

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2016

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SELANGOR PROPERTIES BERHAD

(Company Number: 5199-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2016**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.10.2016 RM'000	Preceding Year Corresponding Quarter 31.10.2015 RM'000	Current Year To Date 31.10.2016 RM'000	Preceding Year Corresponding Period 31.10.2015 RM'000
Revenue	35,349	27,480	121,824	99,491
Investment gain/(loss)	3,457	(1,495)	(1,792)	(10,962)
Cost of sale of development properties	-	1,155	(480)	(4,811)
Operating expenses	(25,051)	(43,058)	(66,261)	(80,311)
Other operating income	75,978	533,783	58,964	638,830
Profit from operation	89,733	517,865	112,255	642,237
Finance costs	(5,627)	(3,127)	(13,496)	(13,182)
Profit before taxation	84,106	514,738	98,759	629,055
Income tax expense	(26,708)	(30,919)	(31,397)	(35,375)
Profit for the financial period/year	57,398	483,819	67,362	593,680
Foreign currency translation	12,759	7,168	13,452	7,050
Fair value changes on hedging instrument	626	(1,046)	623	(1,024)
Other comprehensive income for the period (net of tax)	13,385	6,122	14,075	6,026
Total comprehensive income for the period/year	70,783	489,941	81,437	599,706
Profit attributable to owners of the parent	57,398	483,819	67,362	593,680
Total comprehensive income attributable to owners of the parent	70,783	489,941	81,437	599,706
Basic EPS (sen)	16.70	140.80	19.60	172.77

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 31.10.2016 RM'000	Audited As At 31.10.2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	55,530	3,465
Land held for property development	421,447	384,425
Long term receivables	20,361	23,650
Investment properties	1,245,520	1,191,954
Other investments	24,417	9,406
Deferred tax assets	3,622	10,480
	<hr/>	<hr/>
Total Non-current Assets	1,770,897	1,623,380
	<hr/>	<hr/>
Current assets		
Inventories	115,981	85,955
Trade receivables	579	1,818
Other receivables	6,324	4,298
Tax recoverable	5,363	4,603
Short term investments	785,182	929,528
Short term deposits	-	585
Cash and bank balances	233,120	338,634
	<hr/>	<hr/>
Total Current Assets	1,146,549	1,365,421
	<hr/>	<hr/>
TOTAL ASSETS	2,917,446	2,988,801
	<hr/>	<hr/>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	343,617	343,617
Reserves	2,166,655	2,257,026
	<hr/>	<hr/>
Total equity	2,510,272	2,600,643
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SELANGOR PROPERTIES BERHAD

(Company Number: 5199-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At 31.10.2016 RM'000	Audited As At 31.10.2015 RM'000
LIABILITIES		
Non-current liabilities		
Long term borrowings	239,468	228,780
Cash flow hedge instrument	213	1,067
Deferred tax liabilities	125,183	103,376
	<u>364,864</u>	<u>333,223</u>
Total Non-current Liabilities		
Current liabilities		
Cash flow hedge instrument	1,140	1,177
Short term borrowings	4,000	12,016
Trade payables	4,758	198
Other payables	32,133	31,921
Tax payable	279	9,623
	<u>42,310</u>	<u>54,935</u>
Total Current Liabilities		
	<u>407,174</u>	<u>388,158</u>
TOTAL LIABILITIES		
	<u>2,917,446</u>	<u>2,988,801</u>
TOTAL EQUITY AND LIABILITIES		
Net assets per share attributable to owners of the parent (RM)	7.31	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 FOURTH QUARTER ENDED 31 OCTOBER 2016**

	← Attributable to equity holders of the Company →			Total Equity RM'000
	Share Capital RM'000	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	-	14,075	67,362	81,437
Dividend	-	-	(171,808)	(171,808)
As at 31 October 2016	<u>343,617</u>	<u>283,913</u>	<u>1,882,742</u>	<u>2,510,272</u>
Preceding Year Corresponding Period				
At 1 November 2014	343,617	263,812	1,434,742	2,042,171
Total comprehensive income	-	6,026	593,680	599,706
Dividend	-	-	(41,234)	(41,234)
As at 31 October 2015	<u>343,617</u>	<u>269,838</u>	<u>1,987,188</u>	<u>2,600,643</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 OCTOBER 2016**

	12 Months ended	
	31.10.2016	31.10.2015
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	98,759	629,055
Adjustments for non-cash item	(61,242)	(597,267)
Working capital changes	(52,929)	(8,171)
Net cash generated from operation	(15,412)	23,617
Interest received	14,060	10,496
Taxes paid	(16,103)	(16,322)
Net cash (used in)/from operating activities	(17,455)	17,791
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of FVTPL financial assets	(340,221)	(545,836)
Proceeds from disposal of FVTPL financial assets	482,268	106,158
Proceeds from disposal of investment properties	-	17,596
Proceeds/deposit from disposal of non-current assets held for sale	-	405,000
Additions of investment properties	(5,836)	(7,328)
Purchase of other investment	(14,572)	-
Changes in fixed deposits with maturity of more than 3 months	585	2,542
Purchase of property, plant and equipment	(19,353)	(1,368)
Dividends received from foreign investments	11,501	5,424
Net cash generated from/(used in) investing activities	114,372	(17,812)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment of)/proceeds from borrowings, net	(8,016)	(18,210)
Dividend paid to equity holders of the parent	(171,808)	(41,234)
Interest paid	(12,260)	(13,964)
Net cash used in financing activities	(192,084)	(73,408)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(95,167)	(73,429)
EFFECTS OF EXCHANGE RATE CHANGES	(10,347)	64,878
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	338,634	347,185
CASH AND CASH EQUIVALENTS AT END OF YEAR	233,120	338,634

*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 October 2016 is as follows: -

	Revenue RM'000	Segment Results RM'000	Total Assets Employed RM'000
By Industries			
Property Investment	48,238	48,043	641,080
Property Development	480	(17,567)	763,965
Investment Holding	32,787	11,882	827,006
Australian Operations	40,319	56,637	676,351
Others	-	(236)	59
Unallocated Corporate Assets	-	-	8,985
	<u>121,824</u>	<u>98,759</u>	<u>2,917,446</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 October 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	185
27/02/2015 – 27/02/2018	25,000	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 RM4,720,000 (2015: 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:

	4Q 2016 RM'000	4Q 2015 RM'000	YTD2016 RM'000	YTD2015 RM'000
Revenue				
Property Investment	12,082	11,445	48,238	43,837
Property Development	-	1,010	480	2,073
Investment Holding	10,529	4,410	32,787	11,992
Australian Operations	12,738	10,615	40,319	41,589
	<u>35,349</u>	<u>27,480</u>	<u>121,824</u>	<u>99,491</u>
Profit/(loss) before tax				
Property Investment	27,935	402,621	48,043	419,640
Property Development	(9,696)	256	(17,567)	(159)
Investment Holding	23,056	74,068	11,882	163,670
Australian Operations	42,823	37,692	56,637	45,856
Others	(12)	101	(236)	48
	<u>84,106</u>	<u>514,738</u>	<u>98,759</u>	<u>629,055</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 mainly due to higher rental revenue from Plaza Batai which was undergoing renovation in a major part of the same period of YTD 2015.

The preceding year's corresponding quarter included a gain of RM403.9 million from a disposal of land. Excluding this gain, higher profit before tax in the current quarter is due to higher fair value adjustment on investment properties, allocation of corporate and administrative costs to property development division in the current year.

Property Development

The property development division continues to incur operating losses 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 marketing costs, corporate and administrative costs allocated to this division. No sale of Aira Residence units were registered in the current financial year as the sales launch was only held in October 2016.

1. Review of Performance (Cont'd.)

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.

For the quarter under review, it recorded a gain of RM23.1 million compared to RM74.1 million gain in the preceding year corresponding period due mainly to foreign exchange gains of RM11.3 million as the Ringgit weakened against USD and SGD in the current period, while foreign exchange gains of RM71.1 million was registered in the the preceding year's corresponding period.

YTD 2016's profit included a foreign exchange loss of RM15.8 million as the Ringgit strengthened against USD and SGD in the current year, while YTD 2015's profit included a foreign exchange gain of RM163.1 million.

Australian Operations

Higher revenue recorded for the current quarter as compared to preceding year corresponding quarter was mainly due to higher exchange rate. Lower revenue for YTD 2016 compared to the preceding year was mainly due to sales of residential units in 2015 and reduction in share of revenue arising from the disposal of 50% interest in 7 Bayview Terrace ("7BVT"), a joint operation arrangement on 31 July 2015.

For the quarter under review, Australian operations recorded a higher profit in the current quarter and YTD 2016 compared to the preceding year's corresponding period. During the current quarter, a higher fair value gain of RM17.8 million was recognised for investment properties (2016's RM35.6 mil vs 2015's RM17.8 mil), coupled with higher other income and lower finance costs in the current periods, offset by a gain on disposal of 50% interest in 7BVT since 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 RM84.1 million compared to profit before tax of RM44.6 million in the preceding quarter ended 31 July 2016.

The performance of the respective business sectors are as follows:

	4Q 2016	3Q 2016
	RM'000	RM'000
Profit/(loss) before tax		
Property Investment	27,935	9,575
Property Development	(9,696)	(5,589)
Investment Holding	23,056	35,437
Australian Operations	42,823	5,265
Others	(12)	(60)
	<u>84,106</u>	<u>44,628</u>

Property Investment

For the quarter under review, it recorded a higher profit of RM27.9 million compared to profit of RM9.6 million in the preceding quarter due to the inclusion of fair value gain on properties of RM20.7 million.

Property Development

For the quarter under review, the property division recorded a higher loss of RM9.0 million mainly due to higher marketing expenses incurred prior to the launching of Aira Residence project in October 2016.

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 lower profit of RM23.1 million compared to RM35.4 million in the preceding quarter. This is mainly due to a lower foreign exchange gain of RM11.3 million recorded in the current quarter as the Ringgit weakened against USD and SGD, compared to a RM31.8 million gain recorded in the preceding quarter.

Australian Operations

For the quarter under review, it recorded a profit of RM42.8 million compared to a profit of RM5.3 million in the preceding quarter mainly due to the inclusion of fair value gain on investment property of RM35.6 mil.

3. Next 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 launched the Aira Residence project in October 2016; it is expected that sales will contribute positively to the following year's financial results. The Group intends to re-launch the Bukit Permata project in mid-2017 subject to the market conditions. 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 2017. 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 31.10.2016	
	Current Quarter	Financial Year To-Date
	RM'000	RM'000
Current year provision	26,708	31,397

The effective rate of taxation of the Group is higher than the statutory rate of taxation mainly due to:

- the de-recognition of deferred tax assets by the Group in the current quarter as the tax benefits are no longer expected to be utilised in the foreseeable future; mitigated by:
- the Group's investment income generated from Malaysian unit trusts are not taxable; and
- 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 October 2016 are as follows: -

Security	Currency	Short term RM'000	Long term RM'000	Total RM'000
Secured	AUD	-	239,468	239,468
Unsecured	RM	4,000	-	4,000
Total		4,000	239,468	243,468

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.

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	25,000	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 October 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 October 2016.

11. Earnings Per Share

	4Q 2016	4Q 2015	YTD2016	YTD2015
Net profit for the period attributable to shareholders of the parent (RM'000)	57,398	483,819	67,362	593,680
Basic earnings per share (sen)	16.70	140.80	19.60	172.77
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:-

	4Q 2016 RM'000	4Q 2015 RM'000	YTD2016 RM'000	YTD2015 RM'000
Interest income	9,837	3,959	14,836	10,496
Dividend income	2,321	3,106	11,501	5,424
Distribution income from unit trusts	1,373	665	10,551	1,623
Interest expense	(5,627)	(3,127)	(13,496)	(13,182)
Depreciation of property, plant and equipment	(640)	(246)	(1,288)	(723)
Allowance for doubtful debts	(1,472)	(75)	(1,472)	(75)
Fair value changes of financial assets				
at fair value through profit or loss	1,041	(4,635)	(8,128)	(12,687)
Fair value gain of investment properties	56,380	34,988	56,380	34,988
Gain on disposal of:				
- unquoted investments	2,415	4,090	6,336	2,676
- investment properties	-	-	-	8,750
- non-current assets held for sale	-	403,976	-	403,976
Foreign exchange gains/(losses)	11,263	87,244	(15,764)	170,687
Reversal of/(Provision for) foreseeable losses	688	(7,915)	688	(7,915)

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 31.10.2016 RM'000	As At 31.10.2015 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	2,132,233	2,179,494
- Unrealised	431,699	585,052
	<u>2,563,932</u>	<u>2,764,546</u>
Less: Consolidated adjustments	(681,190)	(777,358)
	<u>1,882,742</u>	<u>1,987,188</u>
Retained earnings as per financial statements		