S P SETIA BERHAD

Company No: 19698-X

(Incorporated in Malaysia)

Interim Financial Report
30 June 2018

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Interim Financial Report - 30 June 2018

S P SETIA BERHAD

(Company No: 19698-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

(The figures have not been audited)

	As At 30/06/2018 RM'000	As At 31/12/2017 RM'000 Restated
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	471,881	425,120
Investment Properties	2,049,661	1,962,794
Inventories - Land Held for Property Development	13,284,974	10,795,753
Intangible Asset	15,145	15,497
Investments in Associated Companies	436,710	424,847
Investments in Joint Ventures	2,409,620	2,234,371
Other Investments	96	133
Other Receivables	83,550	90,146
Deferred Tax Assets	209,709	186,155
	18,961,346	16,134,816
Current Assets		
Inventories - Property Development Costs	2,624,127	1,842,201
Inventories - Completed Properties and Others	1,465,480	1,702,008
Contract Assets	1,016,517	854,817
Trade and Other Receivables	1,126,671	1,738,138
Amounts Owing by Joint Ventures	175,253	585,202
Amounts Owing by Associated Companies	450	364
Current Tax Assets	179,326	148,682
Short-Term Deposits	1,996,894	1,700,059
Cash and Bank Balances	1,761,070	3,879,241
	10,345,788	12,450,712
Assets of Disposal Group Classified as Held for Sale	-	1,058
	10,345,788	12,451,770
TOTAL ASSETS	29,307,134	28,586,586
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	8,067,296	6,693,971
Share Capital - RCPS-i A	1,114,715	1,119,342
Share Capital - RCPS-i B	1,062,228	1,064,608
Reserves		
Share-based Payment Reserve	168,064	94,450
Reserve on Acquisition Arising from Common Control	(1,295,884)	(1,295,884)
Exchange Translation Reserve	(11,923)	136,731
Retained Earnings	4,951,255	4,915,100
Equity Attributable to Owners of the Company	14,055,751	12,728,318
Perpetual Bond	610,688	610,787
Non-controlling Interests	1,341,684	1,293,999
Total Equity	16,008,123	14,633,104
LIABILITIES		
Non-Current Liabilities		
Redeemable Cumulative Preference Shares	55,298	54,667
Other Payables	40,000	40,000
Long Term Borrowings	7,181,371	4,914,092
Deferred Tax Liabilities	441,213	240,718
	7,717,882	5,249,477
Current Liabilities		
Contract Liabilities	8,954	12,469
Trade and Other Payables	2,013,880	2,311,109
Provision for Affordable Housing	799,155	795,895
Short Term Borrowings	2,700,269	1,963,828
Current Tax Liabilities	58,620	79,749
Amounts Owing to Previous Shareholders of I & P Group	-	3,540,500
Amounts Owing to Related Companies	251	455
	5,581,129	8,704,005
Total Liabilities	13,299,011	13,953,482
TOTAL EQUITY AND LIABILITIES	29,307,134	28,586,586
Net Assets Per Share Attributable to Owners of the Company	3.05	3.08

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes in this report.)

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018
(The figures have not been audited)

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/06/2018 RM'000	30/06/2017 RM'000 Restated	30/06/2018 RM'000	30/06/2017 RM'000 Restated
Continuing operations				
Revenue	925,970	866,350	1,581,472	1,892,937
Cost of sales	(605,258)	(620,297)	(1,061,587)	(1,388,797)
Gross profit	320,712	246,053	519,885	504,140
Other income	434,575	60,304	501,295	105,226
Selling and marketing expenses	(23,519)	(19,441)	(41,123)	(35,642)
Administrative and general expenses	(121,233)	(98,515)	(213,203)	(164,093)
Share of results of joint ventures	(6,409)	89,933	(20,148)	82,328
Share of results of associated companies	11,039	(7,711)	15,866	(5,459)
Finance costs	(80,137)	(36,272)	(133,148)	(67,679)
Profit before tax	535,028	234,351	629,424	418,821
Tax expense	(43,791)	(48,539)	(57,743)	(107,656)
Profit from continuing operations, net of tax	491,237	185,812	571,681	311,165
Discontinued operations				
Profit from discontinued operations, net of tax	-	87,688	-	89,585
Profit for the period	491,237	273,500	571,681	400,750
Other comprehensive income, net of tax:				
Item that may be reclassified to profit or loss in subsequent periods:				
- Exchange differences on translation of foreign operations	(47,572)	(14,951)	(148,675)	37,430
Total comprehensive income for the period	443,665	258,549	423,006	438,180
Profit attributable to:				
Holders of Perpetual Bond	9,034	9,034	17,969	17,969
Non-controlling interests	39,463	13,900	49,486	20,100
	48,497	22,934	67,455	38,069
Owners of the Company				
- from continuing operations	442,740	162,878	504,226	273,096
- from discontinued operations	-	87,688	-	89,585
	442,740	250,566	504,226	362,681
	491,237	273,500	571,681	400,750
Total comprehensive income attributable to:				
Holders of Perpetual Bond	9,034	9,034	17,969	17,969
Non-controlling interests	39,513	13,866	49,465	20,026
	48,547	22,900	67,434	37,995
Owners of the Company				
- from continuing operations	395,118	147,961	355,572	310,600
- from discontinued operations	-	87,688	-	89,585
	395,118	235,649	355,572	400,185
	443,665	258,549	423,006	438,180
Earnings per share attributable to equity holders of the Company				
Basic earnings per share (sen)				
- from continuing operations	11.48	5.00	13.51	8.38
- from discontinued operations	-	2.69	-	2.75
Diluted earnings per share (sen)				
- from continuing operations	9.84	4.17	11.50	7.00
- from discontinued operations	-	2.25	-	2.29

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes in this report.)

S P SETIA BERHAD

(Company No.: 19698-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

(The figures have not been audited)

	Attributable to owners of the Company												
				Non-Distributable					Distributable				
	Share Capital RM'000	Share Capital - RCPS-i A RM'000	Share Capital - RCPS-i B RM'000	Share Premium RM'000	Share Premium - RCPS-i A RM'000	Share Based Payment Reserve RM'000	Reserve on Acquisition Arising from Common Control RM'000	Exchange Translation Reserve RM'000	Retained Earnings RM'000	Total RM'000	Perpetual Bond RM'000	Non-controlling interests RM'000	Total Equity RM'000
Balance at 01.01.2018	6,693,971	1,119,342	1,064,608	-	-	94,450	(1,295,884)	138,030	4,129,185	11,943,702	610,787	1,243,730	13,798,219
Effects of adoption of the MFRS Framework and fair value model for investment properties	-	-	-	-	-	-	-	(1,299)	785,915	784,616	-	50,269	834,885
Balance at 01.01.2018 (restated)	6,693,971	1,119,342	1,064,608	-	-	94,450	(1,295,884)	136,731	4,915,100	12,728,318	610,787	1,293,999	14,633,104
Total other comprehensive income for the period represented by exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(148,654)	-	(148,654)	-	(21)	(148,675)
Profit for the period	-	-	-	-	-	-	-	.	504,226	504,226	-	49,486	553,712
Distribution for the period	-	-	-	-	-	-	-	-	-	-	17,969	-	17,969
Distribution paid	-	-	-	-	-	-	-	-	-	-	(18,068)	-	(18,068)
Transactions with owners:													
Issuance of ordinary shares													
- Dividend Reinvestment Plan ("DRP")	376,819	-	-	-	-	-	-	-	-	376,819	-	-	376,819
- Issuance of shares	997,750	-	-	-	-	-	-	-	-	997,750	-	-	997,750
- Exercise of Employee Share Option Scheme ("ESOS")	3,449	-	-	-	-	(716)	-	-	-	2,733	-	-	2,733
Conversion of RCPS-i A into ordinary shares	4,627	(4,627)	-	-	-	-	-	-	-	-	-	-	-
Conversion of RCPS-i B into ordinary shares	2,380	-	(2,380)	-	-	-	-	-	-	-	-	-	-
Share issuance expense	(11,700)	-	-	-	-	-	-	-	-	(11,700)	-	-	(11,700)
RCPS-i A preferential dividends paid	-	-	-	-	-	-	-	-	(36,215)	(36,215)	-	-	(36,215)
Dividends paid	-	-	-	-	-	-	-	-	(431,856)	(431,856)	-	(1,780)	(433,636)
Share-based payment under Employees' Long Term Incentive Plan ("LTIP")	-	-	-	-	-	74,330	-	-	-	74,330	-	-	74,330
Balance at 30.06.2018	8,067,296	1,114,715	1,062,228	-	-	168,064	(1,295,884)	(11,923)	4,951,255	14,055,751	610,688	1,341,684	16,008,123
Balance at 01.01.2017	2,140,140	11,276	-	2,945,523	1,115,632	65,316	(1,295,884)	204,486	3,845,351	9,031,840	610,787	1,206,081	10,848,708
Effects of adoption of the MFRS Framework and fair value model for investment properties	-	-	-	-	-	-	-	-	718,252	718,252	-	53,636	771,888
Balance at 01.01.2017 (restated)	2,140,140	11,276	-	2,945,523	1,115,632	65,316	(1,295,884)	204,486	4,563,603	9,750,092	610,787	1,259,717	11,620,596
Total other comprehensive income for the period represented by exchange differences on translation of foreign operations	-	-	-	-	-	-	-	37,504	-	37,504	-	(74)	37,430
Profit for the period	-	-	-	-	-	-	-	-	362,681	362,681	-	20,100	382,781
Distribution for the period	-	-	-	-	-	-	-	-	-	-	17,969	-	17,969
Distribution paid	-	-	-	-	-	-	-	-	-	-	(18,068)	-	(18,068)
Transactions with owners:													
Issuance of ordinary shares													
- Exercise of Employee Share Option Scheme ("ESOS")	6,060	-	-	38	-	(906)	-	-	-	5,192	-	-	5,192
Share issuance expense	-	-	-	-	(51)	-	-	-	-	(51)	-	-	(51)
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(16,762)	(16,762)
Share-based payment under Employees' Long Term Incentive Plan ("LTIP")	-	-	-	-	-	15,041	-	-	-	15,041	-	-	15,041
Transition to no par value regime [1]	2,945,561	1,115,581	-	(2,945,561)	(1,115,581)	-	-	-	-	-	-	-	-
Balance at 30.06.2017 (restated)	5,091,761	1,126,857	-	-	-	79,451	(1,295,884)	241,990	4,926,284	10,170,459	610,688	1,262,981	12,044,128

Note

[1] Effective from 31 January 2017, the new Companies Act 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium becomes part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes in this report.)

S P SETIA BERHAD

(Company No.: 19698-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018
(The figures have not been audited)

	6 MONTHS ENDED	
	30/06/2018 RM'000	**30/06/2017 RM'000 Restated**
Operating Activities		
Profit before tax		
- continuing operations	629,424	418,821
- discontinued operations	-	89,879
Adjustments for:-		
Non-cash items	(305,623)	(188,152)
Non-operating items	44,694	(22,003)
Operating profit before changes in working capital	368,495	298,545
Changes in inventories - property development costs	(202,295)	114,732
Changes in contract assets	(163,021)	526,606
Changes in inventories - completed properties and others	261,519	134,367
Changes in receivables	223,058	(118,461)
Changes in payables	(158,066)	(419,682)
Cash generated from operations	329,690	536,107
Rental received	7,010	7,602
Interest received	33,288	40,449
Interest paid	(228,888)	(126,705)
Tax paid	(126,025)	(215,168)
Net cash generated from operating activities	15,075	242,285
Investing Activities		
Additions to inventories - land held for property development	(331,878)	(525,250)
Deposits and part consideration paid for acquisition of land	(20,596)	(478,090)
Consideration paid in relation to acquisition of I & P Group	(3,540,500)	-
Additions to property, plant and equipment	(52,891)	(27,321)
Additions to investment properties	(95,018)	(91,704)
Proceeds from disposal of property, plant and equipment	373	256
Proceeds from disposal of discontinued operations	-	106,688
Proceeds from disposal of other investments	175	30,110
Proceeds from disposal of investment properties	18,982	-
Proceeds from disposal of asset held for sale	8,000	-
Net cash outflow arising from acquisition of remaining stake in Setia Federal Hill Sdn Bhd	(418,511)	-
Acquisition of additional shares in existing joint ventures	(229,311)	(76,300)
(Capital contribution to)/Repayment from joint ventures	(72)	6
Advances to joint ventures	(40,634)	(7,225)
Settlement of shareholder advances to a former joint venture partner	(94,957)	-
Advances to an associated company	(86)	(32)
Placement of sinking fund, debt service reserve, escrow and revenue accounts	(31,642)	(15,327)
Dividend received	1,225	-
Interest received	39,435	33,632
Rental received	8,722	7,998
Net cash used in investing activities	(4,779,184)	(1,042,559)

S P SETIA BERHAD

(Company No.: 19698-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

(The figures have not been audited)

	6 MONTHS ENDED	
	30/06/2018 RM'000	**30/06/2017 RM'000 Restated**
Financing Activities		
Proceeds from placement of ordinary shares	997,750	-
Proceeds from issuance of ordinary shares pursuant to the exercise of ESOS	2,733	5,192
Refund of excess application proceeds from rights issue of shares and RCPS-i B	(310,412)	-
Payment of share issuance expenses	(11,700)	(51)
Repayment to non-controlling shareholders of a subsidiary company	-	(197)
Drawdown of bank borrowings	2,959,857	975,718
Repayment of bank borrowings	(592,848)	(865,733)
Perpetual bond distribution paid	(18,068)	(18,068)
Interest paid	-	(293)
Dividends paid to non-controlling interests	(1,780)	(16,762)
RCPS-i A preferential dividends paid	(36,215)	-
Dividends paid	(55,037)	-
Net cash generated from financing activities	2,934,280	79,806
Net changes in cash and cash equivalents	(1,829,829)	(720,468)
Effect of exchange rate changes	(17,299)	15,148
Cash and cash equivalents at beginning of the period	5,530,063	4,586,503
Cash and cash equivalents at end of the period	3,682,935	3,881,183

Cash and cash equivalents comprise the following:		
Short-Term Deposits	1,996,894	2,383,836
Cash and Bank Balances	1,761,070	1,612,021
Bank Overdrafts	(15,494)	(54,687)
	3,742,470	3,941,170
Less: Sinking Fund, Debt Service Reserve, Escrow and Revenue Accounts	(59,535)	(59,987)
	3,682,935	3,881,183

(The Condensed Consolidated Statement Of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes in this report.)

NOTES TO THE INTERIM FINANCIAL REPORT

1. **Basis of Preparation**

The interim financial report has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad before taking into consideration the effects of Addendum to Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 17 – Clarification on the use of FRSIC Consensus 17 *Development of Affordable Housing* issued on 7 March 2018 ("Addendum"). This Addendum has rendered the FRSIC Consensus 17 no longer applicable upon the adoption of MFRS 15 *Revenue from Contracts with Customers* in conjunction with the adoption of the MFRS Framework as explained below, hence the upfront recognition of provision for foreseeable losses on the development of affordable housing on an involuntary basis may no longer be required. As it is understood that post issuance of this Addendum, there would be further official clarification on the accounting for the development of affordable housing in the near future, the Group expects and intends to fully comply with the requirements of this Addendum when the clarification has been made.

The interim financial report is unaudited and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017.

The financial statements of the Group for the three months period ended 31 March 2018 are the first set of interim financial statements prepared in accordance with the MFRS Framework, hence MFRS 1 *First-time Adoption of Malaysian Financial Standards* has been applied. The MFRS Framework is effective for the Group from 1 January 2018 and the date of transition to the MFRS Framework for the purpose of preparation of the MFRS compliant interim financial report is 1 January 2017.

As provided in MFRS 1, first-time adopter of MFRS Framework can elect optional exemptions from full retrospective application of MFRSs. The Group has elected not to apply MFRS 3 *Business Combinations* and MFRS 10 *Consolidated Financial Statements* retrospectively, that is not to restate any of its business combinations that occurred before the date of transition to MFRSs.

In conjunction with the adoption of the MFRS Framework above, the Group has also reassessed the current accounting policies and elected to change its accounting policy on measurement of the Group's investment properties from the cost model to fair value model. The change in this accounting policy was applied retrospectively. Except for this change in accounting policy and the adoption of the MFRS Framework, the accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2017.

The comparative information in these interim financial statements have also been restated in applying the pooling of interests method in accounting for the acquisition of I & P Group Sdn. Berhad ("I & P Group"), which was completed on 1 December 2017. S P Setia Berhad and I & P Group were under common control before the acquisition. The results of the combined group are presented in such a manner as to depict that it had been in its resultant form for both the current and previous financial periods.

The Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 January 2017 and throughout all comparable interim periods presented, as if these policies had always been in effect. Comparative information in these interim financial statements have been restated to give effect to above changes. The two newly effective standards which were adopted pursuant to the adoption of the MFRS Framework, namely MFRS 15 *Revenue from Contracts with Customers* and MFRS 9 *Financial Instruments* has resulted in the following key changes to the financial statements:

1. **Basis of Preparation (continued)**

<u>MFRS 15: *Revenue from Contracts with Customers*</u>

The key effects as a results of adopting this standard on the property development activities of the Group are as follows:

i) in respect of sales of properties that do not come under the purview of FRSIC Consensus 23 *Application of MFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties* issued by the Malaysian Institute of Accountants, the Group has to assess if the property has an alternative use to the Group and whether the sales and purchase arrangement provides the Group with an enforceable right to payment for work completed to date, in determining whether or not the sale of property units should be recognised at a point in time (completion method) or over time (percentage of completion method);

ii) it requires the identification of separate performance obligations arising from the sale of property units from the various property development projects of the Group, such as the sale of property with complimentary giveaways, and may result in the acceleration or deferment of revenue recognition relating to these separate performance obligations depending on whether the related goods and/or services are delivered or satisfied. This would affect the timing of revenue recognition for the property development activities;

iii) it requires the recognition of the financing component relating to the sale of property units under the deferred payment schemes (10:90 schemes). This would result in the recognition of interest income using the effective interest method over the term of the deferment;

iv) it requires that expenses attributable to securing contracts with customers such as commission expense be capitalised and expensed by reference to the progress towards complete satisfaction of the performance obligation; and

v) it views liquidated ascertained damages payable when the developer fails to deliver vacant possession within the stipulated period as consideration payable to customers and is presented as a reduction of the transaction price which would then be accounted for in the profit or loss over the tenure of the respective property development project instead of being accounted for as a direct charge to the profit or loss when the obligation arises.

<u>MFRS 9: *Financial Instruments*</u>

The key effect of the adoption of this standard on the Group would principally be in respect of the assessment of impairment losses of outstanding external and internal debts based on an "expected credit loss" model instead of the "incurred loss" model. This may have the effect of accelerating the recognition of impairment losses in respect of these debts if any.

As a result, the following comparatives in the interim financial report have been restated.

1. Basis of Preparation (continued)

Consolidated Statement of Financial Position
As at 31 December 2017

	As previously stated * RM'000	Adjustments RM'000	As restated RM'000
Assets			
Non-current assets			
Property, plant and equipment	425,120	-	425,120
Investment properties	1,319,701	643,093	1,962,794
Inventories - land held for property development	10,795,753	-	10,795,753
Intangible asset	15,497	-	15,497
Investments in associated companies	412,278	12,569	424,847
Investments in joint ventures	2,050,674	183,697	2,234,371
Other investments	133	-	133
Other receivables	90,146	-	90,146
Deferred tax assets	200,590	(14,435)	186,155
	15,309,892	824,924	16,134,816
Current assets			
Inventories - property development costs	1,820,822	21,379	1,842,201
Inventories - completed properties and others	1,702,008	-	1,702,008
Contract assets	-	854,817	854,817
Trade and other receivables	2,573,361	(835,223)	1,738,138
Gross amount due from customers	2,936	(2,936)	-
Amounts owing by joint ventures	585,202	-	585,202
Amounts owing by associated companies	364	-	364
Current tax assets	148,682	-	148,682
Short-term deposits	1,700,059	-	1,700,059
Cash and bank balances	3,879,241	-	3,879,241
	12,412,675	38,037	12,450,712
Assets of disposal group classified as held for sale	1,058	-	1,058
	12,413,733	38,037	12,451,770
Total assets	27,723,625	862,961	28,586,586
Equity and liabilities			
Equity			
Share capital	6,693,971	-	6,693,971
Share capital - RCPS-i A	1,119,342	-	1,119,342
Share capital - RCPS-i B	1,064,608	-	1,064,608
Share-based payment reserve	94,450	-	94,450
Reserve on acquisition arising from common control	(1,295,884)	-	(1,295,884)
Exchange translation reserve	138,030	(1,299)	136,731
Retained earnings	4,129,185	785,915	4,915,100
Equity attributable to owners of the Company	11,943,702	784,616	12,728,318
Perpetual bond	610,787	-	610,787
Non-controlling interests	1,243,730	50,269	1,293,999
Total equity	13,798,219	834,885	14,633,104

1. **Basis of Preparation (continued)**

Consolidated Statement of Financial Position (continued)
As at 31 December 2017

	As previously stated * RM'000	Adjustments RM'000	As restated RM'000
Liabilities			
Non-current liabilities			
Redeemable cumulative preference shares	54,667	-	54,667
Other payables	40,000	-	40,000
Long term borrowings	4,914,092	-	4,914,092
Deferred tax liabilities	215,517	25,201	240,718
	5,224,276	25,201	5,249,477
Current liabilities			
Gross amount due to customers	2,608	(2,608)	-
Contract liabilities	-	12,469	12,469
Trade and other payables	2,318,095	(6,986)	2,311,109
Provision for affordable housing	795,895	-	795,895
Short term borrowings	1,963,828	-	1,963,828
Current tax liabilities	79,749	-	79,749
Amounts owing to previous shareholders of I & P Group	3,540,500	-	3,540,500
Amounts owing to related companies	455	-	455
	8,701,130	2,875	8,704,005
Total liabilities	13,925,406	28,076	13,953,482
Total equity and liabilities	27,723,625	862,961	28,586,586

* *The "as previously stated" figures of the consolidated statement of financial position as at 31 December 2017 had accounted for the effects of acquisition of I & P Group based on the pooling of interests method of accounting (adjusted for retrospectively) upon completion on 1 December 2017.*

1. **Basis of Preparation (continued)**

Consolidated Statement of Comprehensive Income
For the 6 months financial period ended 30 June 2017

	As previously stated ^ RM'000	Adjustments RM'000	As restated RM'000
Continuing operations			
Revenue	794,710	1,098,227	1,892,937
Cost of sales	(580,611)	(808,186)	(1,388,797)
Gross profit	214,099	290,041	504,140
Other income	60,167	45,059	105,226
Selling and marketing expenses	(38,533)	2,891	(35,642)
Administrative and general expenses	(86,996)	(77,097)	(164,093)
Share of results of joint ventures	81,522	806	82,328
Share of results of associated companies	(11,603)	6,144	(5,459)
Finance costs	(34,820)	(32,859)	(67,679)
Profit before tax	183,836	234,985	418,821
Taxation	(29,219)	(78,437)	(107,656)
Profit from continuing operations, net of tax	154,617	156,548	311,165
Discontinued operations			
Profit from discontinued operations, net of tax	-	89,585	89,585
Profit for the period	154,617	246,133	400,750
Other comprehensive income, net of tax:			
Exchange differences on translation of foreign operations	(14,951)	52,381	37,430
Total comprehensive income for the period	139,666	298,514	438,180
Profit attributable to:			
Holders of Perpetual bond	9,034	8,935	17,969
Non-controlling interests	9,263	10,837	20,100
	18,297	19,772	38,069
Owners of the Company			
- from continuing operations	136,320	136,776	273,096
- from discontinued operations	-	89,585	89,585
	154,617	246,133	400,750
Total comprehensive income attributable to:			
Holders of Perpetual bond	9,034	8,935	17,969
Non-controlling interests	9,229	10,797	20,026
	18,263	19,732	37,995
Owners of the Company			
- from continuing operations	121,403	189,197	310,600
- from discontinued operations	-	89,585	89,585
	139,666	298,514	438,180

1. **Basis of Preparation (continued)**

Consolidated Statement of Cash Flows
For the 6 months financial period ended 30 June 2017

	As previously ^ stated RM'000	Adjustments RM'000	As restated RM'000
Net cash generated from operating activities	190,165	52,120	242,285
Net cash used in investing activities	(803,061)	(239,498)	(1,042,559)
Net cash (used in)/from financing activities	(124,281)	204,087	79,806
Net decrease in cash and cash equivalents	(737,177)	16,709	(720,468)
Effect of exchange rate changes	15,148	-	15,148
Cash and cash equivalents at 1 January 2017	4,076,110	510,393	4,586,503
Cash and cash equivalents at 30 June 2017	3,354,081	527,102	3,881,183

^ *The "as previously stated" figures of the consolidated statement of comprehensive income and consolidated statement of cash flows for the six months period ended 30 June 2017 had not accounted for the effects of acquisition of I & P Group as these were presented in the quarterly announcements preceding the completion of the acquisition of I & P Group on 1 December 2017.*

2. **Seasonal or Cyclical Factors**

The business operations of the Group during the financial period under review have not been materially affected by any seasonal or cyclical factors.

3. **Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no unusual items for the financial period ended 30 June 2018.

4. **Material Changes in Estimates**

There were no material changes in estimates for the financial period ended 30 June 2018.

5. **Debts and Equity Securities**

Save for the following, there were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial period-to-date:

(a) Issuance of 971,604 new ordinary shares pursuant to the exercise of options under the Employees' Share Options Scheme ("ESOS") at the following option prices:

		ESOS 1	ESOS 4	ESOS 5
Exercise price	(RM)	2.96	2.62	2.76
No. of shares issued	('000)	308	72	592

(b) Issuance of 325,000,000 new ordinary shares ("Placement Shares") at an issue price of RM3.07 per share;

(c) Conversion from 4,626,995 RCPS-i A to 1,368,930 ordinary shares with the conversion ratio of fifty (50) new S P Setia Berhad shares for one hundred sixty nine (169) RCPS-i A held;

(d) Conversion from 2,704,547 RCPS-i B to 643,934 ordinary shares with the conversion ratio of five (5) new S P Setia Berhad shares for twenty one (21) RCPS-i B held; and

(e) Issuance of 134,578,221 new ordinary shares pursuant to Dividend Reinvestment Plan ("9^{th} DRP") at the price of RM 2.80 per share.

6. **Dividends Paid**

a) Final dividend in respect of the financial year ended 31 December 2017

A single tier final dividend, in respect of the financial year ended 31 December 2017 of 11.5 sen per ordinary share amounting to RM431,855,613 was declared.

Based on elections made by shareholders, a total of 134,578,221 new ordinary shares were issued pursuant to the Dividend Reinvestment Plan ("9th DRP") and the remaining portion of RM55,036,594 was paid in cash on 18 April 2018.

b) Islamic Redeemable Convertible Preference Shares ("RCPS-i A") preferential dividend in respect of the financial period from 1 July 2017 to 31 December 2017

A semi-annually RCPS-i A preferential dividend of RM36,241,513, in respect of the financial period from 1 July 2017 to 31 December 2017, was paid in cash on 9 April 2018.

7. **Segmental Reporting**

The segmental analysis for the financial period ended 30 June 2018 is as follows:-

	Property Development RM'000	Construction RM'000	Other Operations RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	1,463,833	39,385	78,254	-	1,581,472
Inter-segment sales	162,614	262,360	22,761	(447,735)	-
Total revenue	1,626,447	301,745	101,015	(447,735)	1,581,472
Gross profit	508,770	1,120	9,995	-	519,885
Other income	487,169	2,717	11,409	-	501,295
Operating expenses	(230,523)	(10,175)	(13,628)	-	(254,326)
Share of results of joint ventures	(24,478)	-	4,330	-	(20,148)
Share of results of associated companies	15,866	-	-	-	15,866
Finance costs	(127,231)	(12)	(5,905)	-	(133,148)
Profit before tax	629,573	(6,350)	6,201	-	629,424
Tax expense					(57,743)
Profit for the period					571,681

8. **Material Events Subsequent to the End of Financial Period**

Other than those events disclosed under Status of Corporate Proposals, there were no material transactions or events subsequent to the current quarter ended 30 June 2018 till 16 August 2018 (the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report).

9. **Changes in the Composition of the Group**

There were no changes in the composition of the Group for the financial period ended 30 June 2018 except for the following:

a) Incorporation of a wholly-owned subsidiary of S P Setia Berhad by the name of Setia International Japan Co. Ltd. on 27 March 2018 with a capital contribution of JPY100,000;

b) Incorporation of a wholly-owned subsidiary of S P Setia Berhad by the name of Setia Eco Glades 2 Sdn Bhd ("Setia Eco Glades 2") on 29 March 2018 with an issued and paid-up share capital of RM1.00 comprising 1 ordinary share. Subsequently on 26 April 2018, Setia Eco Glades 2 allotted additional 9 ordinary shares of RM1.00 each of which 6 ordinary shares were subscribed by S P Setia Berhad. Thereafter, Setia Eco Glades 2 has become a 70% owned subsidiary of S P Setia Berhad; and

9. **Changes in the Composition of the Group (continued)**

c) Acquisition of 500,000 ordinary shares in an existing joint venture, Setia Federal Hill Sdn Bhd ("Setia Federal Hill"), by S P Setia Berhad, representing the remaining 50% equity interest for a cash consideration of RM431,891,000. The acquisition was completed on 13 April 2018 and Setia Federal Hill has become a wholly-owned subsidiary of S P Setia Berhad.

10. **Contingent Liabilities**

The following are the status updates on the contingent liabilities of the Group as at the current quarter ended 30 June 2018 till 16 August 2018 (the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report):

(a) On 16 November 2017, the Inland Revenue Board of Malaysia ("MIRB") had served Bandar Setia Alam Sdn Bhd ("BSA"), a wholly-owned subsidiary of S P Setia Berhad, with additional tax assessments for the years of assessment ("YAs") 2008, 2009, 2010, 2011 and 2013 for additional income taxes of RM51,985,822 and a penalty of RM23,393,620.

The abovementioned additional income tax and penalty were imposed by the MIRB as the MIRB has taken the view that the gains from the disposal of land and properties held under Investment Properties under BSA in the abovementioned YAs are chargeable to income tax under the Income Tax Act 1967 ("ITA") instead of the Real Property Gains Tax Act 1976 ("RPGTA").

Upon consulting its tax solicitors, BSA is of the view that there are reasonable grounds to challenge the basis and validity of the disputed Notices of Additional Assessment ("Disputed Notices") raised by the MIRB and the penalty imposed as BSA takes the view that the sales of the Investment Properties are capital transactions which fall under the purview of RPGTA.

BSA has filed Notices of Appeal to the Special Commissioners of Income Tax by way of Forms Q to appeal against the Disputed Notices for the aforesaid YAs pursuant to the provisions of the ITA to preserve its right of appeal.

BSA also filed an application for leave to apply for judicial review against the Disputed Notices which included a prayer for a stay of proceedings to be given at the ex parte stage against the Disputed Notices. An ex parte interim order for stay of proceedings ("Interim Stay") was granted by the Shah Alam High Court ("High Court") on 14 December 2017, which is in effect until 10 May 2018. After several postponements of the hearing, the High Court has granted leave to BSA to proceed with the judicial review application. In the meantime, the Attorney General Chambers ("AGC") filed its appeal to the Court of Appeal against the decision of the High Court and the matter is now fixed for hearing on 12 September 2018.

In respect of the Interim Stay which lapsed on 10 May 2018, the High Court has granted a further extension until the hearing date of the substantive (inter partes) arguments on the stay of proceeding and merits of the case, which was originally scheduled on 26 June 2018 by the High Court but adjourned to 27 September 2018 subsequent to the formal application on adjournment of hearing date filed by MIRB on 11 June 2018.

Based on the legal advice obtained from the tax solicitors, there are meritorious grounds and case law to support BSA's appeal against the Disputed Notices. On this note, the Directors of the Group are of the opinion that no provision in respect of the tax liability in dispute is required to be made in the financial statements up the reporting date; and

10. **Contingent Liabilities (continued)**

(b) On 27 March 2018, the MIRB had served S P Setia Berhad ("SPSB") with additional tax assessments for the YAs 2009 to 2015 for additional income taxes of RM22,444,559.50 and a penalty of RM10,100,051.79 totalling RM32,544,611.29.

The abovementioned additional income tax and penalty were imposed by the MIRB pursuant to the disallowance of the interest expenses and common expenses deducted by SPSB as deductible expense in the YAs 2011 to 2015 and 2009 to 2015 respectively.

Upon consulting its tax solicitors, SPSB is of the view that there are reasonable grounds to challenge the basis and validity of the disputed Notices of Additional Assessment ("Disputed Notices") raised by the MIRB and the penalty imposed.

On 13 April 2018, the High Court granted leave to SPSB to commence the judicial review proceedings and an interim stay against the Disputed Notices pending the disposal of the inter-partes stay hearing. The hearing for the inter-partes stay hearing has yet to be fixed.

Additionally, SPSB has also filed Notices of Appeal (Form Q) to the Special Commissioners of Income Tax pursuant to Section 99(1) of the ITA 1967 to appeal against the Disputed Notices for the aforesaid YAs to preserve its right of appeal.

In the meantime, the Attorney General Chambers ("AGC") filed its appeal to the Court of Appeal against the decision of the High Court granted on 13 April 2018. No date for the hearing of the appeal has been fixed.

Based on the legal advice obtained from the tax solicitors, there are reasonable grounds and case law to support SPSB's appeal against the Disputed Notices. On this note, the Directors of the Group are of the opinion that no provision in respect of the tax liability in dispute is required to be made in the financial statements up to the reporting date.

11. Capital Commitments

	As at 30 June 2018 RM'000
Commitments of subsidiary companies:-	
Contractual commitments for acquisition of development land	616,745
Contractual commitments for construction of investment properties	256,093
Contractual commitments for construction of property, plant and equipment	195,772
Share of commitments of joint ventures:-	
Contractual commitments for acquisition of development land	112,123
Contractual commitments for construction of investment properties	85,637

12. Significant Related Party Transactions

		1 Jan 2018 to 30 June 2018 RM'000
Transactions with joint ventures:-		
(i)	Management fee received and receivable	1,909
(ii)	Event service fee received and receivable	41
(iii)	Rental received and receivable	152
(iv)	Rental paid and payable	32
(v)	Construction services rendered	48,954
(vi)	Staff secondment fee received and receivable	245
(vii)	Interest received and receivable	7,969
(viii)	Group marketing fee received and receivable	12
Transaction with director of the subsidiary companies:-		
(i)	Sale of development property to director of subsidiary companies	577
Transaction with related company:-		
(i)	Rental paid and payable	939

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. **Review of Group Performance**

Revenue and profit before tax ("PBT") of the respective operating business segments for the current quarter and financial period to-date are analysed as follows:-

	Q2 2018 RM'000	Q2 2017 RM'000 Restated	PTD 2018 RM'000	PTD 2017 RM'000 Restated
Revenue				
Property Development	869,349	757,377	1,463,833	1,657,210
Construction	14,848	57,020	39,385	140,811
Other Operations	41,773	51,953	78,254	94,916
	925,970	866,350	1,581,472	1,892,937
Profit before tax				
Property Development	544,473	211,996	629,573	387,804
Construction	(6,142)	1,012	(6,350)	7,203
Other Operations	(3,303)	21,343	6,201	23,814
	535,028	234,351	629,424	418,821

(a) Performance of the current quarter against the same quarter in the preceding year (Q2 FY2018 vs Q2 FY2017)

Property Development

Revenue and PBT from property development activities increased by 15% and 157% respectively as compared to the same quarter in the preceding year.

The increase in revenue were mainly contributed from sales of completed properties.

During the quarter, there was a RM343.8 million one-off provisional fair value gain arising from remeasurement of existing equity stake in Setia Federal Hill Sdn Bhd, which was previously a joint venture and now a wholly-owned subsidiary of the Group.

Projects which contributed to the revenue and profit achieved include ***Setia Alam, Setia Eco Park*** and ***Temasya Glenmarie*** in Shah Alam, ***Setia EcoHill*** and ***Setia EcoHill 2*** in Semenyih, ***Setia Eco Glades*** in Cyberjaya, ***Setia Eco Templer*** in Rawang, ***Alam Sutera*** in Bukit Jalil, ***Alam Damai*** in Cheras, ***Setia Alamsari*** in Bangi, ***Bandar Kinrara*** in Puchong, ***Kota Bayuemas*** and ***Trio by Setia*** in Klang, ***Setia Sky Seputeh*** in Seputeh, ***Bandar Baru Sri Petaling*** in Kuala Lumpur, ***Seri Beringin*** in Bukit Damansara, ***KL Eco City*** at Jalan Bangsar, ***Bukit Indah, Setia Indah, Setia Tropika, Setia Eco Cascadia, Setia Business Park II, Setia Eco Gardens, Setia Sky 88, Taman Rinting, Taman Pelangi, Taman Pelangi Indah*** and ***Taman Industri Jaya*** in Johor Bahru, ***Setia Pearl Island, Setia Sky Vista, Setia Pinnacle, Setia Sky Ville*** and ***Setia V Residences*** in Penang.

1. **Review of Group Performance (continued)**

(a) Performance of the current quarter against the same quarter in the preceding year (Q2 FY2018 vs Q2 FY2017) (continued)

Construction

Revenue for the current quarter is mainly derived from supply of readymix concrete as well as construction of the following:

- Kompleks Institut Penyelidikan Kesihatan Bersepadu ("NIH Complex") at Setia Alam; and
- Commuter station at KL Eco City.

The construction profit for the above projects are not significant to the Group as they are carried out as part of land and development right exchange arrangement. The Group derives commercial benefits substantially from the development of the land and development right so acquired.

Other Operations

Revenue from Other Operations mainly contributed by wood-based manufacturing, trading activities, and the operation of club house, retail mall and convention centre.

(b) Performance of the current period to-date against the same period in the preceding year (Q2 PTD 2018 vs Q2 PTD 2017)

The Group achieved a PBT of RM629.4 million, which is 50% higher than the PBT achieved for the preceding period to-date.

The contribution from each business segment is set out below:

Property Development

The Group's revenue of RM1,463.8 million in the current period to-date is 12% lower than the corresponding period in the preceding year of RM1,657.2 million due to several substantially large development phases are still at early stage of construction, for example, Phase 1 of ***Setia Eco Templer*** in Rawang, ***Trio by Setia*** in Klang, and ***Setia EcoHill 2*** in Semenyih. As a result, the overall revenue recognition was transitionally lesser in the short term.

The Group achieved a PBT of RM629.6 million, which is 62% higher than PBT achieved for the preceding period to-date. During the quarter, there was a RM343.8 million one-off provisional fair value gain arising from remeasurement of existing equity stake in Setia Federal Hill Sdn Bhd, which was previously a joint venture and now a wholly owned subsidiary of the Group.

Construction

The construction profit is not significant to the Group as they are carried out as part of a land and development right exchange arrangement. The Group derives commercial benefits substantially from the development of the land and development right so acquired.

Other Operations

Revenue from Other Operations mainly contributed by wood-based manufacturing, trading activities, and the operation of club house, retail mall and convention centre.

2. **Material Changes in the Quarterly Results compared to the results of the Preceding Quarter**

The Group's current quarter PBT is RM535.0 million, which is RM440.6 million higher than the preceding quarter ended 31 March 2018. Higher PBT in current quarter is mainly due to RM343.8 million one-off provisional fair value gain on remeasurement of previously held stake in Setia Federal Hill Sdn Bhd as mentioned above.

3. **Prospects for the Current Financial Year**

For the first half of FY2018, the Group secured sales of RM2.11 billion. Local projects contributed RM1.41 billion, which represented two-thirds of the total sales while International projects contributed RM705.3 million or one-third of the total sales. On the local front, the sales secured were largely from Central region at RM880.1 million whereas the Southern and Northern regions contributed a combined sales of RM525.7 million. As for the International projects, the Australian market continued to lead and achieved strong sales of RM668.1 million with contributions largely from UNO Melbourne.

In the Central region, the sales were led by our flagship township of Setia Alam where the strategy to emphasise on smaller built-up landed units aptly termed 'Starter Home' series continued to receive good response. The interests in the Starter Home series remained strong, as they were within the affordability range of most first time home buyers seeking landed homes in established townships. In addition, new launches in the second quarter which ranged from apartments, terrace houses and semi-Ds to commercial shops, spreading across Setia Eco Park, Bandar Baru Sri Petaling, Alam Damai, Alam Impian and Kota Bayuemas, remained to be appealing to purchasers. As for the Southern region, the recent launches in Setia Tropika, Bukit Indah, Setia Eco Gardens and Taman Rinting also registered encouraging response, led by a 93% take-up rate for the semi-Ds launched in Taman Rinting. This indicated that the underlying demand for landed properties in Iskandar Malaysia is also strong.

The on-going integration of the I & P group is making good progress especially on their land banks where prominence is placed on the value enhancements for both the townships and mixed use developments. The Setia development concept is deployed with focus on improved accessibility, sustainable housing layout, introduction of commercial mixed use and other facilities to support community living, extensive utilisation of landscape and provision of individual entry statement for sense of belonging, as well as rebranding exercises to justify a premium uplift and extracting a higher Gross Development Value ("GDV"). For instance, Alam Sari has not only been rebranded to Setia Alamsari, it is also given a grand makeover with a revitalised masterplan, additional artistic green parks with scenic lake and a much improved connectivity.

Although buyers' sentiment has generally improved post GE14, clear direction is still awaited for the anticipated changes to the housing policy. On the international front, protracted negotiation of Brexit is still on-going, with reported calls for a fresh referendum further increases the anxiety in UK and Europe. Over in Singapore, the market is trying to adjust to the surprised imposition of higher additional buyer's stamp duty. These are some of the issues the Group is being mindful of and we will have to position ourselves to overcome these challenges. Going into the second half of 2018, the Group's launches will continue on the local market with emphasis given to the launches of mid-range landed properties in the Klang Valley. The planned major launches are in Setia Alam, Setia Ecohill, Setia Ecohill 2, Setia Eco Templer, Setia Eco Glades, Setia Sky Seputeh (Tower B), Temasya Glenmarie, Setia Alamsari and Setia Alaman with a combined GDV of RM2.23 billion. Over at the Northern region, the much anticipated Setia Fontaines will be unveiled in the fourth quarter. The strategy is to launch more of the landed properties in the Group's flagship townships where the underlying demand for such properties by owner occupiers are still strong.

3. **Prospects for the Current Financial Year (continued)**

The property market will continue to be subdued as the public adopts a wait and see approach pending a clearer direction from the authorities on housing policy matters. Notwithstanding this, the Group's prospects going forward remain positive with total unbilled sales of RM8.12 billion, anchored by 46 ongoing projects and effective remaining land bank of 9,587 acres with a potential GDV of RM155.94 billion as at 30 June 2018. Given the planned pipeline of launches, the sustained momentum and the sales achieved to-date, the Group remains positive of achieving the sales target of RM5.00 billion for the current financial year.

4. **Variance of Actual Profit from Forecast Profit**

Not applicable as no profit forecast was published.

5. **Income Tax**

	3 Months Ended		6 Months Ended	
	30 June 2018 RM'000	**30 June 2017 RM'000 Restated**	**30 June 2018 RM'000**	**30 June 2017 RM'000 Restated**
Taxation				
- current taxation	46,869	57,398	75,048	115,465
- deferred taxation	(3,078)	(8,859)	(17,305)	(7,809)
	43,791	48,539	57,743	(107,656)

The Group's effective tax rate (excluding share of results of associated companies and joint ventures as well as one-off gain) for the financial period is lower than the statutory tax rate mainly due to recognition of previously unrecognised deductible timing differences as deferred tax assets.

6. **Status of Corporate Proposals**

(a) The following is the status of a corporate proposal that has been announced by the Company which has not completed as at 16 August 2018, the latest practicable date which shall not be earlier than 7 days from the date of issue of this interim financial report:

(i) On 14 April 2017, S P Setia Berhad, vide its wholly-owned subsidiary, KL East Sdn Bhd ("KL East"), entered into the following agreements with Seriemas Development Sdn Bhd ("Seriemas"):

a) a conditional sale and purchase agreement ("Bangi SPA") to acquire a piece of freehold land measuring approximately 342.5 acres (or 14,919,300 square feet) located in Bangi, Selangor ("Bangi Land") for a cash consideration of RM447.5 million ("Bangi Purchase Consideration") or RM30.00 per square foot ("psf") of the Bangi Land ("Proposed Bangi Acquisition"); and

b) a conditional profit sharing agreement ("PSA") in relation to the profit sharing of 20% of the audited PBT from the development on the Bangi Land consisting of sale of units and/or land parcels, subject to a maximum RM44.8 million calculated at the rate of RM3.00 psf of the Bangi Land with Seriemas ("Proposed Profit Share").

(both the Proposed Bangi Acquisition and the Proposed Profit Share are collectively referred to as the "Bangi Proposal").

6. **Status of Corporate Proposals (continued)**

The Bangi SPA and PSA are conditional upon:

a. KL East having carried out the due diligence studies on Bangi Land (which has been completed);

b. Seriemas having submitted and obtained the development order & layout approval (which the application for the development order and layout approval has been submitted and pending approval);

c. approval being obtained vide its letter dated 8 August 2017 from the Estate Land Board of Selangor;

d. approval being obtained vide its letter dated 25 September 2017 from the Economic Planning Unit of the Prime Minister's Department of Malaysia; and

e. approval being obtained vide an EGM held on 16 November 2017 from the shareholders of S P Setia Berhad.

A payment of RM44.8 million, being 10% of the Bangi Purchase Consideration has been paid thus far. On 12 January 2018, KL East and Seriemas have mutually agreed to extend the period to fulfil the conditions precedent for a period of 6 months to 13 July 2018 and was further extended to 15 December 2018 on 13 July 2018.

(b) The following are the status of utilisation of proceeds from fund raising exercises by the Company:

(i) Rights issue of RCPS-i A

As at 30 June 2018, the status of the utilisation of proceeds raised via the rights issue of RCPS-i A is as follows:

Purpose	**Proposed utilisation**	**Actual utilisation**	**Balance unutilised**	**Intended timeframe for utilisation from completion date**
	RM'000	**RM'000**	**RM'000**	
Existing projects and general working capital requirements	300,000	(203,658)	96,342	Within 18 months
Future development projects and expansion plans	826,025	(554,823)	271,202	Within 36 months
Estimated expenses for the rights issue of RCPS-i A	1,600	(1,223)	377*	Within 1 month
Total	1,127,625	(759,704)	367,921	

* *The expenses relating to the rights issue include professional fees, fees payable to the relevant authorities, printing and other miscellaneous charges. The surplus of proceeds which has not been used for such expenses has been reallocated for working capital purposes which has been fully utilised.*

6. **Status of Corporate Proposals (continued)**

(ii) Rights issue of new ordinary shares and RCPS-i B

As at 30 June 2018, the status of the utilisation of proceeds raised via the rights issue of new ordinary shares and RCPS-i B is as follows:

Purpose	**Proposed utilisation**	**Actual utilisation**	**Balance unutilised**	**Intended timeframe for utilisation from completion date**
	RM'000	**RM'000**	**RM'000**	
Part finance the acquisition of I & P Group	2,000,000	(2,000,000)	-	Within 6 months
New and ongoing property development projects	117,000	(117,000)	-	Within 36 months
General working capital requirements	6,248	(6,248)	-	Within 36 months
Estimated expenses for the acquisition of I & P Group and rights issue of shares and RCPS-i B	10,000	(9,449)	551*	Within 6 months
Total	2,133,248	(2,132,697)	551	

* *The expenses relating to the rights issue include professional fees, fees payable to the relevant authorities, printing and other miscellaneous charges. The surplus of proceeds which has not been used for such expenses has been reallocated for working capital purposes.*

7. **Group Borrowings and Debt Securities**

Total group borrowings and debt securities as at 30 June 2018 are as follows:-

	Secured RM'000	**Unsecured RM'000**	**Total RM'000**
Short Term Bank Borrowings	1,127,854	1,572,415	2,700,269
Long Term Bank Borrowings	4,376,389	2,804,982	7,181,371
Redeemable Cumulative Preference Shares	-	55,298	55,298
	5,504,243	4,432,695	9,936,938

Currency exposure profile of borrowings is as follows:-

	Secured RM'000	**Unsecured RM'000**	**Total RM'000**
Malaysian Ringgit	4,726,468	3,504,713	8,231,181
Great British Pound	-	927,982	927,982
Singapore Dollar	571,494	-	571,494
Australian Dollar	195,852	-	195,852
United States Dollar	10,429	-	10,429
	5,504,243	4,432,695	9,936,938

8. **Material Litigation**

Except for the contingent liabilities disclosed above, the Group was not engaged in any material litigation as at 16 August 2018, the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report.

9. **Dividends Declared**

(a) The Board of Directors has declared an interim dividend in respect of the financial year ending 31 December 2018.

(i)	Amount per share	: Single tier dividend of 4 sen per share
(ii)	Previous corresponding financial period	: Single tier dividend of 4 sen per share
(iii)	Date payable	: To be determined later

(iv) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at a date to be determined later.

(b) Total dividend for the current financial year to-date : Single tier dividend of 4 sen per share

The Board has determined that the DRP will apply to the dividend and shareholders of the Company be given an option to elect to reinvest the entire dividend in new ordinary share(s) pursuant to the 10th DRP.

(c) The Board of Directors has declared preferential dividend of 6.49% per annum for RCPS-i A and 5.93% per annum for RCPS-i B, both payable semi-annually, in respect of the financial period from 1 January 2018 to 30 June 2018.

10. Earnings Per Share Attributable To Owners of The Company

The basic earnings per share has been calculated by dividing the Group's profit for the period attributable to owners of the Company by the weighted average number of shares in issue. The weighted average number of shares in issue is calculated as follows:-

	3 Months Ended		6 Months Ended	
	30 June 2018 ’000	30 June 2017 ’000 Restated	30 June 2018 ’000	30 June 2017 ’000 Restated
Profit for the period attributable to owners of the Company (RM)	442,740	250,566	504,226	362,681
Number of ordinary shares at beginning of the period	3,755,268	3,257,021	3,427,783	2,853,520
Effect of shares issued pursuant to:				
- Exercise of ESOS	181	560	474	431
- Conversion of RCPS-i A into ordinary shares	-	-	756	-
- Conversion of RCPS-i B into ordinary shares	-	-	356	-
- Placement of new ordinary shares	-	-	253,177	-
- Rights issue	-	-	-	403,260
- Dividend Reinvestment Plan	100,564	-	50,560	-
Weighted average number of ordinary shares	3,856,013	3,257,581	3,733,106	3,257,211
Basic Earnings Per Share (sen)	11.48	7.69	13.51	11.13

The diluted earnings per share has been calculated by dividing the Group's profit for the period attributable to owners of the Company by the weighted average number of shares that would have been in issue upon full exercise of the remaining options under the LTIP granted, adjusted for the number of such shares that would have been issued at fair value, full conversion of RCPS-i A at the conversion ratio of fifty (50) ordinary shares for one hundred sixty nine (169) RCPS-i A, as well as full conversion of RCPS-i B at the conversion ratio of five (5) ordinary shares for twenty one (21) RCPS-i B, calculated as follows:

	3 Months Ended		6 Months Ended	
	30 June 2018 ’000	30 June 2017 ’000 Restated	30 June 2018 ’000	30 June 2017 ’000 Restated
Profit for the period attributable to owners of the Company (RM)	442,740	250,566	504,226	362,681
Weighted average number of ordinary shares as per basic Earnings Per Share	3,856,013	3,257,581	3,733,106	3,257,211
Effect of potential exercise of LTIP	24,436	24,724	32,710	23,312
Effect of potential conversion of RCPS-i A	330,180	333,617	330,180	333,617
Effect of potential conversion of RCPS-i B	287,399	288,043	287,399	288,043
Weighted average number of ordinary shares	4,498,028	3,903,965	4,383,395	3,902,183
Diluted Earnings Per Share (sen)	9.84	6.42	11.50	9.29

11. Notes to the Statement of Comprehensive Income

	3 MONTHS ENDED 30 June 2018 RM'000	6 MONTHS ENDED 30 June 2018 RM'000
Interest income	35,912	72,723
Other income including investment income	20,523	32,733
Interest expense	(80,137)	(133,148)
Depreciation and amortisation	(5,765)	(11,301)
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Net gain on disposal of quoted or unquoted investments or properties	5,161	12,062
Write off of assets	(3)	(3)
Fair value gain on investment properties	(1,820)	3,023
Net foreign exchange gain	31,040	36,995
Gain or loss on derivatives	-	-
Provisional fair value gain arising from remeasurement of existing stake in Setia Federal Hill Sdn Bhd	343,759	343,759

12. Auditors' Report on Preceding Annual Financial Statements

The preceding audited financial statements for the financial year ended 31 December 2017 was unqualified.