,720	54,695	(7,825)	-	-	125,590
Profit before interest and taxation	585,183	209,501	11,401	5,146	-	811,231
Interest income						54,536
Net foreign currency translation (loss)/gain on:						
- foreign denominated borrowings						(22,440)
- foreign denominated deposits						14,741
Profit before taxation						858,068
Taxation						(337,156)
Profit for the period						<u>520,912</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

The Company had on 13 February 2020 acquired 2 ordinary shares of IOI LiVO Loyalty Sdn Bhd (formerly known as Progressive Glory Sdn Bhd) ("ILL") for a nominal sum of RM2 only, representing the entire share capital of ILL (the "Acquisition"). Following the Acquisition, ILL has become a wholly-owned subsidiary of the Company.

The intended principal activity of ILL is to manage and operate IOI Group's loyalty programme.

k) Contingent Liabilities

There were no material contingent liabilities for the Group as at 31 March 2020.

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	387,591
Additions of investment properties	1,789,640
	<u>2,258,590</u>

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(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 and profit before interest and taxation ("PBIT") of RM401.4 million and RM137.7 million respectively for the current year quarter, which is RM86.3 million or 18% and RM119.5 million or 46% lower than the preceding year corresponding quarter. The decrease in revenue and PBIT is attributable to lower performance from all operating segments due to disruption to operating environment as a result of Covid-19 pandemic. Besides, the Group's PBIT is also impacted by lower share of results of joint ventures in the current quarter due to recognition of one-off fair value gain on South Beach Office Tower in the preceding year corresponding quarter.

Property development

The property development segment recorded revenue and operating profit of RM284.1 million and RM85.5 million respectively in the current year quarter. It is RM66.1 million or 19% and RM34.7 million or 29% respectively lower than the preceding year corresponding quarter. Lower financial performance in the current year quarter is mainly due to lower revenue contribution from Malaysia and PRC operations as a result of the imposition of Movement Control Order ("MCO") in Malaysia and lockdown in China due to the pandemic. Sales and construction activity at site were regarded as non-essential businesses and government offices were not allowed to operate during the respective MCO and lockdown periods.

Property investment

Revenue and operating profit of RM80.9 million and RM40.1 million for the current year quarter are RM7.8 million or 9% and RM11.0 million or 22% lower than the preceding year corresponding quarter. This is mainly due to lower rental income derived from retail segment as a result of closure of non-essential businesses and services during the MCO since 18 March 2020.

Hospitality and leisure

Revenue decreased by 25% from RM46.9 million to RM35.4 million and operating profit dropped from operating profit of RM3.8 million to operating loss of RM5.0 million. The decrease in revenue and operating profit is mainly due to drop in occupancy rate and loss of revenue due to the imposition of MCO.

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

The Group recorded revenue of RM1,505.9 million, which is RM193.8 million or 11% lower than the preceding year corresponding period. The Group's PBT of RM718.8 million (after excluding net foreign currency translation loss on foreign denominated borrowings and deposits of RM37.6 million) in the current year to date, which is RM147.0 million or 17% lower than the preceding year corresponding period of RM865.8 million (after excluding net foreign currency translation loss on foreign denominated borrowings and deposits of RM7.7 million). Lower revenue and PBT are attributable to lower sales from China as a result of deferment of launches due to market condition. Besides, the share of profit from joint ventures is lower in the current financial period mainly due to recognition of one-off fair value gain on South Beach Office Tower in the preceding year corresponding period.

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

The Group recorded PBT of RM150.1 million (after excluding net foreign currency translation loss on foreign denominated borrowings and deposits of RM10.8 million) for the current quarter, which is RM110.8 million or 42% lower than the immediate preceding quarter of RM260.9 million (after excluding net foreign currency translation gain on foreign denominated borrowings and deposits of RM25.4 million). Lower PBT in the current quarter is mainly due to lower contribution from all operating segments as a result of disruption to the operating environment caused by Covid-19 pandemic. In addition, the higher profit contribution from property development segment in Malaysia for the immediate preceding quarter was due to higher sales drawn from the home ownership campaign which ended in December 2019.



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(The figures have not been audited)

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

3) Prospects

The business environment is expected to continue to be challenging due to the Covid-19 pandemic, collapse in oil prices and geopolitical tensions. In response to these difficult operating conditions, the Group will leverage on our digital marketing capabilities, accelerate sales via online platforms and adopt aggressive sales and marketing strategies with focus on mid-price range of properties in Malaysia.

The pandemic outbreak is expected to affect the performance of the retail and hospitality segments. An active pragmatic tenant retention strategy has been adopted to respond to the difficult market conditions for the retail malls to ensure occupancies are optimised. As for the hospitality segment, our marketing teams continue to be actively mobilised to market their services in anticipation of a less restricted movement environment.

In China, economic activities post lockdown, have resumed in recovery mode and our recent launch of high-rise condominium in IOI Palm City, Xiamen received favourable response with the profit to be registered in the coming quarters.

Overall, we anticipate the operating environment to continue to be challenging. Nonetheless, the Group remains optimistic on its longer term prospects of its projects due to the strategic locations of our properties which are supported by good infrastructure networks 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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(Incorporated in Malaysia)

IOI PROPERTIES

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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	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	RM'000	RM'000	RM'000	RM'000
The tax expense comprises the following:				
Current taxation	67,827	26,812	186,161	210,342
Deferred taxation	(1,026)	80,804	85,207	126,814
	66,801	107,616	271,368	337,156

The effective tax rate of the Group for the current year quarter of 48% 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 March 2020 are as follows:

	As at 31/03/20 RM'000	As at 30/06/19 RM'000
a) Short term borrowings		
Unsecured		
Denominated in RM	181,345	585,234
Denominated in USD (USD90 million) (2019: USD139 million)	388,721	582,779
Denominated in SGD *	-	8,194
Denominated in RMB *	-	45
	570,066	1,176,252
b) Long term borrowings		
Unsecured		
Denominated in RM	2,324,838	2,117,946
Denominated in USD (USD67 million) (2019: USD257 million)	278,838	1,060,834
Denominated in SGD (SGD2,232 million) (2019: SGD2,272 million)	6,750,942	6,927,719
Denominated in RMB (RMB1,486 million) (2019: RMB73 million)	904,093	43,710
	10,258,711	10,150,209
Total borrowings	10,828,777	11,326,461

* Short term borrowings 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 31 March 2020 are as follows:

Type of derivative	Fair value liabilities RM'000
Cash flow hedge derivative	
Cross currency interest rate swap	
<i>USD denominated borrowing (RM100 million)*:</i>	
- less than one year	<u>(1,350)</u>
	<u>(1,350)</u>
Interest rate swap	
<i>SGD denominated borrowing (RM4,924 million)*:</i>	
- less than one year	<u>(66,176)</u>
- one year to three years	<u>(84,912)</u>
	<u>(151,088)</u>
<i>USD denominated borrowing (RM577 million)*:</i>	
- less than one year	<u>(4,668)</u>
- one year to three years	<u>(3,162)</u>
	<u>(7,830)</u>
	<u>(158,918)</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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Additional Information As Required By Appendix 9b Of Bursa Malaysia Listing Requirements

10) Fair Value Changes of Financial Assets

As at 31 March 2020, the Group has recognised derivative financial liabilities of RM1.4 million and RM158.9 million in respect of a cross currency interest rate swap and an interest rate swap respectively, with the corresponding fair value loss of RM109.2 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	(12,450)	(40,101)
Interest expense	31	53
Impairment losses on receivables written down/(back)	17	(106)
Net loss on foreign currency translation differences	10,301	37,453
Depreciation and amortisation	10,835	30,919
Impairment losses on receivables	486	1,267

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 March 2020.



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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	71,359	194,700	407,744	521,522
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)	1.30	3.54	7.41	9.47
b) Diluted earnings per share				
Net profit for the period	71,359	194,700	407,744	521,522
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)	1.30	3.54	7.41	9.47

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
29 May 2020