

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2017

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SELANGOR PROPERTIES BERHAD

(Company Number: 5199-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 JANUARY 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.01.2017 RM'000	Preceding Year Corresponding Quarter 31.01.2016 RM'000	Current Year To Date 31.01.2017 RM'000	Preceding Year Corresponding Period 31.01.2016 RM'000
Revenue	30,451	30,049	30,451	30,049
Investment loss	(6,104)	(6,028)	(6,104)	(6,028)
Cost of sale of development properties	(2,357)	(120)	(2,357)	(120)
Operating expenses	(16,490)	(14,765)	(16,490)	(14,765)
Other operating income/(loss)	44,135	(20,551)	44,135	(20,551)
Profit from operation	49,635	(11,415)	49,635	(11,415)
Finance costs	(3,215)	(3,315)	(3,215)	(3,315)
Profit before taxation	46,420	(14,730)	46,420	(14,730)
Income tax expense	(2,374)	(1,378)	(2,374)	(1,378)
Profit for the financial period	44,046	(16,108)	44,046	(16,108)
Foreign currency translation	17,540	(9,299)	17,540	(9,299)
Fair value changes on hedging instrument	(48)	50	(48)	50
Other comprehensive income/(loss) for the period (net of tax)	17,492	(9,249)	17,492	(9,249)
Total comprehensive income for the period	61,538	(25,357)	61,538	(25,357)
Profit attributable to owners of the parent	44,046	(16,108)	44,046	(16,108)
Total comprehensive income attributable to owners of the parent	61,538	(25,357)	61,538	(25,357)
Earnings per share attributable to owners of the Company				
- Basic (sen)	12.82	(4.69)	12.82	(4.69)
- Diluted (sen)	12.82	(4.69)	12.82	(4.69)

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 October 2016

SELANGOR PROPERTIES BERHAD

(Company Number: 5199-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At 31.01.2017 RM'000	Audited As At 31.10.2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	56,209	55,530
Land held for property development	423,681	421,447
Long term receivables	20,688	20,361
Investment properties	1,277,767	1,245,520
Financial assets available for sale ("AFS")	25,178	24,417
Deferred tax assets	3,622	3,622
	<u>1,807,145</u>	<u>1,770,897</u>
Total Non-current Assets		
Current assets		
Property development costs	125,870	115,144
Inventories	837	837
Trade receivables	2,336	1,473
Other receivables	4,956	5,430
Tax recoverable	5,606	5,363
Short term investments	798,018	785,182
Cash and bank balances	247,485	233,120
	<u>1,185,108</u>	<u>1,146,549</u>
Total Current Assets		
	<u>2,992,253</u>	<u>2,917,446</u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	343,617	343,617
Reserves	2,228,193	2,166,655
	<u>2,571,810</u>	<u>2,510,272</u>
Total equity		

SELANGOR PROPERTIES BERHAD

(Company Number: 5199-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At 31.01.2017 RM'000	Audited As At 31.10.2016 RM'000
LIABILITIES		
Non-current liabilities		
Long term borrowings	134,224	239,468
Cash flow hedge instrument	223	213
Deferred tax liabilities	129,354	125,183
	<hr/>	<hr/>
Total Non-current Liabilities	263,801	364,864
	<hr/>	<hr/>
Current liabilities		
Cash flow hedge instrument	1,198	1,140
Short term borrowings	121,446	4,000
Trade payables	3,773	4,758
Other payables	28,854	32,133
Tax payable	1,371	279
	<hr/>	<hr/>
Total Current Liabilities	156,642	42,310
	<hr/>	<hr/>
TOTAL LIABILITIES	420,443	407,174
	<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES	2,992,253	2,917,446
	<hr/>	<hr/>
Net assets per share attributable to owners of the parent (RM)	7.48	7.31

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 October 2016

SELANGOR PROPERTIES BERHAD

(Company Number: 5199-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 JANUARY 2017**

	← Attributable to equity holders of the Company →			Total Equity RM'000
	Share Capital RM'000	Non- Distributable Reserve RM'000	Retained earnings RM'000	
Current Year To Date				
As at 1 November 2016	343,617	283,913	1,882,742	2,510,272
Total comprehensive income	-	17,492	44,046	61,538
As at 31 January 2017	<u>343,617</u>	<u>301,405</u>	<u>1,926,788</u>	<u>2,571,810</u>
Preceding Year Corresponding Period				
At 1 November 2015	343,617	269,838	1,987,188	2,600,643
Total comprehensive income	-	(9,249)	(16,108)	(25,357)
As at 31 January 2016	<u>343,617</u>	<u>260,589</u>	<u>1,971,080</u>	<u>2,575,286</u>

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 October 2016

SELANGOR PROPERTIES BERHAD

(Company Number: 5199-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 31 JANUARY 2017**

	3 Months ended	
	31.01.2017	31.01.2016
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	46,420	(14,730)
Adjustments for non-cash item	(28,346)	35,954
Working capital changes	(15,408)	(2,544)
Net cash generated from operations	2,666	18,680
Interest received	2,675	1,517
Taxes paid	(1,525)	(1,557)
Net cash from operating activities	<u>3,816</u>	<u>18,640</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of FVTPL financial assets	(16,889)	(111,703)
Proceeds from disposal of FVTPL financial assets	27,256	54,803
Additions of investment properties	(1,052)	(3,538)
Return on capital from AFS financial assets	483	-
Purchase of property, plant and equipment	(1,763)	(275)
Dividends received from foreign investments	1,000	4,683
Net cash generated from/(used in) investing activities	<u>9,035</u>	<u>(56,030)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	-	(6,889)
Interest paid	(2,648)	(3,316)
Net cash used in financing activities	<u>(2,648)</u>	<u>(10,205)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	10,203	(47,595)
EFFECTS OF EXCHANGE RATE CHANGES	4,162	(13,001)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>233,120</u>	<u>338,634</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>247,485</u>	<u>278,038</u>

*The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction
with the Audited Financial Statements for the year ended 31 October 2016*

PART A

Explanatory Notes Pursuant to MFRS 134 “Interim Financial Reporting”

1. Basis of Preparation

The condensed consolidated interim financial statements for the period ended 31 January 2017 of the Group have been prepared in accordance with the International Financial Reporting Standards compliant framework, Malaysian Financial Reporting Standards (“MFRS”), MFRS 134 “Interim Financial Reporting”, Paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Main LR”), and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 October 2016.

The explanatory notes attached to these condensed consolidated interim financial statements 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 31 October 2016.

2. Accounting Policies

The accounting policies and methods of computation and presentation adopted by the Group in this quarterly report are consistent with those adopted in the audited financial statements for the financial year ended 31 October 2016 except as described below.

In the current financial year, the Group early adopted MFRS 15 *Revenue from Contracts with Customers* which is originally becomes effective for financial periods beginning on or after 1 January 2018. MFRS 15 supersedes the current revenue recognition standards including MFRS 118 *Revenue* and MFRS 111 *Construction Contracts* and the related interpretations.

Adoption of MFRS 15 requires the Group to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group recognises revenue from property development over time if it has an enforceable right to payment for performance completed to date.

The adoption of MFRS 15 has no material impact to the Group’s opening financials as rental income arising from the leasing of property continues to be within the scope of MFRS 117 and, hence, is not within the scope of the new revenue standard.

Effective for annual financial periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments
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Effective for annual financial periods beginning on or after 1 January 2019

MFRS 16 (Supersedes MFRS 117)	Leases
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Deferred

MFRS 116 and MFRS 141	Agriculture: Bearer Plants
MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

3. Annual Audited Financial Statements

The audited financial statements of the Company for the preceding financial year ended 31 October 2016 were not subject to any qualification.

4. Comments on the Seasonality or Cyclicity of Operations

The operations of the Group were not affected by any seasonal or cyclical factors.

5. Unusual Items

Save for the information disclosed in this interim financial report, there were no unusual items affecting assets, liabilities, equity, net income or cash flow.

6. Changes in Estimates of Amounts Reported Previously

There were no material changes in estimates of amounts used in the preparation of the financial statements in the current financial quarter and current financial period as compared to the previous corresponding financial quarterly and financial period.

7. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter.

8. Dividends Paid

No dividend has been paid for the current quarter.

9. Segment Revenue and Segment Result

The analysis of the Group's operations for the period ended 31 January 2017 is as follows: -

	Revenue RM'000	Segment Results RM'000	Total Assets Employed RM'000
By Industries			
Property Investment	11,793	6,698	649,094
Property Development	3,671	(3,214)	763,709
Investment Holding	4,387	37,888	863,133
Australian Operations	10,600	5,053	715,877
Others	-	(5)	440
	<u>30,451</u>	<u>46,420</u>	<u>2,992,253</u>

10. Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward, without amendment from the previous annual financial statements.

11. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the financial period reported that have not been reflected in these financial statements.

12. Changes in the Composition of the Group

There were no other changes in the composition of the Group for the financial period ended 31 January 2017.

13. Derivatives

The Group has the following derivative agreement to hedge against interest rate risk:

Type of Derivatives	Notional Value AUD'000	Fair Value AUD'000
Interest rate swap		
28/05/2014 – 29/05/2017	25,000	185
27/02/2015 – 27/02/2018	30,000	239

The rationale of this interest rate swap is to have certainty of interest payment and cash flow. The fair value of the interest rate swap is the estimated amount that the company would receive or pay to terminate the swap. It represents the difference between the fixed and floating rate of the swap as at 31 October 2016.

14. Changes in Contingent Liabilities or Contingent Assets since the Last Annual Reporting Date

There were no material changes in contingent liabilities or contingent assets since the last audited reporting date.

15. Capital Commitments

The capital expenditure approved and contracted for amounted to RM1,953,000 (2016: RM nil).

PART B

Explanatory Notes Pursuant to Appendix 9B of the Bursa Malaysia Securities Berhad Main Market Listing Requirements

1. Detailed analysis of the performance for the current quarter and year-to-date

The performances of the respective business sectors are as follows:

	1Q 2017 RM'000	1Q 2016 RM'000	YTD2017 RM'000	YTD2016 RM'000
Revenue				
Property Investment	11,793	11,799	11,793	11,799
Property Development	3,671	120	3,671	120
Investment Holding	4,387	9,106	4,387	9,106
Australian Operations	10,600	9,024	10,600	9,024
	<u>30,451</u>	<u>30,049</u>	<u>30,451</u>	<u>30,049</u>
Profit/(loss) before tax				
Property Investment	6,698	3,571	6,698	3,571
Property Development	(3,214)	(78)	(3,214)	(78)
Investment Holding	37,888	(21,967)	37,888	(21,967)
Australian Operations	5,053	3,877	5,053	3,877
Others	(5)	(133)	(5)	(133)
	<u>46,420</u>	<u>(14,730)</u>	<u>46,420</u>	<u>(14,730)</u>

Property Investment

Revenue for the current quarter decrease marginally compared to preceding year corresponding period mainly due to the cessation of car park income from Jalan Gelenggang car park on which a marketing gallery and show apartment have been constructed. The loss of Jalan Gelenggang car park income has been compensated by the improved rental and occupancy rate of the Group's investment properties.

Higher profit before tax for the quarter under review was mainly due to lower staff costs and operating expenses.

Property Development

The property development division continues to incur operating losses in the current quarter under review. Higher losses in the current quarter were reported as a result of marketing costs, corporate and administrative costs allocated to this division. Revenue for the quarter was derived from the work progress recognition over units of Aira Residence sold. However, the profit recognised from sale of these properties under construction was unable to pare losses.

Investment Holding

The Group recorded lower revenue of RM3.4 million from its overseas investments in the current quarter compared to RM5.2 million in the preceding year corresponding period mainly due to lower dividend income. The lower distribution income of RM1.0 million from unit trust placement in the current quarter compared to RM3.9 million in the preceding year corresponding period was due to the prevalence of the Johar Land sale proceeds in the latter. With the utilisation of these proceeds resulting in the lower unit trust placement in the current quarter, distribution income reduced accordingly.

Profit before tax for the quarter under review of RM37.9 million compared to RM22.0 million loss in the preceding year corresponding period was mainly due to foreign exchange gains of RM39.8 million as the Ringgit weakened against USD, SGD and AUD in the current quarter. The loss in the preceding year corresponding period arose as a result of foreign exchange losses of RM24.9 million.

1. Review of Performance (Cont'd.)

Australian Operations

Higher revenue recorded for the current quarter as compared to preceding year corresponding quarter was mainly due to higher exchange rate and income distribution from investment in land development projects.

Australian operations recorded a higher profit of RM5.1 million as compared to RM3.9 million in the preceding year corresponding period mainly from higher rental and operating income, mitigated by higher operating costs.

2. Comments on Material Changes in the Profit/(Loss) Before Taxation for the Quarter Reported as Compared with the Preceding Quarter

For the quarter under review, the Group achieved a profit before tax of RM46.4 million compared to RM84.1 million in the preceding quarter ended 31 October 2016.

The performance of the respective business sectors are as follows:

	1Q 2017 RM'000	4Q 2016 RM'000
Profit/(loss) before tax		
Property Investment	6,698	27,935
Property Development	(3,214)	(9,696)
Investment Holding	37,888	23,056
Australian Operations	5,053	42,823
Others	(5)	(12)
	<u>46,420</u>	<u>84,106</u>

Property Investment

For the quarter under review, it recorded a lower profit of RM6.7 million as compared to profit of RM27.9 million in the preceding quarter. The higher profits in the preceding quarter was contributed by the inclusion of fair value adjustment on properties of RM20.7 million.

Property Development

For the quarter under review, the property development division recorded a lower loss of RM4.5 million as compared to RM9.7 million loss in the preceding quarter mainly due to higher marketing expenses incurred prior to the launching of Aira Residence project in the preceding quarter.

2. Comments on Material Changes in the Profit/(Loss) Before Taxation for the Quarter Reported as Compared with the Preceding Quarter (Cont'd.)

Investment Holding

For the quarter under review, it recorded a higher profit of RM37.9 million as compared to RM23.1 million profit in the preceding quarter. This is mainly due to a higher foreign exchange gain of RM39.8 million recorded in the current quarter as the Ringgit weakened against USD, SGD and AUD, compared to a RM11.3 million gain recorded in the preceding quarter.

Australian Operations

For the quarter under review, it recorded a profit of RM5.1 million as compared to a profit of RM42.8 million in the preceding quarter. The higher profits in the preceding quarter was attributable to the inclusion of fair value adjustment on properties of RM35.6 million.

3. Current Financial Year Prospects

The property investment division of the Group is expected to remain stable and will continue to contribute positively to the Group. The Group's investment properties in Menara Milenium in Damansara Heights and Claremont Shopping Centre in Perth, Australia continue to enjoy high occupancy rates. The sales of Aira Residence project and its on-going construction progress, is expected to contribute positively to the Group's current year financial results. The re-launch of the Bukit Permata project expected in end 2017, subject to the market conditions, may further contribute to the results. The proposed development of the Group's land bank in Damansara Heights, is in its initial planning stage with considerations on designs which will provide integration and connectivity with the surrounding Mass Rapid Transit project. Preliminary planning works has commenced on the Wisma Damansara site, which construction works is expected to commenced in two years' time.

Barring unforeseen circumstances, the Group expects the operations in Malaysia and Australia to remain positive in 2017. However, in view of our overseas investments, fluctuations in foreign currency exchange will continue to affect the Group's profitability.

4. Variances between Actual Profit and Forecast Profit

Not applicable as no profit forecast was published.

5. Tax Expense

Tax expense comprise the following:

	As at 31.01.2017	
	Current Quarter	Financial Year To-Date
	RM'000	RM'000
Current year provision	2,374	2,374

The effective rate of taxation of the Group is lower than the statutory rate of taxation mainly because the investment income generated from Malaysian unit trusts are not taxable while the gains/losses contributed by overseas subsidiary company, Allied Provincial Invest Ltd (incorporated in British Virgin Islands), are not taxable/tax deductible.

6. Status of Corporate Proposals

There were no outstanding corporate proposals as at the date of this report.

7. Group Borrowings

Total Group borrowings and debt securities as at 31 January 2017 are as follows: -

Security	Currency	Short term RM'000	Long term RM'000	Total RM'000
Secured	AUD	117,446	134,224	251,670
Unsecured	RM	4,000	-	4,000
Total		121,446	134,224	255,670

The foreign currency term loans comprise 2 loans which bear interest at rates ranging from 4.00% to 4.03%. These loans are secured by registered mortgages over investment properties of the Group and will mature on 1 November 2017 and 28 February 2018.

The Group has secured a Commodity Murabahah Financing-i (Islamic term loan) and bank guarantee facilities of RM 160,000,000 and RM18,000,000 to finance the Aira Residence Project. These facilities are secured by third-party first legal charge over an investment property and a corporate guarantee by a subsidiary company of the Group.

8. Derivatives

The Group has the following derivative agreement to hedge against interest rate risk:

Type of Derivatives	Notional Value AUD '000	Fair Value AUD '000
Interest rate swap		
28/05/2014 – 29/05/2017	25,000	185
27/02/2015 – 27/02/2018	30,000	239

The rationale of this interest rate swap is to have certainty of interest payment and cash flow. The fair value of the interest rate swap is the estimated amount that the Company would receive or pay to terminate the swap. It represents the difference between the fixed and the floating rates of the swap as at 31 January 2017.

9. Material Litigation

There was no material litigation as at the date of this quarterly report and the financial year to date.

10. Dividend

The Board of Directors had recommended a final single-tier exempt dividend of RM68,723,352 in respect of the financial year ended 31 October 2016, which comprised 12.0 sen single-tier exempt dividend per ordinary share of RM41,234,011 and a special single-tier exempt dividend of 8.0 sen per ordinary share of RM27,489,341 on 343,616,761 ordinary shares which was approved by the shareholders at the concluded Annual General Meeting held on 28 February 2017. Such dividend will be accounted for in equity as an appropriation of retained earnings in the current financial year.

The Board of Directors does not recommend any dividend for the current quarter ended 31 January 2017.

11. Earnings Per Share

	1Q 2017	1Q 2016	YTD2017	YTD2016
Net profit/(loss) for the period attributable to shareholders of the parent (RM'000)	44,046	(16,108)	44,046	(16,108)
Basic earnings per share (sen)	12.82	(4.69)	12.82	(4.69)
Diluted earnings per share (sen)	12.82	(4.69)	12.82	(4.69)
Number of ordinary shares in issue ('000)	343,617	343,617	343,617	343,617

12. Additional Disclosures

Notes to the Statement of Comprehensive Income comprises:-

	1Q 2017 RM'000	1Q 2016 RM'000	YTD2017 RM'000	YTD2016 RM'000
Interest income	3,243	610	3,243	610
Dividend income	1,794	4,683	1,794	4,683
Distribution income from unit trusts	964	3,941	964	3,941
Gain on disposal of unquoted investments	1,222	1,724	1,222	1,724
Foreign exchange gains/(losses)	39,754	(24,851)	39,754	(24,851)
Interest expense	(3,216)	(3,316)	(3,216)	(3,316)
Depreciation of property, plant and equipment	(867)	(222)	(867)	(222)
Fair value changes of financial assets at fair value through profit or loss	(7,326)	(7,752)	(7,326)	(7,752)

Other than as disclosed above, there was no amortisation, provision for, and write off, of receivables and inventories, gain or loss on disposal of quoted investments, impairment of assets, gain or loss on derivatives and exceptional item for the current quarter.

PART C

1. Disclosure of Realised and Unrealised Profits or losses

The breakdown of the retained profits of the Group as at the reporting date into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with guidance on special matter No.1 determination of realised and unrealised profits or losses in the context of disclosure pursuant to Bursa Malaysia Securities Berhad listing requirements as issued by the Malaysian Institute of Accountants.

	As At 31.01.2017 RM'000	As At 31.10.2016 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	2,178,510	2,132,233
- Unrealised	430,410	431,699
	<hr/>	<hr/>
	2,608,920	2,563,932
Less: Consolidated adjustments	(682,132)	(681,190)
	<hr/>	<hr/>
Retained earnings as per financial statements	1,926,788	1,882,742
	<hr/>	<hr/>