

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

Condensed Financial Report
31 December 2018

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Condensed Financial Report - 31 December 2018

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S P SETIA BERHAD
 (Company No: 19698-X)
 (Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018
(The figures have been audited)

	As At 31/12/2018 RM'000	As At 31/12/2017 RM'000 Restated
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	524,328	425,120
Investment Properties	2,059,406	1,943,089
Inventories - Land Held for Property Development	12,720,220	10,367,808
Intangible Asset	14,793	15,497
Investments in Associated Companies	540,648	521,449
Investments in Joint Ventures	2,736,896	2,222,869
Other Investments	96	133
Other Receivables, Deposits and Prepayments	76,954	90,146
Deferred Tax Assets	240,052	185,275
	<u>18,913,393</u>	<u>15,771,386</u>
Current Assets		
Trade Receivables	840,931	985,983
Contract Assets	1,065,152	869,481
Other Receivables, Deposits and Prepayments	327,852	752,155
Inventories - Property Development Costs	3,418,097	1,839,648
Inventories - Completed Properties and Others	1,586,946	1,702,008
Amounts Owing by Joint Ventures	167,717	585,202
Amounts Owing by Associated Companies	450	364
Amounts Owing by Related Companies	811	-
Current Tax Assets	131,991	148,682
Short-Term Funds	1,082,940	1,377,749
Short-Term Deposits	402,552	322,310
Cash and Bank Balances	1,398,060	3,879,241
	<u>10,423,499</u>	<u>12,462,823</u>
Assets of Disposal Group Classified as Held for Sale	-	1,058
	<u>10,423,499</u>	<u>12,463,881</u>
TOTAL ASSETS	<u>29,336,892</u>	<u>28,235,267</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	8,252,253	6,693,971
Share Capital - RCPS-i A	1,087,363	1,119,342
Share Capital - RCPS-i B	1,044,753	1,064,608
Reserves		
Share-based Payment Reserve	140,987	94,450
Reserve on Acquisition Arising from Common Control	(1,295,884)	(1,295,884)
Exchange Translation Reserve	(50,058)	136,916
Retained Earnings	4,964,351	4,985,244
Equity Attributable to Owners of the Company	<u>14,143,765</u>	<u>12,798,647</u>
Perpetual Bond	-	610,787
Non-controlling Interests	1,376,263	1,293,893
Total Equity	<u>15,520,028</u>	<u>14,703,327</u>
LIABILITIES		
Non-Current Liabilities		
Redeemable Cumulative Preference Shares	69,292	54,667
Other Payables and Accruals	35,534	40,000
Long Term Borrowings	7,947,130	4,914,092
Deferred Tax Liabilities	470,829	247,121
	<u>8,522,785</u>	<u>5,255,880</u>
Current Liabilities		
Trade Payables	1,747,302	1,929,355
Contract Liabilities	28,071	12,469
Other Payables and Accruals	973,361	749,704
Short Term Borrowings	2,517,735	1,963,828
Current Tax Liabilities	26,267	79,749
Amounts Owing to Previous Shareholders of I & P Group Sdn. Berhad ("I & P Group")	-	3,540,500
Amounts Owing to Related Companies	1,343	455
	<u>5,294,079</u>	<u>8,276,060</u>
Total Liabilities	<u>13,816,864</u>	<u>13,531,940</u>
TOTAL EQUITY AND LIABILITIES	<u>29,336,892</u>	<u>28,235,267</u>
Net Assets Per Share Attributable to Owners of the Company	<u>3.03</u>	<u>3.10</u>

(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 YEAR ENDED 31 DECEMBER 2018
(The figures have been audited)

	3 MONTHS ENDED		12 MONTHS ENDED	
	31/12/2018 RM'000	31/12/2017 RM'000 Restated	31/12/2018 RM'000	31/12/2017 RM'000 Restated
Continuing operations				
Revenue	1,019,115	1,330,648	3,593,589	4,287,777
Cost of sales	(726,929)	(856,439)	(2,501,335)	(2,895,063)
Gross profit	292,186	474,209	1,092,254	1,392,714
Other income	99,092	101,414	627,208	252,975
Selling and marketing expenses	(41,229)	(50,694)	(109,884)	(110,928)
Administrative and general expenses	(135,164)	(108,786)	(395,645)	(369,419)
Share of results of joint ventures	(10,909)	28,907	(43,345)	283,680
Share of results of associated companies	7,792	34,062	27,144	26,246
Finance costs	(7,639)	(31,457)	(207,184)	(137,360)
Profit before tax from continuing operations	204,129	447,655	990,548	1,337,908
Taxation	(75,957)	(132,446)	(192,253)	(298,903)
Profit from continuing operations, net of tax	128,172	315,209	798,295	1,039,005
Discontinued operations				
Profit from discontinued operations, net of tax	-	-	-	89,585
Profit for the period/year	128,172	315,209	798,295	1,128,590
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	(89,865)	(131,868)	(186,982)	(67,713)
Total comprehensive income for the period/year	38,307	183,341	611,313	1,060,877
Profit attributable to:				
Holders of Perpetual bond	7,347	9,134	34,449	36,236
Non-controlling interests	19,279	30,046	92,887	98,651
	26,626	39,180	127,336	134,887
Owners of the Company				
- from continuing operations	101,546	276,029	670,959	904,118
- from discontinued operations	-	-	-	89,585
	101,546	276,029	670,959	993,703
	128,172	315,209	798,295	1,128,590
Total comprehensive income attributable to:				
Holders of Perpetual bond	7,347	9,134	34,449	36,236
Non-controlling interests	19,285	29,997	92,879	98,508
	26,632	39,131	127,328	134,744
Owners of the Company				
- from continuing operations	11,675	144,210	483,985	836,548
- from discontinued operations	-	-	-	89,585
	11,675	144,210	483,985	926,133
	38,307	183,341	611,313	1,060,877
Earnings per share attributable to equity holders of the Company				
Basic earnings per share (sen)				
- from continuing operations	0.86	8.07	14.82	25.91
- from discontinued operations	-	-	-	2.69
Diluted earnings per share (sen)				
- from continuing operations	0.74	6.76	12.71	21.56
- from discontinued operations	-	-	-	2.24

(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 YEAR ENDED 31 DECEMBER 2018
(The figures have been audited)

	← Attributable to owners of the Company →						← Distributable →						
	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 31.12.2017	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	-	-	-	-	-	-	-	(1,114)	856,059	854,945	-	50,163	905,108
Balance at 31.12.2017 (restated)	6,693,971	1,119,342	1,064,608	-	-	94,450	(1,295,884)	136,916	4,985,244	12,798,647	610,787	1,293,893	14,703,327
Total other comprehensive income for the year represented by exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(186,974)	-	(186,974)	-	(8)	(186,982)
Profit for the year	-	-	-	-	-	-	-	-	670,959	670,959	-	92,887	763,846
Distribution for the year	-	-	-	-	-	-	-	-	-	-	34,449	-	34,449
Distribution paid	-	-	-	-	-	-	-	-	-	-	(36,236)	-	(36,236)
Redemption of Perpetual bond	-	-	-	-	-	-	-	-	-	-	(609,000)	-	(609,000)
Transactions with owners:													
Issuance of ordinary shares													
- Dividend Reinvestment Plan ("DRP")	483,914	-	-	-	-	-	-	-	-	483,914	-	-	483,914
- Vesting of Employee Share Grant Plan ("ESGP")	33,336	-	-	-	-	(33,336)	-	-	-	-	-	-	-
- Exercise of Employee Share Options Scheme ("ESOS")	3,411	-	-	-	-	(549)	-	-	-	2,862	-	-	2,862
- New placement	997,750	-	-	-	-	-	-	-	-	997,750	-	-	997,750
Conversion of RCPS-i A into ordinary shares	31,979	(31,979)	-	-	-	-	-	-	-	-	-	-	-
Conversion of RCPS-i B into ordinary shares	19,855	-	(19,855)	-	-	-	-	-	-	-	-	-	-
Incorporation of new subsidiary company	-	-	-	-	-	-	-	-	-	-	-	7,500	7,500
Share issuance expenses	(11,963)	-	-	-	-	-	-	-	-	(11,963)	-	-	(11,963)
RCPS-i A preferential dividends paid	-	-	-	-	-	-	-	-	(72,430)	(72,430)	-	-	(72,430)
RCPS-i B preferential dividends paid	-	-	-	-	-	-	-	-	(31,495)	(31,495)	-	-	(31,495)
Dividends paid	-	-	-	-	-	-	-	-	(587,927)	(587,927)	-	(18,009)	(605,936)
Share-based payment under Employees' Long Term Incentive Plan ("LTIP")	-	-	-	-	-	80,422	-	-	-	80,422	-	-	80,422
Balance at 31.12.2018	8,252,253	1,087,363	1,044,753	-	-	140,987	(1,295,884)	(50,058)	4,964,351	14,143,765	-	1,376,263	15,520,028
Balance at 31.12.2016	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	-	-	-	-	-	-	-	-	795,213	795,213	-	51,451	846,664
Balance at 31.12.2016 (restated)	2,140,140	11,276	-	2,945,523	1,115,632	65,316	(1,295,884)	204,486	4,640,564	9,827,053	610,787	1,257,532	11,695,372
Total other comprehensive income for the year represented by exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(67,570)	-	(67,570)	-	(143)	(67,713)
Profit for the year	-	-	-	-	-	-	-	-	993,703	993,703	-	98,651	1,092,354
Distribution for the year	-	-	-	-	-	-	-	-	-	-	36,236	-	36,236
Distribution paid	-	-	-	-	-	-	-	-	-	-	(36,236)	-	(36,236)
Transactions with owners:													
Issuance of ordinary shares													
- Dividend Reinvestment Plan ("DRP")	517,875	-	-	-	-	-	-	-	-	517,875	-	-	517,875
- Vesting of Employee Share Grant Plan ("ESGP")	23,191	-	-	-	-	(23,191)	-	-	-	-	-	-	-
- Exercise of Employee Share Options Scheme ("ESOS")	8,296	-	-	38	-	(1,267)	-	-	-	7,067	-	-	7,067
- Rights Issues	1,068,640	-	-	-	-	-	-	-	-	1,068,640	-	-	1,068,640
Issuance of RCPS-i B	-	-	1,064,608	-	-	-	-	-	-	1,064,608	-	-	1,064,608
Conversion of RCPS-i A into ordinary shares	6,988	(6,988)	-	-	-	-	-	-	-	-	-	-	-
Share issuance expenses	(16,720)	(527)	-	-	(51)	-	-	-	-	(17,298)	-	-	(17,298)
Liquidation of subsidiary companies	-	-	-	-	-	-	-	-	-	-	-	2,109	2,109
RCPS-i A preferential dividends paid	-	-	-	-	-	-	-	-	(42,737)	(42,737)	-	-	(42,737)
Dividends paid	-	-	-	-	-	-	-	-	(576,286)	(576,286)	-	(64,256)	(640,542)
Dividends paid to previous shareholders of I & P Group	-	-	-	-	-	-	-	-	(30,000)	(30,000)	-	-	(30,000)
Share-based payment under Employees' Long Term Incentive Plan ("LTIP")	-	-	-	-	-	53,592	-	-	-	53,592	-	-	53,592
Transition to no par value regime ⁽¹⁾	2,945,561	1,115,581	-	(2,945,561)	(1,115,581)	-	-	-	-	-	-	-	-
Balance at 31.12.2017 (restated)	6,693,971	1,119,342	1,064,608	-	-	94,450	(1,295,884)	136,916	4,985,244	12,798,647	610,787	1,293,893	14,703,327

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 YEAR ENDED 31 DECEMBER 2018
(The figures have been audited)

	12 MONTHS ENDED	
	31/12/2018	31/12/2017
	RM'000	RM'000
		Restated
Operating Activities		
Profit before tax		
- continuing operations	990,548	1,337,908
- discontinued operations	-	89,880
	<u>990,548</u>	<u>1,427,788</u>
Adjustments for:-		
Non-cash items	(310,830)	(360,892)
Non-operating items	40,872	(42,567)
Operating profit before changes in working capital	<u>720,590</u>	<u>1,024,329</u>
Changes in inventories - property development costs	(213,135)	335,115
Changes in inventories - completed properties and others	566,038	272,393
Changes in contract assets/liabilities	(162,427)	176,807
Changes in receivables	103,129	(143,254)
Changes in payables	65,120	(483,795)
Cash generated from operations	<u>1,079,315</u>	<u>1,181,595</u>
Rental received	17,718	12,581
Interest received	55,554	59,620
Net tax paid	(256,875)	(339,563)
Net cash generated from operating activities	<u>895,712</u>	<u>914,233</u>
Investing Activities		
Additions to inventories - land held for property development	(1,246,452)	(2,448,695)
Deposits and part consideration paid for acquisition of development land	(2,916)	(449,091)
Additions to property, plant and equipment	(96,325)	(91,454)
Additions to investment properties	(127,109)	(178,009)
Proceeds from disposal of property, plant and equipment	537	58,130
Proceeds from disposal of investment properties	18,982	65,000
Proceeds from disposal of other investments	175	30,110
Proceeds from disposal of discontinued operations	-	106,688
Net cash outflow arising from acquisition of remaining stake in Setia Federal Hill Sdn Bhd	(418,511)	-
Proceeds on incorporation of subsidiary company from non-controlling shareholder	7,500	-
Proceeds from disposal of asset held for sale	8,000	-
Net cash outflow from liquidation of subsidiary companies	-	(54)
Deposit paid in relation to acquisition of I & P Group	-	(109,500)
Balance consideration paid in relation to acquisition of I & P Group	(3,540,500)	-
Acquisition of additional shares in existing joint ventures	(614,860)	(138,140)
Capital contribution to a joint venture	(71)	(158)
Advances to an associated company	(86)	(226)
Advances to joint ventures	(15,296)	(25,601)
Settlement of shareholder advances to a former joint venture partner (Placement of)/Withdrawal from sinking fund, debt service reserve, escrow accounts and short-term deposits	(18,269)	16,767
Dividends received from associated companies	3,680	3,680
Interest received	55,149	75,638
Rental received	21,841	25,906
Net cash used in investing activities	<u>(6,059,488)</u>	<u>(3,059,009)</u>

S P SETIA BERHAD
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 (Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(The figures have been audited)

	12 MONTHS ENDED	
	31/12/2018	31/12/2017
	RM'000	RM'000
		Restated
Financing Activities		
Proceeds from rights issue of shares	997,750	1,068,640
Proceeds from issuance of RCPS-i B	-	1,064,608
(Refund)/Receipt of excess application proceeds from rights issue of shares and RCPS-i B	(310,412)	310,412
Proceeds from issuance of ordinary shares pursuant to the exercise of ESOS	2,862	7,067
Payment of share issuance expenses	(11,963)	(17,298)
Advances from/(Repayment to) non-controlling shareholders of subsidiary companies	126,673	(1,610)
Drawdown of bank borrowings	4,624,412	2,653,433
Repayment of bank borrowings	(1,663,224)	(1,498,940)
Perpetual bond distribution paid	(36,236)	(36,236)
Redemption of Perpetual bond	(609,000)	-
Interest paid	(425,335)	(264,145)
Redeemable cumulative preference share dividends paid to non-controlling interests	(3,175)	(1,272)
Dividends paid to non-controlling interests	(18,009)	(64,256)
Dividends paid	(104,013)	(58,411)
RCPS-i A preferential dividends paid	(72,430)	(42,737)
RCPS-i B preferential dividends paid	(31,495)	-
Dividends paid to previous shareholders of I & P Group	-	(30,000)
Net cash generated from financing activities	<u>2,466,405</u>	<u>3,089,255</u>
Net changes in cash and cash equivalents	(2,697,371)	944,479
Effect of exchange rate changes	(17,637)	(919)
Cash and cash equivalents at beginning of the year	5,525,063	4,581,503
Cash and cash equivalents at end of the year	<u>2,810,055</u>	<u>5,525,063</u>
 Cash and cash equivalents comprise the following:		
Short-Term Funds	1,082,940	1,377,749
Short-Term Deposits	402,552	322,310
Cash and Bank Balances	1,398,060	3,879,241
Bank Overdrafts	(22,335)	(21,344)
	<u>2,861,217</u>	<u>5,557,956</u>
Less: Amount restricted in Sinking Fund, Debt Service Reserve, Escrow Accounts and Short-Term Deposits	(51,162)	(32,893)
	<u>2,810,055</u>	<u>5,525,063</u>

(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 CONDENSED FINANCIAL REPORT**1. Basis of Preparation**

The condensed 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.

The condensed financial report 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 are the first set of 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 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 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 condensed 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 condensed 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 years.

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 condensed 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)**MFRS 15: Revenue from Contracts with Customers**

The key effects as a result 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 Financial Reporting Standards Implementation Committee (“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.

Apart from the above, pursuant to the adoption of MFRS 15: *Revenue from Contracts with Customers* and FRSIC Consensus 17 *Development of Affordable Housing*, which requires the upfront recognition of provision for foreseeable losses on the development of affordable housing on an involuntary basis, is no longer effective and was effectively withdrawn on 7 March 2018. This has resulted in the retrospective reversal of the provision for affordable housing previously provided for in the financial statements of the Group.

MFRS 9: Financial Instruments

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.

The effects on the adoption of MFRS Framework and the fair value model on investment properties are as disclosed below:

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1. **Basis of Preparation (continued)****Consolidated Statement of Financial Position**

As at 31 December 2017

	As previously stated *	Adoption of MFRS 15 and withdrawal of FRSIC Consensus 17	Fair value model on investment properties	Reclassi- fication	As restated
	RM'000	RM'000	RM'000	RM'000	RM'000
Assets					
Non-current assets					
Property, plant and equipment	425,120	-	-	-	425,120
Investment properties	1,319,701	-	623,388	-	1,943,089
Inventories - land held for property development	10,795,753	(427,945)	-	-	10,367,808
Intangible asset	15,497	-	-	-	15,497
Investments in associated companies	412,278	-	109,171	-	521,449
Investments in joint ventures	2,050,674	-	172,195	-	2,222,869
Other investments	133	-	-	-	133
Other receivables, deposits and prepayments	90,146	-	-	-	90,146
Deferred tax assets	200,590	(1,242)	(14,073)	-	185,275
	15,309,892	(429,187)	890,681	-	15,771,386
Current assets					
Trade receivables	985,983	-	-	-	985,983
Contract assets	-	869,481	-	-	869,481
Other receivables, deposits and prepayments	752,155	-	-	-	752,155
Inventories - property development costs	1,820,822	18,826	-	-	1,839,648
Inventories - completed properties and others	1,702,008	-	-	-	1,702,008
Accrued billings	835,223	(835,223)	-	-	-
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 funds	-	-	-	1,377,749	1,377,749
Short-term deposits	1,700,059	-	-	(1,377,749)	322,310
Cash and bank balances	3,879,241	-	-	-	3,879,241
	12,412,675	50,148	-	-	12,462,823
Assets of disposal group classified as held for sale	1,058	-	-	-	1,058
	12,413,733	50,148	-	-	12,463,881
Total assets	27,723,625	(379,039)	890,681	-	28,235,267

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1. Basis of Preparation (continued)**Consolidated Statement of Financial Position (continued)**
As at 31 December 2017

	As previously stated*	Adoption of MFRS 15 and withdrawal of FRSIC Consensus 17	Fair value model on investment properties	Reclassi- fication	As restated
	RM'000	RM'000	RM'000	RM'000	RM'000
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	-	(1,114)	-	136,916
Retained earnings	4,129,185	34,940	821,119	-	4,985,244
Equity attributable to owners of the Company					
Perpetual bond	11,943,702	34,940	820,005	-	12,798,647
Non-controlling interests	610,787	-	-	-	610,787
Total equity	1,243,730	3,954	46,209	-	1,293,893
Non-current liabilities					
Redeemable cumulative preference shares	54,667	-	-	-	54,667
Other payables and accruals	40,000	-	-	-	40,000
Long term borrowings	4,914,092	-	-	-	4,914,092
Deferred tax liabilities	215,517	7,137	24,467	-	247,121
	5,224,276	7,137	24,467	-	5,255,880
Current liabilities					
Trade payables	1,561,405	367,950	-	-	1,929,355
Contract liabilities	-	12,469	-	-	12,469
Other payables and accruals	749,704	-	-	-	749,704
Progress billings	6,986	(6,986)	-	-	-
Gross amount due to customers	2,608	(2,608)	-	-	-
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	(425,070)	-	-	8,276,060
Total liabilities	13,925,406	(417,933)	24,467	-	13,531,940
Total equity and liabilities	27,723,625	(379,039)	890,681	-	28,235,267

* 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.

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1. Basis of Preparation (continued)**Consolidated Statement of Comprehensive Income
For the financial year ended 31 December 2017**

	As previously stated^ RM'000	Adoption of MFRS 15 and withdrawal of FRSIC Consensus 17 RM'000	Fair value model on investment properties RM'000	Reclassi- fication RM'000	As restated RM'000
Continuing operations					
Revenue	4,520,112	(167,335)	-	(65,000)	4,287,777
Cost of sales	(3,006,459)	24,452	-	86,944	(2,895,063)
Gross profit	1,513,653	(142,883)	-	21,944	1,392,714
Other income	287,924	(38,274)	3,070	255	252,975
Selling and marketing expenses	(262,916)	173,932	-	(21,944)	(110,928)
Administrative and general expenses	(410,078)	31,560	13,390	(4,291)	(369,419)
Share of results of joint ventures	257,765	-	25,915	-	283,680
Share of results of associated companies	22,429	-	3,817	-	26,246
Finance costs	(137,360)	-	-	-	(137,360)
Profit before tax from continuing operations	1,271,417	24,335	46,192	(4,036)	1,337,908
Taxation	(285,770)	(2,993)	(7,995)	(2,145)	(298,903)
Profit from continuing operations, net of tax	985,647	21,342	38,197	(6,181)	1,039,005
Discontinued operations					
Profit from discontinued operations, net of tax	83,385	-	19	6,181	89,585
Profit for the year	1,069,032	21,342	38,216	-	1,128,590
Other comprehensive income, net of tax:					
Exchange differences on translation of foreign operations	(66,599)	-	(1,114)	-	(67,713)
Total comprehensive income for the year	1,002,433	21,342	37,102	-	1,060,877
Profit attributable to:					
Holders of Perpetual bond	36,236	-	-	-	36,236
Non-controlling interests	99,939	3,549	(4,837)	-	98,651
	136,175	3,549	(4,837)	-	134,887
Owners of the Company					
- from continuing operations	849,472	17,793	43,034	(6,181)	904,118
- from discontinued operations	83,385	-	19	6,181	89,585
	932,857	17,793	43,053	-	993,703
	1,069,032	21,342	38,216	-	1,128,590
Total comprehensive income attributable to:					
Holders of Perpetual bond	36,236	-	-	-	36,236
Non-controlling interests	99,796	3,549	(4,837)	-	98,508
	136,032	3,549	(4,837)	-	134,744
Owners of the Company					
- from continuing operations	783,016	17,793	41,920	(6,181)	836,548
- from discontinued operations	83,385	-	19	6,181	89,585
	866,401	17,793	41,939	-	926,133
	1,002,433	21,342	37,102	-	1,060,877

1. Basis of Preparation (continued)**Consolidated Statement of Cash Flows
For the financial year ended 31 December 2017**

	As previously stated RM'000	Reclassification RM'000	As restated RM'000
Net cash generated from operating activities	651,903	262,330	914,233
Net cash used in investing activities	(3,060,531)	1,522	(3,059,009)
Net cash generated from financing activities	3,353,107	(263,852)	3,089,255
Net increase in cash and cash equivalents	<u>944,479</u>	<u>-</u>	<u>944,479</u>
Effect of exchange rate changes	(919)	-	(919)
Cash and cash equivalents at 1 January 2017	4,586,503	(5,000)	4,581,503
Cash and cash equivalents at 31 December 2017	<u><u>5,530,063</u></u>	<u><u>(5,000)</u></u>	<u><u>5,525,063</u></u>

[^] The "as previously stated" figures of the consolidated statement of comprehensive income and consolidated statement of cash flows for the year ended 31 December 2017 had been accounted for the effects of acquisition of I & P Group upon completion on 1 December 2017.

2. Seasonal or Cyclical Factors

The business operations of the Group during the financial year 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 year ended 31 December 2018.

4. Material Changes in Estimates

There were no material changes in estimates for the financial year ended 31 December 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 financial year ended 31 December 2018:

- (a) Issuance of 1,018,158 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	638

- (b) Issuance of 325,000,000 new ordinary shares ("Placement Shares") at an issue price of RM3.07 per share;
- (c) Conversion from 31,978,873 RCPS-i A to 9,461,190 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 22,562,243 RCPS-i B to 5,371,952 ordinary shares with the conversion ratio of five (5) new S P Setia Berhad shares for twenty one (21) RCPS-i B held;
- (e) Issuance of 134,578,221 new ordinary shares pursuant to Dividend Reinvestment Plan ("9th DRP") at the price of RM 2.80 per share;
- (f) Allotment of 10,728,040 new ordinary shares pursuant to the vesting of Employee Share Grant Plan ("ESGP"); and
- (g) Issuance of 44,622,898 new ordinary shares pursuant to the 10th DRP at the price of RM2.40 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 at an issue price of RM2.80 per share pursuant to the 9th DRP and the remaining portion of RM55,036,594 was paid in cash on 20 April 2018.

b) Interim dividend in respect of the financial year ended 31 December 2018

A single-tier interim dividend, in respect of the financial year ended 31 December 2018 of 4 sen per ordinary share amounting to RM156,071,208 was declared.

Based on elections made by shareholders, a total of 44,622,898 new ordinary shares were issued at an issue price of RM2.40 per share pursuant to the 10th DRP and the remaining portion of RM48,976,253 was paid in cash on 9 November 2018.

6. Dividends Paid (continued)

c) Islamic Redeemable Convertible Preference Shares (“RCPS-i A”) preferential dividend in respect of the financial period from 1 July 2017 to 30 June 2018

A semi-annual RCPS-i A preferential dividend of RM36,214,513, in respect of the financial period from 1 July 2017 to 31 December 2017 and another semi-annual RCPS-i A preferential dividend of RM36,214,513, in respect of the financial period from 1 January 2018 to 30 June 2018 were paid in cash on 11 April 2018 and 3 October 2018 respectively.

d) Islamic Redeemable Convertible Preference Shares (“RCPS-i B”) preferential dividend in respect of the financial period from 1 January 2018 to 30 June 2018

A semi-annual RCPS-i B preferential dividend of RM31,495,044, in respect of the financial period from 1 January 2018 to 30 June 2018 was paid in cash on 3 October 2018.

7. Segmental Reporting

The segmental analysis for the financial year ended 31 December 2018 is as follows:-

	Property Development RM'000	Construction RM'000	Other Operations RM'000	Eliminations RM'000	Consolidated RM'000
External revenue	3,318,939	88,515	186,135	-	3,593,589
Inter-segment revenue	297,480	458,697	51,087	(807,264)	-
Total revenue	3,616,419	547,212	237,222	(807,264)	3,593,589
Gross profit	1,072,236	2,271	17,747	-	1,092,254
Other income	603,963	3,379	19,866	-	627,208
Operating expenses	(459,661)	(15,002)	(30,866)	-	(505,529)
Share of results of joint ventures	(45,126)	-	1,781	-	(43,345)
Share of results of associated companies	27,144	-	-	-	27,144
Finance costs	(179,043)	(105)	(28,036)	-	(207,184)
Profit before tax	1,019,513	(9,457)	(19,508)	-	990,548
Taxation					(192,253)
Profit for the year					798,295

8. Material Events Subsequent to the End of Financial Year

Other than those events disclosed under Status of Corporate Proposals, there were no material transactions or events subsequent to the financial year ended 31 December 2018 till 20 February 2019 (the latest practicable date which is not earlier than 7 days from the date of issue of this condensed financial report).

9. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter and financial year-to-date 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 23 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 and 26 October 2018, Setia Eco Glades 2 allotted additional 99,999 ordinary shares of RM1.00 each of which 69,999 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. Subsequently on 18 January 2019, Setia Eco Glades 2 has changed its name to Setia Safiro Sdn Bhd;
- (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; and
- (d) Incorporation of a wholly-owned subsidiary of Setia International Japan Co. Ltd. by the name of Setia Osaka Tokutei Mokuteki Kaisha on 19 November 2018 with a capital contribution of JPY100,000.

10. Contingent Liabilities

The following are the status updates on the contingent liabilities of the Group as at the financial year ended 31 December 2018 till 20 February 2019 (the latest practicable date which is not earlier than 7 days from the date of issue of this condensed 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”).

Vide the announcement made by S P Setia Berhad on 21 November 2018, BSA has reached an amicable settlement with the MIRB in respect of the additional taxes imposed in November 2017. Pursuant to a consent order recorded before the High Court of Shah Alam on 21 November 2018, the total sum payable in respect of the tax settlement is RM2,613,762.75. With the above, the tax dispute between BSA and the MIRB has been settled amicably.

10. Contingent Liabilities (continued)

- (b) Setia Fontaines Sdn Bhd (“Setia Fontaines”) entered into a Sale and Purchase Agreement with CIMB Islamic Trustee Berhad (as Trustee) and Boustead Plantations Berhad (“Boustead”) to purchase 5 adjoining parcels of freehold land located in Penang (“the Lands”) on 22 February 2016. Boustead took the view that goods and services tax (“GST”) is chargeable on the Lands.

However, Setia Fontaines took the view that the Lands acquired are exempted from GST pursuant to Item 1(1), First Schedule of the Goods and Services Tax (Exempt Supply) Order 2014 given that the Land are used for agricultural purposes.

Notwithstanding the objection from Setia Fontaines, Boustead remitted RM37,207,353.35 of GST to the Customs and demanded that Setia Fontaines reimburse the said amount pursuant to Clause 28 of the Sale and Purchase Agreement.

After several settlement attempts, the parties were not able to reach a common ground on this issue.

On 28 December 2018, Boustead and the Trustee as the plaintiffs filed a civil suit in KL High Court and on 3 January 2019, a copy of the sealed Writ of Summons and Statement of Claim was served on Setia Fontaines as the defendant seeking the repayment of RM37,207,353.35 with 8% interest.

First case management was held before the High Court of Kuala Lumpur on 28 January 2019 where the Registrar instructed the following:

- (1) The Plaintiffs to file a reply by 21 February 2019;
- (2) Any interlocutory application to be filed by 21 February 2019; and
- (3) Parties to consider mediation;

Setia Fontaines filed its Defence and served the same on Boustead on 31 January 2019. Boustead filed its reply on 21 February 2019. The matter came up for Case Management on 25 February 2019 before YA Dato' Ahmad Zaidi bin Ibrahim at NCvC 6 whereby parties have updated court on the filing of cause papers. The matter is now fixed for further case management on 19 March 2019.

Solicitors for Setia Fontaines are of the view that:

- (a) given the Lands were used for agricultural purposes, i.e. the cultivation of oil palm plantations, at the time of the completion of the transfer of the Lands to the Defendant, the sale of the Lands should be an exempted supply and no GST would be payable by the Second Plaintiff; and
- (b) in the factual matrix of the present case, the intended use of the Lands by the Defendant is irrelevant and immaterial for the determination of whether the sale of the Lands is an exempt supply for GST purposes.

Accordingly, the solicitors take the view that there are merits in Setia Fontaines/Defendant’s case and Setia Fontaines/Defendant has a strong arguable case to defend its position in court.

Given that the suit was filed via writ of summons, full trial with witnesses is expected to take at least one (1) year before a decision is made, and that is assuming parties do not have any appeals and interlocutory applications in between.

On this note, the Directors of the Group are of the opinion that no provision in respect of the GST liability in dispute is required to be made in the financial statements.

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11. Capital Commitments

	As at 31 Dec 2018 RM'000
<i>Commitments of subsidiary companies:-</i>	
Contractual commitments for acquisition of development land	55,369
Contractual commitments for construction of investment properties	88,654
Contractual commitments for construction of property, plant and equipment	<u>174,784</u>
<i>Share of commitments of joint ventures:-</i>	
Contractual commitments for acquisition of development land	111,214
Contractual commitments for construction of investment properties	<u>97,964</u>

12. Significant Related Party Transactions

	1 Jan 2018 to 31 Dec 2018 RM'000
<i>Transactions with joint ventures:-</i>	
(i) Management fee received and receivable	2,876
(ii) Event service fee received and receivable	44
(iii) Rental received and receivable	279
(iv) Rental paid and payable	158
(v) Construction services rendered	48,954
(vi) Staff secondment fee received and receivable	476
(vii) Interest received and receivable	10,081
(viii) Group marketing fee received and receivable	151
<i>Transaction with director of the subsidiary companies:-</i>	
(i) Sale of development property to director of subsidiary companies	2,260
<i>Transaction with related company:-</i>	
(i) Rental paid and payable	939
<i>Transaction with associated companies:-</i>	
(i) Dividend received and receivable	3,680

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**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 year-to-date are analysed as follows:-

	Q4 2018	Q4 2017	YTD 2018	YTD 2017
	RM’000	RM’000	RM’000	RM’000
		Restated		Restated
Revenue				
Property Development	930,525	1,257,214	3,318,939	3,881,292
Construction	31,629	21,925	88,515	206,589
Other Operations	56,961	51,509	186,135	199,896
	<u>1,019,115</u>	<u>1,330,648</u>	<u>3,593,589</u>	<u>4,287,777</u>
Profit before tax				
Property Development	224,218	467,532	1,019,513	1,337,189
Construction	(4,061)	(16,645)	(9,457)	(8,407)
Other Operations	(16,028)	(3,232)	(19,508)	9,126
	<u>204,129</u>	<u>447,655</u>	<u>990,548</u>	<u>1,337,908</u>

(a) Performance of the current quarter against the same quarter in the preceding year (Q4 FY2018 vs Q4 FY2017)**Property Development**

The Group achieved revenue of RM930.5 million and PBT of RM224.2 million in the current quarter. Both revenue and PBT for the current quarter is lower than the corresponding quarter in FY2017 partly due to higher volume of development phases completed and handed over in the last quarter of FY2017 and partly also Q4 FY2017 results benefited from the profit recognition on the completion of Phase 1 of **Battersea Power Station**. Projects in the United Kingdom and Australia have to adhere to the completion method of accounting for revenue recognition, hence the completion of such projects will normally have material upside impact on the Group’s profit.

Ongoing and completed 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*, *Setia V Residences* in Penang, *Aeropod* in Kota Kinabalu, *Daintree Residence* in Singapore and *Maison Carnegie* in Melbourne, Australia.

1. Review of Group Performance (continued)**(a) Performance of the current quarter against the same quarter in the preceding year (Q4 FY2018 vs Q4 FY2017) (continued)****Construction**

Revenue for the current quarter is mainly derived from supply of readymix concrete as well as construction of apartments at Bangsar.

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 investment properties such as office towers, retail malls and convention centres.

PBT for the current quarter is lower than the corresponding quarter in FY2017, mainly due to finance costs being expensed into profit or loss following the completion of construction of investment properties during the year, which is in line with MFRS 123 *Borrowing Costs*.

(b) Performance of year-to-date, 2018 (“FY2018”) vs year-to-date, 2017 (“FY2017”)

The Group achieved PBT of RM990.5 million, which is 26% lower than its PBT for FY2017 of RM1.34 billion.

The contribution from each business segment is set out below:

Property Development

The Group’s revenue of RM3.32 billion for FY2018 is 14% lower than FY2017 revenue of RM3.88 billion, as many ongoing development phases are still at early stage of construction.

The Group’s PBT of RM1.02 billion for FY2018 is 24% lower than FY2017 PBT of RM1.34 billion, which had a significant contribution from the completion of Phase 1 of *Battersea Power Station*.

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 investment properties such as office towers, retail malls and convention centres.

Lower PBT in FY2018 is mainly due to finance costs being expensed into profit or loss following the completion of construction of investment properties as mentioned above.

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

The Group's PBT for the current quarter of RM204.1 million is higher than the PBT for the preceding quarter of RM157.0 million, partly in line with higher revenue achieved and partly the benefit of foreign exchange gain arising from the translation of certain Pound Sterling denominated loan facilities.

3. Prospects for the Financial Year Ending 31 December 2019 ("FY2019")

S P Setia achieved sales of RM5.12 billion which topped the sales target of RM5.00 billion for FY2018. Local projects contributed RM4.12 billion or approximately 80% of sales while the international projects contributed RM1.00 billion or approximately 20% of sales. On the local front, the sales secured were largely from Central region with RM3.11 billion whereas Southern region contributed RM805.1 million while Northern and Eastern regions combined, contributed RM206.6 million of sales. As for the international projects, UNO Melbourne continued to outperform with sales of RM653.6 million while Sapphire by the Gardens added on another RM65.5 million of sales. S P Setia is pleased with this sales achievement as it demonstrated the resilience and versatility of Team Setia in navigating against various headwinds in a subdued property market.

On 14 December 2018, S P Setia achieved a major milestone with Battersea Phase 2 Holding Company Limited signing a Sale and Purchase Agreement ("SPA") with PNB-Kwasa International 2 Limited ("JVCo"), a joint venture company formed by Permodalan Nasional Berhad ("PNB") and the Employees Provident Fund Board ("EPF") to undertake the acquisition of the commercial assets in Phase 2 of Battersea Power Station development for a base consideration of £1.58 billion or approximately RM8.33 billion. As S P Setia owns 40% stake in Battersea Phase 2 Holding Company Limited, it will enable S P Setia to recognise £0.63 billion or approximately RM3.33 billion sales from this transaction. If this sale is taken into consideration, it would add up to a remarkable achievement of a total sales of RM8.45 billion for FY2018.

In FY2019, S P Setia plans to launch RM6.80 billion worth of properties, comprising RM6.66 billion from local launches while international launches comprised of new phases in Eco Lakes and Eco Xuan in Vietnam amounting to RM139.0 million. The local launches will be concentrated in the Central region with planned launches of RM4.98 billion. This includes new projects from I & P land banks such as Setia Alaman (as an extension of Setia Alam), Setia Mayuri in Semenyih, Setia Tropicale in Salak Tinggi and newly acquired land banks in Cyberjaya known as Setia Safiro. In addition, S P Setia will continue to launch new phases in the Group's established developments such as Setia Alam, Bandar Kinrara, KL Eco City and Setia Ecohill 2 as well as rebranded projects of Setia Alamsari, Alam Sutera and Kota Bayuemas in the Central region. Launches from Southern region is planned at RM1.17 billion, largely from Setia Tropika, Bukit Indah, Setia Indah, Setia Eco Gardens and Taman Industri Jaya. As for Northern region, the planned launches is RM349.3 million while the planned launches from Aeropod in Eastern region is RM163.5 million. In the Northern region, there will not be any new launches on the island but on the mainland of Penang where Setia Fontaines will launch its maiden residential properties priced at RM330,000 onwards, following the well-received launch of the shop office in FY2018.

The Malaysia Budget 2019 focuses on promoting home ownerships with many initiatives in place to help home buyers. S P Setia is hopeful that these various measures may have positive catalyst for the property market. With the versatile range of products offering that the Group plans to launch, S P Setia has set a sales target of RM5.65 billion for FY2019, of which it expects that approximately 89% to be derived from local projects. This represents a sales growth of about 10% and will further solidify S P Setia's position as the leading property developer in Malaysia.

Underpinned by an unbilled sales pipeline of RM12.32 billion, 45 ongoing projects and effective remaining land banks of 9,516 acres with a Gross Development Value of RM149.70 billion as at 31 December 2018, the Group is expected to perform resiliently against prevailing market challenges and the prospects going forward remain positive.

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4. Variance of Actual Profit from Forecast Profit

Not applicable as no profit forecast was published.

5. Income Tax

	3 Months Ended		12 Months Ended	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Taxation				
- current taxation	73,454	128,168	215,947	330,496
- (over)/under provision in prior year	(3,785)	(24,329)	4,445	(21,910)
- deferred taxation	6,288	28,607	(28,139)	(9,683)
	<u>75,957</u>	<u>132,446</u>	<u>192,253</u>	<u>298,903</u>

The Group's effective tax rate (excluding share of results of joint ventures and associated companies as well as one-off gain) for the financial year is higher than the statutory tax rate mainly due to certain non-tax deductible expenses.

6. Status of Corporate Proposals

- (a) There is no corporate proposal that has been announced by the Company which has not completed as at 20 February 2019, the latest practicable date which shall not be earlier than 7 days from the date of issue of this condensed financial report.
- (b) The following is the status of a corporate proposal that has been announced by the Company and completed as at 31 December 2018:
- (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 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
 - 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").

All conditions precedent of Bangi Proposal were fulfilled on 13 December 2018, and the land acquisition was completed on 21 December 2018.

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6. Status of Corporate Proposals (continued)

(c) 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 31 December 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	(300,000)	- [^]	Within 18 months
Future development projects and expansion plans	826,025	(826,025)	-	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	(1,127,248)	377	

[^] *The timeframe for utilisation of funds raised for existing projects and general working capital is 18 months from completion date i.e. 5 June 2018. The surplus of proceeds which has not been used for existing projects has been fully used for working capital purposes.*

* *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.*

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7. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 31 December 2018 were as follows:-

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short Term Bank Borrowings	1,158,048	1,359,687	2,517,735
Long Term Bank Borrowings	4,450,214	3,496,916	7,947,130
Redeemable Cumulative Preference Shares	-	69,292	69,292
	<u>5,608,262</u>	<u>4,925,895</u>	<u>10,534,157</u>

Currency exposure profile of borrowings is as follows:-

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Malaysian Ringgit	4,817,826	3,616,979	8,434,805
Great British Pound	-	1,308,916	1,308,916
Singapore Dollar	585,652	-	585,652
Australian Dollar	192,028	-	192,028
United States Dollar	12,756	-	12,756
	<u>5,608,262</u>	<u>4,925,895</u>	<u>10,534,157</u>

8. Material Litigation

Except for the contingent liabilities disclosed above, the Group was not engaged in any material litigation as at 20 February 2019, the latest practicable date which is not earlier than 7 days from the date of issue of this condensed financial report.

9. Dividends Declared

(a) The Board of Directors has declared final dividend in respect of the financial year ended 31 December 2018.

- (i) Amount per share : Single tier dividend of 4.55 sen per share
- (ii) Previous corresponding financial period : Single tier dividend of 11.50 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

Total dividend for FY2018 : Single tier dividend of 8.55 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 DRP.

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9. Dividends Declared (continued)

- (b) The Board of Directors has declared preferential dividends in respect of the financial period from 1 July 2018 to 31 December 2018, for the RCPS-i A and RCPS-i B.
- (i) Preferential dividend rate
- RCPS-i A : 6.49% per annum
 - RCPS-i B : 5.93% per annum
- (ii) Previous corresponding financial period
- RCPS-i A : 6.49% per annum
- (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.

10. Earnings Per Share Attributable To Owners of The Company

The basic earnings per share has been calculated by taking the Group's profit for the period/year attributable to owners of the Company adjusted for the effects of RCPS-i A and RCPS-i B preferential dividends paid for the period/year, divided by the weighted average number of shares in issue as well as full year impact of rights issue of shares. The weighted average number of shares in issue is calculated as follows:-

	3 Months Ended		12 Months Ended	
	31 Dec 2018 '000	31 Dec 2017 '000 Restated	31 Dec 2018 '000	31 Dec 2017 '000 Restated
Profit for the period/year attributable to owners of the Company				
- From continuing operations (RM)	101,546	276,029	670,959	904,118
- RCPS-i A preferential dividends (RM)	(36,215)	-	(72,430)	(42,737)
- RCPS-i B preferential dividends (RM)	(31,495)	-	(31,495)	-
	33,836	276,029	567,034	861,381
- From discontinued operations (RM)	-	-	-	89,585
Adjusted profit for the period/year attributable to equity holders of the Company (RM)	33,836	276,029	567,034	950,966
Number of ordinary shares at beginning of the period/year	3,901,120	3,389,713	3,427,783	2,853,520
Effect of shares issued pursuant to:				
- DRP	23,767	29,563	98,905	63,245
- Vesting of ESGP	-	-	5,085	3,641
- Exercise of ESOS	-	127	743	1,240
- Rights issue	-	-	-	403,260
- New placement	-	-	289,384	-
- Conversion of RCPS-i A into ordinary shares	5,508	803	2,453	202
- Conversion of RCPS-i B into ordinary shares	3,849	-	1,471	-
Weighted average number of ordinary shares	3,934,244	3,420,206	3,825,824	3,325,108
Basic Earnings Per Share (sen)				
- From continuing operations	0.86	8.07	14.82	25.91
- From discontinued operations	-	-	-	2.69
	0.86	8.07	14.82	28.60

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10. Earnings Per Share Attributable To Owners of The Company (continued)

The diluted earnings per share has been calculated by taking the Group's profit for the period/year attributable to owners of the Company adjusted for the effects of RCPS-i A and RCPS-i B preferential dividends paid for the period/year, divided by the weighted average number of shares that would have been in issue upon full exercise of the remaining options under the LTIP, adjusted for the number of such shares that would have been issued at fair value, conversion of RCPS-i A at the conversion ratio of fifty (50) ordinary shares for one hundred sixty nine (169) RCPS-i A from its date of issuance, 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		12 Months Ended	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
	'000	'000	'000	'000
		Restated		Restated
Profit for the period/year attributable to owners of the Company				
- From continuing operations (RM)	101,546	276,029	670,959	904,118
- RCPS-i A preferential dividends (RM)	(36,215)	-	(72,430)	(42,737)
- RCPS-i B preferential dividends (RM)	(31,495)	-	(31,495)	-
	<u>33,836</u>	<u>276,029</u>	<u>567,034</u>	<u>861,381</u>
- From discontinued operations (RM)	-	-	-	89,585
Adjusted profit for the period/year attributable to equity holders of the Company (RM)	<u>33,836</u>	<u>276,029</u>	<u>567,034</u>	<u>950,966</u>
Weighted average number of ordinary shares as per basic Earnings Per Share	3,934,244	3,420,206	3,825,824	3,325,108
Effect of potential exercise of LTIP	26,513	45,956	29,467	51,000
Effect of potential conversion of RCPS-i A	322,088	331,549	322,088	331,549
Effect of potential conversion of RCPS-i B	282,671	288,043	282,671	288,043
Weighted average number of ordinary shares	<u>4,565,516</u>	<u>4,085,754</u>	<u>4,460,050</u>	<u>3,995,700</u>
Diluted Earnings Per Share (sen)				
- From continuing operations	0.74	6.76	12.71	21.56
- From discontinued operations	-	-	-	2.24
	<u>0.74</u>	<u>6.76</u>	<u>12.71</u>	<u>23.80</u>

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11. Notes to the Statement of Comprehensive Income

	3 Months Ended 31 Dec 2018 RM'000	12 Months Ended 31 Dec 2018 RM'000
Interest income	25,421	124,269
Other income including investment income	22,456	66,878
Interest expense	(7,639)	(207,184)
Depreciation and amortisation	(6,851)	(24,531)
Provision for and write off of receivables	(521)	(521)
Provision for and write off of inventories	-	-
Gain on disposal of quoted or unquoted investments or properties	-	12,062
Write off of assets	(248)	(252)
Fair value gain on investment properties	11,984	15,007
Net foreign exchange gain	34,454	60,456
Gain or loss on derivatives	-	-
Gain on remeasurement of retained equity interest in former joint venture	4,777	311,594
Gain on deemed disposal of previously held investment in joint venture	-	36,942

12. Auditors' Report on Preceding Annual Financial Statements

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