

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

Interim Financial Report
30 September 2018

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(Incorporated in Malaysia)

Interim Financial Report - 30 September 2018

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S P SETIA BERHAD
 (Company No: 19698-X)
 (Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018
(The figures have not been audited)

	As At 30/09/2018 RM'000	As At 31/12/2017 RM'000 Restated
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	491,141	425,120
Investment Properties	2,061,781	1,962,794
Inventories - Land Held for Property Development	12,306,853	10,795,753
Intangible Asset	14,969	15,497
Investments in Associated Companies	438,108	424,847
Investments in Joint Ventures	2,597,631	2,234,371
Other Investments	96	133
Other Receivables	80,252	90,146
Deferred Tax Assets	225,546	186,155
	<u>18,216,377</u>	<u>16,134,816</u>
Current Assets		
Inventories - Property Development Costs	3,325,296	1,842,201
Inventories - Completed Properties and Others	1,689,082	1,702,008
Contract Assets	908,969	854,817
Trade and Other Receivables	1,314,550	1,738,138
Amounts Owing by Joint Ventures	161,622	585,202
Amounts Owing by Associated Companies	450	364
Current Tax Assets	157,840	148,682
Short-Term Deposits	1,606,839	1,700,059
Cash and Bank Balances	1,576,939	3,879,241
	<u>10,741,587</u>	<u>12,450,712</u>
Assets of Disposal Group Classified as Held for Sale	-	1,058
	<u>10,741,587</u>	<u>12,451,770</u>
TOTAL ASSETS	<u>28,957,964</u>	<u>28,586,586</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	8,100,463	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	121,226	94,450
Reserve on Acquisition Arising from Common Control	(1,295,884)	(1,295,884)
Exchange Translation Reserve	39,628	136,731
Retained Earnings	5,016,442	4,915,100
Equity Attributable to Owners of the Company	<u>14,158,818</u>	<u>12,728,318</u>
Perpetual Bond	619,821	610,787
Non-controlling Interests	1,354,902	1,293,999
Total Equity	<u>16,133,541</u>	<u>14,633,104</u>
LIABILITIES		
Non-Current Liabilities		
Redeemable Cumulative Preference Shares	55,345	54,667
Other Payables	40,000	40,000
Long Term Borrowings	7,296,960	4,914,092
Deferred Tax Liabilities	439,913	240,718
	<u>7,832,218</u>	<u>5,249,477</u>
Current Liabilities		
Contract Liabilities	52,945	12,469
Trade and Other Payables	1,997,476	2,311,109
Provision for Affordable Housing	774,579	795,895
Short Term Borrowings	2,107,111	1,963,828
Current Tax Liabilities	59,850	79,749
Amounts Owing to Previous Shareholders of I & P Group	-	3,540,500
Amounts Owing to Related Companies	244	455
	<u>4,992,205</u>	<u>8,704,005</u>
Total Liabilities	<u>12,824,423</u>	<u>13,953,482</u>
TOTAL EQUITY AND LIABILITIES	<u>28,957,964</u>	<u>28,586,586</u>
Net Assets Per Share Attributable to Owners of the Company	<u>3.07</u>	<u>3.08</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 PERIOD ENDED 30 SEPTEMBER 2018
(The figures have not been audited)

	3 MONTHS ENDED		9 MONTHS ENDED	
	30/09/2018 RM'000	30/09/2017 RM'000 Restated	30/09/2018 RM'000	30/09/2017 RM'000 Restated
Continuing operations				
Revenue	993,002	1,057,900	2,574,474	2,950,837
Cost of sales	(712,819)	(654,780)	(1,774,406)	(2,043,577)
Gross profit	280,183	403,120	800,068	907,260
Other income	26,821	46,335	528,116	151,561
Selling and marketing expenses	(27,532)	(24,242)	(68,655)	(59,884)
Administrative and general expenses	(47,278)	(96,540)	(260,481)	(260,633)
Share of results of joint ventures	(12,288)	172,445	(32,436)	254,773
Share of results of associated companies	3,486	(2,357)	19,352	(7,816)
Finance costs	(66,397)	(38,224)	(199,545)	(105,903)
Profit before tax	156,995	460,537	786,419	879,358
Tax expense	(58,553)	(56,321)	(116,296)	(163,977)
Profit from continuing operations, net of tax	98,442	404,216	670,123	715,381
Discontinued operations				
Profit from discontinued operations, net of tax	-	-	-	89,585
Profit for the period	98,442	404,216	670,123	804,966
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	51,558	26,725	(97,117)	64,155
Total comprehensive income for the period	150,000	430,941	573,006	869,121
Profit attributable to:				
Holders of Perpetual Bond	9,133	9,133	27,102	27,102
Non-controlling interests	24,122	46,190	73,608	66,290
	33,255	55,323	100,710	93,392
Owners of the Company				
- from continuing operations	65,187	348,893	569,413	621,989
- from discontinued operations	-	-	-	89,585
	65,187	348,893	569,413	711,574
	98,442	404,216	670,123	804,966
Total comprehensive income attributable to:				
Holders of Perpetual Bond	9,133	9,133	27,102	27,102
Non-controlling interests	24,129	46,170	73,594	66,196
	33,262	55,303	100,696	93,298
Owners of the Company				
- from continuing operations	116,738	375,638	472,310	686,238
- from discontinued operations	-	-	-	89,585
	116,738	375,638	472,310	775,823
	150,000	430,941	573,006	869,121
Earnings per share attributable to equity holders of the Company				
Basic earnings per share (sen)				
- from continuing operations	1.67	9.10	14.07	17.59
- from discontinued operations	-	-	-	2.72
Diluted earnings per share (sen)				
- from continuing operations	1.43	7.60	12.00	14.62
- from discontinued operations	-	-	-	2.26

(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 SEPTEMBER 2018
(The figures have not been audited)

	← Attributable to owners of the Company →								Retained Earnings RM'000	Total RM'000	Perpetual Bond RM'000	Non-controlling interests RM'000	Total Equity RM'000
	← 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 from Common Control RM'000	Exchange Translation Reserve 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	-	-	-	-	-	-	-	(97,103)	-	(97,103)	-	(14)	(97,117)
Profit for the period	-	-	-	-	-	-	-	-	569,413	569,413	-	73,608	643,021
Distribution for the period	-	-	-	-	-	-	-	-	-	-	27,102	-	27,102
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 Grant Plan ("ESGP")	33,336	-	-	-	-	(33,336)	-	-	-	-	-	-	-
- Exercise of Employee Share Option Scheme ("ESOS")	3,411	-	-	-	-	(549)	-	-	-	2,862	-	-	2,862
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	(11,831)	-	-	-	-	-	-	-	-	(11,831)	-	-	(11,831)
RCPS-i A preferential dividends paid	-	-	-	-	-	-	-	-	(36,215)	(36,215)	-	-	(36,215)
Dividends paid	-	-	-	-	-	-	-	-	(431,856)	(431,856)	-	(12,691)	(444,547)
Share-based payment under Employees' Long Term Incentive Plan ("LTIP")	-	-	-	-	-	60,661	-	-	-	60,661	-	-	60,661
Balance at 30.09.2018	8,100,463	1,114,715	1,062,228	-	-	121,226	(1,295,884)	39,628	5,016,442	14,158,818	619,821	1,354,902	16,133,541
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	-	-	-	-	-	-	-	64,249	-	64,249	-	(94)	64,155
Profit for the period	-	-	-	-	-	-	-	-	711,574	711,574	-	66,290	777,864
Distribution for the period	-	-	-	-	-	-	-	-	-	-	27,102	-	27,102
Distribution paid	-	-	-	-	-	-	-	-	-	-	(18,068)	-	(18,068)
Transactions with owners:													
Issuance of ordinary shares													
- Dividend Reinvestment Plan ("DRP")	407,291	-	-	-	-	-	-	-	-	407,291	-	-	407,291
- Exercise of Employee Share Grant Plan ("ESGP")	46,350	-	-	-	-	(46,350)	-	-	-	-	-	-	-
- Exercise of Employee Share Option Scheme ("ESOS")	7,306	-	-	38	-	(1,090)	-	-	-	6,254	-	-	6,254
Share issuance expense	(222)	(479)	-	-	(51)	-	-	-	-	(752)	-	-	(752)
RCPS-i A preferential dividends paid	-	-	-	-	-	-	-	-	(42,737)	(42,737)	-	-	(42,737)
Dividends paid	-	-	-	-	-	-	-	-	(456,833)	(456,833)	-	(21,921)	(478,754)
Share-based payment under Employees' Long Term Incentive Plan ("LTIP")	-	-	-	-	-	25,695	-	-	-	25,695	-	-	25,695
Transition to no par value regime ⁽¹⁾	2,945,561	1,115,581	-	(2,945,561)	(1,115,581)	-	-	-	-	-	-	-	-
Balance at 30.09.2017 (restated)	5,546,426	1,126,378	-	-	-	43,571	(1,295,884)	268,735	4,775,607	10,464,833	619,821	1,303,992	12,388,646

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 SEPTEMBER 2018
(The figures have not been audited)

	9 MONTHS ENDED	
	30/09/2018	30/09/2017
	RM'000	RM'000
		Restated
Operating Activities		
Profit before tax		
- continuing operations	786,419	879,358
- discontinued operations	-	89,880
Adjustments for:-		
Non-cash items	(290,963)	(267,424)
Non-operating items	76,065	(24,728)
Operating profit before changes in working capital	<u>571,521</u>	<u>677,086</u>
Changes in inventories - property development costs	(204,486)	76,497
Changes in contract assets	(10,746)	320,943
Changes in inventories - completed properties and others	413,257	233,152
Changes in receivables	38,668	30,249
Changes in payables	(193,413)	(385,315)
Cash generated from operations	<u>614,801</u>	<u>952,612</u>
Rental received	11,291	11,699
Interest received	41,696	54,616
Tax paid	(179,298)	(260,029)
Net cash generated from operating activities	<u>488,490</u>	<u>758,898</u>
Investing Activities		
Additions to inventories - land held for property development	(389,920)	(2,338,809)
Deposits and part consideration paid for acquisition of land	(20,596)	(50,598)
Consideration paid in relation to acquisition of I & P Group	(3,540,500)	(109,500)
Additions to property, plant and equipment	(66,113)	(62,157)
Additions to investment properties	(103,682)	(119,721)
Proceeds from disposal of property, plant and equipment	512	263
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	(378,255)	(129,790)
Capital contribution to joint ventures	(70)	(113)
Advances to joint ventures	(25,071)	(9,231)
Settlement of shareholder advances to a former joint venture partner	(94,957)	-
Advances to an associated company	(86)	(82)
(Placement)/Withdrawal of sinking fund, debt service reserve, revenue accounts	(27,796)	13,374
Dividend received	1,635	1,635
Interest received	57,152	49,644
Rental received	13,341	12,408
Net cash used in investing activities	<u>(4,965,760)</u>	<u>(2,605,879)</u>

S P SETIA BERHAD
 (Company No.: 19698-X)
 (Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018
(The figures have not been audited)

	9 MONTHS ENDED	
	30/09/2018	30/09/2017
	RM'000	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	2,862	6,254
Refund of excess application proceeds from rights issue of shares and RCPS-i B	(310,412)	-
Payment of share issuance expenses	(11,831)	(752)
Repayment to non-controlling shareholder of a subsidiary company	(853)	(197)
Drawdown of bank borrowings	3,305,149	2,260,963
Repayment of bank borrowings	(1,437,685)	(1,138,997)
Perpetual bond distribution paid	(18,068)	(18,068)
Interest paid	(350,701)	(189,026)
Redeemable cumulative preference share dividends paid to a non-controlling shareholder of a subsidiary company	(2,322)	(1,272)
Dividends paid to non-controlling interests	(12,691)	(21,921)
RCPS-i A preferential dividends paid	(36,215)	(42,737)
Dividends paid	(55,037)	(49,542)
Net cash generated from financing activities	<u>2,069,946</u>	<u>804,705</u>
Net changes in cash and cash equivalents	(2,407,324)	(1,042,276)
Effect of exchange rate changes	(11,157)	16,725
Cash and cash equivalents at beginning of the period	<u>5,530,063</u>	<u>4,586,503</u>
Cash and cash equivalents at end of the period	<u>3,111,582</u>	<u>3,560,952</u>
 Cash and cash equivalents comprise the following:		
Short-Term Deposits	1,606,839	2,289,547
Cash and Bank Balances	1,576,939	1,321,558
Bank Overdrafts	(16,507)	(18,867)
	<u>3,167,271</u>	<u>3,592,238</u>
Less: Sinking Fund, Debt Service Reserve, Escrow and Revenue Accounts	(55,689)	(31,286)
	<u>3,111,582</u>	<u>3,560,952</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 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)**MFRS 15: Revenue from Contracts with Customers**

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.

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.

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

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

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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
	<u>15,309,892</u>	<u>824,924</u>	<u>16,134,816</u>
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
	<u>12,412,675</u>	<u>38,037</u>	<u>12,450,712</u>
Assets of disposal group classified as held for sale	1,058	-	1,058
	<u>12,413,733</u>	<u>38,037</u>	<u>12,451,770</u>
Total assets	<u>27,723,625</u>	<u>862,961</u>	<u>28,586,586</u>
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
Reserves			
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	<u>11,943,702</u>	<u>784,616</u>	<u>12,728,318</u>
Perpetual bond	610,787	-	610,787
Non-controlling interests	1,243,730	50,269	1,293,999
Total equity	<u>13,798,219</u>	<u>834,885</u>	<u>14,633,104</u>

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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
	<u>5,224,276</u>	<u>25,201</u>	<u>5,249,477</u>
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
	<u>8,701,130</u>	<u>2,875</u>	<u>8,704,005</u>
Total liabilities	<u>13,925,406</u>	<u>28,076</u>	<u>13,953,482</u>
Total equity and liabilities	<u>27,723,625</u>	<u>862,961</u>	<u>28,586,586</u>

* 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 9 months financial period ended 30 September 2017**

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Continuing operations			
Revenue	2,577,394	373,443	2,950,837
Cost of sales	(1,814,590)	(228,987)	(2,043,577)
Gross profit	762,804	144,456	907,260
Other income	152,625	(1,064)	151,561
Selling and marketing expenses	(137,304)	77,420	(59,884)
Administrative and general expenses	(208,808)	(51,825)	(260,633)
Share of results of joint ventures	220,739	34,034	254,773
Share of results of associated companies	(20,868)	13,052	(7,816)
Finance costs	(101,516)	(4,387)	(105,903)
Profit before tax	667,672	211,686	879,358
Taxation	(114,011)	(49,966)	(163,977)
Profit from continuing operations, net of tax	553,661	161,720	715,381
Discontinued operations			
Profit from discontinued operations, net of tax	-	89,585	89,585
Profit for the period	553,661	251,305	804,966
Other comprehensive income, net of tax:			
Exchange differences on translation of foreign operations	64,663	(508)	64,155
Total comprehensive income for the period	618,324	250,797	869,121
Profit attributable to:			
- Holders of Perpetual Bond	27,102	-	27,102
- Non-controlling interests	31,839	34,451	66,290
	58,941	34,451	93,392
Owners of the Company			
- from continuing operations	494,720	127,269	621,989
- from discontinued operations	-	89,585	89,585
	553,661	251,305	804,966
Total comprehensive income attributable to:			
- Holders of Perpetual Bond	27,102	-	27,102
- Non-controlling interests	31,745	34,451	66,196
	58,847	34,451	93,298
Owners of the Company			
- from continuing operations	559,477	126,761	686,238
- from discontinued operations	-	89,585	89,585
	618,324	250,797	869,121

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1. Basis of Preparation (continued)**Consolidated Statement of Cash Flows
For the 9 months financial period ended 30 September 2017**

	As previously stated [^] RM'000	Adjustments RM'000	As restated RM'000
Net cash generated from operating activities	437,841	321,057	758,898
Net cash used in investing activities	(2,287,568)	(318,311)	(2,605,879)
Net cash from financing activities	805,261	(556)	804,705
Net decrease in cash and cash equivalents	(1,044,466)	2,190	(1,042,276)
Effect of exchange rate changes	16,725	-	16,725
Cash and cash equivalents at 1 January 2017	4,076,110	510,393	4,586,503
Cash and cash equivalents at 30 September 2017	<u>3,048,369</u>	<u>512,583</u>	<u>3,560,952</u>

[^] The "as previously stated" figures of the consolidated statement of comprehensive income and consolidated statement of cash flows for the nine months period ended 30 September 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 September 2018.

4. Material Changes in Estimates

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

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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 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 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;
- (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; and
- (f) Allotment of 10,728,040 new ordinary shares pursuant to the vesting of Employee Share Grant Plan ("ESGP").

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 20 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 RM36,214,513, in respect of the financial period from 1 July 2017 to 31 December 2017, was paid in cash on 11 April 2018.

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7. Segmental Reporting

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

	Property Development RM'000	Construction RM'000	Other Operations RM'000	Eliminations RM'000	Consolidated RM'000
<u>Revenue</u>					
External sales	2,388,414	56,886	129,174	-	2,574,474
Inter-segment sales	249,249	293,729	32,568	(575,546)	-
Total revenue	<u>2,637,663</u>	<u>350,615</u>	<u>161,742</u>	<u>(575,546)</u>	<u>2,574,474</u>
Gross profit	782,208	2,015	15,845	-	800,068
Other income	512,620	2,806	12,690	-	528,116
Operating expenses	(295,206)	(10,205)	(23,725)	-	(329,136)
Share of results of joint ventures	(37,652)	-	5,216	-	(32,436)
Share of results of associated companies	19,352	-	-	-	19,352
Finance costs	(186,027)	(12)	(13,506)	-	(199,545)
Profit before tax	<u>795,295</u>	<u>(5,396)</u>	<u>(3,480)</u>	<u>-</u>	<u>786,419</u>
Tax expense					(116,296)
Profit for the period					<u>670,123</u>

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 September 2018 till 7 November 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 September 2018 except for the following:

- 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;
- 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; and
- 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 September 2018 till 7 November 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 was 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.

The AGC had on 4 September 2018 filed the Notice of Discontinuance to the Court of Appeal with regard to their appeal against the decision of the High Court granted above. The hearing date scheduled at the High Court for 27 September 2018 was converted to a case management at the application of BSA and MIRB. The next case management is scheduled on 21 November 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.

The Attorney General Chambers (“AGC”) and MIRB have filed its appeals 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.

Vide the announcement made by SPSB on 25 October 2018, SPSB has reached an amicable settlement with the MIRB in respect of the additional taxes imposed on SPSB via MIRB’s letter dated 27 March 2018. Pursuant to the Notice of Reduced Assessment dated 16 October 2018 (received by SPSB on 25 October 2018), the total sum payable in respect of the tax settlement is RM2,602,307.58. With this, the tax dispute between SPSB and MIRB has been settled amicably.

The consent order setting out the agreed terms of settlement has been recorded before the High Court of Shah Alam on 8 November 2018.

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11. Capital Commitments

	As at 30 Sep 2018 RM'000
<i>Commitments of subsidiary companies:-</i>	
Contractual commitments for acquisition of development land	616,745
Contractual commitments for construction of investment properties	241,685
Contractual commitments for construction of property, plant and equipment	<u>179,262</u>
<i>Share of commitments of joint ventures:-</i>	
Contractual commitments for acquisition of development land	114,644
Contractual commitments for construction of investment properties	<u>93,575</u>

12. Significant Related Party Transactions

	1 Jan 2018 to 30 Sep 2018 RM'000
<i>Transactions with joint ventures:-</i>	
(i) Management fee received and receivable	2,318
(ii) Event service fee received and receivable	41
(iii) Rental received and receivable	152
(iv) Rental paid and payable	93
(v) Construction services rendered	48,954
(vi) Staff secondment fee received and receivable	359
(vii) Interest received and receivable	8,122
(viii) Group marketing fee received and receivable	116
<i>Transaction with director of the subsidiary companies:-</i>	
(i) Sale of development property to director of subsidiary companies	577
<i>Transaction with related company:-</i>	
(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:-

	Q3 2018	Q3 2017	PTD 2018	PTD 2017
	RM’000	RM’000	RM’000	RM’000
		Restated		Restated
Revenue				
Property Development	924,581	960,575	2,388,414	2,617,785
Construction	17,501	43,853	56,886	184,664
Other Operations	50,920	53,472	129,174	148,388
	<u>993,002</u>	<u>1,057,900</u>	<u>2,574,474</u>	<u>2,950,837</u>
Profit before tax				
Property Development	165,722	470,959	795,295	858,763
Construction	954	1,035	(5,396)	8,238
Other Operations	(9,681)	(11,457)	(3,480)	12,357
	<u>156,995</u>	<u>460,537</u>	<u>786,419</u>	<u>879,358</u>

(a) Performance of the current quarter against the same quarter in the preceding year (Q3 FY2018 vs Q3 FY2017)

Property Development

The Group achieved revenue of RM924.6 million and PBT of RM165.7 million in the current quarter. PBT for the current quarter is lower than the corresponding quarter in FY2017, which had a significant profit contribution from the completion of Phase 1 of the *Battersea Power Station*.

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, *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 (Q3 FY2018 vs Q3 FY2017) (continued)

Construction

Revenue for the current quarter is mainly derived from supply of readymix concrete as well as construction of Kompleks Institut Penyelidikan Kesihatan Bersepadu (“NIH Complex”) at Setia Alam.

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 to-date in the preceding year (Q3 PTD 2018 vs Q3 PTD 2017)

The Group achieved a PBT of RM786.4 million, which is 11% lower than its PBT for the corresponding period in the preceding year of RM879.4 million.

The contribution from each business segment is set out below:

Property Development

The Group’s revenue of RM2.39 billion for the current period to-date is 9% lower than the revenue of the corresponding period in FY2017, as many ongoing development phases are still at early stage of construction.

The Group’s PBT of RM795.3 million for the current period to-date is 7% lower than the PBT of the corresponding period in FY2017 of RM858.8 million, which had a significant contribution from the completion of Phase 1 of the *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 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 PBT for the current quarter of RM157.0 million is lower than the PBT for the preceding quarter of RM535.0 million, which had a one-time provisional fair value gain on remeasurement of the Group's first 50% equity interest in Setia Federal Hill Sdn Bhd ("SFH") following the acquisition of full control in SFH.

3. Prospects for the Current Financial Year

For the nine months ended 30 September 2018, the Group achieved sales of RM3.21 billion where the local projects contributed RM2.32 billion or 72% of the total sales while international projects contributed RM894.5 million or 28% of the total sales. On the local front, the sales secured were largely from Central region with RM1.60 billion, Southern region with RM641.6 million while the Northern and Eastern region combined, contributed RM77.7 million. As for the international projects, UNO Melbourne continued to outperform with a commendable take-up rate of 75% amounting to RM630.5 million while Daintree Residence in Singapore contributed a weaker than expected sales of RM108.0 million, largely attributed to the additional buyer's stamp duty which dampened sales.

The sale of commercial assets of Battersea Power Station - Phase 2 to Permodalan Nasional Berhad and Employees Provident Fund Board, is anticipated to be finalised imminently. The said transaction will enable a more efficient application of equity in the Battersea Power Station project.

For the first nine months of 2018, the Group has launched projects with combined GDV of RM4.64 billion. Another RM1.60 billion is planned for the remaining months of 2018, where the Group will continue to focus on the launches of mid-range landed properties in the established townships of Klang Valley and Johor Bahru. This will bring the total launches for 2018 to RM6.24 billion. Notable launches are planned in Setia Alam, Setia Eco Templer, Setia Eco Park, Temasya Glenmarie, Bandar Kinrara, Taman Pelangi Indah and Taman Rinting. The strategy is to launch more landed properties in the Group's flagship townships where the underlying demand by owner occupiers are still favourable.

Notwithstanding the total sales achieved to-date, the property market remains subdued. The local market continues to trend sideways with many potential buyers finding difficulty to obtain their desired loan financing margin due to the stringent lending guidelines or are taking a 'wait and see' approach as the current economic uncertainties persist. While the expected pick-up in sales has not been evident during the month of October 2018 and conditions remain challenging, we are still committed to meet our sales target for the year. We have seen a Budget 2019 which focuses on the lower and middle-income segments and many initiatives in place to help home buyers. We hope that these positive developments will uplift the market sentiment. In the long run, the Group's prospects remain positive with total unbilled sales of RM7.92 billion, anchored by 46 ongoing projects and effective remaining land bank of 9,548 acres with a GDV of RM155.26 billion as at 30 September 2018.

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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		9 Months Ended	
	30 Sep 2018 RM'000	30 Sep 2017 RM'000 Restated	30 Sep 2018 RM'000	30 Sep 2017 RM'000 Restated
Taxation				
- current taxation	75,675	89,281	150,723	204,746
- deferred taxation	(17,122)	(32,960)	(34,427)	(40,769)
	<u>58,553</u>	<u>56,321</u>	<u>116,296</u>	<u>163,977</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 period is higher than the statutory tax rate mainly due to certain non-tax deductible expenses.

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 7 November 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 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").

The Bangi SPA and PSA are conditional upon:

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

6. Status of Corporate Proposals (continued)

- 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:

Rights issue of RCPS-i A

As at 30 September 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	(555,085)	270,940	Within 36 months
Estimated expenses for the rights issue of RCPS-i A	1,600	(1,223)	377*	Within 1 month
Total	<u>1,127,625</u>	<u>(856,308)</u>	<u>271,317</u>	

[^] *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 utilised 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 30 September 2018 are as follows:-

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short Term Bank Borrowings	1,102,077	1,005,034	2,107,111
Long Term Bank Borrowings	4,363,722	2,933,238	7,296,960
Redeemable Cumulative Preference Shares	-	55,345	55,345
	<u>5,465,799</u>	<u>3,993,617</u>	<u>9,459,416</u>

Currency exposure profile of borrowings is as follows:-

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Malaysian Ringgit	4,673,808	2,889,879	7,563,687
Great British Pound	-	1,103,738	1,103,738
Singapore Dollar	585,014	-	585,014
Australian Dollar	196,285	-	196,285
United States Dollar	10,692	-	10,692
	<u>5,465,799</u>	<u>3,993,617</u>	<u>9,459,416</u>

8. Material Litigation

Except for the contingent liabilities disclosed above, the Group was not engaged in any material litigation as at 7 November 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 | : 9 November 2018 |
| (iv) Total dividend for the financial period 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. 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 and the remaining portion of RM48,976,253 was paid in cash on 9 November 2018.

(b) 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. A total of RM67,709,557 preferential dividends was paid in cash on 3 October 2018.

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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 attributable to owners of the Company adjusted for the effects of RCPS-i A preferential dividends paid for the period, divided by the weighted average number of shares in issue. The weighted average number of shares in issue is calculated as follows:-

	3 Months Ended		9 Months Ended	
	30 Sep 2018	30 Sep 2017	30 Sep 2018	30 Sep 2017
	'000	'000	'000	'000
		Restated		Restated
Profit for the period attributable to owners of the Company (RM)	65,187	348,893	569,413	711,574
RCPS-i A preferential dividends (RM)	-	(42,737)	(36,215)	(42,737)
Adjusted profit for the period attributable to equity holders of the Company (RM)	65,187	306,156	533,198	668,837
Number of ordinary shares at beginning of the period	3,890,346	3,258,512	3,427,783	2,853,520
Effect of shares issued pursuant to:				
- Exercise of ESOS	26	127	651	913
- Vesting of ESGP	9,445	7,019	3,183	2,365
- Conversion of RCPS-i A into ordinary shares	-	-	963	-
- Conversion of RCPS-i B into ordinary shares	-	-	453	-
- Placement of new ordinary shares	-	-	277,381	-
- Rights issue	-	-	-	403,260
- Dividend Reinvestment Plan	-	97,932	78,874	33,003
Weighted average number of ordinary shares	3,899,817	3,363,590	3,789,288	3,293,061
Basic Earnings Per Share (sen)	1.67	9.10	14.07	20.31

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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 attributable to owners of the Company adjusted for the effects of RCPS-i A preferential dividends paid for the period, divided 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		9 Months Ended	
	30 Sep 2018 '000	30 Sep 2017 '000 Restated	30 Sep 2018 '000	30 Sep 2017 '000 Restated
Profit for the period attributable to owners of the Company (RM)	65,187	348,893	569,413	711,574
RCPS-i A preferential dividends (RM)	-	(42,737)	(36,215)	(42,737)
Adjusted profit for the period attributable to equity holders of the Company (RM)	65,187	306,156	533,198	668,837
Weighted average number of ordinary shares as per basic Earnings Per Share	3,899,817	3,363,590	3,789,288	3,293,061
Effect of potential exercise of LTIP	29,286	42,608	36,142	47,289
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	4,546,682	4,027,858	4,443,009	3,962,010
Diluted Earnings Per Share (sen)	1.43	7.60	12.00	16.88

11. Notes to the Statement of Comprehensive Income

	3 Months Ended 30 Sep 2018 RM'000	9 Months Ended 30 Sep 2018 RM'000
Interest income	26,125	98,848
Other income including investment income	11,689	44,422
Interest expense	(66,397)	(199,545)
Depreciation and amortisation	(6,379)	(17,680)
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	-	12,062
Write off of assets	(1)	(4)
Fair value gain on investment properties	-	3,023
Net foreign exchange (loss)/gain	(10,993)	26,002
Gain or loss on derivatives	-	-
Provisional fair value gain arising from remeasurement of existing stake in Setia Federal Hill Sdn Bhd	-	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.