

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

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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 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.10.2018 RM'000	Preceding Year Corresponding Quarter 31.10.2017 RM'000	Current Year To Date 31.10.2018 RM'000	Preceding Year Corresponding Period 31.10.2017 RM'000
Revenue	46,513	45,225	153,284	140,165
Operating expenses	(35,240)	(29,350)	(91,157)	(83,785)
Other operating income/(loss)	(5,004)	21,493	(41,060)	70,208
Profit from operations	6,269	37,368	21,067	126,588
Finance costs	(2,498)	(2,676)	(10,168)	(12,139)
Profit before tax	3,771	34,692	10,899	114,449
Income tax expense	(4,764)	(14,248)	(12,995)	(21,850)
Profit/(Loss) for the financial period	(993)	20,444	(2,096)	92,599
Foreign currency translation	(6,499)	(18,449)	(34,279)	5,293
Fair value changes on hedging instrument	139	850	151	786
Other comprehensive income/(loss) for the period (net of tax)	(6,360)	(17,599)	(34,128)	6,079
Total comprehensive income/(loss) for the period	(7,353)	2,845	(36,224)	98,678
Profit/(Loss) attributable to owners of the parent	(993)	20,444	(2,096)	92,599
Total comprehensive income/(loss) attributable to owners of the parent	(7,353)	2,845	(36,224)	98,678
Earnings/(Loss) per share attributable to owners of the Company				
- Basic (sen)	(0.29)	5.95	(0.61)	26.95
- Diluted (sen)	(0.29)	5.95	(0.61)	26.95

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

	Unaudited As At 31.10.2018 RM'000	Audited As At 31.10.2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	52,195	54,448
Land held for property development	424,902	426,136
Long term receivables	7,404	7,204
Investment properties	1,207,708	1,285,464
Financial assets available for sale ("AFS")	24,388	23,675
Deferred tax assets	3,622	3,622
Total Non-current Assets	1,720,219	1,800,549
Current assets		
Property development costs	206,342	138,349
Inventories	720	720
Trade receivables	6,539	4,054
Other receivables	3,219	3,698
Tax recoverable	4,894	5,481
Financial assets at fair value through profit or loss ("FVTPL")	559,022	737,028
Cash and bank balances	430,739	304,131
Total Current Assets	1,211,475	1,193,461
Assets held for sale	-	3,046
TOTAL ASSETS	2,931,694	2,997,056
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	545,371	545,371
Reserves	1,917,398	1,994,856
Total equity	2,462,769	2,540,227

SELANGOR PROPERTIES BERHAD

(Company Number: 5199-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited	Audited
	As At	As At
	31.10.2018	31.10.2017
	RM'000	RM'000
LIABILITIES		
Non-current liabilities		
Borrowings	231,614	4,894
Contract liabilities	636	-
Cash flow hedge instrument	26	-
Deferred tax liabilities	137,957	141,271
Total Non-current Liabilities	<u>370,233</u>	<u>146,165</u>
Current liabilities		
Cash flow hedge instrument	193	230
Borrowings	28,004	253,420
Trade payables and contract liabilities	36,860	29,499
Other payables	33,029	27,169
Tax payable	606	346
Total Current Liabilities	<u>98,692</u>	<u>310,664</u>
TOTAL LIABILITIES	<u>468,925</u>	<u>456,829</u>
TOTAL EQUITY AND LIABILITIES	<u>2,931,694</u>	<u>2,997,056</u>
Net assets per share attributable to owners of the parent (RM)	7.17	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 FOURTH QUARTER ENDED 31 OCTOBER 2018**

	← 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 2017	545,371	88,238	1,906,618	2,540,227
Total comprehensive loss	-	(34,128)	(2,096)	(36,224)
Dividend	-	-	(41,234)	(41,234)
As at 31 October 2018	<u>545,371</u>	<u>54,110</u>	<u>1,863,288</u>	<u>2,462,769</u>
Preceding Year Corresponding Period				
As at 1 November 2016	343,617	283,913	1,882,742	2,510,272
Total comprehensive income	-	6,079	92,599	98,678
Adjustments for effect of Companies Act 2016 (Note a)	201,754	(201,754)	-	-
Dividend	-	-	(68,723)	(68,723)
As at 31 October 2017	<u>545,371</u>	<u>88,238</u>	<u>1,906,618</u>	<u>2,540,227</u>

Note a

The credit standing in our Company's share premium account amounting to RM201,754,168 became part of our Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act that came into effect on 31 January 2017.

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 YEAR ENDED 31 OCTOBER 2018**

	12 Months ended	
	31.10.2018	31.10.2017
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	10,899	114,449
Adjustments for non-cash item	32,722	(44,623)
Working capital changes	(41,183)	(3,767)
Net cash (used in)/generated from operations	2,438	66,059
Interest received	13,697	13,852
Taxes paid	(6,922)	(7,310)
Net cash generated from operating activities	<u>9,213</u>	<u>72,601</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of FVTPL financial assets	(222,572)	(238,090)
Proceeds from disposal of FVTPL financial assets	363,565	292,840
Proceeds from disposal of property, plant and equipment	34	47
Proceeds from disposal of non-current assets held for sale	4,420	-
Acquisition of AFS financial assets	(4,367)	(2,601)
Additions of investment properties	(14,358)	(6,719)
Return of capital from AFS financial assets	614	3,747
Purchase of property, plant and equipment	(1,871)	(4,149)
Dividends received from foreign investments	28,247	12,785
Net cash generated from investing activities	<u>153,712</u>	<u>57,860</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of borrowings	22,274	10,894
Dividend paid to equity holders of the parent	(41,234)	(68,723)
Interest paid	(8,225)	(8,003)
Net cash used in financing activities	<u>(27,185)</u>	<u>(65,832)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	135,740	64,629
EFFECTS OF EXCHANGE RATE CHANGES	(9,132)	6,382
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>430,739</u>	<u>304,131</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 October 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 October 2018 is as follows: -

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31.10.2018 RM'000	Preceding Year Corresponding Quarter 31.10.2017 RM'000	Current Year To Date 31.10.2018 RM'000	Preceding Year Corresponding Period 31.10.2017 RM'000
<u>Revenue</u>				
Property Investment	11,763	11,686	46,917	47,083
Property Development	11,855	5,823	25,578	14,863
Investment Holding	9,695	11,743	27,617	29,420
Australian Operations	13,200	15,973	53,172	48,799
	<u>46,513</u>	<u>45,225</u>	<u>153,284</u>	<u>140,165</u>
<u>Profit/(loss) before tax</u>				
Property Investment	(15,076)	(1,130)	7,021	19,099
Property Development	(7,863)	(5,584)	(16,854)	(16,644)
Investment Holding	16,868	1,044	(18,667)	50,989
Australian Operations	10,204	40,383	39,159	61,056
Others	(362)	(21)	240	(51)
	<u>3,771</u>	<u>34,692</u>	<u>10,899</u>	<u>114,449</u>
	Total assets		Total liabilities	
	31.10.2018 RM'000	31.10.2017 RM'000	31.10.2018 RM'000	31.10.2017 RM'000
Property Investment	649,541	658,000	52,607	52,393
Property Development	717,592	716,060	109,757	60,607
Investment Holding	896,368	874,580	21	951
Australian Operations	667,991	748,190	306,406	342,861
Others	202	226	134	17
	<u>2,931,694</u>	<u>2,997,056</u>	<u>468,925</u>	<u>456,829</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

The Company had on 25th October 2018 received a letter from its major shareholder, Kayin Holdings Sdn Bhd, requesting for SPB to undertake a selective capital reduction and repayment exercise pursuant to Section 116 of the Companies Act 2016 ("Proposed SCR").

The Proposed SCR entails a selective capital reduction and a corresponding capital repayment of proposed cash amount of RM5.70 per ordinary share in SPB held by all the shareholders of SPB (other than Kayin Holdings Sdn Bhd), whose names appear in the Record of Depositors of SPB as at the close of business on an entitlement date to be determined and announced later by the Board.

On 17th December 2018, Kayin Holdings Sdn Bhd notified the Board of Directors that they wish to revise the SCR Offer Price for each existing share held by the shareholders (other than Kayin Holdings Sdn Bhd) to RM6.00 ("Revised SCR Offer Price").

Consequential to the Revised SCR Offer Price, the issued share capital of SPB will be reduced by up to RM655,017,150 pursuant to the Proposed SCR. As a result of the Revised Offer Price, the capital reduction is still higher than the existing issued share capital of SPB and hence, a bonus issue is proposed to be undertaken by SPB to increase the share capital of SPB to a level which is sufficient for the capital reduction to facilitate the Proposed SCR.

The Board, save for Wen Chiu Chi who is deemed interested in the Proposed SCR, has deliberated on the contents of the Proposed Letter as well as the Revised Proposal Letter and has resolved to table the Proposed SCR to the shareholders of SPB at an Extraordinary General Meeting for their consideration.

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 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	9,420
Approved but not contracted for	63,629
Total	<u>73,049</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		
	("Q4 2018")	("Q4 2017")			("YTD 2018")	("YTD 2017")		
	31.10.2018	31.10.2017			31.10.2018	31.10.2017		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	46,513	45,225	1,288	2.8	153,284	140,165	13,119	9.4
Profit before interest and tax	653	31,412	(30,759)	(97.9)	6,773	109,619	(102,846)	(93.8)
Profit before tax	3,771	34,692	(30,921)	(89.1)	10,899	114,449	(103,550)	(90.5)
Profit/(Loss) after tax	(993)	20,444	(21,437)	>(100.0)	(2,096)	92,599	(94,695)	>(100.0)
Profit/(Loss) attributable to owners of the parent	(993)	20,444	(21,437)	>(100.0)	(2,096)	92,599	(94,695)	>(100.0)

The Group's revenue for Q4 2018 increased by 2.8% compared to Q4 2017 mainly due to higher revenue contribution from property development in Malaysia, namely the Aira Residence Project.

The Group's pre-tax profit of RM3.8 million in Q4 2018 decreased by 89.1% compared to Q4 2017 mainly due to higher fair value losses from investment properties in Malaysia (Q4 2018 RM19.1 million against Q4 2017 RM6.6 million) and lower fair value gains from the investment properties in Australia (Q4 2018 gain RM1.4 million against Q4 2017 RM28.5 million).

Additionally, increase in general administrative expenses arose mainly from provision of impairment on a development land of RM3.1 million and provision for impairment on equity investments in Malaysia of RM1.0 million. Furthermore, higher fair value loss by RM11.6 million was recognised in overseas FVTPL investments compared to previous Q4 2017. Investment income from overseas investments also decreased by RM1.8 million compared to Q4 2017. Offsetting the losses, the unrealised foreign exchange gain in Q4 2018 was higher by RM29.3 million compared to Q4 2017.

The Group's revenue for YTD 2018 increased by 9.4% compared to YTD 2017 mainly due to higher property development revenue achieved and higher dividend income from equity investments in Australia for land development projects. The decrease in the Group's YTD 2018 pre-tax profit by 90.5% compared to YTD 2017 arose mainly from unrealised foreign exchange losses of RM20.6 million compared to forex exchange gains of RM17.7 million in YTD 2017 recognised for the Group's overseas investments as Ringgit strengthened against USD (FY2018: RM4.18/USD1.00 against FY2017:RM4.23/USD1.00) and SGD (FY2018: RM3.02/SGD1.00 against FY2017: RM3.11/SGD1.00).

The Group's overseas FVTPL investment in YTD 2018 recognised higher fair value losses of RM22.1 million compared to fair value gains of RM6.1 million in YTD 2017. Other factors include lower fair value gains in YTD 2018 of RM1.4 million on investment properties in Australia compared to fair value gains of RM28.5 million in YTD 2017. Investment properties in Malaysia also recognised higher fair value losses by RM12.5 million in YTD 2018 (FY2018: RM19.1 million against FY2017: RM6.6 million).

The performances of the respective business sectors are as follows:

Property Investment

Revenue for Q4 2018 and YTD 2018 decreased marginally compared to preceding year corresponding period. Certain blocks of Taman Tunku Apartments were vacated to facilitate with the on-going refurbishment works, decreasing occupancy rate by 22%. Occupancy rate for Kompleks Pejabat Damansara also decreased 17%. The decrease was offset with higher carpark income and higher rental income from Menara Milenium & Plaza Batai with increased rental rates.

1. Detailed analysis of the performance for the current quarter and year-to-date (Cont'd.)

Higher pre-tax loss in Q4 2018 of RM15.1 million was recognised against Q4 2017 pre-tax loss of RM1.1 million mainly due to increased fair value loss by RM12.5 million on investment properties in Malaysia. General administrative expenses for Q4 2018 also increased by RM1.7 million against Q4 2017, mainly due to provision for impairment on equity investments of RM 1.0 million in Q4 2018.

Pre-tax profit in YTD 2018 of RM7 million was lower against YTD 2017 of RM19.1 million also due to increased fair value loss on investment properties in Malaysia. The fair value loss in FY2018 was RM19.1 million as compared to fair value loss in FY2017 of RM6.6 million, mitigated by lower staff costs.

Property Development

Revenue for Q4 2018 and YTD 2018 are derived from the work progress recognition over units of AIRA Residence sold. Pre-tax loss in Q4 2018 of RM7.9 million was higher against pre-tax loss in Q4 2017 of RM5.6 million mainly derived from higher costs incurred on marketing of AIRA Residence, staff and administrative expenses allocated to this division exceeding gross profit. Administrative costs included a provision for impairment of RM3.1 million on a development property land along Jalan Batai Barat.

Pre-tax loss in YTD 2018 of RM16.8 million was higher against pre-tax loss in YTD 2017 of RM16.6 million. Higher loss was mainly due to higher costs incurred on marketing, staff and administrative expenses exceeding gross profit, mitigated by additional gain of RM1.8 million from sale of a small parcel of undeveloped land in Bukit Permata, Gombak.

Investment Holding

The Group recorded a lower investment income of RM9.7 million from its overseas investments in Q4 2018 as compared to RM11.7 million in Q4 2017.

For YTD 2018, the Group recorded a lower revenue of RM27.6 million vis-a-vis YTD 2017 of RM29.4 million mainly due to lower investment income from overseas investments and lower distribution income from local unit trust placements.

Higher pre-tax profit in Q4 2018 of RM16.9 million was recognised against Q4 2017 of RM1 million arose mainly from higher foreign exchange gain of RM16.9 million against foreign exchange loss of RM12.4 million in Q4 2017. This was offset by a higher fair value loss in overseas investment by RM11.6 million recognised for the Group's FVTPL assets. Investment income from overseas investments also decreased by RM2.0 million in YTD 2018.

YTD 2018 had a pre-tax loss of RM18.7 million compared to pre-tax profit of RM51.0 million in YTD 2017 mainly due to higher foreign exchange loss by RM38.3 million from overseas investments as the Ringgit strengthened against USD (FY2018: RM4.18/USD1.00 against FY2017:RM4.23/USD1.00) and SGD (FY2018: RM3.02/SGD1.00 against FY2017: 3.11/SGD1.00) in the current period. Fair value loss on overseas financial assets (FVTPL) investment in YTD 2018 was higher by RM28.3 million compared to YTD 2017 .

Australian Operations

Lower revenue was recorded for Q4 2018 as compared to preceding year corresponding periods mainly due to lower dividend income from investments in land development projects at lower exchange rate of RM3.04/AUD1.00 (2017: RM3.29/AUD1.00) applied in the translation of Australian Dollars for Group's result consolidation purpose. Dividend income from land development projects in Q4 2018 was RM3.6 million while in Q4 2017 was RM6.7 million. In YTD 2018, income distribution from land development projects was RM13.8 million while in YTD 2017 was RM8.1 million.

Australian operations recorded a lower pre-tax profit in Q4 2018 of RM10.2 million compared to RM40.4 million in Q4 2017 mainly due to lower fair value gains on investment properties in Australia. In YTD 2018, fair value gain on investment properties was RM1.4 million compared to fair value gain of RM 28.5 million in YTD 2017 .

Lower pre-tax profit in YTD 2018 of RM39.2 million compared to YTD 2017 of RM 61.1 million due to lower fair value gains from investment properties in Australia by RM27.0 million, mitigated by higher rental income from investment properties in Australia.

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

	Current Quarter Ended ("Q4 2018")	Preceding Quarter Ended ("Q3 2018")	Changes	
	31.10.2018	31.7.2018	RM'000	%
Revenue	46,513	39,357	7,156	18.2
Profit before interest and tax	653	33,383	(32,730)	(98.0)
Profit before tax	3,771	35,727	(31,956)	(89.4)
Profit/(Loss) after tax	(993)	33,202	(34,195)	>(100.0)
Profit/(Loss) attributable to owners of the parent	(993)	33,202	(34,195)	>(100.0)

Group revenue for Q4 2018 increased by 18.2% compared to Q3 2018 mainly derived from the work progress recognition over units of AIRA Residence sold during the quarter. The Group's pre-tax profit in Q4 2018 decreased by 89.4% mainly due to recognition of higher fair value loss by RM17.7 million on investment properties, higher fair value loss by RM4.7 million on overseas FVTPL investments, increased staff cost by RM1.6 million and higher operating expenses by RM7.9 million.

The performances of the respective business sectors are as follows:

Property Investment

Property investment recorded pre-tax loss in Q4 2018 of RM15.1 million compared to a pre-tax profit in Q3 2018 of RM7.1 million in the immediate preceding quarter. The loss in the current quarter was mainly due to fair value loss on investment properties in Malaysia by RM19.1 million. Other factors include provision for impairment of RM1.0 million on equity investments in Malaysia and higher operating costs.

Property Development

For the quarter under review, the pre-tax loss on property development division increased from RM2.0 million in Q3 2018 to RM7.9 million in Q4 2018 mainly due to a provision for impairment on a development land of RM3.1 million along Jalan Batai Barat and higher staff costs.

Investment Holding

The quarter under review recorded lower pre-tax profit of RM16.9 million against RM19.4 million in Q3 2018. This was mainly due to higher fair value loss on overseas FVTPL investments by RM5 million. The loss was mitigated by higher foreign exchange gain of RM0.6 million recorded in Q4 2018 as the Ringgit weakened against USD against Q3 2018 (Q4 2018: RM4.18/USD1.00; Q3 2018: RM4.06/USD1.00) and SGD (Q4 2018: RM3.02/SGD1.00; Q3 2018: RM2.99/SGD1.00) and higher investment income of RM1.5 million from overseas investments in Q4 2018.

Australian Operations

In Q4 2018, it recorded pre-tax profit of RM10.2 million as compared to RM10.6 million in the Q3 2018. The lower profit in the current quarter was mainly due to lower rental income from Australia investment properties.

3. Prospects

While the Malaysian economy is expected to grow at 5.4% in 2018 driven by domestic demand, the property investment and development landscape is expected to remained subdued due to the prevalent oversupply of the commercial and office space, and the residential sub-sectors. In view of the situation, the Government had decided in November 2017 to temporarily freeze residential developments priced above RM1.0 million with the aim of alleviating the oversupply and this policy has not changed.

3. Prospects (Cont'd.)

The incoming supply of office spaces in the Klang Valley in the next four years remains sizeable at 37.9 million square feet as at the second quarter of 2018 while the addition of 140 new shopping complexes by 2021 across the Klang Valley, Penang and Johor is expected to worsen the oversupply going forward. The excess supply of office space and shopping complex segments has continued to exert downward pressure on occupancy and rental rates.

In view of the subdued property markets, fair values for Group's properties has decreased as recorded for the current financial year. Moving forward for the next financial year, the Group's investment properties in Malaysia and Australia are expected to maintain their present occupancy and rental rates.

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. Subject to market conditions, the target launch of Bukit Permata Phase 4 in the first half of 2019 is expected to generate more sales which will add to the Group's revenue.

Until the Government's freeze on residential developments priced above RM1.0 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 next 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 31.10.2018 RM'000	Preceding Year Corresponding Quarter 31.10.2017 RM'000	Current Year To Date 31.10.2018 RM'000	Preceding Year Corresponding Period 31.10.2017 RM'000
Income tax expense:				
Current year provision	1,396	2,563	7,779	7,261
Deferred taxation	3,368	11,685	5,216	14,589
	<u>4,764</u>	<u>14,248</u>	<u>12,995</u>	<u>21,850</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 gains/losses and fair value changes on financial assets (FVTPL) are not taxable/tax deductible;
- income/expenses contributed by overseas subsidiary company, Allied Provincial Invest Ltd, are not taxable/tax deductible;
- investment income generated from Malaysian unit trusts are not taxable; and
- Australian operations has a higher statutory tax rate.
- Deferred tax relating to RPGT was revised from 5% to 10%.

6. Status of Corporate Proposals

Save for the Proposed SCR, 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 October 2018 are as follows: -

		As at 4th Quarter ended 31 October 2018					
		Long term		Short term		Total borrowings	
Currency		Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Secured							
Foreign term loans	AUD	207,620	-	-	-	207,620	-
Term loan	RM	-	23,994	-	24,000	-	47,994
Unsecured							
Revolving credit	RM	-	-	-	4,004	-	4,004
		As at 4th Quarter ended 31 October 2017					
		Long term		Short term		Total borrowings	
Currency		Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Secured							
Foreign term loans	AUD	-	-	243,420	-	243,420	-
Term loan	RM	-	4,894	-	6,000	-	10,894
Unsecured							
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 1.97% to 3.40% per annum. These loans are secured by registered mortgages over investment properties of the Group. These loans are translated at RM2.97/AUD1.00 (2017: RM3.25/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 4.18% per annum.

8. Derivatives

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

Type of Derivatives	Notional Value as at 31.10.2018 AUD '000	Notional Value as at 31.10.2018 RM '000	Fair Value as at 31.10.2018 AUD '000	Fair Value as at 31.10.2018 RM '000
Interest rate swap				
Less than 1 year	20,000	59,320	65	193
1 to 3 years	20,000	59,320	9	26

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 October 2018.

11. Earnings/(Loss) Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.10.2018	Preceding Year Corresponding Quarter 31.10.2017	Current Year To Date 31.10.2018	Preceding Year Corresponding Period Ended 31.10.2017
Net profit/(loss) for the period attributable to shareholders of the parent (RM'000)	(993)	20,444	(2,096)	92,599
Number of ordinary shares in issue ('000)	343,617	343,617	343,617	343,617
Basic earnings/(loss) per share (sen)	(0.29)	5.95	(0.61)	26.95
Diluted earnings/(loss) per share (sen)	(0.29)	5.95	(0.61)	26.95

12. Additional Disclosures

Notes to the Statement of Comprehensive Income comprises:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.10.2018 RM'000	Preceding Year Corresponding Quarter 31.10.2017 RM'000	Current Year To Date 31.10.2018 RM'000	Preceding Year Corresponding Period Ended 31.10.2017 RM'000
Interest income	5,616	5,956	14,294	16,969
Dividend income	4,844	12,100	11,557	20,880
Distribution income from unit trusts	137	638	1,634	2,885
Gain on disposal of:				
- unquoted investments	(2,379)	(17,044)	-	(11,387)
- property, plant and equipment	-	47	34	47
- investment properties	-	-	-	-
- non-current assets held for sale	445	-	1,818	-
Foreign exchange gains/(losses)	16,886	(12,430)	(20,626)	17,712
Interest expense	(1,490)	(2,676)	(10,168)	(12,139)
Depreciation of property, plant and equipment	(1,341)	(679)	(4,124)	(3,371)
Provision for doubtful debts	(76)	(267)	(76)	(267)
Provision for impairment on land held for development	(3,142)	-	(3,142)	-
Provision for diminution on other investments	(1,000)	-	(1,000)	-
Fair value changes of financial assets at fair value through profit or loss	(6,568)	(2,531)	(22,276)	(3,972)
Fair value gain/(loss) on investment properties	(17,672)	21,858	(17,672)	21,858
Reversal of provision for foreseeable losses	468	-	468	-
Provision for and write off of inventories	-	-	-	-
Gain or loss on derivatives	-	-	-	-
Exceptional item	-	-	-	-

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.

Financial Results

Reference No	
Company Name	: SELANGOR PROPERTIES BERHAD
Stock Name	: SPB
Date Announced	: 27/12/2018
Quarterly report for the financial	
Period Ended	: 31/10/2018
Quarter	: 4
Financial Year End	: 31/10/2018
The figures	: have not been audited

Remark:

SUMMARY OF KEY FINANCIAL INFORMATION 31/10/2018

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/10/2018	31/10/2017	31/10/2018	31/10/2017
	RM'000	RM'000	RM'000	RM'000
1 Revenue	46,513	45,225	153,284	140,165
2 Profit before tax	3,771	34,692	10,899	114,449
3 Profit/(Loss) for the period	(993)	20,444	(2,096)	92,599
4 Profit/(Loss) attributable to ordinary equity holders of the parent	(993)	20,444	(2,096)	92,599
5 Basic earnings/(loss) per share (sen)	(0.29)	5.95	(0.61)	26.95
6 Proposed/Declared dividend per share (sen)	0.00	12.00	0.00	12.00
			AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
7 Net assets per share attributable to ordinary equity holders of the parent (RM)			7.17	7.39

Note : For full text of the above announcement, please access the Bursa Malaysia website at www.bursamalaysia.com

Part A3 : Additional Information

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/10/2018 RM'000	31/10/2017 RM'000	31/10/2018 RM'000	31/10/2017 RM'000
1 Gross interest income	5,616	5,956	14,294	16,969
2 Gross interest expense	(1,490)	(2,676)	(10,168)	(12,139)

Note : The above information is for the Exchange internal use only.