

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

Condensed Financial Report
31 December 2017

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(Incorporated in Malaysia)

Condensed Financial Report - 31 December 2017

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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 2017
(The figures have been audited)

	As At 31/12/2017 RM'000	As At 31/12/2016 RM'000 Restated
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	425,120	374,958
Investment Properties	1,319,701	1,113,221
Land Held for Property Development	10,795,753	8,674,347
Intangible Asset	15,497	11,633
Investments in Associated Companies	412,278	397,835
Investments in Joint Ventures	2,050,674	1,677,723
Other Investments	133	231
Other Receivables	90,146	-
Deferred Tax Assets	200,590	178,943
	<u>15,309,892</u>	<u>12,428,891</u>
Current Assets		
Property Development Costs	1,820,822	2,469,618
Inventories	1,702,008	1,296,023
Trade and Other Receivables	2,573,361	2,287,173
Gross Amount Due from Customers	2,936	3,825
Amounts Owing by Joint Ventures	585,202	633,669
Amounts Owing by Associated Companies	364	138
Amounts Owing by Related Companies	-	5,320
Other Investments	-	30,000
Current Tax Assets	148,682	153,180
Short-Term Deposits	1,700,059	3,004,351
Cash and Bank Balances	3,879,241	1,676,169
	<u>12,412,675</u>	<u>11,559,466</u>
Assets of Disposal Group classified as Held For Sale	1,058	19,000
	<u>12,413,733</u>	<u>11,578,466</u>
TOTAL ASSETS	<u>27,723,625</u>	<u>24,007,357</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	6,693,971	2,140,140
Share Capital - RCPS-i A	1,119,342	11,276
Share Capital - RCPS-i B	1,064,608	-
Reserves		
Share Premium	-	2,945,523
Share Premium - RCPS-i A	-	1,115,632
Share-Based Payment Reserve	94,450	65,316
Reserve on Acquisition arising from Common Control	(1,295,884)	(1,295,884)
Exchange Translation Reserve	138,030	204,486
Retained Earnings	4,129,185	3,845,351
Equity Attributable to Owners of the Company	<u>11,943,702</u>	<u>9,031,840</u>
Perpetual Bond	610,787	610,787
Non-controlling Interests	<u>1,243,730</u>	<u>1,206,081</u>
Total Equity	<u>13,798,219</u>	<u>10,848,708</u>
LIABILITIES		
Non-Current Liabilities		
Redeemable Cumulative Preference Shares	54,667	53,513
Other Payables	40,000	40,000
Long Term Borrowings	4,914,092	3,798,538
Deferred Tax Liabilities	215,517	214,439
	<u>5,224,276</u>	<u>4,106,490</u>
Current Liabilities		
Gross Amount Due to Customers	2,608	5,707
Trade and Other Payables	2,318,095	2,307,163
Provision for Affordable Housing	795,895	888,925
Short Term Borrowings	1,963,828	1,974,771
Current Tax Liabilities	79,749	114,709
Amounts Owing to Previous Shareholders of I&P Group	3,540,500	3,650,000
Amounts Owing to Related Companies	455	110,884
	<u>8,701,130</u>	<u>9,052,159</u>
Total Liabilities	<u>13,925,406</u>	<u>13,158,649</u>
TOTAL EQUITY AND LIABILITIES	<u>27,723,625</u>	<u>24,007,357</u>
Net Assets Per Share Attributable to Owners of the Company (RM)	<u>2.85</u>	<u>2.77</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 2016 and the accompanying explanatory notes in this report.)

* On 1 December 2017, S P Setia Berhad acquired the entire equity interests in I&P Group Sdn Berhad. The combined entities were under common control and the Group has applied the pooling of interests method in accounting for the combination.

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(The figures have been audited)

	3 MONTHS ENDED		12 MONTHS ENDED	
	31/12/2017 RM'000	31/12/2016 RM'000 Restated	31/12/2017 RM'000	31/12/2016 RM'000 Restated
Revenue	1,454,855	1,988,889	4,520,112	5,711,371
Cost of sales	(932,490)	(1,329,806)	(3,006,459)	(3,952,418)
Gross profit	522,365	659,083	1,513,653	1,758,953
Other income	108,353	82,401	287,924	341,117
Selling and marketing expenses	(105,647)	(97,373)	(262,916)	(221,098)
Administrative and general expenses	(121,037)	(150,388)	(410,078)	(418,425)
Share of results of joint ventures	37,026	127,404	257,765	68,715
Share of results of associated companies	30,245	7,373	22,429	20,820
Finance costs	(31,457)	(32,317)	(137,360)	(125,349)
Profit before tax	439,848	596,183	1,271,417	1,424,733
Tax expense	(124,500)	(97,741)	(285,770)	(365,316)
Profit from continuing operations, net of tax	315,348	498,442	985,647	1,059,417
(Loss)/profit from discontinued operations, net of tax	(805)	1,266	83,385	7,845
Profit for the period/year	314,543	499,708	1,069,032	1,067,262
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	(131,261)	78,302	(66,599)	(136,950)
Total comprehensive income for the period/year	183,282	578,010	1,002,433	930,312
Profit/(loss) attributable to:				
Holders of Perpetual Bond	9,134	9,035	36,236	36,236
Non-controlling interests	25,835	24,595	99,939	75,207
	34,969	33,630	136,175	111,443
Owners of the Company				
- from continuing operations	280,379	464,812	849,472	947,974
- from discontinued operations	(805)	1,266	83,385	7,845
	279,574	466,078	932,857	955,819
	314,543	499,708	1,069,032	1,067,262
Total comprehensive income/(loss) attributable to:				
Holders of Perpetual Bond	9,134	9,035	36,236	36,236
Non-controlling interests	25,786	24,849	99,796	75,114
	34,920	33,884	136,032	111,350
Owners of the Company				
- from continuing operations	149,167	542,860	783,016	811,117
- from discontinued operations	(805)	1,266	83,385	7,845
	148,362	544,126	866,401	818,962
	183,282	578,010	1,002,433	930,312
Earnings per share attributable to equity holders of the Company				
Basic earnings per share (sen)				
- from continuing operations	8.19	14.36	24.26	30.45
- from discontinued operations	(0.02)	0.04	2.51	0.25
	8.17	14.40	26.77	30.70
Diluted earnings per share (sen)				
- from continuing operations	6.88	12.74	20.25	27.49
- from discontinued operations	(0.02)	0.03	2.09	0.23
	6.86	12.77	22.34	27.72

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes in this report.)

* On 1 December 2017, S P Setia Berhad acquired the entire equity interests in I&P Group Sdn Berhad. The combined entities were under common control and the Group has applied the pooling of interests method in accounting for the combination.

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 2017
(The figures have been audited)

	Attributable to owners of the Company							Distributable					
	Non-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 01.01.2017 (restated)	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
Total other comprehensive income for the year, represented by exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(66,456)	-	(66,456)	-	(143)	(66,599)
Profit for the year	-	-	-	-	-	-	-	-	932,857	932,857	-	99,939	1,032,796
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
- Exercise of Employee Share Grant Plan ("ESGP")	23,191	-	-	-	-	(23,191)	-	-	-	-	-	-	-
- Exercise of Employee Share Option 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	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
Balance at 01.01.2016	1,971,266	-	-	2,496,683	-	63,037	-	341,343	2,522,315	7,394,644	610,787	387,008	8,392,439
Effects of pooling of interests method accounting	-	-	-	-	-	-	(1,295,884)	-	1,099,371	(196,513)	-	806,691	610,178
Balance at 01.01.2016 (restated)	1,971,266	-	-	2,496,683	-	63,037	(1,295,884)	341,343	3,621,686	7,198,131	610,787	1,193,699	9,002,617
Total other comprehensive income for the year, represented by exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(136,857)	-	(136,857)	-	(93)	(136,950)
Profit for the year	-	-	-	-	-	-	-	-	955,819	955,819	-	75,207	1,031,026
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")	160,749	-	-	423,040	-	-	-	-	-	583,789	-	-	583,789
- Exercise of Employee Share Grant Plan ("ESGP")	6,848	-	-	21,444	-	(28,292)	-	-	-	-	-	-	-
- Exercise of Employee Share Option Scheme ("ESOS")	1,277	-	-	4,638	-	(912)	-	-	-	5,003	-	-	5,003
Issuance of RCPS-i A	-	11,276	-	-	1,116,349	-	-	-	-	1,127,625	-	-	1,127,625
Share issuance expenses	-	-	-	(282)	(717)	-	-	-	-	(999)	-	-	(999)
Dividends paid	-	-	-	-	-	-	-	-	(612,154)	(612,154)	-	(62,732)	(674,886)
Dividends paid to previous shareholders of I&P Group	-	-	-	-	-	-	-	-	(120,000)	(120,000)	-	-	(120,000)
Share-based payment under Employees' Long Term Incentive Plan ("LTIP")	-	-	-	-	-	31,483	-	-	-	31,483	-	-	31,483
Balance at 31.12.2016 (restated)	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

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 2016 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 2017
(The figures have been audited)

	12 MONTHS ENDED	
	31/12/2017	31/12/2016
	RM'000	RM'000
		Restated
Operating Activities		
Profit before tax		
- from continuing operations	1,271,417	1,424,733
- from discontinued operations	85,825	9,888
	<u>1,357,242</u>	<u>1,434,621</u>
Adjustments for:-		
Non-cash items	(314,681)	(95,294)
Non-operating items	(37,191)	(82,369)
	<u>1,005,370</u>	<u>1,256,958</u>
Operating profit before changes in working capital		
Changes in property development costs	367,524	664,863
Changes in accrued billings/progress billings	163,730	(627,839)
Changes in gross amount due from/to customers	1,149	19,058
Changes in inventories	272,393	320,988
Changes in receivables	(143,254)	(326,410)
Changes in payables	(483,795)	(80,832)
	<u>1,183,117</u>	<u>1,226,786</u>
Cash generated from operations		
Rental received	12,581	9,832
Interest received	59,620	69,809
Interest paid	(263,852)	(267,822)
Net tax paid	(339,563)	(519,524)
	<u>651,903</u>	<u>519,081</u>
Net cash generated from operating activities		
Investing Activities		
Additions to land held for property development	(2,448,695)	(789,662)
Deposit and part consideration paid for acquisition of development land	(449,091)	-
Additions to property, plant and equipment	(91,454)	(52,105)
Additions to investment properties	(178,009)	(303,835)
Proceeds from disposal of property, plant and equipment	58,130	1,351
Proceeds from disposal of investment properties	65,000	58,918
Proceeds from disposal of other investments	30,110	59
Proceeds from disposal of discontinued operations	106,688	-
Net cash outflow from liquidation of subsidiary companies	(54)	-
Deposits paid in relation to acquisition of I&P Group	(109,500)	-
Acquisition of additional shares in existing joint ventures	(138,140)	(696,566)
(Capital contribution to)/Repayment from a joint venture	(158)	970
Advances to associated companies	(226)	(31)
Advances to joint ventures	(25,601)	(38,527)
Withdrawal from/(Placement of) sinking fund, debt service reserve, escrow and revenue accounts	16,767	(16,331)
Dividends received from associated companies	3,680	3,680
Interest received	74,116	68,899
Rental received	25,906	56,095
	<u>(3,060,531)</u>	<u>(1,707,085)</u>
Net cash used in investing activities		

S P SETIA BERHAD
 (Company No.: 19698-X)
 (Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(The figures have been audited)

	12 MONTHS ENDED	
	31/12/2017	31/12/2016
	RM'000	RM'000
		Restated
Financing Activities		
Proceeds from rights issues of shares and RCPS-i B	2,133,248	-
Excess application proceeds from rights issues of shares and RCPS-i B	310,412	-
Proceeds from issuance of ordinary shares		
- exercise of ESOS	7,067	5,003
Payment of share issuance expenses	(17,298)	(999)
Repayment to non-controlling shareholders of a subsidiary company	(1,610)	(25,725)
Drawdown of bank borrowings	2,653,433	2,594,186
Repayment of bank borrowings	(1,498,940)	(1,966,480)
Proceeds from issuance of RCPS-i A	-	1,127,625
Perpetual bond distribution paid	(36,236)	(36,236)
Interest paid	(293)	(761)
Redeemable cumulative preference share dividends		
paid to non-controlling interests	(1,272)	(1,272)
Dividends paid to non-controlling interests	(64,256)	(62,732)
RCPS-i A preferential dividends paid	(42,737)	-
Dividends paid	(58,411)	(28,365)
Dividends paid to previous shareholders of I&P Group	(30,000)	(120,000)
Net cash generated from financing activities	<u>3,353,107</u>	<u>1,484,244</u>
Net changes in cash and cash equivalents	944,479	296,240
Effect of exchange rate changes	(919)	26,924
Cash and cash equivalents at beginning of the year	4,586,503	4,263,339
Cash and cash equivalents at end of the year	<u>5,530,063</u>	<u>4,586,503</u>
 Cash and cash equivalents comprise the following:		
Short-Term Deposits	1,700,059	3,004,351
Cash and Bank Balances	3,879,241	1,676,169
Bank Overdrafts	(21,344)	(49,357)
	<u>5,557,956</u>	<u>4,631,163</u>
Less: Sinking Fund, Debt Service Reserve and Escrow and Revenue Accounts	(27,893)	(44,660)
	<u>5,530,063</u>	<u>4,586,503</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 2016 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 Financial Reporting Standard (“FRS”) 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The condensed financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016.

The accounting policies adopted by the Group in this condensed financial report are consistent with those adopted in the financial statements for the financial year ended 31 December 2016 except for the adoption of the following Amendments to FRSs:-

Amendments to FRS 107	Statement of Cash Flows - Disclosure Initiative
Amendments to FRS 112	Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to FRS 12	Disclosure of Interests in Other Entities - Annual Improvements to FRSs 2014-2016 Cycle

The adoption of the above Amendments to FRSs does not have any material impact on the financial statements of the Group.

On 1 December 2017, an enlarged group (“the Group”) is formed whereby S P Setia Berhad acquired the entire equity interests in I&P Group Sdn Berhad (“I&P Group”). The combined entities were under common control before the acquisition. The Group has applied the pooling of interests method in accounting for the acquisition, of which the combining entities are presented in such a manner as to depict that it had been in its resultant form for both financial years covered by the Group’s financial statements.

As a result, the following comparatives of the Group for the financial year ended 31 December 2016 have been restated:

Consolidated Statement of Financial Position
As at 31 December 2016

	As previously stated RM’000	Adjustments RM’000	As restated RM’000
Assets			
Non-current assets			
Property, plant and equipment	271,508	103,450	374,958
Investment properties	1,015,951	97,270	1,113,221
Land held for property development	5,579,638	3,094,709	8,674,347
Intangible asset	11,633	-	11,633
Investments in associated companies	121,873	275,962	397,835
Investments in joint ventures	1,677,723	-	1,677,723
Other investments	-	231	231
Deferred tax assets	165,485	13,458	178,943
	8,843,811	3,585,080	12,428,891

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 (continued)**
As at 31 December 2016

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Current assets			
Property development costs	2,105,675	363,943	2,469,618
Inventories	877,905	418,118	1,296,023
Trade and other receivables	1,925,326	361,847	2,287,173
Gross amount due from customers	3,825	-	3,825
Amounts owing by joint ventures	633,669	-	633,669
Amounts owing by associated companies	138	-	138
Amounts owing by related companies	-	5,320	5,320
Other investments	-	30,000	30,000
Current tax assets	129,464	23,716	153,180
Short-term deposits	2,704,840	299,511	3,004,351
Cash and bank balances	1,465,287	210,882	1,676,169
	<hr/> 9,846,129	<hr/> 1,713,337	<hr/> 11,559,466
Assets of disposal group classified as held for sale	-	19,000	19,000
	<hr/> 9,846,129	<hr/> 1,732,337	<hr/> 11,578,466
Total assets	<hr/> <hr/> 18,689,940	<hr/> <hr/> 5,317,417	<hr/> <hr/> 24,007,357
Equity and liabilities			
Equity			
Share capital	2,140,140	-	2,140,140
Share capital - RCPS-i A	11,276	-	11,276
Share premium	2,945,523	-	2,945,523
Share premium - RCPS-i A	1,115,632	-	1,115,632
Share-based payment reserve	65,316	-	65,316
Reserve on acquisition arising from common control (refer Note a)	-	(1,295,884)	(1,295,884)
Exchange translation reserve	204,486	-	204,486
Retained earnings	2,718,191	1,127,160	3,845,351
	<hr/> 9,200,564	<hr/> (168,724)	<hr/> 9,031,840
Equity attributable to owners of the Company	9,200,564	(168,724)	9,031,840
Perpetual bond	610,787	-	610,787
Non-controlling interests	431,730	774,351	1,206,081
	<hr/> 10,243,081	<hr/> 605,627	<hr/> 10,848,708
Total equity	<hr/> <hr/> 10,243,081	<hr/> <hr/> 605,627	<hr/> <hr/> 10,848,708
Non-current liabilities			
Redeemable cumulative preference shares	53,513	-	53,513
Other payables and accruals	40,000	-	40,000
Long term borrowings	3,798,538	-	3,798,538
Deferred tax liabilities	13,114	201,325	214,439
	<hr/> 3,905,165	<hr/> 201,325	<hr/> 4,106,490

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1. Basis of preparation (continued)**Consolidated Statement of Financial Position (continued)**
As at 31 December 2016

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Current liabilities			
Gross amount due to customers	5,707	-	5,707
Trade and other payables	1,945,773	361,390	2,307,163
Provision for affordable housing	504,258	384,667	888,925
Short term borrowings	1,973,771	1,000	1,974,771
Current tax liabilities	112,185	2,524	114,709
Amounts owing to previous shareholders of I&P Group	-	3,650,000	3,650,000
Amounts owing to related companies	-	110,884	110,884
	4,541,694	4,510,465	9,052,159
Total liabilities	8,446,859	4,711,790	13,158,649
Total equity and liabilities	18,689,940	5,317,417	24,007,357

Consolidated Statement of Comprehensive Income
For the financial year ended 31 December 2016

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Continuing operations			
Revenue	4,957,165	754,206	5,711,371
Cost of sales	(3,515,750)	(436,668)	(3,952,418)
Gross profit	1,441,415	317,538	1,758,953
Other income	257,359	83,758	341,117
Selling and marketing expenses	(172,151)	(48,947)	(221,098)
Administrative and general expenses	(295,258)	(123,167)	(418,425)
Share of results of joint ventures	68,715	-	68,715
Share of results of associated companies	4,877	15,943	20,820
Finance costs	(120,288)	(5,061)	(125,349)
Profit before tax	1,184,669	240,064	1,424,733
Taxation	(285,390)	(79,926)	(365,316)
Profit from continuing operations, net of tax	899,279	160,138	1,059,417
Discontinued operations			
Profit from discontinued operations, net of tax	-	7,845	7,845
Profit for the year	899,279	167,983	1,067,262
Other comprehensive income, net of tax:			
Exchange differences on translation of foreign operations	(136,950)	-	(136,950)
Total comprehensive income for the year	762,329	167,983	930,312

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1. Basis of preparation (continued)**Consolidated Statement of Comprehensive Income (continued)**
For the financial year ended 31 December 2016

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Profit attributable to:			
Holders of Perpetual bond	36,236	-	36,236
Non-controlling interests	55,013	20,194	75,207
	<hr/> 91,249	<hr/> 20,194	<hr/> 111,443
Owners of the Company			
- from continuing operations	808,030	139,944	947,974
- from discontinued operations	-	7,845	7,845
	<hr/> 899,279	<hr/> 167,983	<hr/> 1,067,262
Total comprehensive income attributable to:			
Holders of Perpetual bond	36,236	-	36,236
Non-controlling interests	54,920	20,194	75,114
	<hr/> 91,156	<hr/> 20,194	<hr/> 111,350
Owners of the Company			
- from continuing operations	671,173	139,944	811,117
- from discontinued operations	-	7,845	7,845
	<hr/> 762,329	<hr/> 167,983	<hr/> 930,312

Consolidated Statement of Cash Flows
For the financial year ended 31 December 2016

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Net cash generated from operating activities	421,550	97,531	519,081
Net cash used in investing activities	(1,688,556)	(18,529)	(1,707,085)
Net cash generated from financing activities	1,656,778	(172,534)	1,484,244
	<hr/> 389,772	<hr/> (93,532)	<hr/> 296,240
Effect of exchange rate changes	26,924	-	26,924
Cash and cash equivalents at 1 January 2016	3,659,414	603,925	4,263,339
Cash and cash equivalents at 31 December 2016	<hr/> 4,076,110	<hr/> 510,393	<hr/> 4,586,503

1. Basis of preparation (continued)**Note a – Reserve on acquisition arising from common control**

This represents the difference between the consideration payable on the acquisition of I&P Group in excess of the equity of I&P Group arising as a result of the application of the pooling of interests method of accounting whereby assets, liabilities and reserves of the entities are recorded at their pre-combination carrying amounts or existing carrying amounts from the perspective of common control shareholder.

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 2017.

4. Material changes in estimates

There were no material changes in estimates for the financial year ended 31 December 2017.

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 2017:

- (a) Allotment of 7,427,243 new ordinary shares pursuant to the vesting of shares under the Employee Share Grant Plan (“ESGP”);
- (b) Issuance of 2,369,540 new ordinary shares pursuant to the exercise of options under the Employees’ Share Options Scheme (“ESOS”) at the following option prices:

		ESOS 1	ESOS 3	ESOS 4	ESOS 5	ESOS 5 Revised
Exercise price	(RM)	3.07	3.02	2.72	2.86	2.76
No. of shares issued	(‘000)	1,614	159	483	45	69

- (c) Issuance of 159,209,233 new ordinary shares pursuant to the Dividend Reinvestment Plan (“DRP”) that provides shareholders with an option to reinvest their cash dividend in new ordinary shares at the following issue prices:

		7 th DRP	8 th DRP
Issue price	(RM)	3.30	3.09
No. of shares issued	(‘000)	123,422	35,787

- (d) Issuance of 1,209,781,427 Class B Islamic redeemable preference convertible preference shares (“RCPS-i B”) of RM0.88 each;

5. Debts and equity securities (continued)

- (e) Issuance of renounceable rights issue of 403,260,475 rights shares on the basis of 2 rights shares for every 15 existing ordinary shares at an issue price of RM2.65 per share; and
- (f) Conversion from 6,988,243 RCPS-i A to 1,996,638 ordinary shares with the conversion ratio of two new S P Setia shares for seven RCPS-i A held.

6. Dividends paid

(a) Final dividend in respect of the financial year ended 31 December 2016

A single-tier final dividend, in respect of the financial year ended 31 December 2016 of 16 sen per ordinary share amounting to RM456,833,594 was approved by the shareholders at the Annual General Meeting on 18 May 2017, and determined that 7th DRP shall apply to the entire final dividend.

Based on elections made by shareholders, a total of 123,421,658 new ordinary shares were issued at an issue price of RM3.30 per share and the remaining portion of RM49,542,123 was paid in cash on 19 July 2017.

(b) Islamic Redeemable Convertible Preference Shares (“RCPS-i A”) preferential dividend for the period from 2 December 2016 to 30 June 2017

On 17 August 2017, the Board of Directors declared a preferential dividend of 6.49% per annum, payable semi-annually, in respect of the financial period from 2 December 2016 to 30 June 2017, for the RCPS-i A.

A total of RM42,736,985 was paid in cash on 26 September 2017.

(c) Interim dividend in respect of the financial year ended 31 December 2017

A single-tier interim dividend, in respect of the financial year ended 31 December 2017 of 4 sen per ordinary share amounting to RM119,453,015 was declared by the Board of Directors on 17 August 2017, and determined that 8th DRP shall apply to the entire interim dividend.

Based on elections made by shareholders, a total of 35,787,575 new ordinary shares were issued at an issue price of RM3.09 per share and the remaining portion of RM8,869,408 was paid in cash on 13 October 2017.

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7. Segmental Reporting

The segmental analysis for the financial year ended 31 December 2017 is as follows:-

	Property Development RM'000	Construction RM'000	Other Operations RM'000	Eliminations RM'000	Consolidated RM'000
External revenue	4,113,627	206,589	199,896	-	4,520,112
Inter-segment revenue	282,564	494,942	35,641	(813,147)	-
Total revenue	4,396,191	701,531	235,537	(813,147)	4,520,112
Gross profit	1,486,991	(2,105)	28,767	-	1,513,653
Other income	256,596	10,541	20,787	-	287,924
Operating expenses	(625,349)	(16,829)	(30,816)	-	(672,994)
Share of results of joint ventures	254,064	-	3,701	-	257,765
Share of results of associated companies	22,429	-	-	-	22,429
Finance costs	(128,036)	(14)	(9,310)	-	(137,360)
Profit before tax	1,266,695	(8,407)	13,129	-	1,271,417
Tax expense					(285,770)
Profit from continuing operations					985,647
Profit from discontinued operations					83,385
Profit for the year					1,069,032

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 2017 till 20 February 2018 (the latest practicable date which shall not be 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 company of S P Setia International (S) Pte. Ltd. by the name of Setia (Bukit Timah) Pte. Ltd. which is in turn a wholly-owned subsidiary of S P Setia Berhad ("S P Setia") on 26 April 2017 with an issued and paid-up capital of SGD100 comprising 100 ordinary shares;
- (b) Deregistration of Qinzhou Development (Hong Kong) Limited, a wholly-owned subsidiary of Qinzhou Development (Malaysia) Consortium Sdn Bhd, which is in turn an inactive associated company of S P Setia on 11 May 2017;
- (c) Internal reorganisation of S P Setia Property Holdings Sdn Bhd ("S P Setia Property"), which was formerly a wholly-owned subsidiary of S P Setia, via disposal of S P Setia's entire equity interests in S P Setia Property comprising 300,000 ordinary shares for a total cash consideration of RM300,000 to another wholly-owned subsidiary of S P Setia, Setia Ecohill Sdn Bhd on 11 May 2017;

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

- (d) Incorporation of a wholly-owned subsidiary company of Setia Australia Limited by the name of Setia A'Beckett (Melbourne) Pty Ltd which is in turn a wholly-owned subsidiary of S P Setia on 22 June 2017 with an issued and paid-up capital of AUD1 comprising 1 ordinary share;
- (e) Members' voluntarily winding up of inactive subsidiaries of S P Setia, namely Syarikat Kemajuan Jerai Sdn Bhd ("Syarikat Kemajuan Jerai"), Lagavest Sdn Bhd ("Lagavest"), Ambleside Sdn Bhd, Setia Duta One Sdn Bhd, Manih System Construction Sdn Bhd, Dian Mutiara Sdn Bhd, Kenari Kayangan Sdn Bhd, Cosmotek Sdn Bhd, S J Classic Land Sdn Bhd and S P Setia Estate Management Sdn Bhd as well as Setia Putrajaya Construction Sdn Bhd, an inactive joint venture of S P Setia on 6 July 2017. Thereafter, S P Setia Project Management Sdn Bhd, subsidiary of Syarikat Kemajuan Jerai as well as S P Setia Eco-Projects Management Sdn Bhd and Wawasan Indera Sdn Bhd, subsidiaries of Lagavest become the direct wholly-owned subsidiaries of S P Setia on 24 August 2017;
- (f) Creditors' winding up of S P Setia Estate Management Sdn Bhd, an inactive wholly-owned subsidiary of S P Setia on 6 July 2017;
- (g) Incorporation of a wholly-owned subsidiary company of S P Setia by the name of Setia Ventures Excellence Sdn Bhd on 5 September 2017 with an issued and paid-up capital of RM1 comprising 1 ordinary share;
- (h) Striking off of Setia Capital (Vietnam) Limited and Setia Land (Vietnam) Limited, both the wholly-owned subsidiaries of Setia International Limited which is in turn a wholly-owned subsidiary of S P Setia on 1 November 2017; and
- (i) Acquisition of entire equity interests in I&P Group on 1 December 2017 for a total consideration of RM3.65 billion as disclosed in Note 1 above.

10. Contingent Liabilities

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 ("SCIT") 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.

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10. Contingent Liabilities (continued)

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.

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 to the reporting date.

11. Capital Commitments

	As at 31 Dec 2017 RM’000
<i>Commitments of subsidiary companies:-</i>	
Contractual commitments to purchase development land	549,927
Contractual commitments for construction of investment properties	112,305
Contractual commitments for construction of property, plant and equipment	<u>220,227</u>
<i>Share of commitments of joint ventures:-</i>	
Contractual commitments for purchase of development land	115,720
Contractual commitments for construction of investment properties	<u>35,962</u>

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12. Significant Related Party Transactions

**1 Jan 2017
to
31 Dec 2017
RM'000**

Transactions with joint ventures:-

(i) Management fee received and receivable	7,378
(ii) Management fee paid and payable	240
(iii) Rental received and receivable	657
(iv) Rental paid and payable	30
(v) Construction services rendered	266,631
(vi) Staff secondment fee received and receivable	460
(vii) Interest received and receivable	18,924
(viii) Group marketing fee received and receivable	283
(ix) Event service fee paid and payable	10
(x) Purchase of property	12,285

Transactions with associated companies:-

(i) Dividends received and receivable	3,680
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Transactions with related companies:-

(i) Rental paid and payable	1,540
(ii) Interest paid and payable	1,827

Transactions with directors of the Company and subsidiary companies:-

(i) Sale of properties to directors of the Company and their immediate family members	12,092
(ii) Sale of properties to directors of subsidiary companies and their immediate family members	20,588
(iii) Clubhouse service charges to a director of subsidiary companies	14

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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 2017 RM’000	Q4 2016 RM’000 Restated	YTD 2017 RM’000	YTD 2016 RM’000 Restated
Revenue				
Property Development	1,381,955	1,842,743	4,113,627	5,230,462
Construction	21,925	106,099	206,589	305,997
Other Operations	50,975	40,047	199,896	174,912
	<u>1,454,855</u>	<u>1,988,889</u>	<u>4,520,112</u>	<u>5,711,371</u>
Profit before tax				
Property Development	454,336	598,349	1,266,695	1,413,321
Construction	(16,645)	(5,142)	(8,407)	5,944
Other Operations	2,157	2,976	13,129	5,468
	<u>439,848</u>	<u>596,183</u>	<u>1,271,417</u>	<u>1,424,733</u>

(a) Performance of the current quarter against the same quarter in the preceding year (Q4 FY2017 vs Q4 FY2016)**Property Development**

We had many significant development phases of the Group completed and handed over prior to the current financial quarter, for example *Parque Melbourne* in Australia, the boutique offices and Vouge Suite One residential tower of *KL Eco City* at Jalan Bangsar, *Eco Sanctuary* luxury condominium in Singapore and our *Perumahan Penjawat Awam 1Malaysia (PPAIM)* project in Putrajaya. At the same time during the quarter, we also have sold several substantially large development phases still at early stage of construction, for example, Phase 1 of *Setia Eco Templer* in Rawang, ViiA Residences at *KL Eco City* and *Setia EcoHill 2* in Semenyih. As a result, the overall revenue recognition from the Malaysian operation was transitionally lesser in the short term. This short term transitional effect was attributed to the strategic move taken by the Group in repositioning many launches in the last financial year to address changes in market demand.

Ongoing projects which contributed to the revenue and profit achieved include *Setia Alam*, *Setia Eco Park*, *Alam Impian* 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, *Seri Beringin* in Bukit Damansara, *Setia Alam Sari* in Bangi, *Bandar Kinrara* at Puchong, *Kota Bayuemas* at Klang, *Bandar Baru Sri Petaling* at Kuala Lumpur, *KL Eco City* at Jalan Bangsar, *Aeropod* in Kota Kinabalu, *Bukit Indah*, *Setia Indah*, *Setia Tropika*, *Setia Eco Cascadia*, *Setia Business Park II*, *Setia Eco Gardens*, *Setia Sky 88*, *Taman Rinting*, *Pelangi Indah* and *Taman Industri Jaya* in Johor Bahru, *Setia Pearl Island*, *Setia Vista*, *Setia Pinnacle*, *Setia Sky Ville*, *Setia V Residences* in Penang and *Battersea Power Station* in London.

1. Review of Group Performance (continued)**(a) Performance of the current quarter against the same quarter in the preceding year (Q4 FY2017 vs Q4 FY2016) (continued)****Construction**

Revenue for the current quarter is mainly derived from the construction of the following:

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

The construction profit for the above projects 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 Setia City Convention Centre.

(b) Performance of year to-date against the same period in the preceding year (Q4 YTD 2017 vs Q4 YTD 2016)

The Group’s PBT for year-to-date of RM1,271.4 million is 11% lower than its PBT for the corresponding period in the preceding year of RM1,424.7 million.

The contribution from each business segment is set out below:

Property Development

The Group’s revenue from this segment for year-to-date of RM4,113.6 million is 21% lower than the corresponding period in the preceding year of RM5,230.5 million. As mentioned in earlier sections, the Group’s revenue from property development for the year-to-date was transitionally lower as a result of many projects completed and handover in earlier period, for example, *Parque Melbourne* in Australia, many phases in *KL Eco City* at Jalan Bangsar and *Eco Sanctuary* in Singapore. Whereas, many substantially sold developments were still at early stage of construction in the current year. This transitional effect is a result of the strategic move taken by the Group in repositioning many launches in the last financial year to address changes in market demand.

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 Setia City Convention Centre.

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

The Group's current quarter PBT is RM439.8 million, which is RM130.4 million higher than the preceding quarter ended 30 September 2017, mainly due to the application of principles of pooling of interests method in accounting for the acquisition of I&P Group.

3. Prospects for the Financial Year Ending 31 December 2018 ("FY2018")

On 1 December 2017, S P Setia successfully completed the acquisition of I&P Group. As the Group has applied the principles of pooling of interests method, this resulted in the enlarged Group achieving total sales of RM4.92 billion for the financial year ended 31 December 2017 ("FY2017"), of which RM859 million of sales were derived from I&P Group and its group of companies throughout the year.

On its own, S P Setia achieved total sales of RM4.06 billion which surpassed the sales target of RM4.00 billion. Local projects contributed RM2.55 billion or approximately 63% of the total sales while the international projects contributed RM1.51 billion or 37% of the total sales. On the local front, the sales secured were largely from Central region with RM1.89 billion whereas Southern and Northern regions combined, contributed RM663 million of sales. As for the international projects, Sapphire By The Gardens in Melbourne continued to outperform with strong sales amounting to RM1.07 billion, representing a strong take-up rate of 91%. Over at United Kingdom, Battersea Power Station contributed an effective share of RM176 million whereas projects in Singapore and Vietnam contributed RM114 million of sales. S P Setia is pleased to close FY2017 strongly as once again, it not only demonstrates the versatility of the Group but it is also a commendable feat for Team Setia to achieve despite the sluggish property market in FY2017.

The swift acquisition of I&P Group augurs well with S P Setia's expansion plan as it will entrench the Group's position as the leading township developer in Malaysia. Furthermore, the additional land banks of 4,276 acres from I&P Group are mostly in prime locations, synergistically located within the growth areas of the Klang Valley and Johor Bahru, where the "Setia" brand has established a stronghold. The enlarged land banks will have the economies of scale to propel the Group to greater heights.

On 9 February 2018, S P Setia successfully completed the placement exercise which raised gross proceeds of approximately RM998 million to fund the Group's current working capital requirements as well as for on-going and future property development projects. The 325 million new placement shares received positive response from both local and foreign investors. With an enlarged balance sheet, this successful fund raising exercise will sustain the Group's expansion plan.

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3. Prospects for the Financial Year Ending 31 December 2018 (“FY2018”) (continued)

In FY2018, S P Setia plans to launch approximately RM7.07 billion worth of projects, comprising RM4.33 billion from local launches while international launches will amount to RM2.74 billion. The focus is to leverage on the Group’s established townships and roll out more mid-priced landed properties where the demand for these staple products have proven to be strong. Given the general market conditions, there will be limited launches on high rise properties on the local front. Launches will be concentrated in the Central region with planned launches of approximately RM3.14 billion, predominantly from Setia Alam, Salak Tinggi, Alam Impian, Temasya Glenmarie, Alam Sari, Setia Eco Glades, Setia Eco Park, Temasya Putra, Setia EcoHill and Kota Bayuemas. High-rise launches will be Tower B condominium of Setia Sky Seputeh and transit-oriented development of TRIO by Setia. Northern region will launch RM330 million from Setia Fontaines. This will mark another key milestone for S P Setia’s strategic expansion plan as it represents the Group’s maiden entry into the mainland of Pulau Pinang. Southern region will launch about RM865 million worth of projects mainly from Taman Pelangi Indah, Setia Eco Gardens, Setia Tropika, Bukit Indah Johor, Setia Indah and Taman Rinting. On the international front, the Group plans to launch the 486 units of apartments of UNO Melbourne located at 111 A’Beckett Street, in the central business district of Melbourne with a GDV of RM1.14 billion. Over in Singapore, the Group will also launch the 327 units of apartments of Daintree Residence at Toh Tuck Road with a GDV of RM1.45 billion. Given the versatile range of products offering, the Group has set a sales target of RM5.00 billion for FY2018, of which it expects approximately 80% to come from local projects.

Underpinned by an unbilled sales pipeline of RM7.72 billion, 44 ongoing projects and an effective remaining land banks of 9,606 acres with a GDV of RM128.37 billion as at 31 December 2017, the Group’s prospects going forward remain positive.

The Board is confident that S P Setia, given its strengthened balance sheet, strong branding and corporate culture, will perform resiliently in the current financial year ending 31 December 2018, against prevailing market challenges and uncertainties.

4. Variance of Actual Profit from Forecast Profit

Not applicable as no profit forecast was published.

5. Income Tax

Income Tax comprises:-

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	RM’000	RM’000	RM’000	RM’000
		Restated		Restated
Taxation				
- current taxation	133,146	153,016	327,942	402,947
- (over)/under provision in prior years	(24,329)	(13,095)	(21,910)	8,879
Deferred taxation	15,683	(42,180)	(20,262)	(46,510)
	<u>124,500</u>	<u>97,741</u>	<u>285,770</u>	<u>365,316</u>

The Group’s effective tax rate (excluding share of results of associated companies and joint ventures) for the current quarter and financial year-to-date are higher than the statutory tax rate mainly due to certain non-tax deductible expenses and higher tax rate in Australia.

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 20 February 2018, the latest practicable date which shall not be earlier than 7 days from the date of issue of this condensed financial report:
- (i) On 14 April 2017, S P Setia, vide its wholly-owned subsidiary, KL East Sdn Bhd (“KL East”), entered into the following agreements with Seriemas Development Sdn Bhd (“Seriemas”):
- a) a conditional sale and purchase agreement (“Bangi SPA”) to acquire a piece of freehold land measuring approximately 342.5 acres (or 14,919,300 square feet) located in Bangi, Selangor (“Bangi Land”) for a cash consideration of RM447.5 million (“Bangi Purchase Consideration”) or RM30.00 per square foot (“psf”) of the Bangi Land (“Proposed Bangi Acquisition”); and
 - b) a conditional profit sharing agreement (“PSA”) in relation to the profit sharing of 20% of the audited PBT from the development on the Bangi Land consisting of sale of units and/or land parcels, subject to a maximum RM44.8 million calculated at the rate of RM3.00 psf of the Bangi Land with Seriemas (“Proposed Profit Share”).

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

The Bangi SPA and PSA are conditional upon:

- a. KL East having carried out the due diligence studies on Bangi Land (which has been completed);
- b. Seriemas having submitted and obtained the development order & layout approval (which the application for the development order and layout approval has been submitted and pending approval);
- c. approval being obtained vide its letter dated 8 August 2017 from the Estate Land Board of Selangor;
- d. approval being obtained vide its letter dated 25 September 2017 from the Economic Planning Unit of the Prime Minister’s Department of Malaysia; and
- e. approval being obtained vide an EGM held on 16 November 2017 from the shareholders of S P Setia.

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 further period of 6 months to 13 July 2018.

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6. Status of Corporate Proposals (continued)

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

(i) Rights issue of RCPS-i A

As at 31 December 2017, the status of the utilisation of proceeds raised via the rights issue of RCPS-i A is as follows:

Purpose	Proposed utilisation	Actual utilisation	Reallocation	Balance unutilised	Intended timeframe for utilisation from completion date
	RM'000	RM'000	RM'000	RM'000	
Existing projects and general working capital requirements	300,000	(185,058)	377*	115,319	Within 18 months
Future development projects and expansion plans	826,025	(310,376)	-	515,649	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	(496,657)	-	630,968	

* *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.*

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6. Status of Corporate Proposals (continued)**(ii) Rights issue of new ordinary shares and RCPS-i B**

As at 31 December 2017, the status of the utilisation of proceeds raised via the rights issue of new ordinary shares and RCPS-i B is as follows:

Purpose	Proposed utilisation	Actual utilisation	Balance unutilised	Intended timeframe for utilisation from completion date
	RM'000	RM'000	RM'000	
Part finance the acquisition of I&P Group	2,000,000	-	2,000,000	Within 6 months
New and on-going property development projects of the Group	117,000	-	117,000	Within 36 months
General working capital requirements of the Group	6,248	-	6,248	Within 12 months
Estimated expenses for the acquisition of I&P Group and rights issue of shares and RCPS-i B	10,000	-	10,000	Within 6 months
Total	2,133,248	-	2,133,248	

(c) The following is the status of a corporate proposal that has been announced by the Company and completed as at 20 February 2018, the latest practicable date which shall not be earlier than 7 days from the date of issue of this condensed financial report:

- (i) On 14 April 2017, S P Setia entered into a non-binding Memorandum of Intent (“MOI”) with Permodalan Nasional Berhad (“PNB”) and Amanahraya Trustees Berhad (as trustee for Amanah Saham Bumiputera) (“ATR-ASB”) to commence negotiations on a proposed acquisition by S P Setia of the entire equity interests in I&P Group (“I&P Acquisition”).

Further to the MOI, S P Setia had on 22 June 2017 entered into a conditional share purchase agreement with PNB, ATR-ASB and Dato’ Mohd. Nizam bin Zainordin (“Dato’ Nizam”) (collectively, “I&P Vendors”) for the Proposed I&P Acquisition (“SPA”) for a cash consideration of RM3.65 billion (“I&P Purchase Consideration”).

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6. Status of Corporate Proposals (continued)

On 16 October 2017, S P Setia entered into a supplemental agreement with the I&P Vendors to amend and vary certain terms of the SPA (“Supplemental SPA”) (“Variations”) and resolved to waive the condition precedent under the SPA in relation to the listing of the Rights Shares (as defined below) and RCPS-i B (as defined below) on the Main Market of Bursa Malaysia Securities Berhad (“Listing Condition”) (“Waiver”).

In conjunction with the I&P Acquisition, S P Setia had also undertaken the following:

- a) a renounceable rights issue of 403,260,475 new ordinary shares in S P Setia (“S P Setia Shares”) (“Rights Shares”) to raise gross proceeds of approximately RM1,069 million (“Proposed Rights Issue of Shares”). The Rights Shares were listed on 4 January 2018;
- b) a renounceable rights issue of 1,209,781,427 new class B Islamic redeemable convertible preference shares in S P Setia (“RCPS-i B”) to raise gross proceeds of approximately RM1,065 million (“Proposed Rights Issue of RCPS-i B”). The RCPS-i B were listed on 4 January 2018;
- c) a placement of 325,000,000 new S P Setia Shares (“Placement Shares”) to identified local and foreign institutional investors via a book-building exercise to raise gross proceeds of approximately RM998 million. The Placement Shares were listed on 9 February 2018; and
- d) amendments to the Constitution of S P Setia which was completed on 16 November 2017.

(collectively to be referred to as the “I&P Proposal”)

The approvals for the I&P Proposal have been obtained as follows:

- a) shareholders of S P Setia at an EGM held on 16 November 2017;
- b) Economic Planning Unit of the Prime Minister’s Department of Malaysia (vide its letter dated 27 October 2017);
- c) Shariah Advisory Council of the Securities Commission, on the structure of the RCPS-i B (vide its letter dated 24 July 2017);
- d) holders of RCPS-i A, at a class meeting held on 16 November 2017; and
- e) Bank Negara Malaysia for the issuance of the RCPS-i B to non-resident shareholders of the Company (vide its letter dated 8 September 2017).

The I&P Acquisition has been completed on 1 December 2017.

The I&P Purchase Consideration has been satisfied on 4 January 2018 and is made up of the following:

Source	RM'million
Bank borrowing	1,500.0
Proposed Rights Issue of Shares	1,000.0
Proposed Rights Issue of RCPS-i B	1,000.0
Internally generated funds	150.0
	3,650.0

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7. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 31 December 2017 were as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term Bank Borrowings	990,223	973,605	1,963,828
Long Term Bank Borrowings	3,570,245	1,343,847	4,914,092
Redeemable Cumulative Preference Shares	-	54,667	54,667
	<u>4,560,468</u>	<u>2,372,119</u>	<u>6,932,587</u>

Currency exposure profile of borrowings is as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Malaysian Ringgit	3,966,458	1,664,272	5,630,730
Great British Pound	-	707,847	707,847
Singapore Dollar	587,003	-	587,003
United States Dollar	7,007	-	7,007
	<u>4,560,468</u>	<u>2,372,119</u>	<u>6,932,587</u>

8. Material Litigation

Except for the contingent liability disclosed above, the Group was not engaged in any material litigation as at 20 February 2018, the latest practicable date which shall not be earlier than 7 days from the date of issue of this condensed financial report.

9. Dividends Declared

(a) The Board of Directors has declared dividend in respect of the financial year ended 31 December 2017.

- (i) Amount per share : Single tier dividend of 11.5 sen per share
- (ii) Previous corresponding financial period : Single tier dividend of 16 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 the current financial year to-date : Single tier dividend of 15.5 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 DRP.

(b) The Board of Directors has declared a preferential dividend in respect of the financial period from 1 July 2017 to 31 December 2017, for the RCPS-i A.

- (i) Preferential dividend rate : 6.49% per annum
- (ii) Previous corresponding financial period : Not applicable
- (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.

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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/year attributable to owners of the Company adjusted for the effects of RCPS-i A 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 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	'000	'000	'000	'000
		Restated		Restated
Profit for the period/year attributable to equity holders of the Company (RM)	279,574	466,078	932,857	955,819
RCPS-i A preferential dividends (RM)	-	-	(42,737)	-
Adjusted profit for the period/year attributable to equity holders of the Company (RM)	279,574	466,078	890,120	955,819
Number of ordinary shares at beginning of the period/year	2,986,453	2,817,809	2,853,520	2,628,356
Weighted average effect of shares issued pursuant to:				
- Exercise of ESOS	127	905	1,240	399
- Vesting of ESGP	-	-	3,641	4,315
- DRP	29,563	14,195	63,245	76,833
- Rights issue	403,260	403,260	403,260	403,260
- Conversion of RCPS-i A into ordinary shares	803	-	202	-
Weighted average number of ordinary shares	3,420,206	3,236,169	3,325,108	3,113,163
Basic Earnings Per Share (sen)	8.17	14.40	26.77	30.70

The diluted earnings per share has been calculated by dividing the Group's profit for the period/year attributable to owners of the Company adjusted for the effects of RCPS-i A preferential dividends paid for the period/year, 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, conversion of RCPS-i A at the conversion ratio of two (2) ordinary shares for seven (7) RCPS-i A from its date of issuance, as well as the 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:

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

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	'000	'000	'000	'000
		Restated		Restated
Profit for the period/year attributable to equity holders of the Company (RM)	279,574	466,078	932,857	955,819
RCPS-i A preferential dividends (RM)	-	-	(42,737)	-
Adjusted profit for the period/year attributable to equity holders of the Company (RM)	279,574	466,078	890,120	955,819
Weighted average number of ordinary shares as per Basic Earnings Per Share	3,420,206	3,236,169	3,325,108	3,113,163
Effect of potential exercise of LTIP	45,956	21,576	51,000	20,197
Effect of potential conversion of RCPS-i A	320,182	105,058	320,182	26,408
Effect of potential conversion of RCPS-i B	288,043	288,043	288,043	288,043
Adjusted weighted average number of ordinary shares	4,074,387	3,650,846	3,984,333	3,447,811
Diluted Earnings Per Share (sen)	6.86	12.77	22.34	27.72

The comparative basic and diluted earnings per share have been restated as a result of the application of the pooling of interests method of accounting due to the acquisition of the I&P Group.

11. Notes to the Statement of Comprehensive Income

Notes to the Statement of Comprehensive Income comprises:-

	3 MONTHS	12 MONTHS
	ENDED	ENDED
	31 Dec 2017	31 Dec 2017
	RM'000	RM'000
Interest income	30,153	133,736
Other income including investment income	15,735	113,828
Interest expense	(31,457)	(137,360)
Depreciation and amortisation	(11,784)	(36,024)
Provision for and write off of receivables	(2,533)	(2,898)
Provision for and write off of inventories	-	-
Net gain on disposal of quoted or unquoted investments or properties	40,277	40,360
Loss on liquidation of subsidiary companies	(2,309)	(2,309)
Gain on disposal of discontinued operations	-	87,688
Impairment and write off of assets	(55)	(511)
Net foreign exchange gain/(loss)	22,188	(231)
Gain or loss on derivatives	-	-
Exceptional items	-	-

12. Auditors' Report on Preceding Annual Financial Statements

The preceding audited financial statements for the financial year ended 31 December 2016 was unqualified.