

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 JULY 2016

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SELANGOR PROPERTIES BERHAD

(Company Number: 5199-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE THIRD QUARTER ENDED 31 JULY 2016**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.7.2016 RM'000	Preceding Year Corresponding Quarter 31.7.2015 RM'000	Current Year To Date 31.7.2016 RM'000	Preceding Year Corresponding Period 31.7.2015 RM'000
Revenue	26,232	24,891	86,475	72,011
Investment loss	(465)	(3,165)	(5,249)	(9,467)
Cost of sale of development properties	-	(2,590)	(480)	(5,966)
Operating expenses	(13,551)	(11,847)	(41,210)	(37,253)
Other operating income/(loss)	34,805	42,355	(17,014)	105,047
Profit from operation	47,021	49,644	22,522	124,372
Finance costs	(2,393)	(3,305)	(7,869)	(10,055)
Profit before taxation	44,628	46,339	14,653	114,317
Income tax expense	(1,652)	(1,697)	(4,689)	(4,456)
Profit for the financial period	42,976	44,642	9,964	109,861
Foreign currency translation	7,621	1,306	693	(118)
Fair value changes on hedging instrument	(40)	12	(3)	22
Other comprehensive income/(loss) for the period (net of tax)	7,581	1,318	690	(96)
Total comprehensive income for the period	50,557	45,960	10,654	109,765
Profit attributable to owners of the parent	42,976	44,642	9,964	109,861
Total comprehensive income attributable to owners of the parent	50,557	45,960	10,654	109,765
Basic EPS (sen)	12.51	12.99	2.90	31.97

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 October 2015

SELANGOR PROPERTIES BERHAD

(Company Number: 5199-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At 31.7.2016 RM'000	Audited As At 31.10.2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	10,223	3,465
Land held for property development	418,639	384,425
Long term receivables	27,675	23,650
Investment properties	1,200,148	1,191,954
Other investments	16,457	9,406
Deferred tax assets	10,480	10,480
	<hr/>	<hr/>
Total Non-current Assets	1,683,622	1,623,380
	<hr/>	<hr/>
Current assets		
Inventories	100,302	85,955
Trade receivables	1,295	1,818
Other receivables	3,518	4,298
Tax recoverable	4,792	4,603
Short term investments	710,265	929,528
Short term deposits	583	585
Cash and bank balances	302,987	338,634
	<hr/>	<hr/>
Total Current Assets	1,123,742	1,365,421
	<hr/>	<hr/>
TOTAL ASSETS	2,807,364	2,988,801
	<hr/>	<hr/>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	343,617	343,617
Reserves	2,095,872	2,257,026
	<hr/>	<hr/>
Total equity	2,439,489	2,600,643
	<hr/>	<hr/>

SELANGOR PROPERTIES BERHAD

(Company Number: 5199-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At 31.7.2016 RM'000	Audited As At 31.10.2015 RM'000
LIABILITIES		
Non-current liabilities		
Long term borrowings	229,253	228,780
Cash flow hedge instrument	1,069	1,067
Deferred tax liabilities	103,505	103,376
	<hr/>	<hr/>
Total Non-current Liabilities	333,827	333,223
Current liabilities		
Cash flow hedge instrument	2,351	1,177
Short term borrowings	4,000	12,016
Trade payables	309	198
Other payables	26,878	31,921
Tax payable	510	9,623
	<hr/>	<hr/>
Total Current Liabilities	34,048	54,935
TOTAL LIABILITIES	<hr/> 367,875	<hr/> 388,158
TOTAL EQUITY AND LIABILITIES	<hr/> 2,807,364	<hr/> 2,988,801
Net assets per share attributable to owners of the parent (RM)	7.10	7.57

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 October 2015

SELANGOR PROPERTIES BERHAD

(Company Number: 5199-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 JULY 2016**

	← 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 2015	343,617	269,838	1,987,188	2,600,643
Total comprehensive income	-	690	9,964	10,654
Dividend	-	-	(171,808)	(171,808)
As at 31 July 2016	<u>343,617</u>	<u>270,528</u>	<u>1,825,344</u>	<u>2,439,489</u>
Preceding Year Corresponding Period				
At 1 November 2014	343,617	263,812	1,434,742	2,042,171
Total comprehensive income/(loss)	-	(96)	109,861	109,765
Dividend	-	-	(41,234)	(41,234)
As at 31 July 2015	<u>343,617</u>	<u>263,716</u>	<u>1,503,369</u>	<u>2,110,702</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 2015

SELANGOR PROPERTIES BERHAD

(Company Number: 5199-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 31 JULY 2016**

	9 Months ended	
	31.7.2016	31.7.2015
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	14,653	114,317
Adjustments for non-cash item	21,829	(108,241)
Working capital changes	<u>(64,101)</u>	<u>(23,165)</u>
Net cash generated from operation	(27,619)	(17,089)
Interest received	4,999	6,537
Taxes paid	<u>(13,950)</u>	<u>(5,434)</u>
Net cash used in operating activities	<u>(36,570)</u>	<u>(15,986)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of FVTPL financial assets	(186,432)	(147,675)
Proceeds from disposal of FVTPL financial assets	398,376	147,320
Proceeds from disposal of investment properties	-	16,993
Additions of investment properties	(6,240)	(5,400)
Purchase of other investment	(7,032)	(6,258)
Changes in fixed deposits with maturity of more than 3 months	2	-
Purchase of property, plant and equipment	(8,098)	(591)
Dividends received from foreign investments	<u>9,180</u>	<u>2,318</u>
Net cash generated from investing activities	<u>199,756</u>	<u>6,707</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(8,118)	(1,789)
Dividend paid to equity holders of the parent	(171,808)	(41,234)
Interest paid	<u>(7,869)</u>	<u>(9,833)</u>
Net cash used in financing activities	<u>(187,795)</u>	<u>(52,856)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(24,609)	(62,135)
EFFECTS OF EXCHANGE RATE CHANGES	(11,038)	52,473
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>338,634</u>	<u>347,185</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>302,987</u>	<u>337,523</u>

*The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction
with the Audited Financial Statements for the year ended 31 October 2015*

PART A

Explanatory Notes Pursuant to MFRS 134 “Interim Financial Reporting”

1. Basis of Preparation

The condensed consolidated interim financial statements for the year ended 31 October 2015 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 2015.

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 2015.

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 2015 except for the adoption of the following new MFRSs, Amendments to MFRSs and IC Interpretations which are applicable for the Group’s financial period beginning 1 November 2015:-

Effective for annual periods beginning on or after 1 January 2016

MFRS 14	Regulatory Deferral Accounts
Amendment to MFRSs	Annual Improvements to FRSs 2012 - 2014 Cycle
MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
MFRS 127	Equity Method in Separate Financial Statements
MFRS 101	Disclosure Initiatives
MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception

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

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

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 2015 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 and the financial year-to-date.

8. Dividends Paid

A final dividend in respect of financial year ended 31 October 2015, of 12.0 sen single tier dividend per ordinary share amounting RM41,234,011 and a special single tier dividend of 38.0 sen per ordinary share amounting RM130,574,369 on 343,616,761 ordinary shares, thereby totalling RM171,808,380, was approved by the shareholders at the Annual General Meeting held on 24 March 2016 and was paid on 15 April 2016.

Save as disclosed, there were no other dividends paid during the current quarter under review and financial period-to-date.

9. Segment Revenue and Segment Result

The analysis of the Group operations for the period ended 31 July 2016 is as follows: -

	Revenue RM'000	Segment Results RM'000	Total Assets Employed RM'000
By Industries			
Property Investment	36,156	20,108	565,456
Property Development	480	(7,871)	624,337
Investment Holding	22,258	(11,174)	991,404
Australian Operations	27,581	13,814	607,164
Others	-	(224)	3,731
Unallocated Corporate Assets	-	-	15,272
	<u>86,475</u>	<u>14,653</u>	<u>2,807,364</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 July 2016.

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	285
27/02/2015 – 27/02/2018	25,000	451

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 July 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 RM4,930,000 (2015: RM85,166,000).

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:

	3Q 2016 RM'000	3Q 2015 RM'000	YTD2016 RM'000	YTD2015 RM'000
Revenue				
Property Investment	12,047	10,785	36,156	32,392
Property Development	-	577	480	1,063
Investment Holding	4,352	2,095	22,258	7,582
Australian Operations	9,833	11,434	27,581	30,974
	<u>26,232</u>	<u>24,891</u>	<u>86,475</u>	<u>72,011</u>
Profit/(loss) before tax				
Property Investment	9,575	4,032	20,108	17,019
Property Development	(5,589)	(68)	(7,871)	(415)
Investment Holding	35,437	38,848	(11,174)	89,602
Australian Operations	5,265	3,657	13,814	8,164
Others	(60)	(130)	(224)	(53)
	<u>44,628</u>	<u>46,339</u>	<u>14,653</u>	<u>114,317</u>

Property Investment

Higher revenue reported for the current quarter compared to the preceding year corresponding period was mainly due to higher occupancy coupled with higher rental rates achieved. The current investment properties still enjoy high occupancy and will continue to contribute positively to the Group. The higher YTD 2016 revenue was due to higher rental revenue from Plaza Batai which was undergoing renovation in the same period YTD 2015.

Higher profit before tax for the quarter under review compared to the preceding year's corresponding quarter was mainly due to allocation of corporate and administrative costs to property development division, which is consistent with the property development activities in the current year.

Higher profit before tax in YTD 2016 compared to YTD 2015 was due higher revenue coupled with lower staff costs and operating expenses in the current year, mitigated by a gain on disposal of investment properties in YTD 2015.

Property Development

The development division continues to incur operating losses as no revenue was recorded in the current period under review other than that relating to the sale of the low-cost shops in all the periods concerned. Higher losses in the current quarter and YTD 2016 were registered as a result of corporate and administrative costs allocated to this division which is consistent with the property development activities from the current quarter onwards in view of the gestation of development planning prior to launch, particularly on Aira Residence.

Investment Holding

The Group recorded higher revenue mainly from higher dividend income from its overseas investment and also higher distribution income from its placement with unit trusts in all the periods concerned.

1. Review of Performance (Cont'd.)

Investment Holding (Cont'd.)

For the quarter under review, it recorded a gain of RM35.4 million compared to RM38.8 million gain in the preceding year corresponding period due mainly to foreign exchange gain of RM31.8 million as the Ringgit weakened against USD and SGD in the current period, while foreign exchange gains of RM40.0 million was registered in the the preceding year's corresponding period.

YTD 2016's loss included a foreign exchange loss of RM27.0 million as the Ringgit strengthened against USD and SGD in the current period, while YTD 2015's profit included a foreign exchange gain of RM92.0 million.

Australian Operations

Lower revenue recorded for the current quarter and YTD 2016 compared to the preceding year corresponding periods was mainly due to sales of residential units in 2015 and reduction in share of revenue arising from the disposal of 50% interest in 7BVT, a joint operation arrangement on 31 July 2015.

Australian operations recorded a higher profit in the current quarter and YTD 2016 compared to the preceding year corresponding periods mainly due to lower finance costs and lower foreign exchange losses recorded in the current periods, offset by a gain on disposal of 50% interest in 7BVT on 31 July 2015.

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 RM44.6 million compared to loss before tax of RM15.2 million in the preceding quarter ended 30 April 2016.

The performance of the respective business sectors are as follows:

	3Q 2016 RM'000	2Q 2016 RM'000
Profit/(loss) before tax		
Property Investment	9,575	6,962
Property Development	(5,589)	(2,204)
Investment Holding	35,437	(24,644)
Australian Operations	5,265	4,672
Others	(60)	(31)
	<u>44,628</u>	<u>(15,245)</u>

Property Investment

For the quarter under review, it recorded a higher profit of RM9.6 million compared to profit of RM7.0 million in the preceding quarter mainly from higher rental and car park income from Plaza Batai and Menara Milenium, and reduction in the sector's share of corporate and administrative expenses due to allocation to the Property Development sector to be consistent with the on-going property development activities.

Property Development

For the quarter under review, the property division recorded a higher loss of RM5.6 million due mainly to corporate and administrative expenses, the allocation of which is consistent with the on-going property development activities during the gestation of development planning prior to launch, particularly on the Aira Residence project.

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 current quarter, it recorded a profit of RM35.4 million compared to a loss of RM24.6 million in the preceding quarter. This is mainly due to foreign exchange gain of RM31.8 million was recorded in the current quarter as the Ringgit has weakened against mainly USD and SGD, compared to RM33.9 million loss recorded in the preceding quarter.

Australian Operations

For the quarter under review, it recorded a profit of RM5.3 million compared to a profit of RM4.7 million in the preceding quarter mainly due to lower operating expenses.

3. Current Financial Year Prospects

The property investment 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 Group plans to launch a high-end 18-storey condominium at Damansara Heights in the final quarter of 2016; it is unlikely that there will be any significant profit to be recognised for the current financial year. For property development in Bukit Permata, the Group has suspended the sales of properties as a result of the poor market sentiments arising from unfavourable economic environment and continuing stringent bank lending guidelines to the purchasers. Subject to the market conditions, the project may be relaunched in mid-2017. 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.

Barring unforeseen circumstances, the Group expects the operations in Malaysia and Australia to remain positive in 2016. However, in view of our overseas investments, fluctuations in foreign currency exchange will 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 31.7.2016	
	Current Quarter	Financial Year To-Date
	RM'000	RM'000
Current year provision	1,652	4,689

The effective rate of taxation of the Group is lower than the statutory rate of taxation mainly because the Group's investment income generated from Malaysian unit trusts are not taxable while the gain/losses incurred by overseas subsidiary company, Allied Provincial Invest Ltd (incorporated in the 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 July 2016 are as follows: -

Security	Currency	Short term RM'000	Long term RM'000	Total RM'000
Secured	AUD	-	229,253	229,253
Unsecured	RM	4,000	-	4,000
Total		4,000	229,253	233,253

The foreign currency term loans comprise 2 loans which bear interest at rates ranging from 3.78% to 4.17%. These loans are secured by registered mortgages over investment properties of the Group and will mature on 1 November 2017 and 28 February 2018.

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	285
27/02/2015 – 27/02/2018	25,000	451

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 rate of the swap as at 31 July 2016.

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 does not recommend any dividend for the current quarter ended 31 July 2016.

11. Earnings Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 31.7.2016	Preceding Year Corresponding Quarter Ended 31.7.2015	Current Year To Date Ended 31.7.2016	Preceding Year Corresponding Period 31.7.2015
Net profit for the period attributable to shareholders of the parent (RM'000)	42,976	44,642	9,964	109,861
Basic earnings per share (sen)	12.51	12.99	2.90	31.97
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:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 31.7.2016	Preceding Year Corresponding Quarter Ended 31.7.2015	Current Year To Date Ended 31.7.2016	Preceding Year Corresponding Period 31.7.2015
Interest income	1,470	2,143	4,999	6,537
Dividend income	1,193	780	9,180	2,318
Distribution income from unit trusts	1,752	130	9,178	958
Interest expense	(2,392)	(3,305)	(7,869)	(10,055)
Depreciation	(200)	(173)	(648)	(477)
Fair value changes of financial assets at fair value through profit or loss	(1,699)	(8,323)	(9,169)	(8,052)
Gain/(loss) on disposal of:				
- unquoted investments	1,236	(200)	3,921	(1,414)
- investment properties	-	2,778	-	8,750
Foreign exchange gains/(losses)	31,767	34,711	(27,027)	83,443

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 and financial year to date.

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 31.7.2016 RM'000	As At 31.10.2015 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	2,008,745	2,179,494
- Unrealised	<u>593,957</u>	<u>585,052</u>
	2,602,702	2,764,546
Less: Consolidated adjustments	<u>(777,358)</u>	<u>(777,358)</u>
Retained earnings as per financial statements	<u>1,825,344</u>	<u>1,987,188</u>