

# UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 JULY 2018

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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 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.7.2018 RM'000	Preceding Year Corresponding Quarter 31.7.2017 RM'000	Current Year To Date 31.7.2018 RM'000	Preceding Year Corresponding Period 31.7.2017 RM'000
<b>Revenue</b>	39,357	31,861	106,771	94,940
Operating expenses	(19,541)	(17,317)	(55,917)	(54,435)
Other operating income/(loss)	18,374	10,736	(36,056)	48,715
<b>Profit from operations</b>	38,190	25,280	14,798	89,220
Finance costs	(2,463)	(3,192)	(7,670)	(9,463)
<b>Profit before tax</b>	35,727	22,088	7,128	79,757
Income tax expense	(2,525)	(2,579)	(8,231)	(7,602)
<b>Profit/(Loss) for the financial period</b>	33,202	19,509	(1,103)	72,155
Foreign currency translation	7,362	18,067	(27,780)	23,742
Fair value changes on hedging instrument	(3)	(48)	12	(64)
Other comprehensive income/(loss) for the period (net of tax)	7,359	18,019	(27,768)	23,678
<b>Total comprehensive income/(loss) for the period</b>	40,561	37,528	(28,871)	95,833
<b>Profit/(Loss) attributable to owners of the parent</b>	33,202	19,509	(1,103)	72,155
<b>Total comprehensive income/(loss) attributable to owners of the parent</b>	40,561	37,528	(28,871)	95,833
Earnings/(Loss) per share attributable to owners of the Company				
- Basic (sen)	9.66	5.68	(0.32)	21.00
- Diluted (sen)	9.66	5.68	(0.32)	21.00

*The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 October 2017*

**SELANGOR PROPERTIES BERHAD**

(Company Number: 5199-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Unaudited As At 31.7.2018 RM'000</b>	<b>Audited As At 31.10.2017 RM'000</b>
<b>ASSETS</b>		
Non-current assets		
Property, plant and equipment	52,321	54,448
Land held for property development	427,375	426,136
Long term receivables	7,739	7,204
Investment properties	1,227,711	1,285,464
Financial assets available for sale ("AFS")	25,802	23,675
Deferred tax assets	3,622	3,622
Total Non-current Assets	<u>1,744,570</u>	<u>1,800,549</u>
Current assets		
Property development costs	188,943	138,349
Inventories	720	720
Trade receivables	9,756	4,054
Other receivables	1,993	3,698
Tax recoverable	5,738	5,481
Financial assets at fair value through profit or loss ("FVTPL")	702,924	737,028
Cash and bank balances	264,189	304,131
Total Current Assets	<u>1,174,263</u>	<u>1,193,461</u>
Assets held for sale	-	3,046
<b>TOTAL ASSETS</b>	<u><b>2,918,833</b></u>	<u><b>2,997,056</b></u>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to owners of the parent		
Share capital	545,371	545,371
Reserves	1,924,751	1,994,856
Total equity	<u>2,470,122</u>	<u>2,540,227</u>

**SELANGOR PROPERTIES BERHAD**

(Company Number: 5199-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Unaudited As At 31.7.2018 RM'000</b>	<b>Audited As At 31.10.2017 RM'000</b>
<b>LIABILITIES</b>		
Non-current liabilities		
Borrowings	229,539	4,894
Cash flow hedge instrument	17	-
Deferred tax liabilities	136,258	141,271
Total Non-current Liabilities	<u>365,814</u>	<u>146,165</u>
Current liabilities		
Cash flow hedge instrument	196	230
Borrowings	26,000	253,420
Trade payables and contract liabilities	29,652	29,499
Other payables	26,059	27,169
Tax payable	990	346
Total Current Liabilities	<u>82,897</u>	<u>310,664</u>
<b>TOTAL LIABILITIES</b>	<u>448,711</u>	<u>456,829</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>2,918,833</u>	<u>2,997,056</u>
Net assets per share attributable to owners of the parent (RM)	7.19	7.39

*The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 October 2017*

**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 2018**

	← Attributable to equity holders of the Company →			Total Equity RM'000
	Share Capital RM'000	Distributable Reserve RM'000	Retained earnings RM'000	
<b>Current Year To Date</b>				
As at 1 November 2017	545,371	88,238	1,906,618	2,540,227
Total comprehensive loss	-	(27,768)	(1,103)	(28,871)
Dividend	-	-	(41,234)	(41,234)
As at 31 July 2018	<u>545,371</u>	<u>60,470</u>	<u>1,864,281</u>	<u>2,470,122</u>
<b>Preceding Year Corresponding Period</b>				
As at 1 November 2016	343,617	283,913	1,882,742	2,510,272
Total comprehensive income	-	23,678	72,155	95,833
Adjustments for effect of Companies Act 2016 <b>(Note a)</b>	201,754	(201,754)	-	-
Dividend	-	-	(68,723)	(68,723)
As at 31 July 2017	<u>545,371</u>	<u>105,837</u>	<u>1,886,174</u>	<u>2,537,382</u>

**Note a**

With the Companies Act 2016 ("CA 2016") coming into effect on 31 January 2017, the credit standing in the share premium account at 31 January 2017 of RM201,754,000 has been transferred to the share capital account. Pursuant to section 618(3) of the CA 2016, the Group may exercise its right to use the credit amount being transferred from the share premium account within 24 months after the commencement of the CA 2016. The Board of Directors will make a decision thereon by 31 January 2019.

*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 2017*

**SELANGOR PROPERTIES BERHAD**

(Company Number: 5199-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE PERIOD ENDED 31 JULY 2018**

	<b>9 Months ended</b>	
	<b>31.7.2018</b>	<b>31.7.2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	7,128	79,757
Adjustments for non-cash item	29,780	(26,563)
Working capital changes	(37,509)	(5,581)
Net cash (used in)/generated from operations	(601)	47,613
Interest received	8,493	7,348
Taxes paid	(5,996)	(4,974)
Net cash generated from operating activities	<u>1,896</u>	<u>49,987</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of FVTPL financial assets	(185,535)	(135,180)
Proceeds from disposal of FVTPL financial assets	180,458	190,492
Proceeds from disposal of property, plant and equipment	34	-
Acquisition of AFS financial assets	(4,373)	-
Proceeds from disposal of non-current assets held for sale	419	-
Additions of investment properties	(6,394)	(5,368)
Return on capital from AFS financial assets	579	1,204
Purchase of property, plant and equipment	(656)	(3,745)
Dividends received from foreign investments	19,933	5,112
Net cash generated from investing activities	<u>4,465</u>	<u>52,515</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net drawdown of borrowings	14,354	5,300
Dividend paid to equity holders of the parent	(41,234)	(68,723)
Interest paid	(5,815)	(7,562)
Net cash used in financing activities	<u>(32,695)</u>	<u>(70,985)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(26,334)	31,517
EFFECTS OF EXCHANGE RATE CHANGES	(13,608)	4,574
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>304,131</u>	<u>233,120</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>264,189</u>	<u>269,211</u>

*The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction  
with the Audited Financial Statements for the year ended 31 October 2017*

## **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 July 2018 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 2017.

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 2017.

#### **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 2017 except as described below.

On 1 November 2017, the Group has adopted the following Amendments of MFRSs that have been issued by MASB:

<u>Titles</u>		<u>Effective Date</u>
Amendments to MFRS 1 and MFRS 128	Annual Improvements to MFRS MFRS Standards 2014-2016 Cycles	1 January 2017
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 107	Statement of Cash Flows: Disclosure Initiative	1 January 2017

#### **3. Annual Audited Financial Statements**

The audited financial statements of the Company for the preceding financial year ended 31 October 2017 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 under review.

## 9. Segment Information

The analysis of the Group's operations for the period ended 31 July 2018 is as follows: -

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31.7.2018 RM'000	Preceding Year Corresponding Quarter 31.7.2017 RM'000	Current Year To Date 31.7.2018 RM'000	Preceding Year Corresponding Period 31.7.2017 RM'000
<u>Revenue</u>				
Property Investment	11,646	11,610	35,154	35,397
Property Development	4,802	2,995	13,723	9,040
Investment Holding	8,230	6,206	17,922	17,677
Australian Operations	14,679	11,050	39,972	32,826
	<u>39,357</u>	<u>31,861</u>	<u>106,771</u>	<u>94,940</u>
<u>Profit/(loss) before tax</u>				
Property Investment	7,104	7,009	22,097	20,229
Property Development	(1,984)	(3,173)	(8,991)	(11,060)
Investment Holding	19,353	10,581	(35,535)	49,945
Australian Operations	10,642	7,687	28,955	20,673
Others	612	(16)	602	(30)
	<u>35,727</u>	<u>22,088</u>	<u>7,128</u>	<u>79,757</u>
<u>Total assets</u>				
	31.7.2018 RM'000	31.7.2017 RM'000	31.7.2018 RM'000	31.7.2017 RM'000
Property Investment	665,936	651,587	52,014	51,200
Property Development	703,542	716,124	89,735	46,442
Investment Holding	880,080	873,315	13	16
Australian Operations	669,051	743,750	306,822	349,023
Others	224	482	127	1,195
	<u>2,918,833</u>	<u>2,985,258</u>	<u>448,711</u>	<u>447,876</u>
<u>Total liabilities</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 2018.

#### **13. 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.

#### **14. Capital Commitments**

There are no material capital commitments in relation to the Group's capital expenditure except as disclosed below:

	RM' 000
Approved and contracted for	9,413
Approved but not contracted for	64,587
Total	<u>74,000</u>

**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**

## Review of Group Performance

	INDIVIDUAL QUARTER		Changes		CUMULATIVE QUARTER		Changes	
	Current Year Quarter	Preceding Year Corresponding Quarter			Current Year To Date	Preceding Year Corresponding Period		
	("Q3 2018")	("Q3 2017")			("YTD 2018")	("YTD 2017")		
	31.7.2018	31.7.2017			31.7.2018	31.7.2017		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	39,357	31,861	7,496	23.5	106,771	94,940	11,831	12.5
Profit/(Loss) before interest and tax	33,383	20,765	12,618	60.8	6,120	78,207	(72,087)	(92.2)
Profit/(Loss) before tax	35,727	22,088	13,639	61.7	7,128	79,757	(72,629)	(91.1)
Profit/(Loss) after tax	33,202	19,509	13,693	70.2	(1,103)	72,155	(73,258)	>(100.0)
Profit/(Loss) attributable to owners of the parent	33,202	19,509	13,693	70.2	(1,103)	72,155	(73,258)	>(100.0)

The Group's revenue for Q3 2018 increased by 23.5% compared to Q3 2017 mainly due to higher revenue from Australian operations and higher revenue contribution from property development in Malaysia. This is despite the Ringgit strengthened against the AUD (2018: RM3.06/AUD1.00; 2017: RM3.41/AUD1.00). The Group's pre-tax profit of RM35.7 million in Q3 2018 increased by 61.7% compared to Q3 2017 mainly due to unrealised foreign exchange gain of RM16.3 million as against Q3 2017's unrealised foreign exchange gain of RM2.9 million.

The Group's revenue for YTD 2018 increased by 12.5% compared to YTD 2017 mainly due to higher property development revenue achieved and higher revenue from Australian operations. The decrease in the Group's YTD 2018 pre-tax profit by 91.1% compared to YTD 2017 arose mainly from unrealised foreign exchange losses of RM37.5 million recognised for the Group's overseas investments. In YTD 2017, the Group's results included an unrealised foreign exchange gain of RM30.1 million.

The performances of the respective business sectors are as follows:

Property Investment

Revenue for Q3 2018 and YTD 2018 were at same levels as compared to last year corresponding periods. There was no major change in the occupancy rates and rental rates of the Group's properties for the current quarter under review other than the vacated tenancies of certain blocks of Taman Tunku Apartments to facilitate with the on-going refurbishment works.

Higher profit before tax for Q3 2018 and YTD 2018 were achieved as compared to last year corresponding periods were mainly due to lower building maintenance costs and staff costs.

Property Development

Revenue for Q3 2018 and YTD 2018 were derived from the work progress recognition over units of AIRA Residence sold. However, the losses for the quarter and year-to-date period arose from marketing costs on AIRA Residence incurred and corporate and administrative costs allocated to this division, which exceeded the recognised gross profit. A gain on disposal of RM1.4 million from sale of small parcel of undeveloped land in Bukit Permata, Gombak was recognised in the current quarter.

## 1. Review of Performance (Cont'd.)

### Investment Holding

The Group recorded higher investment income of RM8.2 million from its overseas investments in Q3 2018 as compared to RM6.2 million in Q3 2017.

For YTD 2018, the Group recorded higher dividend income from overseas investments. However, there were lower interest income from overseas investments and lower distribution income from local unit trust placements.

Gains in Q3 2018 arose mainly from foreign exchange gain of RM16.3 million as against gain of RM2.9 million in Q3 2017. But it was offset by a fair value loss of RM4.0 million recognised for the Group's financial assets (FVTPL). Foreign exchange gain for the current quarter arose from the weakening of Ringgit against USD (RM4.01/USD1.00) and SGD (RM2.99/SGD1.00).

YTD 2018 loss included a foreign exchange loss of RM37.5 million as the Ringgit strengthened against USD and SGD in the current period, while a foreign exchange gain of RM30.1 million was registered in YTD 2017. Fair value loss of RM13.1 million was recognised in YTD 2018, compared to a fair value gain of RM3.6 million recognised in YTD 2017.

### Australian Operations

Higher revenue recorded for Q3 2018 and YTD 2018 as compared to preceding year corresponding periods were mainly due to higher rental income and income distribution from investment in land development projects despite lower exchange rate at RM3.06/AUD1.00 (2017: RM3.41/AUD1.00) applied in the translation of Australian Dollars for Group's result consolidation purpose. Income distribution from land development projects in Q3 2018 was RM5.1 million while in Q3 2017 was RM0.4 million. In YTD 2018, income distribution from land development projects was RM10.2 million while in YTD 2017 was RM1.8 million.

Australian operations recorded a higher profit for Q3 2018 compared to Q3 2017 in line with higher revenue, offset by lower other income.

Higher profit for YTD 2018 compared to YTD 2017 was consistent with higher rental revenue and income distribution from land development projects coupled with lower operating expenses and finance costs.

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

	Current Quarter Ended	Preceding Quarter Ended	Changes	
	("Q3 2018")	("Q2 2018")		
	31.7.2018	30.4.2018	RM'000	%
Revenue	39,357	38,724	633	1.6
Profit/(Loss) before interest and tax	33,383	11,521	21,862	>100.0
Profit/(Loss) before tax	35,727	10,089	25,638	>100.0
Profit/(Loss) after tax	33,202	6,631	26,571	>100.0
Profit/(Loss) attributable to owners of the parent	33,202	6,631	26,571	>100.0

Group revenue for the Q3 2018 increased by 1.6% compared to the Q2 2018 was mainly due to higher interest income from overseas placement, and a distribution income of RM5.0 million from land development projects in Australia during the quarter. The Group's pre-tax profit of RM35.7 million in Q3 2018 improved over pre-tax loss of RM10.1 million in Q2 2018 was mainly due to an unrealised foreign exchange gain of RM16.3 million recognised for the Group's overseas investments in the current quarter. In Q2 2018, the foreign exchange losses was RM1.0 million.

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

The performances of the respective business sectors are as follows:

### Property Investment

Property investment recorded a profit before tax of RM7.1 million for the current quarter compared to a profit before tax of RM7.0 million in the immediate preceding quarter. The marginal increase in the profit before tax in the current quarter was due to the lower operating costs.

### Property Development

For the quarter under review, the pre-tax loss of property development division decreased from RM3.9 million in Q2 2018 to RM2.0 million in Q3 2018 was mainly due to a gain of RM1.4 million from sale of a small parcel of undeveloped land in Bukit Permata coupled with lower administrative costs.

### Investment Holding

The quarter under review recorded a gain of RM19.4 million compared to a loss of RM5.0 million in Q2 2018. This was mainly due to foreign exchange gain of RM16.3 million recorded in Q3 2018 as the Ringgit weakened against USD (Q3 2018: RM4.01/USD1.00; Q2 2018: RM3.92/USD1.00) and SGD (Q3 2018: RM2.99/SGD1.00; Q2 2018: RM2.96/SGD1.00). A foreign exchange loss of RM1.0 million was recorded in Q2 2018.

### Australian Operations

In Q3 2018, it recorded a profit of RM10.6 million as compared to RM12.0 million in the Q2 2018. The lower profit in the current quarter was mainly due to lower rental income from investment properties, mitigated by higher income distribution from land development projects and lower finance costs.

## 3. Prospects

While the Malaysian economy is expected to grow at 5.4% in 2018 driven by domestic demand, the property market is expected to remain subdued due to the prevalent oversupply of the commercial and office space, and the residential sub-sectors. In view of the situation, the previous Government had decided in November 2017 to temporarily freeze residential developments priced above RM1 million with the aim of alleviating the oversupply and this policy has not changed.

Following Malaysia's General Election results in May 2018 and the forming of the new Government, the respective ministries of the new Government are expected to review the policies and processes of the previous Government. Immediate changes have been the reduction of GST of 6% to 0% effective 1 June 2018 and fuel prices have been fixed with the abolishment of the price floating mechanism. The GST has been substituted with the SST in the third quarter of the calendar year. The impact of these changes by the new Government on the Malaysia economy is still evolving.

Notwithstanding the foregoing, for the current financial year, the Group's investment properties in Malaysia and Australia are expected to maintain their present occupancy and rental rates. In view of the subdued property markets in both countries, it is not expected that there will be any significant change in fair values of the properties for the year.

The Group does not foresee any major impact on the Group's financial performance with the change in GST rate and its substitution with SST.

With the soft property market condition, the Group is increasing marketing efforts to drive sales of units in AIRA Residence project. As construction progress on the site advances, higher progress billings to customers will be generated. The target launch of Bukit Permata Phase 4 in the fourth quarter is expected to generate more sales which will add to the Group's revenue.

### 3. Prospects (Cont'd.)

Until the Government's freeze on residential developments priced above RM1 million has been revisited and subject to market conditions, the Group will re-assess the feasibility of the development of Wisma Damansara site.

The Group expects to maintain its investment holdings with no significant changes in portfolios. No significant gains/losses in operations has been anticipated. However, these overseas investments which are held in foreign currencies will continue to be affected by fluctuations in foreign exchange.

In summary, barring unforeseen circumstances and subject to foreign exchange fluctuations and properties revaluation, the Group expects its operations in all business segments to remain stable for the current financial year.

### 4. Variances between Actual Profit and Forecast Profit

Not applicable as no profit forecast was published.

### 5. Tax Expense

Tax expense comprise the following:

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31.7.2018 RM'000	Preceding Year Corresponding Quarter 31.7.2017 RM'000	Current Year To Date 31.7.2018 RM'000	Preceding Year Corresponding Period 31.7.2017 RM'000
Income tax expense:				
Current year provision	2,300	1,472	6,383	4,698
Deferred taxation	225	1,107	1,848	2,904
	<u>2,525</u>	<u>2,579</u>	<u>8,231</u>	<u>7,602</u>

The difference between the effective rate of taxation of the Group and the statutory tax rate is mainly due to the following:

- foreign exchange and fair value changes gains/losses on financial assets (FVTPL) are not taxable/tax deductible;
- income/expenses contributed by overseas subsidiary company, Allied Provincial Invest Ltd (incorporated in British Virgin Islands), are not taxable/tax deductible;
- investment income generated from Malaysian unit trusts are not taxable; and
- Australian operations has a higher statutory tax rate.

### 6. Status of Corporate Proposals

There is no outstanding corporate proposal as at the date of this report.

## 7. Group Borrowings

Total Group borrowings and debt securities as at 31 July 2018 are as follows: -

As at 3rd Quarter ended 31 July 2018							
	Currency	Long term		Short term		Total borrowings	
		Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Secured</b>							
Foreign term loans	AUD	211,204	-	-	-	211,204	-
Term loan	RM	-	18,335	-	22,000	-	40,335
<b>Unsecured</b>							
Revolving credit	RM	-	-	-	4,000	-	4,000
As at 3rd Quarter ended 31 July 2017							
	Currency	Long term		Short term		Total borrowings	
		Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Secured</b>							
Foreign term loans	AUD	119,392	-	136,448	-	255,840	-
Term loan	RM	-	5,300	-	-	-	5,300
<b>Unsecured</b>							
Revolving credit	RM	-	-	-	4,000	-	4,000

The foreign currency term loans comprise 2 loans of AUD35,000,000 each (2017: AUD40,000,000 and AUD 35,000,000) which bear interest at rates ranging from 1.77% to 2.96% per annum. These loans are secured by registered mortgages over investment properties of the Group. These loans are translated at RM3.02/AUD1.00 (2017: RM3.41/AUD1.00) at the reporting date.

The Group has secured a Commodity Murabahah Financing-i (Islamic term loan) and bank guarantee facilities of RM160,000,000 and RM18,000,000 respectively 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. The loan bears interest ranging from 3.93% to 4.15% per annum.

## 8. Derivatives

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

Type of Derivatives	Notional Value as at 31.7.2018 AUD '000	Notional Value as at 31.7.2018 RM '000	Fair Value as at 31.7.2018 AUD '000	Fair Value as at 31.7.2018 RM '000
Interest rate swap				
Less than 1 year	20,000	60,344	65	196
1 to 3 years	20,000	60,344	6	17

The interest rate swap contracts were entered to hedge the exposure to changes in cash flow of the Group arising from the floating rate of the secured term loans denominated in AUD in order to minimise its exposure to the volatility of the interest rate. The market risk associated with the derivative is the potential fluctuation in the fair value arising from the change in interest rates in Australia.

There is no cash requirement for this derivative other than the repayment obligation for the underlying bank borrowings.

There have been no changes since the end of the previous financial year ended 31 October 2017 in respect of the accounting policies.

## 9. Material Litigation

There is 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 2018.

## 11. Earnings/(Loss) Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.7.2018	Preceding Year Corresponding Quarter 31.7.2017	Current Year To Date 31.7.2018	Preceding Year Corresponding Period Ended 31.7.2017
Net profit/(loss) for the period attributable to shareholders of the parent (RM'000)	33,202	19,509	(1,103)	72,155
Number of ordinary shares in issue ('000)	343,617	343,617	343,617	343,617
Basic earnings/(loss) per share (sen)	9.66	5.68	(0.32)	21.00
Diluted earnings/(loss) per share (sen)	9.66	5.68	(0.32)	21.00

## 12. Additional Disclosures

Notes to the Statement of Comprehensive Income comprises:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.7.2018 RM'000	Preceding Year Corresponding Quarter 31.7.2017 RM'000	Current Year To Date 31.7.2018 RM'000	Preceding Year Corresponding Period Ended 31.7.2017 RM'000
Interest income	4,807	4,515	8,678	11,013
Dividend income	1,542	2,454	6,713	8,780
Distribution income from unit trusts	211	507	1,497	2,247
Gain on disposal of:				
- unquoted investments	194	3,661	2,379	5,657
- property, plant and equipment	-	-	34	-
- non-current assets held for sale	1,373	-	1,373	-
Foreign exchange gains/(losses)	16,270	2,889	(37,512)	30,142
Interest expense	(3,471)	(3,192)	(8,678)	(9,463)
Depreciation of property, plant and equipment	(894)	(906)	(2,783)	(2,692)
Fair value changes of financial assets at fair value through profit or loss	(4,196)	(1,365)	(15,708)	(1,441)

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.