(c) Segment by geographical location

Revenue and non-current assets other than financial instruments and deferred tax assets, by location of the Group's operations are analysed as follows:

	Revenue		Non-current assets (other than financial instruments and deferred tax assets)	
	1.1.2016 to 31.12.2016 RM'000	1.11.2014 to 31.12.2015 RM'000	2016 RM'000	2015 RM'000
Malaysia	4,127,820	4,800,538	6,906,720	6,385,031
Singapore	430,378	681,014	224	351
Australia	393,617	1,250,787	37,087	2,469
Vietnam	5,350	14,004	119,114	120,860
United Kingdom	-	-	1,615,181	996,315
	4,957,165	6,746,343	8,678,326	7,505,026

(d) Information about major customers

There is no significant concentration of revenue from any major customers as the Group sells its development properties to individual end purchasers.

44. SIGNIFICANT EVENTS PENDING COMPLETION

The following status of corporate proposal has been announced by the Group and the Company but not completed as at 31 December 2016:

(i) On 22 December 2016, S P Setia Berhad, vide its wholly owned subsidiary, Setia Recreation Sdn Bhd, entered into a sale and purchase agreement ("SPA") with CIMB Islamic Trustee Berhad (acting solely in the capacity as trustee for Boustead Plantations Berhad ("Boustead Plantations")) in relation to the proposed acquisition of 5 adjoining parcels of freehold land measuring approximately 1,675 acres in Seberang Perai Utara ("Land") for the purchase consideration of RM620.1 million (or RM8.50 per square foot) ("Purchase Consideration") subject to the terms and conditions of the SPA ("Proposed Acquisition"). The Proposed Acquisition is subject to amongst others the approval from the shareholders of Boustead Plantations. A payment of RM62.0 million, being 10% of the Purchase Consideration has been paid thus far.

45. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 23 February 2017 by the Board of Directors.

46. DISCLOSURE OF REALISED AND UNREALISED RETAINED PROFITS

The disclosure of realised and unrealised profits or losses is compiled in accordance to the Malaysian Institute of Accountants Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements.

The breakdown of retained profits of the Group and the Company as at the reporting date, into realised and unrealised profits, pursuant to the directive, are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:				
- realised	3,375,336	3,241,953	525,528	523,507
- unrealised	246,525	152,575	32,357	2,176
	3,621,861	3,394,528	557,885	525,683
Total share of (accumulated losses)/retained profits from jointly controlled entities:				
- realised	(186,961)	(245,967)	-	-
- unrealised	(2,363)	2,582	-	-
	(189,324)	(243,385)	-	-
Total share of retained profits from associated companies:				
- realised	8,498	3,621	-	-
- unrealised	1	1	-	-
	8,499	3,622	-	-
Less: Consolidation adjustments	(722,845)	(632,450)	-	-
Total Group's and Company's retained profits as per statements of financial position	2,718,191	2,522,315	557,885	525,683

S P SETIA BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act, 2016

In the opinion of the Directors, the financial statements set out on pages 10 to 134 have been drawn up:

(a) so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and financial performance of the Group and of the Company for the financial year ended 31 December 2016; and

(b) in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The information set out in Note 46 on page 135 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysia Institute of Accountants.

Signed on behalf of the Board of Directors in accordance
with a Directors' resolution dated 23 February 2017

TAN SRI DATO' SERI DR WAN MOHD ZAHID BIN MOHD NOORDIN
Chairman

DATO' KHOR CHAP JEN
Director

Kuala Lumpur, Malaysia

S P SETIA BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION
Pursuant to Section 251(1) of the Companies Act, 2016

I, Choy Kah Yew, being the officer primarily responsible for the financial management of S P Setia Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 10 to 134 and the supplementary information set out on page 135 are correct, and make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Choy Kah Yew at Kuala Lumpur in the Federal Territory on 23 February 2017	)))))))	CHOY KAH YEW

Before me:

Commissioner for Oaths

PESURUHJAYA SUMPAH
No. W 617
YEOH CHONG KENG
MALAYSIA

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Independent auditors' report to the members of S P Setia Berhad

(Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of S P Setia Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 135.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards ("FRS") and the requirements of the Companies Act, 1965 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Key Audit Matters (cont'd.)

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements.

The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

(a) Revenue and cost of sales from property development activities recognised on percentage of completion method

For the financial year ended 31 December 2016, revenue of RM4,484,432,000 and cost of sales of RM3,077,240,000 from property development activities account for approximately 90% and 88% of the total Group's revenue and cost of sales respectively. Where the Group uses percentage of completion method to recognise revenue and profit from its property development activities, the amount of revenue and profit recognised are dependent on, amongst others, the extent of costs incurred to the total estimated costs of construction to derive the percentage of completion, the actual number of units sold and the estimated total revenue for each of the respective projects.

We identified revenue and cost of sales recognised on percentage of completion method from property development activities as matters requiring audit focus as these areas involved significant management's judgement and estimates in estimating the total property development costs (which is used to determine the percentage of completion and gross profit margin of property development activities undertaken by the Group).

In assessing the appropriateness of the extent of costs incurred, total estimated costs of construction and total estimated revenue collectively, we have:

- Obtained an understanding of the process in deriving the stage of completion which includes verifying the certified work done such as examining the progress claims from contractors and architect certification. We also observed the progress of the property development phases by performing site visits for individually significant ongoing projects.
- Verified the project development budgeted costs against the letter of award issued to contractors.
- Verified the gross development value against the signed sales and purchase agreements and estimated selling price of the unsold development to the latest transacted selling price.
- Considered the stage of completion of individually significant ongoing development projects to the expected handover date to determine the adequacy of provision for late ascertained damages, if any.

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Key Audit Matters (cont'd.)

(a) Revenue and cost of sales from property development activities recognised on percentage of completion method (cont'd.)

- Checked the mathematical accuracy of the revenue and profit based on the percentage of completion calculations and considered the implications of identified errors and changes in estimates.

The Group's accounting policies and disclosures on property development activities based on percentage of completion method are disclosed in Notes 1(s)(i), 1(c)(ii), 12, 27 and 28 respectively to the financial statements.

(b) Capitalisation of borrowing costs

The Group capitalise borrowing costs during the period in which development activities are being undertaken or there is ongoing development activities which benefits the entire township. For the financial year ended 31 December 2016, borrowing costs of RM55,582,000 , RM74,455,000 and RM21,326,000 were capitalised to property development costs, land held for property development and investment properties respectively.

We identified capitalisation of borrowing costs as an area requiring audit focus as it involves significant management judgement in determining whether the development activities meet the criteria of an active development. In addition, there is also significant management estimates in determining the apportionment of borrowing cost that is entitled to be capitalised.

Our procedures in relation to management assessment of the capitalisation of borrowing costs includes:

- Reading loan agreements to obtain understanding of the purpose of the loan, as only the borrowing costs that arose from loan that is drawn down for development purposes are allowed to be capitalised.
- Checking the calculation of borrowing costs capitalised by verifying the inputs of the calculation such as basis of allocation, interest rates and principal amounts.

The Group's accounting policies and disclosures on capitalisation of borrowing costs are disclosed in Notes 1(v), 3, 4 and 12 respectively to the financial statements.

(c) Net realisable value of completed properties

As at 31 December 2016, the carrying amount of completed projects stood at RM871,796,000 which represents 10% of the Group's total current assets. Management's annual impairment assessment of carrying value of completed properties is significant to our audit because it is based on assumptions that are affected by expected future market and economic conditions.

Key Audit Matters (cont'd.)

(c) Net realisable value of completed properties (cont'd.)

Our procedures in relation to management assessment of the net realisable value of completed properties includes:

- Comparing the recent transacted prices of comparable completed properties, after taken into consideration of the discount given. We focused our evaluation on those completed properties that are slow moving.
- Physical sighting on individually significant completed properties and assessed the related cost of maintenance to assess any potential write down due to physical obsolescence.

The Group's accounting policies and disclosures on completed properties are disclosed in Notes 1(n), 1(c)(ii) and 13 respectively to the financial statements.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon. Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with FRS and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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Auditors' responsibilities for the audit of the financial statements (cont'd.)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other reporting responsibilities

The supplementary information set out in Note 46 on page 135 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants
Kuala Lumpur, Malaysia
23 February 2017

Ismed Darwis bin Bahatiar
No. 2921/04/18(J)
Chartered Accountant

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE 9-MONTH FPE 30 SEPTEMBER 2017 TOGETHER WITH THE EXPLANATORY NOTES THEREON

S P SETIA BERHAD

Company No: 19698 - X
(Incorporated in Malaysia)

Interim Financial Report - 30 September 2017

CERTIFIED TRUE COPY

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LEE WAI KIM
(MAICSA 7036446)

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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 2017
(The figures have not been audited)

	(UNAUDITED) As At 30/09/2017 RM'000	(AUDITED) As At 31/12/2016 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	313,997	271,508
Investment Properties	1,143,827	1,015,951
Land Held for Property Development	7,307,646	5,579,638
Intangible Asset	13,383	11,633
Investments in Associated Companies	98,866	121,873
Investments in Jointly Controlled Entities	2,082,185	1,677,723
Deferred Tax Assets	205,328	165,485
	11,165,232	8,843,811
Current Assets		
Property Development Costs	1,920,165	2,105,675
Inventories	1,009,366	877,905
Trade and Other Receivables	1,713,589	1,925,326
Gross Amount Due from Customers	7,375	3,825
Amounts Owing by Jointly Controlled Entities	584,907	633,669
Amounts Owing by Associated Companies	220	138
Current Tax Assets	171,023	129,464
Short-Term Deposits	1,971,044	2,704,840
Cash and Bank Balances	1,127,478	1,465,287
	8,505,167	9,846,129
TOTAL ASSETS	19,670,399	18,689,940
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	5,546,426	2,140,140
Share Capital - RCPS-i A	1,126,378	11,276
Reserves		
Share Premium	-	2,945,523
Share Premium - RCPS-i A	-	1,115,632
Share Based Payment Reserve	43,571	65,316
Exchange Translation Reserve	269,243	204,486
Retained Earnings	2,713,341	2,718,191
Equity Attributable to Owners of the Company	9,698,959	9,200,564
Perpetual Bond	619,821	610,787
Non-controlling Interests	457,625	431,730
Total Equity	10,776,405	10,243,081
LIABILITIES		
Non-Current Liabilities		
Redeemable Cumulative Preference Shares	54,346	53,513
Other Payables	40,000	40,000
Long Term Borrowings	4,903,680	3,798,538
Deferred Tax Liabilities	17,881	13,114
	5,015,907	3,905,165
Current Liabilities		
Gross Amount Due to Customers	2,373	5,707
Trade and Other Payables	1,564,205	1,945,773
Provision for Affordable Housing	448,354	504,258
Short Term Borrowings	1,771,888	1,973,771
Current Tax Liabilities	91,267	112,185
	3,878,087	4,541,694
Total Liabilities	8,893,994	8,446,859
TOTAL EQUITY AND LIABILITIES	19,670,399	18,689,940
Net Assets Per Share Attributable to Owners of the Company (RM)	2.87	2.83

(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.)

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

(The figures have not been audited)

	3 MONTHS ENDED		9 MONTHS ENDED	
	30/09/2017 RM'000	30/09/2016 RM'000	30/09/2017 RM'000	30/09/2016 RM'000
Revenue	842,490	1,263,607	2,577,394	3,185,366
Cost of sales	(553,890)	(932,187)	(1,814,590)	(2,298,807)
Gross profit	288,600	331,420	762,804	886,559
Other income	54,778	64,617	152,625	192,563
Selling and marketing expenses	(55,476)	(31,852)	(137,304)	(98,726)
Administrative and general expenses	(79,237)	(55,189)	(208,808)	(176,263)
Share of results of jointly controlled entities	147,558	(15,145)	220,739	(58,689)
Share of results of associated companies	(10,110)	593	(20,868)	686
Finance costs	(36,691)	(34,004)	(101,516)	(88,695)
Profit before tax	309,422	260,440	667,672	657,435
Tax expense	(30,121)	(106,694)	(114,011)	(220,827)
Profit for the period	279,301	153,746	553,661	436,608
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	27,233	33,850	64,663	(215,252)
Total comprehensive income for the period	306,534	187,596	618,324	221,356
Profit attributable to:				
Holders of Perpetual Bond	9,133	9,133	27,102	27,201
Non-controlling interests	16,951	10,548	31,839	26,172
	26,084	19,681	58,941	53,373
Owners of the Company	253,217	134,065	494,720	383,235
	279,301	153,746	553,661	436,608
Total comprehensive income attributable to:				
Holders of Perpetual Bond	9,133	9,133	27,102	27,201
Non-controlling interests	16,931	10,755	31,745	25,825
	26,064	19,888	58,847	53,026
Owners of the Company	280,470	167,708	559,477	168,330
	306,534	187,596	618,324	221,356
Earnings per share attributable to equity holders of the Company				
- Basic earnings per share (sen)	7.11	4.88	15.64	14.36
- Diluted earnings per share (sen)	6.33	4.84	13.87	14.26

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 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 2017
(The figures have not been audited)

	Attributable to owners of the Company										
			Non-Distributable				Distributable				
	Share Capital RM'000	Share Capital - RCPS-i A RM'000	Share Premium RM'000	Share Premium - RCPS-i A RM'000	Share Based Payment Reserve 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	2,140,140	11,276	2,945,523	1,115,632	65,316	204,486	2,718,191	9,200,564	610,787	431,730	10,243,081
Total other comprehensive income for the period represented by exchange differences on translation of foreign operations	-	-	-	-	-	64,757	-	64,757	-	(94)	64,663
Profit for the period	-	-	-	-	-	-	494,720	494,720	-	31,839	526,559
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)	-	(5,850)	(462,683)
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	5,546,426	1,126,378	-	-	43,571	269,243	2,713,341	9,698,959	619,821	457,625	10,776,405
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
Total other comprehensive income for the period represented by exchange differences on translation of foreign operations	-	-	-	-	-	(214,905)	-	(214,905)	-	(347)	(215,252)
Profit for the period	-	-	-	-	-	-	383,235	383,235	-	26,172	409,407
Distribution for the period	-	-	-	-	-	-	-	-	27,201	-	27,201
Distribution paid	-	-	-	-	-	-	-	-	(18,068)	-	(18,068)
Transactions with owners:											
Issuance of ordinary shares	-	-	-	-	-	-	-	-	-	(3,698)	(3,698)
- Dividend Reinvestment Plan ("DRP")	134,974	-	341,933	-	-	-	(499,416)	(22,509)	-	-	(22,509)
- Exercise of Employee Share Grant Plan ("ESGP")	6,847	-	21,444	-	(28,291)	-	-	-	-	-	-
- Exercise of Employee Share Option Scheme ("ESOS")	270	-	1,007	-	(187)	-	-	1,090	-	-	1,090
Share issuance expense	-	-	(166)	-	-	-	-	(166)	-	-	(166)
Share-based payment under Employees' Long Term Incentive Plan ("LTIP")	-	-	-	-	23,917	-	-	23,917	-	-	23,917
Balance at 30.09.2016	2,113,357	-	2,860,901	-	58,476	126,438	2,406,134	7,565,306	619,920	409,135	8,594,361

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 PERIOD ENDED 30 SEPTEMBER 2017
(The figures have not been audited)

	9 MONTHS ENDED	
	30/09/2017 RM'000	30/09/2016 RM'000
Operating Activities		
Profit before tax	667,672	657,435
Adjustments for:-		
Non-cash items	(128,189)	34,384
Non-operating items	(4,293)	(13,142)
Operating profit before changes in working capital	535,190	678,677
Changes in property development costs	77,564	22,502
Changes in accrued billings/progress billings	345,212	(538,174)
Changes in gross amount due from/to customers	(4,360)	(4,923)
Changes in inventories	136,623	150,482
Changes in receivables	35,141	(70,159)
Changes in payables	(331,291)	(174,898)
Cash generated from operations	794,079	63,507
Rental received	2,518	1,098
Interest received	38,974	44,115
Interest paid	(184,346)	(194,367)
Tax paid	(213,384)	(354,189)
Net cash generated from/(used in) operating activities	437,841	(439,836)
Investing Activities		
Additions to land held for future development	(1,886,260)	(405,117)
Deposits paid in relation to development land	(50,598)	-
Deposits paid in relation to acquisition of I&P Group	(109,500)	-
Purchase of property, plant and equipment	(58,100)	(27,611)
Additions to investment properties	(119,583)	(208,496)
Proceeds from disposal of property, plant and equipment	263	1,004
Acquisition of additional shares in existing jointly controlled entities	(129,790)	(538,836)
Advances to jointly controlled entities	(9,344)	(18,622)
Advances to an associated company	(82)	(31)
Other investments	75,426	46,202
Net cash used in investing activities	(2,287,568)	(1,151,507)

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017
(The figures have not been audited)

	9 MONTHS ENDED	
	30/09/2017 **RM'000**	**30/09/2016** **RM'000**
Financing Activities		
Proceeds from issuance of ordinary shares pursuant to the exercise of ESOS	6,254	1,090
Payment of share issuance expenses	(752)	(166)
Repayment to non-controlling shareholders of a subsidiary company	(197)	(24,610)
Drawdown of bank borrowings	2,056,715	1,979,263
Repayment of bank borrowings	(1,138,997)	(1,282,181)
Perpetual bonds distribution paid	(18,068)	(18,068)
Interest paid	(293)	(588)
Redeemable cumulative preference share dividends paid to a non-controlling shareholder of a subsidiary company	(1,272)	(1,272)
Dividends paid to non-controlling interests	(5,850)	(3,698)
RCPS-i A preferential dividends paid	(42,737)	-
Dividends paid	(49,542)	(22,509)
Net cash generated from financing activities	805,261	627,261
Net changes in cash and cash equivalents	(1,044,466)	(964,082)
Effect of exchange rate changes	16,725	(2,202)
Cash and cash equivalents at beginning of the period	4,076,110	3,659,414
Cash and cash equivalents at end of the period	3,048,369	2,693,130

Cash and cash equivalents comprise the following:		
Short-Term Deposits	1,971,044	1,624,679
Cash and Bank Balances	1,127,478	1,202,847
Bank Overdrafts	(18,867)	(98,807)
	3,079,655	2,728,719
Less: Sinking Fund, Debt Service Reserve and Escrow and Revenue Accounts	(31,286)	(35,589)
	3,048,369	2,693,130

(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.)

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

NOTES TO THE INTERIM FINANCIAL REPORT

1. **Basis of preparation**

The interim 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 interim 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 interim 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	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to FRS 12	Annual Improvements to FRS Standards 2014-2016 Cycle

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

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 2017.

4. **Material changes in estimates**

There were no material changes in estimates for the financial period ended 30 September 2017.

5. **Debts and equity securities**

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 except for the following:

(a) Allotment of 7,427,243 new ordinary shares pursuant to the vesting of Employee Share Grant Plan ("ESGP");

(b) Issuance of 2,084,550 new ordinary shares pursuant to the exercise of Employees' Share Options Scheme ("ESOS") at the following option prices; and

		ESOS 1	ESOS 3	ESOS 4	ESOS 5
Exercise price	(RM)	3.07	3.02	2.72	2.86
No. of shares issued	('000)	1,514	159	367	45

5. **Debts and equity securities (continued)**

(c) Issuance of 123,421,658 new ordinary shares each pursuant to Dividend Reinvestment Plan ("7th DRP") duly renewed at the price of RM3.30 per share.

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 in respect of the financial period ended 30 June 2017 and additional one-off preferential dividend for the period from 2 December 2016 to 31 December 2016**

On 17 August 2017, the Board of Directors had declared a preferential dividend of 6.49% per annum, payable semi-annually, in respect of the financial period ended 30 June 2017, for the RCPS-i A. In addition, the Board of Directors has declared an additional one-off preferential dividend of 6.49% per annum for the RCPS-i A for the period from 2 December 2016 (being the issue date of the RCPS-i A) to 31 December 2016.

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

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7. **Segmental Reporting**

The segmental analysis for the financial period ended 30 September 2017 is as follows:-

	Property Development RM'000	Construction RM'000	Other Operations RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External revenue	2,250,233	184,664	142,497	-	2,577,394
Inter-segment revenue	221,472	356,397	25,958	(603,827)	-
Total revenue	2,471,705	541,061	168,455	(603,827)	2,577,394
Gross profit	736,857	6,612	19,335	-	762,804
Other income	126,893	9,280	16,452	-	152,625
Operating expenses	(322,192)	(7,651)	(16,269)	-	(346,112)
Share of results of jointly controlled entities	219,926	-	813	-	220,739
Share of results of associated companies	(20,868)	-	-	-	(20,868)
Finance costs	(92,950)	(3)	(8,563)	-	(101,516)
Profit before tax	647,666	8,238	11,768	-	667,672
Tax expense					(114,011)
Profit for the period					553,661

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

There were no material transactions or events subsequent to the current quarter ended 30 September 2017 till 2 November 2017 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly 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 period 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 associate 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 interest 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;

(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) 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 jointly controlled entity 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; and

(f) 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.

10. **Contingent Liabilities**

There were no contingent liabilities in respect of the Group since the last financial period.

11. Capital Commitments

	As at 30 Sep 2017 RM'000
Commitments of subsidiary companies:-	
Contractual commitments to purchase development land	770,137
Contractual commitments for construction of investment properties	170,872
Contractual commitments for construction and acquisition of property, plant and equipment	227,694
Share of commitments of jointly controlled entities:-	
Contractual commitments for construction of investment properties	41,103

12. Significant Related Party Transactions

		1 Jan 2017 to 30 Sep 2017 RM'000
Transactions with jointly controlled entities:-		
(i)	Project management and administrative fee received and receivable	5,778
(ii)	Project management and administrative fee paid and payable	180
(iii)	Rental received and receivable	499
(iv)	Rental paid and payable	25
(v)	Construction services rendered	187,308
(vi)	Staff secondment fee received and receivable	353
(vii)	Interest received and receivable	16,282
(viii)	Event services fee received and receivable	10
(ix)	Purchase of property, plant and equipment	12,770
Transactions with directors of the Company and subsidiary companies:-		
(i)	Sale of development properties to directors of the Company and their immediate family members	12,092
(ii)	Sale of development properties to directors of subsidiary companies and their immediate family members	16,037
(iii)	Clubhouse service charges to a director of subsidiary companies	13

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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 period to-date are analysed as follows:-

	Q3 2017 RM'000	Q3 2016 RM'000	PTD 2017 RM'000	PTD 2016 RM'000
Revenue				
Property Development	747,469	1,153,615	2,250,233	2,856,233
Construction	43,853	76,515	184,664	199,898
Other Operations	51,168	33,477	142,497	129,235
	842,490	1,263,607	2,577,394	3,185,366
Profit before tax				
Property Development	305,341	242,858	647,666	578,143
Construction	1,035	3,587	8,238	11,086
Other Operations	3,046	13,995	11,768	68,206
	309,422	260,440	667,672	657,435

(a) Performance of the current quarter against the same quarter in the preceding year (Q3 FY2017 vs Q3 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 (PPA1M)*** project in Putrajaya. At the same time during the third quarter, we also have several substantially sold 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. Nevertheless, it was mitigated by substantial staggered completion of Phase1 of the ***Battersea Power Station*** project during the third quarter, which contributed significantly to the PBT of the Group.

Ongoing projects which contributed to the revenue and profit achieved include ***Setia Alam*** and ***Setia Eco Park*** in Shah Alam, ***Setia EcoHill*** and ***Setia EcoHill 2*** in Semenyih, ***Setia Eco Glades*** in Cyberjaya, ***Setia Eco Templer*** in Rawang, ***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*** and ***Setia Sky 88*** in Johor Bahru, ***Setia Pearl Island, Setia Vista, Setia Pinnacle, Setia Sky Ville*** and ***Setia V Residences*** in Penang and ***Battersea Power Station*** in London.

Construction

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

- Kompleks Institut Penyelidikan Kesihatan Bersepadu ("1NIH Complex") at Setia Alam; and
- Commuter station at KL Eco City.

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

(a) Performance of the current quarter against the same quarter in the preceding year (Q3 FY2017 vs Q3 FY2016) (continued)

Construction (continued)

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 retail mall and Setia City Convention Centre. PBT achieved in the same quarter in the preceding year was mainly contributed by unrealised foreign exchange gain.

(b) Performance of the current period to-date against the same period in the preceding year (Q3 PTD 2017 vs Q3 PTD 2016)

The Group's PBT for the current period to-date of RM667.7 million is 2% higher than its PBT for the corresponding period in the preceding year (RM657.4 million). Due to the aforementioned transitional effect of many projects completed and handover in earlier period and many ongoing substantially sold developments still at early stage of construction, the Group's revenue for the current period to date is 19% lesser than the corresponding period in the preceding year.

The contribution from each business segment is set out below:

Property Development

The Group's revenue from this segment in the current period to-date of RM2,250.2 million is 21% lower than the corresponding period in the preceding year (RM2,856.2 million). As mentioned in earlier sections, the Group's revenue from property development in the current period to-date was transitionally lower as a result of many projects completed and handover in earlier period, for example, many phases in ***KL Eco City*** at Jalan Bangsar, ***Eco Sanctuary*** in Singapore and ***PPA1M*** in Putrajaya, last year. Whereas, many substantially sold developments were still at early stage of construction in the current quarter. 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 retail mall and Setia City Convention Centre. PBT achieved in the same period in the preceding year was mainly contributed by unrealised foreign exchange gain.

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

The Group achieved approximately 68% higher PBT for the current quarter, at RM309.4 million, as compared to the results of the preceding second quarter ended 30 June 2017. The stronger performance was attributed largely to the substantial staggered completion of Phase 1 of ***Battersea Power Station*** achieved in the current quarter.

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

For the nine months ended 30 September 2017, the Group achieved sales of RM2.82 billion where the local projects contributed RM1.66 billion or 59% of the total sales while international projects contributed RM1.16 billion or 41% of the total sales. On the local front, the sales secured were largely from Central region with RM1.17 billion whereas Southern and Northern regions combined, contributed RM495.6 million of sales. As for the international projects, Sapphire By The Gardens in Melbourne continued to outperform with a strong take-up rate of 83% amounting to RM871.7 million after only less than four months since the date of launch. Over at United Kingdom, Battersea Power Station contributed an effective share of RM149.2 million whereas projects in Singapore and Vietnam contributed RM89.4 million of sales. Notwithstanding the total sales achieved are within expectation, the local market remains subdued and the underlying demand is only strong for selective products and locations. However, the demand in international markets has picked up, demonstrated by the higher current nine months sales which exceeded last year's twelve months sales. Overall, the Group foresees a stronger contribution from its international projects for FY2017.

October 2017 was a major milestone for the Group as the entire Battersea Power Station Phase 1 comprising 12 blocks or 865 units were completed. Currently, more than 400 proud residents and tenants have already moved into one of Europe's largest building sites. After more than 30 years of being a relic, the footfall visibility has started to transform the Battersea Power Station site into a trendy and upscale address for residents, locals and tourists alike to enjoy a unique blend of restaurants, shops, parks and cultural spaces. The constructions of Phase 2 and Phase 3a are on-going and are on target to be completed in year 2020 and 2021 respectively. As for the Northern Line Extension ("NLE"), the tunnelling is progressing well and the excavation of the station and crossover box are also progressing as scheduled. Upon completion, the addition of the NLE is expected to further enhance the placemaking components and economically benefit the commercial activities in Battersea Power Station.

Moving forward into the remaining months of FY2017, the Group will focus more on the launches of mid-range landed properties in the Klang Valley. In view of prevailing market sentiment, the Group is strategically repositioning the launch of its condominium project such as Setia Sky Seputeh (Tower B) and bringing forward the launches of more mid-priced range landed properties. In the fourth quarter of FY2017, the Group plans to launch projects with a combined GDV of RM2.03 billion and the notable launches are in Setia Alam, Setia EcoHill, Setia Eco Templer and KL Eco City. The Group remains resilient with its diversified range of new launches and the strategy is to launch more of the landed properties in the Group's flagship townships where the underlying demand by owner occupiers are still favourable.

On 22 June 2017, the Group entered into a Conditional Share Purchase Agreement to acquire I&P Group Sdn Berhad ("I&P Group") for RM3.65 billion and in conjunction with the Proposed I&P Acquisition, the Group has also proposed a fund raising exercise to raise up to RM3.60 billion ("Proposed Fund Raising"). Approval will be sought from the shareholders of the Group in an Extraordinary General Meeting ("EGM") scheduled on 16 November 2017. The Proposed I&P Acquisition is expected to be completed in the fourth quarter of FY2017 and upon completion, I&P Group will become a wholly-owned subsidiary of the Group where the land banks of the enlarged Group will increase by 4,276 acres to 9,660 acres, making the Group, Malaysia's third largest property developer in terms of land banks size. In addition, the enlarged Group will also have further options to firmly roll out more products to meet market demand.

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

The Group's prospects for the rest of the year remain positive with total unbilled sales of RM7.05 billion, anchored by 31 ongoing projects and effective remaining land banks of 5,384 acres with a GDV of RM79.82 billion (excluding I&P's) as at 30 September 2017. Given the planned pipeline of launches, the sustained momentum and the strong sales achieved to-date, the Group remains positive on achieving the sales target of RM4.00 billion for the current financial year.

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

Not applicable as no profit forecast was published.

5. **Income Tax**

Income Tax comprises:-

	3 MONTHS ENDED		9 MONTHS ENDED	
	30 Sep 2017 RM'000	30 Sep 2016 RM'000	30 Sep 2017 RM'000	30 Sep 2016 RM'000
Taxation				
- current taxation	59,163	70,452	147,238	197,135
- under provision in prior years	2,056	26,761	2,056	26,761
Deferred taxation	(31,098)	9,481	(35,283)	(3,069)
	30,121	106,694	114,011	220,827

The Group's effective tax rate (excluding share of results of associated companies and jointly controlled entities) for the current quarter is lower than the statutory tax rate mainly due to net impact from the reversal of deferred tax liabilities as well as recognition of unabsorbed tax losses and deductible timing differences as deferred tax assets.

6. **Status of Corporate Proposals**

(a) The following status of corporate proposals that has been announced by the Company which has not completed as at 2 November 2017, the latest practicable date which shall not be earlier than 7 days from the date of this announcement:

(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 KL East having carried out:

a) 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) approvals being obtained from the Estate Land Board of Selangor (vide its letter dated 8 August 2017);

d) the Economic Planning Unit of the Prime Minister's Department of Malaysia (vide its letter dated 25 September 2017); and

e) shareholders of S P Setia at an EGM to be convened on 16 November 2017.

A payment of RM44.8 million, being 10% of the Bangi Purchase Consideration has been paid thus far; and

(ii) 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 interest of I&P Group Sdn Berhad and its group of companies ("I&P Group") ("Proposed 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").

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

In conjunction with the Proposed I&P Acquisition, S P Setia is also proposing to undertake equity fund raising proposals comprising the following:

a) proposed renounceable rights issue of new ordinary shares in S P Setia ("S P Setia Shares") ("Rights Shares") to raise gross proceeds of up to RM1.2 billion ("Proposed Rights Issue of Shares");

b) proposed renounceable rights issue of new class B Islamic redeemable convertible preference shares in S P Setia ("RCPS-i B") to raise gross proceeds of up to RM1.2 billion ("Proposed Rights Issue of RCPS-i B");

c) proposed placement of new S P Setia Shares to investors to be identified to raise gross proceeds of up to RM1.2 billion; and

d) proposed amendments to the constitution of S P Setia.

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

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 and RCPS-i B on the Main Market of Bursa Malaysia Securities Berhad ("Listing Condition") ("Waiver").

The I&P Proposal is subject to the approvals have been/being obtained from the following:

a) shareholders of S P Setia at an EGM to be convened on 16 November 2017; and

b) Economic Planning Unit of the Prime Minister's Department of Malaysia (vide its letter dated 27 October 2017).

In addition, the Proposed Rights Issue of RCPS-i B is further subject to the approvals have been/ being obtained from the:

a) Shariah Advisory Council of the Securities Commission, on the structure of the RCPS-i B (vide its letter dated 24 July 2017);

b) holders of RCPS-i A, at a class meeting to be convened on 16 November 2017; and

c) 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).

A payment of 5% of the I&P Purchase Consideration has been satisfied and is made up of the following:

a) RM73.0 million (in the form of bank guarantee in lieu of payment) being deposited to the I&P Vendors; and

b) RM109.5 million paid to the Director General of Inland Revenue.

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

(b) The rights issue involving the issuance of 1,127,625,002 RCPS-i A raising RM1,127.63 million was completed on 6 December 2016 ("Rights Issue"). As at 30 September 2017, the status of the utilisation of proceeds raised via the Rights Issue 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	(178,552)	377*	121,825	Within 18 months
Future development projects and expansion plans	826,025	(250,460)	-	575,565	Within 36 months
Estimated expenses for the Corporate Exercise	1,600	(1,223)	(377)*	-	Within 1 month
Total	1,127,625	(430,235)	-	697,390	

* *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.*

(c) On 22 December 2016, S P Setia, vide its wholly-owned subsidiary, Setia Fontaines Sdn Bhd (formerly known as Setia Recreation Sdn Bhd), entered into a sale and purchase agreement ("Bertam SPA") with CIMB Islamic Trustee Berhad (acting solely in the capacity as trustee for Boustead Plantations Berhad ("Boustead Plantations")) in relation to the proposed acquisition of 5 adjoining parcels of freehold land measuring approximately 1,675 acres in Seberang Perai Utara for the purchase consideration of RM620.1 million (or RM8.50 per square foot) ("Bertam Purchase Consideration") subject to the terms and conditions of the Bertam SPA ("Proposed Bertam Acquisition").

The Proposed Bertam Acquisition has become unconditional on 3 August 2017 upon the receipt of approvals from the shareholders of Boustead Plantations on 5 April 2017, the Estate Land Board vide its letter dated 21 June 2017 and the Economic Planning Unit of the Prime Minister's Department of Malaysia vide its letter dated 3 August 2017. The Bertam Purchase Consideration has been fully paid on 26 September 2017 and the Proposed Bertam Acquisition has been completed on the same date.

7. **Group Borrowings and Debt Securities**

Total group borrowings and debt securities as at 30 September 2017 were as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term Bank Borrowings	952,957	818,931	1,771,888
Long Term Bank Borrowings	3,382,923	1,520,757	4,903,680
Redeemable Cumulative Preference Shares	-	54,346	54,346
	4,335,880	2,394,034	6,729,914

Currency exposure profile of borrowings is as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Malaysian Ringgit	3,758,511	1,659,562	5,418,073
Great British Pound	-	734,472	734,472
Singapore Dollar	577,369	-	577,369
	4,335,880	2,394,034	6,729,914

8. **Material Litigation**

The Group was not engaged in any material litigation as at 2 November 2017, 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 recommended an interim dividend in respect of the financial year ending 31 December 2017.

(i) Amount per share : Single tier dividend of 4 sen per share
(ii) Previous corresponding period : Single tier dividend of 4 sen per share
(iii) Date payable : 13 October 2017
(iv) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at a date to be determined later.

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

The Board has determined that the DRP will apply to the interim dividend and shareholders of the Company be given an option to elect to reinvest the entire interim dividend in new ordinary share(s) pursuant to the 8th DRP.

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(Incorporated in Malaysia)

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 2017 '000	30 Sep 2016 '000	30 Sep 2017 '000	30 Sep 2016 '000
Profit for the period attributable to equity holders of the Company (RM)	253,217	134,065	494,720	383,235
RCPS-i A preferential dividends (RM)	(42,737)	-	(42,737)	-
Adjusted profit for the period attributable to equity holders of the Company (RM)	210,480	134,065	451,983	383,235
Number of ordinary shares at beginning of the period	2,855,252	2,628,505	2,853,520	2,628,356
Effect of shares issued pursuant to:				
- Exercise of ESOS	127	33	913	108
- Vesting of ESGP	7,019	8,038	2,365	2,698
- DRP	97,932	111,500	33,003	37,438
Weighted average number of ordinary shares	2,960,330	2,748,076	2,889,801	2,668,600
Basic Earnings Per Share (sen)	7.11	4.88	15.64	14.36

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, as well as full conversion of RCPS-i A at the conversion ratio of two (2) ordinary shares for seven (7) RCPS-i A, calculated as follows:

	3 MONTHS ENDED		9 MONTHS ENDED	
	30 Sep 2017 '000	30 Sep 2016 '000	30 Sep 2017 '000	30 Sep 2016 '000
Profit for the period attributable to equity holders of the Company (RM)	253,217	134,065	494,720	383,235
RCPS-i A preferential dividends (RM)	(42,737)	-	(42,737)	-
Adjusted profit for the period attributable to equity holders of the Company (RM)	210,480	134,065	451,983	383,235
Weighted average number of ordinary shares as per Basic Earnings Per Share	2,960,330	2,748,076	2,889,801	2,668,600
Effect of potential exercise of LTIP	42,608	20,054	47,289	19,586
Effect of potential conversion of RCPS-i A	322,179	-	322,179	-
Weighted average number of ordinary shares	3,325,117	2,768,130	3,259,269	2,688,186
Diluted Earnings Per Share (sen)	6.33	4.84	13.87	14.26

11. **Realised and Unrealised Profits**

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows:-

	30 Sep 2017 RM'000	31 Dec 2016 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	3,322,657	3,375,336
- Unrealised	123,998	246,525
	3,446,655	3,621,861
Total share of retained profits/(accumulated losses) from jointly controlled entities:		
- Realised	35,132	(186,961)
- Unrealised	(406)	(2,363)
	34,726	(189,324)
Total share of (accumulated losses)/retained profits from associated companies:		
- Realised	(12,369)	8,498
- Unrealised	-	1
	(12,369)	8,499
Less: Consolidation adjustments	(755,671)	(722,845)
Total Group retained profits as per consolidated accounts	2,713,341	2,718,191

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

12. **Notes to the Statement of Comprehensive Income**

Notes to the Statement of Comprehensive Income comprises:-

	3 MONTHS ENDED 30 Sep 2017 RM'000	9 MONTHS ENDED 30 Sep 2017 RM'000
Interest income	25,248	88,618
Other income including investment income	29,522	63,923
Interest expense	(36,691)	(101,516)
Depreciation and amortisation	(6,971)	(20,505)
Provision for and write off of receivables	(364)	(364)
Provision for and write off of inventories	-	-
Net gain on disposal of quoted or unquoted investments or properties	8	84
Impairment of assets	(1)	(456)
Net foreign exchange loss	(10,397)	(22,419)
Gain or loss on derivatives	-	-
Exceptional items	-	-

13. **Auditors' Report on Preceding Annual Financial Statements**

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

Hanafiah Raslan & Mohamad
AF: 0002

Chartered Accountants
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The Board of Directors
S P Setia Berhad
Plaza 138, Suite 18.03
18th Floor, 138 Jalan Ampang,
50450 Kuala Lumpur.

Dear Sirs,

Reporting Accountants' opinion on the financial statements contained in the accountants' report of I & P Group Sdn. Berhad ("the Company")

We have audited the financial statements of I & P Group Sdn. Berhad and its subsidiaries ("Group"), which comprise the statements of financial position as at 31 December 2016, 31 December 2015 and 31 December 2014 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the years then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 4 to 124.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, 31 December 2015 and 31 December 2014, and of their financial performance and their cash flows for the years then ended in accordance with Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Hanafiah Raslan & Mohamad
AF: 0002

I & P Group Sdn. Berhad
(Incorporated in Malaysia)

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Reporting Accountants' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Hanafiah Raslan & Mohamad
AF: 0002

I & P Group Sdn. Berhad
(Incorporated in Malaysia)

Reporting Accountants' responsibilities for the audit of the financial statements (cont'd)

- Conclude on the appropriateness of the Company directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matters

The Company has prepared separate sets of financial statements for the year ended 31 December 2016, 31 December 2015 and 31 December 2014 in accordance with Financial Reporting Standards and requirements of Companies Act, 1965 in Malaysia for statutory purposes on which we issued separate auditor's report dated 26 March 2015, 25 March 2016 and 5 April 2017 respectively.

This report is made solely to comply with Prospectus Guidelines - Abridged Prospectus issued by the Securities Commission Malaysia for inclusion in the abridged prospectus of S P Setia Berhad in connection with the rights issue dated 30 November 2017 and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

Hanafiah Raslan & Mohamad
AF: 0002
Chartered Accountants
Kuala Lumpur, Malaysia
17 November 2017

Najihah Binti Khalid
No. 03249/10/2018 J
Chartered Accountant

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I & P Group Sdn. Berhad
(Incorporated in Malaysia)

Statements of comprehensive income
For the financial year ended 31 December 2016, 31 December 2015 and 31 December 2014

	Note	Group 2016 RM'000	2015 RM'000	2014 RM'000
Continuing operations				
Revenue	4	813,601	951,303	1,426,793
Cost of sales	5	(433,675)	(493,572)	(920,605)
Gross profit		379,926	457,731	506,188
Other items of income				
Other income	6	40,968	47,924	56,719
Other items of expenses				
Operating and administrative expenses		(98,507)	(89,685)	(70,404)
Sales and marketing expenses		(50,029)	(31,953)	(38,232)
Other operating expenses		(14,645)	(14,568)	(12,027)
Operating profit	7	257,713	369,449	442,244
Finance costs	8	(22,455)	(22,099)	(24,007)
Share of profit of associates		17,915	29,409	24,496
Profit before tax		253,173	376,759	442,733
Taxation and zakat	11	(89,800)	(104,495)	(113,622)
Profit from continuing operations, net of tax		163,373	272,264	329,111
Discontinued operations				
Profit from discontinued operations, net of tax	30	4,632	9,224	-
Profit net of tax		168,005	281,488	329,111
Total comprehensive income for the year		168,005	281,488	329,111

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Chartered Accountants, Kuala Lumpur
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I & P Group Sdn. Berhad
(Incorporated in Malaysia)

Statements of comprehensive income (cont'd.)
For the financial year ended 31 December 2016, 31 December 2015 and 31 December 2014

	Note		Group	
		2016	**2015**	**2014**
		RM'000	**RM'000**	**RM'000**
Profit attributable to:				
Equity holders of the Company		140,566	213,453	276,309
Non-controlling interests		27,439	68,035	52,802
		168,005	281,488	329,111
Total comprehensive income attributable to:				
Equity holders of the Company		140,566	213,453	276,309
Non-controlling interests		27,439	68,035	52,802
		168,005	281,488	329,111

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Chartered Accountants, Kuala Lumpur
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I & P Group Sdn. Berhad
(Incorporated in Malaysia)

Statements of comprehensive income
For the financial year ended 31 December 2016, 31 December 2015 and 31 December 2014

	Note	Company 2016 RM'000	2015 RM'000	2014 RM'000
Revenue	4	225,326	237,801	311,909
Cost of sales		-	-	-
Gross profit		225,326	237,801	311,909
Other items of income				
Other income	6	1,407	1,414	1,979
Other items of expenses				
Operating and administrative expenses		(50,997)	(53,608)	(29,527)
Other operating expenses		(3,703)	(3,544)	(3,631)
Operating profit	7	172,033	182,063	280,730
Finance costs	8	(10,817)	(11,372)	(14,050)
Profit before tax		161,216	170,691	266,680
Taxation and zakat	11	(11,622)	(12,986)	(15,023)
Profit net of tax		149,594	157,705	251,657
Total comprehensive income for the year		149,594	157,705	251,657
Profit attributable to:				
Equity holders of the Company		149,594	157,705	251,657
Total comprehensive income attributable to:				
Equity holders of the Company		149,594	157,705	251,657

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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I & P Group Sdn. Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2016, 31 December 2015 and 31 December 2014

	Note		Group	
		2016 RM'000	2015 RM'000	2014 RM'000
Assets				
Non-current assets				
Property, plant and equipment	12	103,732	125,451	127,553
Land held for property development	13(a)	2,309,365	2,292,972	2,373,503
Investment properties	14	167,094	198,480	171,199
Intangible asset	15	2,283	2,733	3,183
Investment in associates	17	339,338	325,102	299,784
Other investments	18	231	30,211	30,229
Trade and other receivables	19	22,454	16,841	18,167
Deferred tax assets	20	14,330	47,013	55,827
		2,958,827	3,038,803	3,079,445
Current assets				
Property development costs	13(b)	309,255	389,074	327,541
Developed properties and other inventories	21	379,467	316,567	249,388
Tax recoverable	28	23,708	9,418	10,112
Trade and other receivables	19	351,228	329,929	392,275
Other investments	18	30,000	-	-
Cash and bank balances	22	510,393	603,925	675,421
		1,604,051	1,648,913	1,654,737
Assets of disposal group classified as held for sale	30	21,963	718	746
		1,626,014	1,649,631	1,655,483
Total assets		4,584,841	4,688,434	4,734,928

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I & P Group Sdn. Berhad
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Statements of financial position (cont'd.)
As at 31 December 2016, 31 December 2015 and 31 December 2014

			Group	
	Note	2016 RM'000	2015 RM'000	2014 RM'000
Equity and liabilities				
Current liabilities				
Loans and borrowings	26	1,000	1,000	1,000
Trade and other payables	27	438,834	478,674	535,516
Provision for tax and zakat	28	4,752	6,104	9,194
Provisions	29	32,598	93,701	95,947
		477,184	579,479	641,657
Net current assets		1,148,830	1,070,152	1,013,826
Non-current liabilities				
Trade and other payables	27	28,324	45,320	53,451
Provisions	29	380,344	353,999	418,750
Deferred tax liabilities	20	31,304	37,419	37,138
		439,972	436,738	509,339
Total liabilities		917,156	1,016,217	1,150,996
Net assets		3,667,685	3,672,217	3,583,932
Equity				
Share capital	23	1,000,000	1,000,000	1,000,000
Share premium	23	1,392,519	1,392,519	1,392,519
Merger deficit	24	(689,752)	(689,752)	(688,252)
Other deficit	24	(20,402)	(20,402)	-
Capital reserve		6,288	6,288	6,288
Retained profits	25	1,472,431	1,451,865	1,373,412
Total equity attributable to equity holders of the Company		3,161,084	3,140,518	3,083,967
Non-controlling interests		506,601	531,699	499,965
Total equity		3,667,685	3,672,217	3,583,932
Total equity and liabilities		4,584,841	4,688,434	4,734,928

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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I & P Group Sdn. Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2016, 31 December 2015 and 31 December 2014

	Note	2016 RM'000	Company 2015 RM'000	2014 RM'000
Assets				
Non-current assets				
Property, plant and equipment	12	2,505	2,887	3,556
Intangible asset	15	2,283	2,733	3,183
Investment in subsidiaries	16	2,228,763	2,228,763	2,228,763
Trade and other receivables	19	45	54	84
		2,233,596	2,234,437	2,235,586
Current assets				
Tax recoverable		-	445	494
Trade and other receivables	19	778,354	754,921	744,881
Cash and bank balances	22	53,379	56,885	74,081
		831,733	812,251	819,456
Total assets		3,065,329	3,046,688	3,055,042

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I & P Group Sdn. Berhad
(Incorporated in Malaysia)

Statements of financial position (cont'd.)
As at 31 December 2016, 31 December 2015 and 31 December 2014

	Note		Company	
		2016 RM'000	2015 RM'000	2014 RM'000
Equity and liabilities				
Current liabilities				
Trade and other payables	27	256,639	267,900	298,959
Provision for tax and zakat		308	-	-
Total liabilities		256,947	267,900	298,959
Net current assets		574,786	544,351	520,497
Net assets		2,808,382	2,778,788	2,756,083
Equity				
Share capital	23	1,000,000	1,000,000	1,000,000
Share premium	23	1,392,519	1,392,519	1,392,519
Retained profits	25	415,863	386,269	363,564
Total equity attributable to equity holders of the Company		2,808,382	2,778,788	2,756,083
Total equity		2,808,382	2,778,788	2,756,083
Total equity and liabilities		3,065,329	3,046,688	3,055,042

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Ernst & Young (AF: 0039)
Chartered Accountants, Kuala Lumpur
For identification purposes only

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I & P Group Sdn. Berhad
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 December 2016, 31 December 2015 and 31 December 2014

		<---- Attributable to owners of the parent ---->								
			I---Non-distributable---I		Distributable	I---- Non-distributable ----I				
Group	**Equity, total RM'000**	**Equity attributable to owners of the parent, total RM'000**	**Share capital RM'000**	**Share premium RM'000**	**Retained earnings RM'000**	**Other reserves, total RM'000**	**Capital reserve RM'000**	**Merger deficit RM'000**	**Deficit arising from acquisition of non-controlling interests RM'000**	**Non-controlling interests RM'000**
2016										
Opening balance at 1 January 2016	3,672,217	3,140,518	1,000,000	1,392,519	1,451,865	(703,866)	6,288	(689,752)	(20,402)	531,699
Total comprehensive income	168,005	140,566	-	-	140,566	-	-	-	-	27,439
Transactions with owners										
Dividends on ordinary shares, representing total transactions with owners (Note 35)	(172,537)	(120,000)	-	-	(120,000)	-	-	-	-	(52,537)
Closing balance at 31 December 2016	3,667,685	3,161,084	1,000,000	1,392,519	1,472,431	(703,866)	6,288	(689,752)	(20,402)	506,601

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I & P Group Sdn. Berhad
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 December 2016, 31 December 2015 and 31 December 2014 (cont'd.)

		<---- Attributable to owners of the parent ---->								
			I---Non-distributable---I		Distributable	I---- Non-distributable ----I				
Group	**Equity, total RM'000**	**Equity attributable to owners of the parent, total RM'000**	**Share capital RM'000**	**Share premium RM'000**	**Retained earnings RM'000**	**Other reserves, total RM'000**	**Capital reserve RM'000**	**Merger deficit RM'000**	**Deficit arising from acquisition of non-controlling interests RM'000**	**Non-controlling interests RM'000**
2015										
Opening balance at 1 January 2015	3,583,932	3,083,967	1,000,000	1,392,519	1,373,412	(681,964)	6,288	(688,252)	-	499,965
Total comprehensive income	281,488	213,453	-	-	213,453	-	-	-	-	68,035
Transactions with owners										
Dividends on ordinary shares, representing total transactions with owners (Note 35)	(164,702)	(135,000)	-	-	(135,000)	-	-	-	-	(29,702)
Winding up of subsidiaries	(1,500)	(1,500)	-	-	-	(1,500)	-	(1,500)	-	-
Acquisition of non-controlling interests (Note 16)	(6,599)	-	-	-	-	-	-	-	-	(6,599)
Premium paid on acquisition of non-controlling interests (Note 16)	(20,402)	(20,402)	-	-	-	(20,402)	-	-	(20,402)	-
Closing balance at 31 December 2015	3,672,217	3,140,518	1,000,000	1,392,519	1,451,865	(703,866)	6,288	(689,752)	(20,402)	531,699

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I & P Group Sdn. Berhad
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Statements of changes in equity
For the financial year ended 31 December 2016, 31 December 2015 and 31 December 2014 (cont'd.)

		<---------- Attributable to owners of the parent							---------->
			I---Non-distributable---I		Distributable	I---------- Non-distributable		----------I	
Group	**Equity, total RM'000**	**Equity attributable to owners of the parent, total RM'000**	**Share capital RM'000**	**Share premium RM'000**	**Retained earnings RM'000**	**Other reserves, total RM'000**	**Capital reserve RM'000**	**Merger deficit RM'000**	**Non-controlling interests RM'000**
2014									
Opening balance at 1 January 2014	3,500,639	2,998,408	1,000,000	1,392,519	1,287,103	(681,214)	6,288	(687,502)	502,231
Total comprehensive income	329,111	276,309	-	-	276,309	-	-	-	52,802
Transactions with owners									
Dividends on ordinary shares, representing total transactions with owners	(245,068)	(190,000)	-	-	(190,000)	-	-	-	(55,068)
Winding up of subsidiaries	(750)	(750)	-	-	-	(750)	-	(750)	-
Closing balance at 31 December 2014	3,583,932	3,083,967	1,000,000	1,392,519	1,373,412	(681,964)	6,288	(688,252)	499,965

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Company	I---Non-distributable ---I		Distributable	
	Share capital RM'000	**Share premium RM'000**	**Retained earnings RM'000**	**Equity total RM'000**
2016				
Opening balance at 1 January 2016	1,000,000	1,392,519	386,269	2,778,788
Total comprehensive income	-	-	149,594	149,594
Dividend (Note 35)	-	-	(120,000)	(120,000)
Closing balance at 31 December 2016	1,000,000	1,392,519	415,863	2,808,382
2015				
Opening balance at 1 January 2015	1,000,000	1,392,519	363,564	2,756,083
Total comprehensive income	-	-	157,705	157,705
Dividend (Note 35)	-	-	(135,000)	(135,000)
Closing balance at 31 December 2015	1,000,000	1,392,519	386,269	2,778,788
2014				
Opening balance at 1 January 2014	1,000,000	1,392,519	301,907	2,694,426
Total comprehensive income	-	-	251,657	251,657
Dividend (Note 35)	-	-	(190,000)	(190,000)
Closing balance at 31 December 2014	1,000,000	1,392,519	363,564	2,756,083

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Statements of cash flows
For the financial year ended 31 December 2016, 31 December 2015 and 31 December 2014

		Group	
	2016	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**
Operating activities			
Profit before tax from continuing operations	253,173	376,759	442,733
Profit before tax from discontinued operations	6,608	11,760	-
Profit before tax, total	259,781	388,519	442,733
Adjustments for:			
Interest income	(20,514)	(23,503)	(23,877)
Dividend income	(1,703)	(865)	(623)
Finance costs	5,065	4,442	6,136
Fair value adjustment of investment properties	(8,567)	(8,610)	(14,918)
Gain on disposal of investment property	(21,803)	-	-
Gain on disposal of property, plant and equipment	(198)	(6)	(176)
Gain on disposal of land held for property development	-	-	(7,512)
Gain on disposal of equity instruments	(11)	-	-
Amortisation of intangible asset	450	450	450
Property, plant and equipment:			
- Written off	-	725	3
- Depreciation	6,806	6,988	5,331
- Adjustment	-	397	-
(Gain)/loss on financial assets classified as fair value through profit or loss	(68)	18	(1)
Reversal provision for penalty charges	-	-	(3,391)
Reversal for foreseeable losses	(274)	-	(6,183)
Reversal of provision for rectification works	-	-	(5,838)
Provision for rectification works	-	-	6,280
Reversal of provision for affordable housing obligation	(20,992)	(10,949)	(26,984)
Allowance for impairment:			
- other receivables	3	397	-
Reversal of allowance for impairment:			
- trade receivables	(51)	-	-
- other receivables	(92)	(4)	-
Unwinding of discount	17,390	17,657	17,871
Project cost written off	16,187	2,041	10
Loss/(gain) on winding up subsidiaries	-	169	(838)
Cost of land and development expenditure for the land surrendered	-	-	13,409
Share of profit of associates	(17,915)	(29,409)	(24,496)

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	Group 2016 RM'000	2015 RM'000	2014 RM'000
Operating activities (cont'd.)			
Work in progress charged to profit or loss	1,270	-	-
Provision for default purchasers	4,478	4,872	-
Reversal of provision for default purchasers	(4,872)	-	-
Bad debts written off - other receivables	74	83	-
Operating cash flows before changes in working capital	214,444	353,412	377,386
Changes in working capital			
Property development cost	159,811	86,746	19,509
Asset held for sale	718	28	86
Trade and other receivables	(26,452)	58,324	(61,513)
Inventories	(62,900)	(67,179)	(72,313)
Trade and other payables	(89,219)	(138,382)	178,052
Total changes in working capital	(18,042)	(60,463)	63,821
Cash generated from operations	196,402	292,949	441,207
Interest received	20,514	23,503	23,877
Interest paid	(5,065)	(4,442)	(6,136)
Zakat paid	(4,196)	(2,848)	(4,995)
Real Property Gain Tax ("RPGT") paid	(2,920)	-	-
Taxes paid	(73,738)	(97,484)	(139,269)
Net cash generated from operating activities	130,997	211,678	314,684
Investing activities			
Purchase of property, plant and equipment	(3,227)	(5,478)	(21,983)
Net cash outflow on winding up of subsidiaries	-	-	(2)
Net cash outflow on other investments	-	-	(29,933)
Proceeds from disposal of property, plant and equipment	198	8	206
Proceeds from disposal of investment property	58,603	-	-
Proceeds from disposal of equity instruments	59	-	-
Dividends received	5,382	4,956	5,490

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For the financial year ended 31 December 2016, 31 December 2015 and 31 December 2014 (cont'd.)

	Group		
	2016	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**
Investing activities (cont'd.)			
Acquisitions of non-controlling interests	-	(27,001)	-
Capital expenditure for land held for property development	(113,007)	(90,957)	(146,252)
Proceed on disposal of land held for property development	-	-	12,792
Net cash used in investing activities	(51,992)	(118,472)	(179,682)
Financing activities			
Net movement of subsidiaries and related companies	-	-	376
Dividends paid to non-controlling interest	(52,537)	(29,702)	(55,068)
Dividends paid to equity holders of the Company	(120,000)	(135,000)	(190,000)
Net cash used in financing activities	(172,537)	(164,702)	(244,692)
Net decrease in cash and cash equivalents	(93,532)	(71,496)	(109,690)
Cash and cash equivalents at 1 January	603,925	675,421	785,111
Cash and cash equivalents (Note 22)	510,393	603,925	675,421

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Statements of cash flows
For the financial year ended 31 December 2016, 31 December 2015 and 31 December 2014

		Company	
	2016	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**
Operating activities			
Profit before tax	161,216	170,691	266,680
Adjustments for:			
Interest income	(41,047)	(41,172)	(50,701)
Dividend income	(141,058)	(147,022)	(207,890)
Finance costs	10,817	11,372	14,050
Gain on disposal of property, plant and equipment	(164)	-	(156)
Amortisation of intangible asset	450	450	450
Depreciation of property, plant and equipment	806	960	925
Reversal of allowance for impairment of amount due from subsidiaries	-	-	(22,664)
Operating cash flows before changes in working capital	(8,980)	(4,721)	694
Changes in working capital			
Trade and other receivables	(281)	(226)	304
Trade and other payables	(1,378)	(5,366)	(2,159)
Total changes in working capital	(1,659)	(5,592)	(1,855)
Cash used in operations	(10,639)	(10,313)	(1,161)
Interest received	729	1,142	1,412
Interest paid	(18)	(24)	(30)
Taxes paid	(10,869)	(12,938)	(18,649)
Net cash used in operating activities	(20,797)	(22,133)	(18,428)

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Statements of cash flows
For the financial year ended 31 December 2016, 31 December 2015 and 31 December 2014 (cont'd.)

		Company	
	2016	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**
Investing activities			
Purchase of property, plant and equipment	(426)	(397)	(1,239)
Acquisition of redeemable preference shares from subsidiaries	-	-	(206,300)
Proceeds from disposal of property, plant and equipment	164	-	186
Dividends received	141,058	147,022	207,890
Net cash generated from investing activities	140,796	146,625	537
Financing activities			
Net movement of subsidiaries and related companies	(3,505)	(6,688)	200,434
Dividends paid to equity holders of the Company	(120,000)	(135,000)	(190,000)
Net cash (used in)/generated from financing activities	(123,505)	(141,688)	10,434
Net decrease in cash and cash equivalents	(3,506)	(17,196)	(7,457)
Cash and cash equivalents at 1 January	56,885	74,081	81,538
Cash and cash equivalents (Note 22)	53,379	56,885	74,081

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Notes to the financial statements
For the financial year ended 31 December 2016

1. Corporate information

The Company is a limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at 24-31, Jalan Setiawangsa 8, Taman Setiawangsa, 54200 Kuala Lumpur.

The Company's principal activities are investment holding and provision of management services to the subsidiaries, whilst the principal activities of the subsidiaries are as stated in Note 16. There has been no significant change in the nature of these activities during the financial year.

The immediate and ultimate holding companies of the Company are Permodalan Nasional Berhad ("PNB"), a company incorporated in Malaysia and Yayasan Pelaburan Bumiputra, a company incorporated in Malaysia and is limited by guarantee.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the requirements of the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new, amendments and revised FRS which are mandatory for financial periods beginning on or after 1 January 2016 as discussed fully in Note 2.2.

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except for investment properties which are stated at their fair value.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

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2. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2016, the Group and the Company adopted the following amended FRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2016.

Description	***Effective for annual periods beginning on or after***
Amendments to FRS 101: Disclosure Initiatives	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to FRS 116 and FRS 141: Agriculture: Bearer Plants	1 January 2016
Annual Improvements to FRSs 2012 - 2014 Cycle	1 January 2016

Adoption of the above standards and interpretations did not have any significant effect on the financial performance or position of the Group and the Company.

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2. Summary of significant accounting policies (cont'd.)

2.3 New pronouncements not applicable to the Company

The MASB issued pronouncements which are effective, but for which are not relevant to the operations of the Group and the Company, and hence, no further disclosure is warranted.

Description	***Effective for annual periods beginning on or after***
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
FRS 14 Regulatory Deferral Accounts	1 January 2016

2.4 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	***Effective for annual periods beginning on or after***
Amendments to FRS 107: Disclosure Initiatives	1 January 2017
Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 12: Annual Improvements to FRSs 2014-2016 Cycle	1 January 2017
Amendments to MFRS 2: Classification and measurement of share-based payment transactions	1 January 2018
MFRS 9: Financial Instruments	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 16: Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the above standards and interpretations will have no significant impact on the financial statements in the period of initial application except as discussed below:

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2. Summary of significant accounting policies (cont'd.)

2.4 Standards issued but not yet effective (cont'd.)

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's and the Company's financial assets, but no significant impact on the classification and measurement of the Group's and the Company's financial liabilities. The Company is currently assessing the impact of MFRS 9 and plans to adopt the new standard on the required effective date.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Directors anticipate that the application of MFRS 15 will have a material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

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2. Summary of significant accounting policies (cont'd.)

2.4 Standards issued but not yet effective (cont'd.)

MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group plans to assess the potential effect of MFRS 16 on its financial statements in year 2017.

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2. Summary of significant accounting policies (cont'd.)

2.4 Standards issued but not yet effective (cont'd.)

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework until the adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group and the Company fall within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group is in the process of assessing the financial effects of the differences between the accounting standards under Financial Reporting Standards and under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2016 could be different if prepared under the MFRS Framework.

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2. Summary of significant accounting policies (cont'd.)

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for transactions and events in similar circumstances. Pursuant to the Rationalisation and Merger Exercise during financial year ended 31 December 2009, the Company was introduced as a new parent company. The introduction of the Company constitutes a Group reconstruction and has been accounted for using merger accounting principles as the combination of the companies meet the relevant criteria for merger, thus depicting the combination of those entities as if they have been in the combination for the current and previous financial years.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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2. Summary of significant accounting policies (cont'd.)

2.5 Basis of consolidation (cont'd.)

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Company loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

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2. Summary of significant accounting policies (cont'd.)

2.5 Basis of consolidation (cont'd.)

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Company elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed off and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

2.6 Transactions with non-controlling interests

Non-controlling interest represents the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interest are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interest, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interest is recognised directly in equity.

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2. Summary of significant accounting policies (cont'd.)

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land and its capitalised development expenditures has unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings, golf clubhouse and chalet	10 to 50 years
Machinery and equipment	5 to 20 years
Motor vehicles	5 years
Renovation	5 to 20 years
Other assets	5 to 10 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

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2. Summary of significant accounting policies (cont'd.)

2.8 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

2.9 Intangible assets

Intangible assets acquired separately are measured initially at cost.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

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2. Summary of significant accounting policies (cont'd.)

2.9 Intangible assets (cont'd.)

Intangible assets of the Company relates to the accounting software purchase by the Company.

The intangible assets of the Company is amortised over a period of 10 years which represent the estimated useful lives.

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

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2. Summary of significant accounting policies (cont'd.)

2.11 Subsidiaries

A subsidiary is an entity over which the Company controls and the policy to determine the criteria for control is in accordance with Note 2.5.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.12 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

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2. Summary of significant accounting policies (cont'd.)

2.13 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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2. Summary of significant accounting policies (cont'd.)

2.13 Financial assets (cont'd.)

(b) Loans and receivables (cont'd.)

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

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2. Summary of significant accounting policies (cont'd.)

2.13 Financial assets (cont'd.)

(d) Available-for-sale financial assets (cont'd.)

The Group classifies its other investments as financial assets available-for-sale.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset.

2.14 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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2. Summary of significant accounting policies (cont'd.)

2.14 Impairment of financial assets (cont'd.)

(a) Trade and other receivables and other financial assets carried at amortised cost (cont'd.)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

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2. Summary of significant accounting policies (cont'd.)

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, deposits placed with licensed banks/other financial institutions/money market funds, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.16 Land held for property development and property development costs

(a) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

When it is probable that total costs will exceed total revenue, the foreseeable loss is immediately recognised in profit or loss irrespective of whether development work has commenced or not, or of the stage of completion of development activity, or of the amounts of profits expected to arise on other unrelated development projects.

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2. Summary of significant accounting policies (cont'd.)

2.16 Land held for property development and property development costs (cont'd.)

(b) Property development costs (cont'd.)

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

2.17 Inventories

(a) Developed properties held for sale

Developed properties held for sale are stated at the lower of cost and net realisable value. The cost of inventories includes the expenditure incurred in acquiring the land, direct costs and appropriate proportions of common costs attributable to developing the properties to completion.

(b) Other inventories

Other inventories are stated at the lower of cost and net realisable value with first-in-first-out (FIFO) basis being the main basis of cost. Its cost includes the original cost of purchase plus the cost of bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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2. Summary of significant accounting policies (cont'd.)

2.19 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. All financial liabilities of the Group and Company are classified as other financial liabilities.

(a) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

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2. Summary of significant accounting policies (cont'd.)

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

2.21 Employee benefits

(a) Defined contribution plan

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

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2. Summary of significant accounting policies (cont'd.)

2.22 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.26(g).

2.23 Disposal groups held for sale and discontinued operations

Disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the assets and liabilities in a disposal group is brought up-to-date is in accordance with applicable FRSs. Then, on initial classification as held for sale, disposal groups are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

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2. Summary of significant accounting policies (cont'd.)

2.23 Disposal groups held for sale and discontinued operations (cont'd.)

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

2.24 Current versus non-current classification

Assets and liabilities in the statement of financial position are presented based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.25 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company.

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2. Summary of significant accounting policies (cont'd.)

2.25 Fair value measurement (cont'd.)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities; or

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criterias include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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2. Summary of significant accounting policies (cont'd.)

2.26 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sales of properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2.16(b).

(b) Sale of land and goods

Revenue is recognised net of Goods and Services Tax and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(c) Golf club operations

Revenue from golf club operations represent proceeds from members subscriptions and golf club operations which is recognised when services are rendered.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Management fees

Management fees are recognised when services are rendered.

(f) Dividend income

Dividend income is recognised when the Company's right to receive payment is established.

(g) Rental income

Rental income from investment property, land held for property development and unsold developed properties is recognised on a straight-line basis over the term of the lease. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

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2. Summary of significant accounting policies (cont'd.)

2.26 Revenue (cont'd.)

(h) Resort operations

Revenue from rental of resort room, sale of food and beverage and other related income are recognised on an accrual basis.

2.27 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

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2. Summary of significant accounting policies (cont'd.)

2.27 Income taxes (cont'd.)

(b) Deferred tax (cont'd.)

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.28 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

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2. Summary of significant accounting policies (cont'd.)

2.29 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group.

2.30 Biological assets

Biological assets acquired together with freehold land is not amortised. Subsequent replanting expenditure is charged to profit or loss in the year in which it is incurred.

3. Significant accounting judgements and estimates

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below.

(a) Depreciation and impairment of property, plant and equipment

The Group and the Company estimate the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of the property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescences and legal or other limits on the use of the relevant assets.

In addition, the estimation of the useful lives of property, plant and equipment is based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimate of useful lives and residual values of property, plant and equipment brought about by changes in factors mentioned above. The Group and the Company also performs annual review of the assumptions made on useful lives and residual values to ensure that they continue to be valid.

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3. Significant accounting judgements and estimates (cont'd.)

3.1 Key sources of estimation uncertainty (cont'd.)

(a) Depreciation and impairment of property, plant and equipment (cont'd.)

The carrying amount of the Group's and the Company's property, plant and equipment at the reporting date is disclosed in Note 12.

(b) Property development

The Group recognises property development revenue and expenses in the statement of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the property development costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amounts of assets of the Group arising from property development activities are disclosed in Note 13(b).

(c) Investment properties

Investment properties comprise a number of commercial properties leased to third parties. Investment properties are stated at fair value, based on independent valuation as at the reporting date. Independent valuers valued the property by using Comparison Approach and Investment Approach which entails analysis of sales of comparable properties and taking into consideration various factors affecting value to arrive at the market value.

The key assumptions used to determine the fair value of the investment properties are further explained in Note 14.

(d) Impairment of receivables

The Group and the Company assess at each financial reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence in impairment, the amount and timing of the future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

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3. Significant accounting judgements and estimates (cont'd.)

3.1 Key sources of estimation uncertainty (cont'd.)

(d) Impairment of receivables (cont'd.)

The carrying amount of the Group's and the Company's receivables at the reporting date are disclosed in Note 19.

(e) Provision for default purchases

The Group recognises a provision for default purchases as required under FRS 139 Financial Instruments: Recognition and Measurement and FRS 201 Property Development Activities. The provision for default purchases represents the reversal of profit for the specific sold property units where the purchaser has failed to make full settlement of the sum payable within the period specified in the sales and purchase agreement. The default from purchaser would sanction the developer the rights to annul the sale of the said property, in compliance with Clause 11 of Section G of the Housing Development Act, 1966.

The Group has exercised judgements and made significant assumptions in determining the default purchases and the amount of profit to be reversed.

The carrying amount of the Group's provision for default purchases at the reporting date is disclosed in Note 19.

(f) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The total carrying value of unrecognised tax losses and capital allowances of the Group are disclosed in Note 20.

(g) Provision for affordable housing obligation

The Group recognises a provision for affordable housing obligation as required under FRSIC Consensus 17 Development of Affordable Housing. The provision affordable housing obligation represents the shortfall between the cost of constructing affordable housing and the economic benefits expected to be received from the purchasers of affordable housing in the development of affordable housing on involuntary basis. This provision is capitalised in the form of common costs for development of premium housing based on the master and building plans approved.

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3. Significant accounting judgements and estimates (cont'd.)

3.1 Key sources of estimation uncertainty (cont'd.)

(g) Provision for affordable housing obligation (cont'd.)

In determining the provision for affordable housing obligation, judgements and assumptions are made by the Group and the Company on the structure and construction costs in constructing the affordable houses. In making those judgements, the Group evaluates the provisions based on past experience and by relying on the work of specialists.

The carrying amount of the Group's provision for affordable housing obligation at the reporting date is disclosed in Note 29.

(h) Provision for rectification works

The Group recognised a provision for rectification work as required under FRS 137 Provisions, Contingent liabilities and Contingent Assets. The basis of the provision is based on estimates made by the management.

The carrying amount of the Group's provision for rectification works at the reporting date is disclosed in Note 29.

(i) Provision for foreseeable losses

The Group recognised a provision for foreseeable losses arising from a swap arrangement entered into with house purchasers of Phase A2 in accordance with accounting policy in Note 2.18. The Group has made assumptions in relation to the amount of loss to be incurred in the future based on the current level of land and building costs.

The carrying amount of the Group's provision for foreseeable losses at the reporting date is disclosed in Note 29.

3.2 Judgements made in applying accounting policies

Operating lease commitments - the Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

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4. Revenue

	Group		
	2016	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**
Sale of properties	658,700	905,842	1,190,023
Sale of land	140,501	30,823	12,792
Sale of goods	-	-	212,455
Services	7,702	7,867	5,156
Rental income from investment properties	6,698	6,771	6,367
	813,601	951,303	1,426,793

	Company		
	2016	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**
Dividend income	141,058	147,022	207,890
Interest income	40,314	40,030	49,289
Management fees	43,954	50,749	54,730
	225,326	237,801	311,909

5. Cost of sales

	Group		
	2016	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**
Cost of properties sold	359,720	488,789	721,139
Cost of land sold	70,537	2,055	5,280
Cost of goods sold	-	-	191,770
Cost of services	3,418	2,728	2,416
	433,675	493,572	920,605

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6. Other income

	Group		
	2016	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**
Rental income - other	8,543	9,394	10,120
Interest income	19,456	22,628	23,877
Gain on disposal of property, plant and equipment	198	6	176
Dividend income from marketable securities	1,703	865	623
Fair value adjustment of investment properties (Note 14)	8,567	8,610	14,918
Gain on disposal of equity instruments	11	-	-
Others	2,490	6,421	7,005
	40,968	47,924	56,719

	Company		
	2016	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**
Interest income	733	1,142	1,412
Gain on disposal of property, plant and equipment	164	-	166
Others	510	272	401
	1,407	1,414	1,979

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7. Operating profit

	Group		
	2016	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**
Operating profit is arrived at after charging/(crediting):			
Auditors' remuneration			
- statutory audit	524	498	498
- non statutory audit	50	50	23
Allowance for impairment (Note 19)			
- other receivables	3	397	-
Reversal of allowance for impairment (Note 19)			
- trade receivables	(51)	-	-
- other receivables	(92)	(4)	-
Property development cost written off	16,187	2,041	10
Amortisation of intangible asset (Note 15)	450	450	450
Employee benefits expense (Note 9)	48,818	52,078	51,598
Non-executive directors' fees			
- Fees (Note 10)	1,465	1,465	1,616
- Other emoluments (Note 10)	175	188	174
Property, plant and equipment			
- Depreciation (Note 12)	6,806	6,988	5,331
- Written off (Note 12)	-	725	3
- Adjustment (Note 12)	-	397	-
Rental			
- Premises	2,428	2,324	2,404
- Plant and equipment	922	891	886
Loss/(gain) from winding up of companies	-	169	(838)
Provision for rectification works	-	-	6,280
Repair expenses incurred in relation to land settlement	270	761	2,817

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7. Operating profit (cont'd.)

	Group		
	2016	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**
Operating profit is arrived at after charging/(crediting): (cont'd.)			
Investment properties			
- Direct operating expenses			
- Rental generating	2,766	2,388	2,730
- Non-rental generating	33	33	-
Reversal of provision for foreseeable losses (Note 29)	(274)	-	(6,183)
Reversal of provision for rectification works (Note 29)	-	-	(5,838)
Reversal of provision for affordable housing obligation (Note 29)	(20,992)	(10,949)	(26,984)
Reversal of provision for penalty charges (Note 29)	-	-	(3,391)
Additional provision for affordable housing obligation (Note 29)	448	-	-
Provision for default purchases (Note 19)	4,478	4,872	-
Reversal of provision for default purchases (Note 19)	(4,872)	-	-
Cost of land and development expenditure for the land surrendered	-	-	13,409
Gain on disposal of investment property	(21,803)		
Gain on disposal of land held for property development	-	-	(7,512)
Direct expenses incurred in relation to swapping of Phase A2 with Phase A8B-1	-	-	5,094
Legal case settlement	1,020	-	-
Bad debts written off - other receivables	74	83	-
(Gain)/loss on financial assets classified as fair value through profit or loss	(68)	18	(1)

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7. Operating profit (cont'd.)

	Company		
	2016 **RM'000**	**2015** **RM'000**	**2014** **RM'000**
Operating profit is arrived at after charging/(crediting): (cont'd.)			
Auditors' remuneration			
- statutory audit	58	55	55
Reversal of allowance for impairment of amount due from subsidiaries (Note 19)	-	-	(22,664)
Amortisation of intangible asset (Note 15)	450	450	450
Employee benefits expense (Note 9)	44,550	47,130	46,929
Non-executive directors' fees			
- Fees (Note 10)	864	864	864
- Other emoluments (Note 10)	81	102	78
Property, plant and equipment			
- Depreciation (Note 12)	806	960	925
- Gain on disposal	(164)	-	(156)
Rental			
- Premises	2,331	2,224	2,308

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8. Finance costs

	Group		
	2016	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**
Interest payable:			
Revolving credit	42	40	40
Commitment fee and bank charges	352	146	117
Immediate holding company	4,657	4,241	5,604
Unwinding of discount (Note 29)	17,390	17,657	17,871
Others	14	15	375
	22,455	22,099	24,007

	Company		
	2016	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**
Interest payable:			
Commitment fee and bank charges	18	24	30
Immediate holding company	4,657	4,241	5,604
Subsidiaries	6,142	7,107	8,416
	10,817	11,372	14,050

9. Employee benefits expense

	Group		
	2016	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**
Wages and salaries	37,032	39,722	39,005
Social security contributions	290	265	255
Contributions to defined contribution plan	5,642	5,967	5,937
Other benefits	5,854	6,124	6,401
	48,818	52,078	51,598

	Company		
	2016	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**
Wages and salaries	33,271	35,406	34,928
Social security contributions	244	215	209
Contributions to defined contribution plan	5,272	5,491	5,518
Other benefits	5,763	6,018	6,274
	44,550	47,130	46,929

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10. Directors' remuneration

The details of remuneration receivable by directors of the Group and of the Company during the year are as follows:

	Group		
	2016	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**
Executive:			
Salaries and other emoluments	1,960	2,917	2,645
Defined contribution plan	333	404	450
Total executive directors' remuneration (excluding benefits-in-kind)	2,293	3,321	3,095
Estimated money value of benefits-in-kind	142	18	126
Total executive directors' remuneration (including benefits-in-kind)	2,435	3,339	3,221
Non-Executive (Note 7):			
Fees			
- Current year	1,465	1,465	1,617
- Overprovision	-	-	(1)
Other emoluments	175	188	174
Total non-executive directors' remuneration	1,640	1,653	1,790
Total directors' remuneration	4,075	4,992	5,011

	Company		
	2016	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**
Executive:			
Salaries and other emoluments	1,960	2,917	2,645
Defined contribution plan	333	404	450
Total executive directors' remuneration (excluding benefits-in-kind)	2,293	3,321	3,095
Estimated money value of benefits-in-kind	142	18	126
Total executive directors' remuneration (including benefits-in-kind)	2,435	3,339	3,221
Non-Executive (Note 7):			
Fees			
- Current year	864	864	864
Other emoluments	81	102	78
Total non-executive directors' remuneration	945	966	942
Total directors' remuneration	3,380	4,305	4,163

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11. Taxation and zakat

	Group		
	2016	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**
Continuing operations:			
Statement of comprehensive income:			
Current tax expense	60,597	90,751	115,112
(Over)/under provision in respect of previous years	(73)	642	(5,425)
	60,524	91,393	109,687
Deferred tax (Note 20):			
Relating to origination and reversal of temporary differences	23,987	9,255	(2,490)
Under provision in prior years	2,595	92	2,382
	26,582	9,347	(108)
Total income tax expense, from continuing operations	87,106	100,740	109,579
Zakat (Note 28)	2,694	3,755	4,043
	89,800	104,495	113,622
Discontinued operations:			
Statement of comprehensive income:			
Current tax expense	1,988	2,728	-
Under provision in respect of previous years	2	60	-
	1,990	2,788	-
Deferred tax (Note 20):			
Relating to origination and reversal of temporary differences	32	359	-
Over provision in prior years	(46)	(611)	-
	(14)	(252)	-
Total income tax expense, from discontinued operations (Note 30)	1,976	2,536	-
Total income tax expense	91,776	107,031	113,622

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11. Taxation and zakat (cont'd.)

	Company		
	2016	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**
Statement of comprehensive income:			
Current tax expense	11,414	12,680	14,686
Under provision in respect of previous years	208	306	337
Total income tax expense	11,622	12,986	15,023

Malaysian income tax is calculated at the statutory tax rate of 24% (2015 and 2014: 25%) of the estimated assessable profit for the year. There is a change in the tax rate of 24% effective from the year assessment 2016 onwards.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective rate of the Group and the Company is as follows:

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11. Taxation and zakat (cont'd.)

	2016 RM'000	2015 RM'000	2014 RM'000
Group			
Profit before tax	259,781	388,519	442,733
Taxation at Malaysian statutory tax rate of 24% (2015 and 2014: 25%)	62,347	97,131	110,683
Effect on opening deferred tax of reduction in Malaysian income tax rate	-	(6,622)	-
Effect of different tax rates in real property gain in tax	(11,138)	-	-
Income not subject to tax	(14,493)	(9,690)	(12,089)
Expenses not deductible for tax purposes	17,697	21,643	21,240
Utilisation of previously unrecognised deferred tax assets	-	(2,021)	(1,507)
Deferred tax assets not recognised	36,909	10,164	1,300
Deferred tax on fair value of investment properties at real property gain tax rate	(418)	(160)	(881)
Under/(over) provision of deferred tax in prior years	2,549	(519)	2,382
(Over)/under provision of tax expense in prior years	(71)	702	(5,425)
Share of results of associates	(4,300)	(7,352)	(6,124)
Zakat	2,694	3,755	4,043
Taxation for the year	91,776	107,031	113,622
Company			
Profit before tax	161,216	170,691	266,680
Taxation at Malaysian statutory tax rate of 24% (2015 and 2014: 25%)	38,692	42,673	66,670
Income not subject to tax	(33,854)	(36,756)	(52,014)
Expenses not deductible for tax purposes	6,576	6,763	30
Under provision of tax expense in prior years	208	306	337
Taxation for the year	11,622	12,986	15,023

Deferred tax assets arising from provision for affordable housing obligation of RM27,995,000 in a subsidiary, Alam Impian Sdn Bhd ("AISB") was reversed during the financial year ended 31 December 2016 due to its inability to generate sufficient taxable profits to utilise its deferred tax assets.

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12. Property, plant and equipment

Group	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Machinery and equipment RM'000	Motor vehicles RM'000	Golf clubhouse RM'000	Chalet RM'000	Work in progress RM'000	Office equipment, furniture and fittings, air conditioners and computers RM'000	Total RM'000
Cost										
At 1 January 2016	32,753	28,608	9,945	54,273	6,725	31,134	31,727	1,270	2,158	198,593
Additions	-	-	-	2,318	722	-	29	-	158	3,227
Disposals	-	-	-	(325)	(1,534)	-	-	-	-	(1,859)
Write off	-	-	-	(481)	(4)	-	-	-	-	(485)
Transfer from land held for development (Note 13(a))	-	2,130	-	-	-	-	-	-	-	2,130
Transfer to assets of disposal group classified as held for sale (Note 30)	(11,340)	(7,588)	-	(35,305)	(1,727)	-	-	-	-	(55,960)
Charged to profit or loss	-	-	-	-	-	-	-	(1,270)	-	(1,270)
At 31 December 2016	21,413	23,150	9,945	20,480	4,182	31,134	31,756	-	2,316	144,376

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12. Property, plant and equipment (cont'd.)

Group (cont'd.)	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Machinery and equipment RM'000	Motor vehicles RM'000	Golf clubhouse RM'000	Chalet RM'000	Work in progress RM'000	Office equipment, furniture and fittings, air conditioners and computers RM'000	Total RM'000
Accumulated depreciation										
At 1 January 2016										
Accumulated depreciation	-	12,633	4,480	39,816	4,907	8,424	925	-	1,420	72,605
Depreciation for the year	-	910	770	3,150	604	617	613	-	142	6,806
Disposals	-	-	-	(325)	(1,534)	-	-	-	-	(1,859)
Transfer to assets of disposal group classified as held for sale (Note 30)	-	(6,996)	-	(28,555)	(1,409)	-	-	-	-	(36,960)
Write off	-	-	-	(481)	(4)	-	-	-	-	(485)
At 31 December 2016	-	6,547	5,250	13,605	2,564	9,041	1,538	-	1,562	40,107
Accumulated impairment loss										
At 1 January/ 31 December 2016	-	-	-	537	-	-	-	-	-	537
Net carrying amount:										
At 31 December 2016	21,413	16,603	4,695	6,338	1,618	22,093	30,218	-	754	103,732

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12. Property, plant and equipment (cont'd.)

Group	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Machinery and equipment RM'000	Motor vehicles RM'000	Golf clubhouse RM'000	Chalet RM'000	Work in progress RM'000	Office equipment, furniture and fittings, air conditioners and computers RM'000	Total RM'000
Cost										
At 1 January 2015	32,753	29,873	9,939	50,018	6,665	31,124	30,058	5,446	1,473	197,349
Additions	-	9	12	3,179	64	10	1,669	374	161	5,478
Disposals	-	-	-	(3,350)	-	-	-	-	(8)	(3,358)
Write off	-	(881)	-	(5)	(4)	-	-	-	-	(890)
Transfer from property development cost	-	-	-	-	-	-	-	-	532	532
Adjustment	-	(393)	(6)	(118)	-	-	-	(1)	-	(518)
Reclassification	-	-	-	4,549	-	-	-	(4,549)	-	-
At 31 December 2015	32,753	28,608	9,945	54,273	6,725	31,134	31,727	1,270	2,158	198,593
Accumulated depreciation										
At 1 January 2015										
Accumulated depreciation	-	11,930	3,620	39,981	4,313	7,807	301	-	1,307	69,259
Depreciation for the year	-	968	861	3,201	597	617	624	-	120	6,988
Disposals	-	-	-	(3,349)	-	-	-	-	(7)	(3,356)
Adjustment	-	(108)	(1)	(12)	-	-	-	-	-	(121)
Write off	-	(157)	-	(5)	(3)	-	-	-	-	(165)
At 31 December 2015	-	12,633	4,480	39,816	4,907	8,424	925	-	1,420	72,605

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12. Property, plant and equipment (cont'd.)

Group (cont'd.)	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Machinery and equipment RM'000	Motor vehicles RM'000	Golf clubhouse RM'000	Chalet RM'000	Work in progress RM'000	Office equipment, furniture and fittings, air conditioners and computers RM'000	Total RM'000
Accumulated impairment loss										
At 1 January/ 31 December 2015	-	-	-	537	-	-	-	-	-	537
Net carrying amount:										
At 31 December 2015	32,753	15,975	5,465	13,920	1,818	22,710	30,802	1,270	738	125,451

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12. Property, plant and equipment (cont'd.)

Group	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Machinery and equipment RM'000	Motor vehicles RM'000	Golf clubhouse RM'000	Chalet RM'000	Work in progress RM'000	Office equipment, furniture and fittings, air conditioners and computers RM'000	Total RM'000
Cost										
At 1 January 2014	32,753	29,873	9,926	43,943	6,687	30,904	-	23,686	1,506	179,278
Additions	-	-	13	5,719	822	-	-	15,397	32	21,983
Disposals	-	-	-	(2,070)	(844)	-	-	-	-	(2,914)
Write off	-	-	-	(2)	-	-	-	-	(65)	(67)
Transfer (to)/from property development costs	-	-	-	-	-	220	-	(1,151)	-	(931)
Reclassification	-	-	-	2,428	-	-	30,058	(32,486)	-	-
At 31 December 2014	32,753	29,873	9,939	50,018	6,665	31,124	30,058	5,446	1,473	197,349

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12. Property, plant and equipment (cont'd.)

Group (cont'd.)	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Machinery and equipment RM'000	Motor vehicles RM'000	Golf clubhouse RM'000	Chalet RM'000	Work in progress RM'000	Office equipment, furniture and fittings, air conditioners and computers RM'000	Total RM'000
Accumulated depreciation										
At 1 January 2014										
Accumulated depreciation	-	10,931	2,748	40,209	4,524	7,190	-	-	1,274	66,876
Depreciation for the year	-	999	872	1,834	613	617	301	-	95	5,331
Disposals	-	-	-	(2,060)	(824)	-	-	-	-	(2,884)
Write off	-	-	-	(2)	-	-	-	-	(62)	(64)
At 31 December 2014	-	11,930	3,620	39,981	4,313	7,807	301	-	1,307	69,259
Accumulated impairment loss										
At 1 January/ 31 December 2014	-	-	-	537	-	-	-	-	-	537
Net carrying amount:										
At 31 December 2014	32,753	17,943	6,319	9,500	2,352	23,317	29,757	5,446	166	127,553

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12. Property, plant and equipment (cont'd.)

Company

	Renovation building RM'000	Machinery, computers, furniture and fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost:				
At 1 January 2016	2,921	4,100	1,876	8,897
Additions	-	295	131	426
Reversal	-	(2)	-	(2)
Disposal	-	-	(934)	(934)
Write off	-	(1)	(4)	(5)
At 31 December 2016	2,921	4,392	1,069	8,382
Accumulated depreciation:				
At 1 January 2016	1,812	2,835	1,363	6,010
Depreciation for the year	169	453	184	806
Disposal	-	-	(934)	(934)
Write off	-	(1)	(4)	(5)
At 31 December 2016	1,981	3,287	609	5,877
Net carrying amount:				
At 31 December 2016	940	1,105	460	2,505
Cost:				
At 1 January 2015	2,909	7,101	1,876	11,886
Additions	12	385	-	397
Reversal	-	(118)	-	(118)
Disposal	-	(3,268)	-	(3,268)
At 31 December 2015	2,921	4,100	1,876	8,897
Accumulated depreciation:				
At 1 January 2015	1,644	5,667	1,019	8,330
Depreciation for the year	168	448	344	960
Reversal	-	(12)	-	(12)
Disposal	-	(3,268)	-	(3,268)
At 31 December 2015	1,812	2,835	1,363	6,010
Net carrying amount:				
At 31 December 2015	1,109	1,265	513	2,887

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12. Property, plant and equipment (cont'd.)

Company (cont'd.)

	Renovation building RM'000	Machinery, computers, furniture and fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost:				
At 1 January 2014	2,896	8,623	1,973	13,492
Additions	13	538	688	1,239
Disposal	-	(2,060)	(790)	(2,850)
Transfer from subsidiary	-	-	5	5
At 31 December 2014	2,909	7,101	1,876	11,886
Accumulated depreciation:				
At 1 January 2014	1,470	7,318	1,442	10,230
Depreciation for the year	174	409	342	925
Disposal	-	(2,060)	(770)	(2,830)
Transfer from subsidiary	-	-	5	5
At 31 December 2014	1,644	5,667	1,019	8,330
Net carrying amount:				
At 31 December 2014	1,265	1,434	857	3,556

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13. Land held for property development and property development costs

(a) Land held for property development

	Group		
	2016	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**
Freehold land, leasehold land and development expenditure			
Cost			
At 1 January	2,292,972	2,373,503	2,340,183
Additions	113,007	90,957	146,252
Transfer to property development costs (Note 13b)	(32,072)	(109,215)	(157,944)
Transfer from property development costs (Note 13b)	28	2,017	9,639
Transfer to investment property (Note 14)	-	-	(7,470)
Reclassified from non-current asset held for sale (Note 30)	-	-	86
Reversal of unused provision for affordable housing obligation (Note 29)	-	-	(34,364)
Transfer to property, plant and equipment (Note 12)	(2,130)	-	-
Transfer to income statement	(1,255)	-	-
Transfer to non-current assets classified as held for sale (Note 30)	(2,963)	-	-
Reversal of provision for affordable housing obligation (Note 29)	-	(24,476)	-
Reversal of foreseeable losses of affordable housing due to change in components of affordable houses (Note 29)	(33,157)	(30,409)	-
Reversal of foreseeable losses of affordable housing due to disposal of lands designated for construction of affordable houses (Note 29)	(611)	(7,378)	-
Additional provision for foreseeable losses of affordable housing obligation (Note 29)	8,566	-	95,810
Cost of land and development expenditure for the land surrendered			(13,409)
Disposals	(33,020)	(2,027)	(5,280)
At 31 December	2,309,365	2,292,972	2,373,503
Carrying amount at 31 December	2,309,365	2,292,972	2,373,503

Title deeds to the land held for development belonging to certain subsidiaries of RM283,965,079 (2015: RM303,622,472; 2014: RM286,118,199) are in the process of being transferred to the names of the respective subsidiaries.

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13. Land held for property development and property development costs (cont'd.)

(b) Property development costs

	Land Costs RM '000	Development Costs RM '000	Total RM '000
Group			
At 31 December 2016			
Cumulative property development costs			
At 1 January	169,095	779,135	948,230
Cost incurred during the year	246	382,318	382,564
Transfer from land held for property development (Note 13a)	30,302	1,770	32,072
Transfer to land held for property development (Note 13a)	-	(28)	(28)
Transfer from investment properties (Note 14)	-	3,153	3,153
Reversal of completed projects	(97,905)	(418,768)	(516,673)
Reversal of provision for foreseeable losses of affordable housing obligation (Note 29)	-	(1,432)	(1,432)
Additional provision for affordable housing obligation (Note 29)	-	614	614
Transfer to inventories	(24,894)	(109,095)	(133,989)
At 31 December	76,844	637,667	714,511
Cumulative costs recognised to profit or loss			
At 1 January	(59,074)	(500,082)	(559,156)
Recognised during the year	(42,044)	(305,624)	(347,668)
Property development costs written off	-	(15,105)	(15,105)
Reversal of completed projects	97,905	418,768	516,673
At 31 December	(3,213)	(402,043)	(405,256)
Property development costs at 31 December	73,631	235,624	309,255

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13. Land held for property development and property development costs (cont'd.)

(b) Property development costs (cont'd.)

	Land Costs RM '000	Development Costs RM '000	Total RM '000
Group			
At 31 December 2015			
Cumulative property development costs			
At 1 January	194,126	924,909	1,119,035
Cost incurred during the year	1	553,436	553,437
Transfer from land held for property development (Note 13a)	46,136	63,079	109,215
Transfer to land held for property development (Note 13a)	-	(2,017)	(2,017)
Transfer from property, plant and equipment (Note 12)	-	(532)	(532)
Transfer to investment properties (Note 14)	-	(18,671)	(18,671)
Reversal of completed projects	(70,521)	(637,992)	(708,513)
Reversal of unused provision for affordable housing obligation (Note 29)	-	(1,198)	(1,198)
Reversal of provision for affordable housing due to change in components of affordable houses (Note 29)	-	(4,814)	(4,814)
Reversal of provision for affordable housing due to disposal of lands designated for construction of affordable houses (Note 29)	-	(609)	(609)
Transfer to inventories	(647)	(96,341)	(96,988)
Reclassification	(1)	(114)	(115)
At 31 December	169,094	779,136	948,230
Cumulative costs recognised to profit or loss			
At 1 January	(70,910)	(720,584)	(791,494)
Recognised during the year	(58,686)	(418,171)	(476,857)
Reversal of completed projects	70,521	637,992	708,513
Reversal of provision for affordable housing due to disposal of lands designated for construction of affordable houses (Note 29)	-	567	567
Reclassification	1	114	115
At 31 December	(59,074)	(500,082)	(559,156)
Property development costs at 31 December	110,020	279,054	389,074

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13. Land held for property development and property development costs (cont'd.)

(b) Property development costs (cont'd.)

	Land Costs RM '000	Development Costs RM '000	Total RM '000
Group			
At 31 December 2014			
Cumulative property development costs			
At 1 January	152,141	907,657	1,059,798
Cost incurred during the year	-	582,760	582,760
Transfer from land held for property development (Note 13a)	95,098	62,846	157,944
Transfer to land held for property development (Note 13a)	-	(9,639)	(9,639)
Transfer from property plant and equipment (Note 12)	-	931	931
Transfer to investment properties (Note 14)	-	(17,754)	(17,754)
Reversal of completed projects	(47,756)	(556,271)	(604,027)
Reversal of unused provision for affordable housing obligation (Note 29)	-	(2,420)	(2,420)
Additional provision for affordable housing obligation (Note 29)	-	14,643	14,643
Transfer to inventories	(4,982)	(51,685)	(56,667)
Reclassification	(1,658)	(4,876)	(6,534)
At 31 December	192,843	926,192	1,119,035
Cumulative costs recognised to profit or loss			
At 1 January	(48,610)	(662,921)	(711,531)
Recognised during the year	(71,714)	(618,810)	(690,524)
Reversal of completed projects	47,756	556,271	604,027
Reclassification	1,658	4,876	6,534
At 31 December	(70,910)	(720,584)	(791,494)
Property development costs at 31 December	121,933	205,608	327,541

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14. Investment properties

	Group		
	2016	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**
At fair value:			
At 1 January	155,669	147,059	131,057
Disposals	(36,800)	-	-
Transfer from land held for development (Note 13a)	-	-	1,084
Fair value adjustment in investment property (Note 6)	8,567	8,610	14,918
Reclassification	39,658	-	-
At 31 December	167,094	155,669	147,059
At cost:			
At 1 January	42,811	24,140	-
Transfer from land held for development (Note 13a)	-	-	6,386
Transfer from property development costs (Note 13b)	-	18,671	17,754
Transfer to property development costs (Note 13b)	(3,153)	-	-
Reclassification	(39,658)	-	-
At 31 December	-	42,811	24,140
Investment properties at 31 December	167,094	198,480	171,199

Investment properties comprise a number of commercial properties leased to third parties. The fair value of the investment properties were based on valuation by an independent professional valuer. The valuer adopts comparison method for valuation of all its investment properties purposes, except for the investment properties belonging to Syarikat Perumahan Pegawai Kerajaan Sdn Bhd and Perumahan Kinrara Berhad which adopt income approach using the investment method and investment properties belonging to Pelangi Sdn Bhd and Pelangi Concrete Industries Sdn Bhd which adopt a combination of comparison and depreciated replacement cost method.

In financial year ended 31 December 2015 and 2014, investment properties owned by the Group at cost includes commercial properties under construction belonging to Perumahan Kinrara Berhad. These commercial properties under construction are measured at cost until the earlier of the date of the construction is completed or the date at which the fair value becomes reliably determinable. In current year, the construction of the commercial properties has been completed and is currently carried at fair value.

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14. Investment properties (cont'd.)

Description of valuation techniques used and key inputs to valuation on investment properties:

	Valuation technique	**Significant unobservable inputs**
Investment properties	Comparison Method of Valuation ("CMV")	Comparing the property with comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, market conditions, size, shape and terrain of land, tenurial interest and restrictions if any, occupancy status, built-up area building construction, finishes and services, age and condition of building and other relevant characteristics.
	Income Approach using the Investment Method ("IAIM")	Net rental income is capitalised at an appropriate rate of return to arrive at the market value of the subject property.
	Depreciated Replacement Cost Method ("DRC")	Cost of building is derived from the estimate of reproduction cost of similar buildings as new based on current market prices for materials, labour and present construction techniques and deducting therefrom the accrued depreciation due to use and disrepair, age and obsolescence through technology and market changes.

Fair value information

Fair value of investment properties are categorised as follows:

	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Group				
2016				
Investment properties	-	-	167,094	167,094
2015				
Investment properties	-	-	198,480	198,480
2014				
Investment properties	-	-	171,199	171,199

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14. Investment properties (cont'd.)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can assess at the measurement date.

Level 2 fair value

Level 2 fair value of land has been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size and location. The most significant input into this valuation approach is price per square foot of comparable properties.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

Transfer between Level 1, 2 and 3 fair values

There is no transfers between level 1, 2 and 3 fair values during the financial years ended 31 December 2016, 2015 and 2014.

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15. Intangible asset

	Computer software
Group and Company	**2016** **RM'000**
Cost:	
At 1 January 2016 and 31 December 2016	4,500
Accumulated amortisation:	
At 1 January 2016	1,767
Amortisation	450
At 31 December 2016	2,217
Net carrying amount:	
At 31 December 2016	2,283
Cost:	
At 1 January 2015 and 31 December 2015	4,500
Accumulated amortisation:	
At 1 January 2015	1,317
Amortisation	450
At 31 December 2015	1,767
Net carrying amount:	
At 31 December 2015	2,733

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15. Intangible asset (cont'd.)

Group and Company	**Computer software**
	2014
	RM'000
Cost:	
At 1 January 2014 and 31 December 2014	4,500
Accumulated amortisation:	
At 1 January 2014	867
Amortisation	450
At 31 December 2014	1,317
Net carrying amount:	
At 31 December 2014	3,183

16. Investment in subsidiaries

		Company	
	2016	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**
Unquoted shares, at cost	2,228,763	2,228,763	2,228,763

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16. Investment in subsidiaries (cont'd.)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective Ownership Interest held by the Group			Effective Ownership Interest held by the non-controlling interests		
			2016 %	2015 %	2014 %	2016 %	2015 %	2014 %
I & P Menara Sdn. Bhd.	Malaysia	Property development	100	100	100	-	-	-
I & P Alam Impian Sdn. Bhd.	Malaysia	Property development	99.9	99.9	99.9	0.1	0.1	0.1
I & P Setiawangsa Sdn. Bhd.	Malaysia	Property development	100	100	100	-	-	-
Petaling Garden Sdn. Bhd.	Malaysia	Property development and investment holding	100	100	100	-	-	-
Corporate Premier Sdn. Bhd.	Malaysia	Trading in shares and property development	100	100	100	-	-	-
Biltmore (M) Sdn. Bhd. #	Malaysia	Property development	100	100	85	-	-	15
PG Resorts Sdn. Bhd.	Malaysia	Property development	100	100	100	-	-	-
Temasya Development Co. Sdn. Bhd.	Malaysia	Property development and investment holding	66.1	66.1	66.1	33.9	33.9	33.9

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16. Investment in subsidiaries (cont'd.)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective Ownership Interest held by the Group			Effective Ownership Interest held by the non-controlling interests		
			2016 %	2015 %	2014 %	2016 %	2015 %	2014 %
Alpine Affluent Sdn. Bhd.	Malaysia	Property development	66.1	66.1	66.1	-	-	-
Scenic Promenade Sdn. Bhd.	Malaysia	Sublease of land	66.1	66.1	66.1	-	-	-
Syarikat Perumahan Pegawai Kerajaan Sendirian Berhad	Malaysia	Development and sale of land, residential and commercial properties	70	70	70	30	30	30
Plaza Damansara Sdn. Bhd.	Malaysia	Ceased operation in 2009	70	70	70	30	30	30
Perumahan Kinrara Bhd	Malaysia	Property development and management and operation of golf course and golf club	51	51	51	49	49	49
Kinrara Golf Club Sdn. Bhd.	Malaysia	Ceased operation in 2015	51	51	51	49	49	49
Kinrara Urusharta Sdn. Bhd.	Malaysia	Property management services	51	51	51	49	49	49

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16. Investment in subsidiaries (cont'd.)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective Ownership Interest held by the Group			Effective Ownership Interest held by the non-controlling interests		
			2016 %	2015 %	2014 %	2016 %	2015 %	2014 %
I & P Kota Bayuemas Sdn. Bhd.	Malaysia	Property development	51	51	51	49	49	49
Pelangi Sdn. Bhd.	Malaysia	Property development and investment holding	100	100	100	-	-	-
Yukong Development (Pte) Limited	Singapore	Property development and investment in real properties	100	100	100	-	-	-
Kosmo Anggun Sdn. Bhd.	Malaysia	Dormant	100	100	100	-	-	-
Taman Gunong Hijau Sdn. Bhd.	Malaysia	Property development and investment in real properties	89.1	89.1	89.1	10.9	10.9	10.9
I & P Multi Resources Sdn. Berhad	Malaysia	Investment holding	100	100	100	-	-	-
I & P Development Sdn. Bhd.	Malaysia	Property development	100	100	100	-	-	-

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16. Investment in subsidiaries (cont'd.)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective Ownership Interest held by the Group			Effective Ownership Interest held by the non-controlling interests		
			2016 %	2015 %	2014 %	2016 %	2015 %	2014 %
I & P Supply Berhad	Malaysia	Ceased operation in 2008	100	100	100	-	-	-
I & P Urusprojek Sdn. Berhad	Malaysia	Liquidated	-	-	100	-	-	-
I & P Inderawasih Jaya Sdn Berhad	Malaysia	Property development	100	100	100	-	-	-
Peninsular Land Development Sdn. Berhad	Malaysia	Property development	100	100	100	-	-	-
I & P Nibong Sdn. Berhad	Malaysia	Property development	100	100	100	-	-	-
Yong Peng Realty Sdn. Berhad	Malaysia	Cultivation and marketing of oil palm fruits	100	100	100	-	-	-
Perusahaan Minyak Sawit Bintang Sdn. Berhad	Malaysia	Processing of oil palm	100	100	100	-	-	-

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16. Investment in subsidiaries (cont'd.)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective Ownership Interest held by the Group			Effective Ownership Interest held by the non-controlling interests		
			2016 %	2015 %	2014 %	2016 %	2015 %	2014 %
Pelangi Concrete Industries Sdn Berhad	Malaysia	Investment holding	100	100	100	-	-	-
Eng Lee Knitting Factory Sdn Bhd	Malaysia	Dormant	100	100	100	-	-	-
Pelangi Ready- Mixed Concrete Sdn Berhad	Malaysia	Liquidated	-	-	100	-	-	-
Petaling Garden Industrial Estate Sdn Berhad ##	Malaysia	Investment holding	100	100	85	-	-	15

All companies are audited by member firm of Ernst & Young Global.

\# In financial year 2015, the Group's subsidiary company, Petaling Garden Sdn Bhd ("PGSB"), acquired the remaining 15% equity interest in Biltmore (M) Sdn Bhd ("Biltmore") from its non-controlling interests for a cash consideration of RM25.8 million. As a result of this acquisition, Biltmore becomes a wholly owned subsidiary of PGSB. On the date of acquisition, the carrying value of the additional interest acquired was RM5.2 million. The difference between the consideration and the book value of the interest acquired of RM20.6 million is reflected in equity as premium paid on acquisition of non-controlling interests.

\## In financial year 2015, the Group's subsidiary company, I & P Multi Resources Sdn Berhad ("MR"), acquired the remaining 15% equity interest in Petaling Garden Industrial Estate Sdn Bhd ("PGIE") from its non-controlling interests for a cash consideration of RM1.2 million. As a result of this acquisition, PGIE becomes a wholly owned subsidiary of MR. On the date of acquisition, the carrying value of the additional interest acquired was RM1.4 million. The difference between the consideration and the book value of the interest acquired of RM0.2million is reflected in equity as deficit on acquisition of non-controlling interests.

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16. Investment in subsidiaries (cont'd.)

The Group had liquidated I & P Urusprojek Sdn Bhd and Pelangi Ready-Mixed Concrete Sdn Bhd in the financial year ended 31 December 2015 (2014: I & P Landscaping Sdn Bhd and Johbase Sdn Bhd). The liquidation had the following effects on the financial position of the Group as at prior financial year end.

	2015 RM'000	**2014 RM'000**
Other receivables	18	-
Cash and cash equivalents	1,729	2
Tax payables	(1)	15
Other payables	(77)	(105)
Merger reserve	(1,500)	(750)
Loss/(gain) on liquidation to the Group	169	(838)
Cash and cash equivalent of subsidiaries liquidated	(1,729)	(2)

Summarised financial information of the following subsidiaries which has non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination.

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16. Investment in subsidiaries (cont'd.)

The current assets, non current assets, current liabilities, non current liabilities, income and expenses of the significant subsidiaries are as follows:

(i) Summarised statements of financial position

	PKB Group			SPPK Group			Temasya Group		
	2016 RM'000	2015 RM'000	2014 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2016 RM'000	2015 RM'000	2014 RM'000
Non-current assets	542,144	527,446	504,329	147,358	171,612	184,843	86,896	85,076	82,240
Current assets	321,092	339,602	329,770	284,660	276,980	278,876	300,906	371,003	326,464
Total assets	863,236	867,048	834,099	432,018	448,592	463,719	387,802	456,079	408,704
Current liabilities	103,312	95,656	120,168	35,569	43,947	44,778	74,459	98,840	86,506
Non-current liabilities	5,129	8,393	7,712	16,600	16,368	17,192	4,188	10,466	16,932
Total liabilities	108,441	104,049	127,880	52,169	60,315	61,970	78,647	109,306	103,438
Net assets	754,795	762,999	706,219	379,849	388,277	401,749	309,155	346,773	305,266
Equity attributable to owners of the Company	555,281	555,110	526,848	216,932	221,595	231,471	211,666	236,505	208,320
Non-controlling interests	199,514	207,889	179,371	162,917	166,682	170,278	97,489	110,268	96,946

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16. Investment in subsidiaries (cont'd.)

(ii) Summarised statements of comprehensive income

	PKB Group			SPPK Group			Temasya Group		
	2016	**2015**	**2014**	**2016**	**2015**	**2014**	**2016**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	227,353	341,280	262,308	101,836	79,096	58,012	124,522	194,489	248,142
Profit for the year	15,096	77,797	40,988	48,894	33,913	38,848	33,018	56,647	82,620
Profit attributable to owners of the Company	7,699	39,589	20,904	34,226	23,739	27,194	21,792	37,387	54,529
Profit attributable to the non-controlling interests	7,397	38,208	20,084	14,668	10,174	11,654	11,226	19,260	28,091

(iii) Summarised cash flows

	PKB Group			SPPK Group			Temasya Group		
	2016	**2015**	**2014**	**2016**	**2015**	**2014**	**2016**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Net cash generated from/ (used in) operating activities	76,890	63,779	70,174	10,281	(2,980)	24,488	31,682	76,457	66,058
Net cash (used in)/generated from investing activities	(26,454)	(21,651)	(64,611)	39,380	1,072	(1,165)	(106)	(17,014)	(4,925)
Net cash used in financing activities	(23,902)	(20,590)	(23,105)	(52,873)	(40,320)	(61,448)	(62,359)	(9,570)	(73,800)
Net increase/(decrease) in cash and cash equivalents	26,534	21,538	(17,542)	(3,212)	(42,228)	(38,125)	(30,783)	49,873	(12,667)
Cash and cash equivalents at beginning of the year	76,355	54,817	72,359	60,334	102,562	140,687	128,844	78,971	91,638
Cash and cash equivalents at end of the year	102,889	76,355	54,817	57,122	60,334	102,562	98,061	128,844	78,971

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17. Investment in associates

	Group		
	2016 RM'000	2015 RM'000	2014 RM'000
Unquoted shares at cost	69,466	69,466	69,466
Share of post-acquisition reserves	270,472	256,236	230,918
Less: Accumulated impairment loss	(600)	(600)	(600)
	339,338	325,102	299,784

Details of the associates are as follows:

Name of associates	Country of incorporation	Principal activities	Effective ownership interest 2016 %	2015 %	2014 %
Tanah Sutera Development Sdn. Bhd.	Malaysia	Property development and investment in real properties	35	35	35
Tanah Sutera Management Sdn. Bhd.*	Malaysia	Property Management	35	35	35
Merit Properties Sdn. Bhd.	Malaysia	Property development and investment in real properties	20	20	20

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17. Investments in associates (cont'd.)

Name of associates	Country of incorporation	Principal activities	Effective ownership interest 2016 %	2015 %	2014 %
German Clay Products (M) Sdn. Bhd.	Malaysia	Investment holding	44.86	44.86	44.86
Hock Lam Batu Bata Sdn. Berhad**	Malaysia	Manufacturing of clay related products. The Company has ceased its operation	44.86	44.86	44.86
Fahim-I Hitech Sdn. Bhd.	Malaysia	Provide research and development and consulting services in multimedia computer and information technology	20	20	20

* Held through Tanah Sutera Development Sdn. Bhd.
** Held through German Clay Products (M) Sdn. Bhd.

The current assets, non current assets, current liabilities, non current liabilities, income and expenses of associates are as follows:

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17. Investment in associates

(i) Summarised statements of financial position

	Tanah Sutera Development Sdn. Bhd.			Merit Properties Sdn. Bhd.		
	2016	**2015**	**2014**	**2016**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-current assets	338,716	338,198	318,586	387,979	363,786	321,745
Current assets	410,833	417,420	373,809	20,016	23,784	26,747
Total assets	749,549	755,618	692,395	407,995	387,570	348,492
Current liabilities	88,239	112,581	104,025	2,421	2,931	2,843
Non-current liabilities	68,315	78,734	76,884	12,316	11,301	6,475
Total liabilities	156,554	191,315	180,909	14,737	14,232	9,318
Net assets	592,995	564,303	511,486	393,258	373,338	339,174

(ii) Summarised statements of comprehensive income

	Tanah Sutera Development Sdn. Bhd.			Merit Properties Sdn. Bhd.		
	2016	**2015**	**2014**	**2016**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	129,835	185,952	179,708	5,575	9,414	6,638
Profit before tax	44,036	87,382	75,743	26,677	47,895	24,845
Profit for the year	35,692	59,817	56,191	26,070	42,364	24,145
Total comprehensive income	35,692	59,817	56,191	26,070	42,364	24,145
Dividends received from the associates during the year	7,000	7,000	8,750	6,150	8,200	9,020

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17. Investment in associates (cont'd.)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates.

	Tanah Sutera Development Sdn. Bhd.			Merit Properties Sdn. Bhd.		
	2016 RM'000	2015 RM'000	2014 RM'000	2016 RM'000	2015 RM'000	2014 RM'000
Net assets at 1 January	564,303	511,486	464,045	373,338	339,174	324,049
Profit for the year	28,692	52,817	47,441	19,920	34,164	15,125
Net assets at 31 December	592,995	564,303	511,486	393,258	373,338	339,174
Interest in associates	35%	35%	35%	20%	20%	20%
Carrying value of Group's interest in associates	207,548	197,506	179,020	78,652	74,668	67,835

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18. Other investments

	Group 2016 RM'000	2015 RM'000	2014 RM'000
Non-current			
At fair value through profit or loss			
Equity instruments (quoted in Malaysia)	135	67	85
Investment in Amanah Nasional Berhad Dana Aqeel (quoted in Malaysia)	-	30,000	30,000
At available-for-sale financial assets			
Equity instruments (unquoted in Malaysia)	96	144	144
	231	30,211	30,229
Current			
At fair value through profit or loss			
Investment in Amanah Nasional Berhad Dana Aqeel (quoted in Malaysia)	30,000	-	-

19. Trade and other receivables

	Note	Group 2016 RM'000	2015 RM'000	2014 RM'000
Non-current				
Trade receivables				
Third parties	a	22,167	16,407	17,632
Other receivables				
Staff loans	b	287	434	535
		22,454	16,841	18,167

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19. Trade and other receivables (cont'd.)

	Note	Group 2016 RM'000	2015 RM'000	2014 RM'000
Current				
Trade receivables				
Third parties	a	180,270	201,717	226,551
Accrued billing in respect of property development cost		41,889	95,629	116,477
Less: Provision for default purchases	a	(4,478)	(4,872)	-
Less: Allowance for impairment	a	(445)	(398)	(838)
		217,236	292,076	342,190
Other receivables				
Staff loans	b	31	33	9
Deposits		17,302	15,897	15,630
Prepayments	f	90,219	11	97
Other receivables		24,226	19,376	31,965
Less: Allowance for impairment	c	(1,491)	(1,678)	(1,285)
		130,287	33,639	46,416
Amount due from:				
Related companies	e	5,186	5,695	5,150
Less: Allowance for impairment - Related companies companies	e	(1,481)	(1,481)	(1,481)
		3,705	4,214	3,669
		351,228	329,929	392,275
Total trade and other receivables (current and non-current)		373,682	346,770	410,442
Less: Prepayment		(90,219)	(11)	(97)
Less: Accrued billing in respect of property development costs		(41,889)	(95,629)	(116,477)
Add: Cash and cash equivalents		510,393	603,925	675,421
Total loans and receivables		751,967	855,055	969,289

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19. Trade and other receivables (cont'd.)

	Note	Company 2016 RM'000	2015 RM'000	2014 RM'000
Non-current				
Other receivables				
Staff loans	b	45	54	84
		45	54	84
Current				
Other receivables				
Staff loans	b	31	36	9
Deposits		368	385	335
Prepayments	f	-	-	88
Other receivables		431	475	758
Less: Allowance for impairment	c	(550)	(550)	(550)
		280	346	640
Amount due from:				
Subsidiaries	d	774,507	751,003	741,226
Related companies	e	5,048	5,053	4,496
Less: Allowance for impairment				
- Related companies				
companies	e	(1,481)	(1,481)	(1,481)
		778,074	754,575	744,241
		778,354	754,921	744,881

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19. Trade and other receivables (cont'd.)

	Note	2016 RM'000	Company 2015 RM'000	2014 RM'000
Total trade and other receivables (current and non-current)		778,399	754,975	744,965
Less: Prepayment		-	-	(88)
Add: Cash and cash equivalents		53,379	56,885	71,073
Total loans and receivables		831,778	811,860	815,950

Note a

Trade receivables

Trade receivables are assessed and approved up to 30 days (2015: up to 30 days; 2014: up to 30 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables of the Group is stakeholder sum of RM59,240,000 (2015: RM57,808,000; 2014: RM43,858,000).

<u>Ageing analysis of trade receivables</u>

The ageing analysis of the Group's trade receivables is as follows:

	2016 RM'000	Group 2015 RM'000	2014 RM'000
Neither past due nor impaired	67,499	84,201	94,189
1 to 60 days past due not impaired	50,830	65,663	60,821
61 to 90 days past due not impaired	17,934	13,080	26,640
91 to 150 days past due not impaired	11,075	14,651	16,819
More than 151 days past due not impaired	43,219	26,812	44,876
	123,058	120,206	149,156
Impaired	11,880	13,717	838
	202,437	218,124	244,183

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19. Trade and other receivables (cont'd.)

Note a (cont'd.)

Trade receivables (cont'd.)

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting RM123,058,000 (2015: RM120,206,000; 2014: RM149,156,000) that are past due at the reporting date but not impaired are unsecured in nature.

Receivables that are impaired

The Group trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

		Group	
	Individually impaired 2016 RM'000	Individually impaired 2015 RM'000	Individually impaired 2014 RM'000
Trade receivables - nominal amount	11,880	13,717	838
Less: Allowance for impairment	(445)	(398)	(838)
Less: Provision for default purchasers	(4,478)	(4,872)	-
	6,957	8,447	-

Movement in allowance accounts:

		Group	
	2016 RM	2015 RM	2014 RM
At 1 January	398	838	838
Written off	-	(440)	-
Reversal of impairment loss	(51)	-	-
Reclassed from other receivables	98	-	-
	445	398	838

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19. Trade and other receivables (cont'd.)

Note a (cont'd.)

Movement in provision accounts:

	Group		
	2016 **RM**	**2015** **RM**	**2014** **RM**
At 1 January	4,872	-	-
Additional provision (Note 7)	4,478	4,872	-
Reversal of provision (Note 7)	(4,872)	-	-
	4,478	4,872	-

Trade receivables that are individually determined to be impaired relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Note b

Other receivables

	Group		
	2016 **RM'000**	**2015** **RM'000**	**2014** **RM'000**
Staff loans	318	467	544
Less: Non-current asset	(287)	(434)	(535)
Current asset	31	33	9

	Company		
	2016 **RM'000**	**2015** **RM'000**	**2014** **RM'000**
Staff loans	76	90	93
Less: Non-current asset	(45)	(54)	(84)
Current asset	31	36	9

Staff loan bears interest of 4% (2015: 4%; 2014: 4%) per annum. The loan is between 3 and 5 years and has fixed term of repayment.

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19. Trade and other receivables (cont'd.)

Note c

Movement in allowance accounts:

	Group		
	2016 RM'000	**2015 RM'000**	**2014 RM'000**
At 1 January	1,678	1,285	1,431
Charge for the year (Note 7)	3	397	-
Reversal during the year (Note 7)	(92)	(4)	-
Reclassed to trade receivables	(98)	-	-
Written off	-	-	(146)
	1,491	1,678	1,285

	Company		
	2016 RM'000	**2015 RM'000**	**2014 RM'000**
At 1 January/ 31 December	550	550	550

Note d

The amount due from subsidiaries bear interest of 4.00% - 5.20% (2015: 4.20% - 5.20%; 2014: 4.35% - 5.60%) per annum and are in respect of advances, which are unsecured and are repayable on demand.

Further details on related party transactions are disclosed in Note 32.

Information on financial risks are disclosed in Note 33.

Note e

Amount due from related companies are unsecured, interest free and are repayable on demand.

Note f

Included in the prepayments amount are the partial payments of RM90,129,000 (2015: nil; 2014: nil) for the acquisition of lands.

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20. Deferred tax assets and liabilities

	Group		
	2016	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**
At 1 January	9,594	18,689	18,581
Recognised to profit or loss (Note 11)	(26,568)	(9,095)	108
At 31 December	(16,974)	9,594	18,689

Presented after appropriate offsetting as follows:

Deferred tax assets	14,330	47,013	55,827
Deferred tax liabilities	(31,304)	(37,419)	(37,138)
	(16,974)	9,594	18,689

The components and movements of the deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Land held for development RM'000	Investment properties RM'000	Inventories RM'000	Property, plant and equipment and others RM'000	Total RM'000
At 1 January 2016	(38,291)	(12,107)	-	(33,069)	(83,467)
Recognised to profit or loss	6,149	6,826	(99)	7,291	20,167
At 31 December 2016	(32,142)	(5,281)	(99)	(25,778)	(63,300)
At 1 January 2015	(48,396)	(10,781)		(30,432)	(89,609)
Recognised to profit loss	10,105	(1,326)		(2,637)	6,142
At 31 December 2015	(38,291)	(12,107)	-	(33,069)	(83,467)
At 1 January 2014	(47,836)	(7,475)		14,119	(41,192)
Recognised to profit loss	(560)	(3,306)		(44,551)	(48,417)
At 31 December 2014	(48,396)	(10,781)	-	(30,432)	(89,609)

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20. Deferred tax assets and liabilities (cont'd.)

Deferred tax assets of the Group:

	Provision RM'000	Capitalised finance expense RM'000	Total RM'000
At 1 January 2016	93,061	-	93,061
Recognised to profit or loss	(68,663)	21,928	(46,735)
At 31 December 2016	24,398	21,928	46,326
At 1 January 2015	108,298	-	108,298
Recognised to profit or loss	(15,237)	-	(15,237)
At 31 December 2015	93,061	-	93,061
At 1 January 2014	59,773	-	59,773
Recognised to profit or loss	48,525	-	48,525
At 31 December 2014	108,298	-	108,298

Deferred tax assets that have not been recognised in respect of the following items:

	Group 2016 RM'000	2015 RM'000	2014 RM'000
Unabsorbed tax losses carried forward	95,485	78,565	86,700
Unutilised capital allowances carried forward	128	979	590
Other deductible temporary differences	283,813	147,837	371
	379,426	227,381	87,661

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries are subject to no substantial changes in shareholdings of those subsidiaries under Section 44(5A) and (5B) of Income Tax Act, 1967.

21. Developed properties and other inventories

	Group 2016 RM'000	2015 RM'000	2014 RM'000
At cost			
Developed properties	375,974	314,801	248,052
Crude palm oil, palm kernel and fresh fruit bunches	3,122	1,351	890
Food and beverages and others	371	415	426
	379,467	316,567	249,368
At net realisable value			
Developed properties	-	-	20
	379,467	316,567	249,388

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21. Developed properties and other inventories (cont'd.)

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM213,191,000 (2015: RM199,156,000; 2014: RM232,499,000).

Includes in the developed properties are Phase A1-01 (also known as TINTA) and Phase A2 which were bought back from owners for RM91,480,000 and RM Nil (2015: RM91,320,000 and RM9,007,688; 2014: RM77,640,000 and RM8,248,485) respectively. The TINTA and Phase A2 units were affected by land settlement. The Group has undertaken and continued to undertake repairs for all of the affected units.

22. Cash and bank balances

		Group	
	2016	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**
Cash at banks and on hand	210,882	232,065	221,070
Deposits placed with licensed banks	89,201	266,006	335,727
Deposits placed with other financial institutions	55,508	6,588	20,641
Deposits in money market funds	154,802	99,266	97,983
Cash and bank balances	510,393	603,925	675,421

		Company	
	2016	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**
Cash at banks and on hand	12,159	478	3,062
Deposits placed with licensed banks	14,000	56,200	56,924
Deposits placed with other financial institutions	-	-	11,087
Deposits in money market funds	27,220	207	3,008
Cash and bank balances	53,379	56,885	74,081

Included in deposits in money market funds in the Group and the Company are amount of RM154,802,000 (2015: RM99,266,000; 2014: RM97,983,000) and RM27,220,000 (2015: RM207,000; 2014: RM3,008,000) respectively which are placed in a money market fund which earns interest based on the performance of the fund.

The carrying amounts of deposits in money market funds approximate fair values due to relatively short-term nature of these balances and insignificant risk of changes in value.

Included in the Group's cash and bank balances is RM151,814,000 (2015: RM200,536,000; 2014: RM191,665,000), the utilisation of which is subject to the Housing Development (Housing Development Account) Regulations 2002.

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22. Cash and bank balances (cont'd.)

The average effective interest rates and maturity days of deposits at the reporting date were as follows:

	Group		
	2016	**2015**	**2014**
Average effective interest rate(%)	3.71	3.54	3.29
Average maturity days	25	28	26

	Company		
	2016	**2015**	**2014**
Average effective interest rate(%)	4.10	3.32	3.10
Average maturity days	30	12	11

Other information on financial risks of cash and cash equivalents is disclosed in Note 33.

23. Share capital and share premium

	Group and Company Number of shares		
	2016 '000 unit	**2015 '000 unit**	**2014 '000 unit**
Authorised:			
Ordinary shares of RM1 each			
At 1 January/31 December	2,000,000	2,000,000	2,000,000
Issued and fully paid:			
Ordinary shares of RM1 each			
At 1 January/31 December	1,000,000	1,000,000	1,000,000

	Amount		
	2016 RM'000	**2015 RM'000**	**2014 RM'000**
Authorised:			
Ordinary shares of RM1 each			
At 1 January/31 December	2,000,000	2,000,000	2,000,000
Issued and fully paid:			
Ordinary shares of RM1 each			
At 1 January/31 December	1,000,000	1,000,000	1,000,000
Share premium of RM1.39 each			
At 1 January/31 December	1,392,519	1,392,519	1,392,519

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24. (a) Merger deficit

Merger deficit represents the difference between the cost of investment in subsidiaries and the nominal value of the subsidiaries' shares acquired by the Company.

(b) Other deficit

Other deficit relates to deficit arising from the acquisition of additional 15% equity interests each during step acquisitions in Petaling Garden Industrial Estate Sdn Bhd ("PGIE") and Biltmore (M) Sdn Bhd ("Biltmore) by I & P Multi Resources Sdn Berhad ("MR") and Petaling Garden Sdn Bhd ("PGSB") respectively.

A cash consideration of RM1,189,000 had been paid by MR. As a result of this acquisition, PGIE becomes a wholly-owned subsidiary of MR. On the date of acquisition, the carrying value of the additional interest acquired was RM1,440,000. The difference between the consideration and the book value of the interest acquired of RM251,000 is reflected in equity as premium on acquisition of non-controlling interests.

A cash consideration of RM25,811,000 had been paid by PGSB. As a result of this acquisition, Biltmore becomes a wholly-owned subsidiary of PGSB. On the date of acquisition, the carrying value of the additional interest acquired was RM5,158,000. The difference between the consideration and the book value of the interest acquired of RM20,653,000 is reflected in equity as deficit paid on acquisition of non-controlling interests.

25. Retained earnings

The Company may distribute dividends out of its entire retained profits as at 31 December 2016, 31 December 2015 and 31 December 2014 under the single tier system.

26. Loans and borrowings

	Group		
	2016	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**
Unsecured revolving credits	1,000	1,000	1,000
Total loans and borrowings	1,000	1,000	1,000

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26. Loans and borrowings (cont'd.)

The average effective interest rates as at the reporting date were as follows:

	Group 2016 %	2015 %	2014 %
Unsecured revolving credits	4.25	4.30	4.21

27. Trade and other payables

	Note	Group 2016 RM'000	2015 RM'000	2014 RM'000
Non-Current				
Trade payables				
Third parties		23,767	40,201	47,627
Other payables				
Sundry payables		4,557	5,119	5,824
		28,324	45,320	53,451
Current				
Trade payables				
Third parties	a	173,751	249,661	217,134
Accrual for building and infrastructure		74,501	39,865	79,256
		248,252	289,526	296,390
Other payables				
Sundry payables		40,442	52,171	71,165
Accrued expenses		30,068	19,064	23,136
Provision for project cost		368	368	5,786
Progress billing in respect of property development cost		8,820	8,186	17,655
		79,698	79,789	117,742
Amount due to:				
Related companies	b	458	3,589	9,856
Immediate holding company	b	110,426	105,770	111,528
		110,884	109,359	121,384
		438,834	478,674	535,516

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27. Trade and other payables (cont'd.)

	Note	Group 2016 RM'000	2015 RM'000	2014 RM'000
Total trade and other payables (current and non-current)		467,158	523,994	588,967
Less: Provision for project cost		(368)	(368)	(5,786)
Progress billings in respect of property development cost		(8,820)	(8,186)	(17,655)
Add: Loans and borrowings		1,000	1,000	1,000
Total financial liabilities carried at amortised cost		458,970	516,440	566,526

	Note	Company 2016 RM'000	2015 RM'000	2014 RM'000
Current				
Other payables				
Sundry payables		4,247	5,265	11,049
Accrued expenses		1,276	1,637	1,325
		5,523	6,902	12,374
Amount due to:				
Related companies	b	96	96	96
Immediate holding company	b	110,426	105,770	111,528
Subsidiaries	c	140,594	155,132	174,961
		251,116	260,998	286,585
Total financial liabilities carried at amortised cost		256,639	267,900	298,959

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27. Trade and other payables (cont'd.)

Note a

Included in trade payables of the Group are retention sums payable to contractors of RM80,213,000 (2015: RM103,809,000; 2014: RM108,564,000) relating to construction contracts.

Retentions are unsecured, interest free and repayable on demand.

Note b

The amounts due to affiliated and related companies are unsecured, interest free and repayable on demand.

The amount due to immediate holding company is unsecured, bearing interest rate at 5.00% - 5.20% (2015: 5.20%; 2014: 5.30%) per annum and is repayable on demand.

Note c

The amounts due to subsidiaries are unsecured and repayable on demand and are charged interest of 4.00% - 4.20% (2015: 4.20%; 2014: 4.35% - 4.60%) per annum.

28. Provision for tax and zakat

			Group	
	Note	2016 RM'000	2015 RM'000	2014 RM'000
Tax recoverable		23,708	9,418	10,112
Tax payable		2,516	2,366	6,363
Zakat	a	2,236	3,738	2,831
		4,752	6,104	9,194

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28. Provision for tax expense and zakat (cont'd.)

Note a

The movement in the provision for zakat during the year is as follows:

	Group		
	2016 RM'000	**2015 RM'000**	**2014 RM'000**
Balance at 1 January	3,738	2,831	3,777
Provision made during the year (Note 11)	2,694	3,755	4,049
Paid during the year	(4,196)	(2,848)	(4,995)
Balance at 31 December	2,236	3,738	2,831

29. Provisions

	Provision for affordable housing obligation RM'000 (Note a)	**Provision for rectification works RM'000 (Note b)**	**Provision for foreseeable losses RM'000 (Note c)**	**Total RM'000**
At 1 January 2016	431,090	16,336	274	447,700
Unwinding of discount (Note 8)	17,390	-	-	17,390
Reversal during the year	(56,192)	-	(274)	(56,466)
Arose during the year	9,643	-	-	9,643
Utilised	(235)	(5,090)	-	(5,325)
At 31 December 2016	401,696	11,246	-	412,942
At 31 December 2016				
Current	21,352	11,246	-	32,598
Non current:				
Later than 1 year but not later than 2 years	85,187	-	-	85,187
Later than 2 years but not later than 5 years	286,266	-	-	286,266
Later than 5 years	8,891	-	-	8,891
	380,344	-	-	380,344
	401,696	11,246	-	412,942

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29. Provisions (cont'd.)

	Provision for affordable housing obligation RM'000 (Note a)	Provision for rectification works RM'000 (Note b)	Provision for foreseeable losses RM'000 (Note c)	Total RM'000
At 1 January 2015	495,231	19,192	274	514,697
Unwinding of discount (Note 8)	17,657	-	-	17,657
Reversal during the year	(79,833)	-	-	(79,833)
Utilised	(1,965)	(2,856)		(4,821)
At 31 December 2015	431,090	16,336	274	447,700
At 31 December 2015				
Current	77,091	16,336	274	93,701
Non current:				
Later than 1 year but not later than 2 years	153,128	-	-	153,128
Later than 2 years but not later than 5 years	200,871	-	-	200,871
Later than 5 years	-	-	-	-
	353,999	-	-	353,999
	431,090	16,336	274	447,700

	Provision for affordable housing obligation RM'000 (Note a)	Provision for rectification works RM'000 (Note b)	Provision for foreseeable losses RM'000 (Note c)	Provision for penalty charges RM'000 (Note d)	Total RM'000
At 1 January 2014	436,360	25,915	6,457	3,391	472,123
Unwinding of discount	17,871	-	-	-	17,871
Reversal during the year	(63,776)	(5,838)	(6,183)	(3,391)	(79,188)
Arose during the year	110,453	6,280	-	-	116,733
Utilised	(5,677)	(7,165)	-	-	(12,842)
At 31 December 2014	495,231	19,192	274	-	514,697

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29. Provisions (cont'd.)

	Provision for affordable housing obligation RM'000 (Note a)	Provision for rectification works RM'000 (Note b)	Provision for foreseeable losses RM'000 (Note c)	Total RM'000
At 31 December 2014				
Current	76,481	19,192	274	95,947
Non current:				
Later than 1 year but not later than 2 years	148,169	-	-	148,169
Later than 2 years but not later than 5 years	270,581	-	-	270,581
Later than 5 years	-	-	-	-
	418,750	-	-	418,750
	495,231	19,192	274	514,697

Note a

The provision for affordable housing obligation relates to the losses arising from the development of affordable housing which are treated as common cost in the development of premium housing. The provision is the present value of the estimated future losses recognised in accordance with FRS 137 Provisions, Contingent Liabilities and Contingent Assets. The provision shall be used to set off against the expenditures incurred in discharging the obligations.

Corresponding assets of an amount equivalent to the provision are also recognised in land held for development and property development cost.

The obligation to construct the affordable housing will occur in the future and the requirements that will have to be met when the construction actually occur are uncertain. Because actual timing and net cash outflows can differ from estimates due to changes in project commencement dates, changes in law and regulations, prices and conditions, the carrying amounts, together with the interest rate used in discounting the cash flows and inflation rate, are regularly reviewed and adjusted to take into account of such changes.

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29. Provisions (cont'd.)

Note a (cont'd.)

In year 2016, the Group had made the following revision to the provision:

(i) Additional provision amounting to RM17,390,000 (2015: RM17,657,000; 2014: RM17,871,000) relates to the annual unwinding of the nominal carrying amount to its fair value. The discount that is unwound is recorded as a finance cost during the year.

(ii) Reversal amounting to RM34,894,000 has been made due to the changes in the interest rates and the inflation rates used to determine the obligation as at 31 December 2016, which have been revised to 5.0% (2015: 5.20%; 2014: 5.58%) and 1.8% (2015: 2.7%; 2014: 2.7%) respectively.

(iii) Reversal of unused provision for affordable housing obligation in Pelangi Sdn Bhd ("PSB") due to approval obtained from Pejabat Setiausaha Kerajaan Johor to restructure PSB's obligation from building low cost houses to developing Dasar Perumahan Rakyat Johor amounting to RM21,298,000.

(iv) Additional provision amounting to RM9,643,000 has been capitalised in land held for development, property development cost, inventory and the remaining balance of RM448,000 had been charged to profit or loss.

In year 2015, the Group had made the following reversal:

(i) Reversal of unused provision for affordable housing obligation in Yukong Development Pte Ltd ("YDPL") due to approval obtained from Pejabat Setiausaha Kerajaan Johor to restructure YDPL's obligation from building low cost houses to developing Dasar Perumahan Rakyat Johor amounting to RM17,546,000.

Note b

(i) On 28 December 2012, a landslide had occurred in Puncak Setiawangsa and caused damages to 3 bungalows on the hilltop as well as the retaining wall. During the year, the Company has received a letter from DBKL stating the shared cost to rectify the landslide is RM55,000,000 and it will be shared among three parties, namely the Company, DBKL and the Ministry of Finance. Hence, each party will bare the cost amounting to RM18,333,000.

Since the Company has paid RM12,478,000 and RM5,854,000 for rectification works to the contractors and DBKL respectively, the Company has reversed the overprovision on rectification works for landslide of RM5,838,000 during the financial year ended 31 December 2014.

(ii) I & P Alam Impian had recognised a provision for rectification works of RM23,259,000 (2015: RM23,259,000; 2014: RM23,259,000) of which RM12,013,000 (2015: RM6,923,000; 2014: RM4,067,000) has been incurred up to the current reporting date.

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29. Provisions (cont'd.)

Note c

In year 2012, I & P Kota Bayuemas Sdn Bhd had recognised a provision for foreseeable losses in respect of the expected losses to be incurred for Phase A8B. This is due to the management's decision to swap the units in Phase A2 with the units in Phase A8B after the land settlement issue which had occurred for Phase A2. The expected foreseeable losses to be incurred arose from the differences in the gross development value of Phase A2 and the development cost of Phase A8B. During the year, reversal of RM274,000 has been reversed as the final unit of Phase A2 has been successfully swapped with Phase A8B.

Note d

Provision for penalty charges relates to the penalty charges in which Syarikat Perumahan Pegawai Kerajaan Sdn Bhd ("SPPK"), as the original proprietor had failed to comply to the requirement of Strata Title Act, 1985. As at 2014, SPPK has complied with all the requirements of the Strata Title Act, 1985, hence the provision provided in 2013 amounting to RM3,391,000 has been reversed in the current year.

30. Non-current assets classified as held for sale

2016	**Note**	**Carrying amounts RM'000**
Assets		
At 1 January		718
Recognised as cost of lands sold (Note 5)	a	(718)
Transfer from property, plant and equipment (Note 12)	b	19,000
Transfer from land held for development (Note 13a)	c	2,963
At 31 December		21,963
2015		
At 1 January		746
Recognised as cost of lands sold (Note 5)		(28)
At 31 December		718
2014		
At 1 January		832
Transfer from land held for property development (Note 13a)		(86)
At 31 December		746

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30. Non-current assets classified as held for sale (cont'd.)

Note a

In prior year, Pelangi Sdn Bhd had entered into Sale and Purchase Agreements ("SPA") for the sale of three pieces of land which were previously presented as current assets classified as held for sale for a cash consideration of RM791,348.

The non-current assets had been classified as held for sale on the consolidated statement of financial position of the Group as at 31 December 2015.

The disposal of the land was completed during the financial year ended 31 December 2016.

Note b

On 5 October 2016, Perusahaan Minyak Sawit Bintang Sendirian Berhad ("PMSB") and Yong Peng Realty Sdn. Bhd. ("YPR") had entered into SPA to dispose off all of their property, plant and equipment for a cash consideration of RM29,088,000 and RM77,600,000 respectively. The decision is consistent with the Group's strategy to focus on its core property development activities and to divest its plantation business.

Accordingly, those property, plant and equipments have been classified as non-current assets held for sale on the consolidated statement of financial position of the Group. The results of both subsidiaries are presented separately on the statement of comprehensive income as "Profit from discontinued operation, net of tax". Certain comparative figures have been restated to conform with the disclosures requirements as per FRS 5 Non-current Assets Held for Sale and Discontinued Operations. The disposal of the property, plant and equipments was completed on 1 April 2017.

Statements of comprehensive income disclosures
The results of the discontinued operations in PMSB and YPR, net of intercompany transactions, are as follows:

	Group	
	2016	**2015**
	RM'000	**RM'000**
Revenue	169,975	165,239
Expenses	(155,840)	(145,903)
Profit from operations	14,135	19,336
Other income	3,689	3,583
Operating and administrative expenses	(11,216)	(11,159)
Profit before tax from discontinued operations	6,608	11,760
Taxation (Note 11)	(1,976)	(2,536)
Profit from discontinued operations, net of tax	4,632	9,224

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30. Non-current assets classified as held for sale (cont'd.)

Note b (cont'd.)

Statements of comprehensive income disclosures (cont'd.)

The results from the operations of PMSB and YPR are not reflected as discontinued operations for the financial year ended 31 December 2014 as this was not reflected in the audited financial statements for the financial year ended 2015 (dated 25 March 2016) whereby the 2014 figures are shown as comparatives, as well as the audited financial statements for the financial year ended 31 December 2014 (dated 26 March 2015). The events that resulted in these operations qualifying as discontinued operations only took place in the financial year ended 31 December 2016.

Statements of cash flows disclosures
The cash flows attributable to discontinued operations in PMSB and YPR, net of intercompany transactions, are as follows:

	Group	
	2016	**2015**
	RM'000	**RM'000**
Operating	13,970	10,717
Investing	331	(1,327)
Financing	(26,500)	(8,285)
Net cash (outflows)/inflows	(12,199)	1,105

The cash flows from the operations of PMSB and YPR are not reflected as discontinued operations for the financial year ended 31 December 2014 as this was not reflected in the audited financial statements for the financial year ended 2015 (dated 25 March 2016) whereby the 2014 figures are shown as comparatives, as well as the audited financial statements for the financial year ended 31 December 2014 (dated 26 March 2015). The events that resulted in these operations qualifying as discontinued operations only took place in the financial year ended 31 December 2016.

Note c

On 25 October 2016, Petaling Garden Sdn Bhd had entered into Sale and Purchase Agreement ("SPA") for an intended acquisition of lands (Lot 44977, Lot 44980 and Lot 44982 located at Mukim Petaling) by Mass Rapid Transit Corporation Sdn Bhd for the construction of the MRT railway. The transaction is expected to be gazetted within the next 12 months from 31 December 2016.

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31. Commitments

Group

Pelangi Sdn. Bhd. has entered into operating lease agreements on its investment property portfolio. These leases have remaining non-cancellable lease terms of between 1 and 3 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

	2016	2015	2014
	RM'000	RM'000	RM'000
Not later than 1 year	1,185	1,830	817
Later than 1 year but not later than 5 years	-	959	588
	1,185	2,789	1,405

32. Related party disclosures

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has a related party relationship with its holding companies, subsidiaries, associates and directors.

Transactions with key management personnel other than compensation

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Group and with the Company in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

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32. Related party disclosures (cont'd.)

Transactions with key management personnel other than compensation (cont'd.)

There are no other key management personnel other than the directors of the Company.

	Transactions	Transaction value 2016 RM'000	Transaction value 2015 RM'000	Transaction value 2014 RM'000	Balance outstanding 2016 RM'000	Balance outstanding 2015 RM'000	Balance outstanding 2014 RM'000
Dato' Mohd Nizam bin Zainordin, Director of I & P Group Sdn Bhd	Purchase of property	-	3,340	5,925	-	813	816
Datuk (Prof.) A. Rahman @ Omar bin Abdullah Director of I & P Group Sdn Bhd	Purchase of property	-	1,156	-	-	-	-

The amount outstanding is within the grace period of 30 days.

Other related party transactions

Group

	Transaction value 2016 RM'000	Transaction value 2015 RM'000	Transaction value 2014 RM'000	Balance Outstanding 2016 RM'000	Balance Outstanding 2015 RM'000	Balance Outstanding 2014 RM'000
With companies in which the immediate holding company, Permodalan Nasional Berhad has interest:						
Rental payable	1,576	1,501	1,449	-	-	-
Insurance premium payable	2,771	2,216	1,942	10	6	14
Other services	87	57	-	-	-	-
	4,434	3,774	3,391	10	6	14
With immediate holding company, Permodalan Nasional Berhad:						
Interest payable	4,657	4,241	5,604	20,427	15,770	11,529
Dividend receivable from associates	3,680	4,090	4,867	-	-	-

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32. Related party disclosures (cont'd.)

Other related party transactions (cont'd.)

Company	Transaction value			Balance Outstanding		
	2016 RM'000	2015 RM'000	2014 RM'000	2016 RM'000	2015 RM'000	2014 RM'000
With companies in which the immediate holding company, PNB has interest:						
Rental payable	1,204	1,135	1,065	-	-	-
Insurance premium payable	1,875	1,262	1,102	-	-	-
Other services	87	57	-	-	-	-
	3,166	2,454	2,167	-	-	-
With subsidiaries:						
Dividend receivable	141,058	147,022	207,890	-	-	-
Interest income receivable	40,314	40,030	49,289	-	-	-
Management fees receivable	43,954	50,749	54,730	-	-	-
Interest payable	6,142	7,107	8,416	-	-	-
With immediate holding company, Permodalan Nasional Berhad:						
Interest payable	4,657	4,241	5,604	20,427	15,770	11,529

33. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and market price risk.

It is, and has been throughout the current and previous financial year, the Group's and the Company's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

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33. Financial risk management objectives and policies (cont'd.)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Company's objective are to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trade only with recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group and the Company does not offer credit terms without the approval of the Head of Credit Control.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk are represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or groups of debtors.

Financial asset that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 19. Deposits with banks and other financial institutions and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial asset that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19.

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33. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective are to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2016 RM'000		
	On demand or within one year	**One to five years**	**Total**
Group			
Financial liabilities:			
Trade and other payables (Note 27)	318,762	28,324	347,086
Loans and borrowings (Note 26)	1,043	-	1,043
Amount due to related companies and immediate holding company (Note 27)	110,884	-	110,884
Total undiscounted financial liabilities	430,689	28,324	459,013

	2016 RM'000		
	On demand or within one year	**One to five years**	**Total**
Company			
Financial liabilities:			
Trade and other payables (Note 27)	5,523	-	5,523
Amount due to related companies, immediate holding company and subsidiaries (Note 27)	251,116	-	251,116
Total undiscounted financial liabilities	256,639	-	256,639

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33. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk (cont'd.)

	2015 RM'000		
	On demand or within one year	One to five years	Total
Group			
Financial liabilities:			
Trade and other payables (Note 27)	360,761	45,320	406,081
Loans and borrowings (Note 26)	1,043	-	1,043
Amount due to related companies and immediate holding company (Note 27)	109,359	-	109,359
Total undiscounted financial liabilities	471,163	45,320	516,483
Company			
Financial liabilities:			
Trade and other payables (Note 27)	6,902	-	6,902
Amount due to related companies, immediate holding company and subsidiaries (Note 27)	260,998	-	260,998
Total undiscounted financial liabilities	267,900	-	267,900

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33. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk (cont'd.)

	2014 RM'000		
	On demand or within one year	**One to five years**	**Total**
Group			
Financial liabilities:			
Trade and other payables (Note 27)	390,691	53,451	444,142
Loans and borrowings (Note 26)	1,042	-	1,042
Amount due to related companies and immediate holding company (Note 27)	121,384	-	121,384
Total undiscounted financial liabilities	513,117	53,451	566,568
Company			
Financial liabilities:			
Trade and other payables (Note 27)	12,374	-	12,374
Amount due to related companies, immediate holding company and subsidiaries (Note 27)	299,768	-	299,768
Total undiscounted financial liabilities	312,142	-	312,142

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

As the Group and the Company have no significant interest-bearing financial assets, the Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Group's and the Company's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits or occasionally, in short term commercial papers.

The Group's and the Company's interest rate risk arise primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group and the Company to cash flow interest rate risk. The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in Notes 22 and 26.

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33. Financial risk management objectives and policies (cont'd.)

(d) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group and the Company are exposed to equity price risk arising from their investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed on the Bursa Malaysia. These instruments are classified as available-for-sale financial assets.

The Group's and the Company's objective are to manage investment returns and equity price risk using a mix of investment grade shares with steady dividend yield and non-investment grade shares with higher volatility.

34. Fair value of financial instruments

(a) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of assets which is carried at fair value by level of fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2016				
Financial assets:				
Group				
Non-current quoted shares in Malaysia (Note 18)	135	-	-	135
Deposit in money market funds (Note 22)	154,802	-	-	154,802
	154,937	-	-	154,937
Company				
Deposit in money market funds (Note 22)	27,220	-	-	27,220

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34. Fair value of financial instruments (cont'd.)

(a) Fair value of financial instruments that are carried at fair value (cont'd.)

The following table shows an analysis of assets which is carried at fair value by level of fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2015				
Financial assets:				
Group				
Non-current quoted shares in Malaysia (Note 18)	67	-	-	67
Deposit in money market funds (Note 22)	99,266	-	-	99,266
	99,333	-	-	99,333
Company				
Deposit in money market funds (Note 22)	207	-	-	207
2014				
Financial assets:				
Group				
Non-current quoted shares in Malaysia (Note 18)	85	-	-	85
Company				
Deposit in money market funds (Note 22)	-	-	-	-

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34. Fair value of financial instruments (cont'd.)

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Group	Note	Carrying amount RM'000	Fair value RM'000
Financial assets			
2016			
Non-current unquoted shares in Malaysia	18	96	*
Current investment in Amanah Nasional Berhad Dana Aqeel	18	30,000	**
2015			
Non-current unquoted shares in Malaysia	18	144	*
Non-current investment in Amanah Nasional Berhad Dana Aqeel	18	30,000	**
2014			
Non-current unquoted shares in Malaysia	18	144	*
Non-current investment in Amanah Nasional Berhad Dana Aqeel	18	30,000	**

* It is not practical to estimate the fair value of the Group's non-current unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. However, the Group believes that the carrying amount represents the recoverable values.

** These fair value are derived from level 1 input.

The carrying amount of Amanah Mutual Berhad Dana Aqeel is carried at cost because there are no income distributions during the tenure of the fund. The fund will only be returned to the Group at the maturity date, together with the capital appreciation earned during the tenure (if any). Early withdrawal during the tenure would result in the capital appreciation to be forfeited, which render the entitlement of the capital appreciation (if any) to be conditional. However, given that the fair value fluctuation is minimal during the year, the carrying amount approximates the fair value as at year end.

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34. Fair value of financial instruments (cont'd.)

(c) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Other investments (current)	18
Other investments (non-current)	18
Trade and other receivables (current)	19
Trade and other receivables (non-current)	19
Cash and bank balances (current)	22
Loans and borrowings (current)	26
Trade and other payables (current)	27
Trade and other payables (non-current)	27

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of trade and other receivables (non-current), trade and other payables (non-current) and loans and borrowings (non-current) are reasonable approximations of fair values due to the insignificant impact of discounting.

35. Dividend

	Group and Company		
	2016	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**
Recognised during the financial year:			
Dividends on ordinary shares:			
- First interim (single-tier) dividend for 2016: 3 sen (2015: 3 sen; 2014: 3 sen) per share	30,000	30,000	30,000
- Second interim (single-tier) dividend for 2016: 3 sen (2015: 3 sen; 2014: 4 sen) per share	30,000	30,000	40,000
- Third interim (single-tier) dividend for 2016: 6 sen (2015: 7.5 sen; 2014: 12 sen) per share	60,000	75,000	120,000
	120,000	135,000	190,000

Ernst & Young (AF: 0039)
Chartered Accountants, Kuala Lumpur
For identification purposes only

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36. Contingent liabilities

(a) On 4 December 2008, Telekom Malaysia Berhad ("TMB") had filed an action for negligence causing damages to their optic fibre cables due to the piling and excavation works conducted by Temasya Development Co Sdn Bhd ("Temasya")'s contractor, Eng Beng Manufacturing (M) Sdn Bhd ("EBMSB") for a sum of RM1,537,000, including interest and cost. Temasya and EBMSB have secured an insurance policy against such damages and have appointed a loss adjusters company, Cunningham Lindsey Adjusters (M) Sdn Bhd ("Cunningham & Lindsey"), to investigate TMB's alleged damages. Based on the writ of summon filed by TMB to the Kuala Lumpur High Court Civil Suit No. 22NCVC-32-01/2016, the Court has directed as follows on 21 August 2015:

(i) Parties to file respective witness statements before case management date fixed on 14 January 2015;

(ii) Full trial was fixed on 27, 28 and 29 August 2014 and subsequently postponed to 1, 2, 5, 6 and 7 June 2017.

An out-of-court settlement was negotiated, and on 23 June 2017, this was concluded with a final settlement sum of RM680,000 payable by Temasya to TMB.

(b) A house owner in Bukit Damansara ("Plaintiff") has filed an action against Syarikat Perumahan Pegawai Kerajaan Sendirian Berhad ("SPPK"), being the developer for the property and Reinforced Earth Wall ("RE Wall"), for alleged negligence in constructing the RE Wall which runs along Plaintiff's property and the adjacent property.

On 20 June 2014, the High Court made the following orders:

(i) Plaintiff's claim against the Company in respect of the damage caused to Plaintiff's property in the 2006 incident was allowed at 40% liability and the 2008 incident at 50% liability plus costs of remedial work, damages for mental distress and anguish, damages for depreciation/diminution in value of the property, loss of rental, interest and cost of RM80,000.

(ii) The quantum to be paid by the Company has not been determined as it would first be assessed by the Registrar.

On 24 March 2016, the Board of Directors agreed and approved to settle the legal case with the Plaintiff. Following several negotiations between parties, a sum of RM1,020,000 was paid to Plaintiff on April 11, 2016 as full and final settlement for the legal case. The final settlement has been recognised as legal expense during the year, which is disclosed in Note 7 to the financial statements.

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37. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and acceptable capital ratios in order to support its business and maximise shareholder's value.

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions or expansion plans of the Group. The Group and the Company may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting dividend payment policies. No changes were made in the objectives, policies or processes during the year.

38. Subsequent event

On 22 June 2017, S P Setia Berhad ("S P Setia") entered into a conditional share purchase agreement with Permodalan Nasional Berhad, AmanahRaya Trustees Berhad (as trustee for Amanah Saham Bumiputera) and Dato' Mohd. Nizam bin Zainordin (collectively "I & P Vendors") to acquire 1,000,000,000 ordinary shares in I & P Group Sdn. Berhad ("Company") representing the entire equity interest in the Company for a cash consideration of RM3.65 billion ("I & P Acquisition").

Upon completion of the I & P Acquisition, S P Setia will hold the entire equity interest in the Company, thereby making the Company a wholly-owned subsidiary of S P Setia.

On 16 November 2017, S P Setia has obtained approval from its shareholders during the Extraordinary General Meeting ("EGM") to execute the transaction.

SHARIAH PRONOUNCEMENT LETTER

S P Setia Bhd
Shariah Pronouncement

Maybank Islamic

SHARIAH PRONOUNCEMENT

In the name of Allah, the Most Gracious, the Most Merciful
All praise is due to Allah, the Cherisher of the world, and peace and blessing upon
The Prophet of Allah, on his family and all his companions

S P SETIA BHD
("COMPANY")

PROPOSED ISSUANCE OF CLASS B ISLAMIC REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS-I B")

Maybank Islamic Berhad as the Shariah Adviser (the **"Shariah Adviser"**) has reviewed the structure and mechanism in respect of the RCPS-i B to be issued by the Company as described in the salient terms and conditions of the RCPS-i B.

The defined terms used in this Shariah Pronouncement have the same meanings appearing in the salient terms of the RCPS-i B.

1. STRUCTURE AND MECHANISM

1. The RCPS-i B holders shall invest directly into the Shariah-compliant general business of the Company ("**Business**") through the subscription of the RCPS-i B to be issued by the Company.

2. The Company will issue the RCPS-i B to the subscribers of the RCPS-i B. The RCPS-i B shall represent the undivided proportionate interest of the respective holders of the RCPS-i B in the Business.

3. Profits (as defined below), subject to paragraph 5 below, shall be distributed as preferential dividends to the holders of the RCPS-i B in proportion to the respective capital contribution of the holders of the RCPS-i B in the Business.

4. The maximum amount of preferential dividend (i.e. the Expected Preferential Dividend Amount (as defined below) that can be declared and paid on each Preferential Dividend Entitlement Date (as defined below) shall be capped at the Expected Preferential Dividend Rate (as defined below), unless otherwise decided by the Board (as defined below) pursuant to paragraph 6(ii) below. In the event that the Profits as at such Preferential Dividend Entitlement Date is less than the Expected Preferential Dividend Amount, the Company may, at its discretion, declare and distribute preferential dividends up to the amount of such Profits.

5. In the event that dividends are declared, and subject to the Board approving such declaration, the ordinary shareholders shall waive their right to dividend payment unless and until the Company has paid any preferential dividends declared but unpaid or Deferred Dividends (as defined below) to the RCPS-i B holders. For avoidance of doubt, it is agreed that the passing of a resolution at an extraordinary general meeting of the ordinary shareholders to amend the Constitution (as defined below) (embedding the rights of the RCPS-i B holders), shall represent their agreement (in and for compliance with Shariah) for the priority of distribution (of dividends) to be decided by the Board at the point of distribution on their behalf.

6. On each Preferential Dividend Entitlement Date, the Company:

   (i) may, at its discretion, declare and distribute preferential dividend up to the Expected Preferential Dividend Amount to the holders of the RCPS-i B subject to the availability of the Profits; and

   (ii) may utilise any excess Profits for the Business or such other purpose as the Board deems fit including to declare and distribute Additional Preferential Dividends (as defined below).

   The RCPS-i B holders shall (in and for compliance with Shariah) waive their right to receive any Profits over and above the Expected Preferential Dividend Amount and any Additional Preferential Dividends that the Board may have declared.

7. Subject to the approval of the Board for the distribution, the RCPS-i B holders shall have the right to receive cash payment in full which shall be equivalent to all the capital paid up on the RCPS-i B by the respective holder, and any preferential dividends declared but unpaid upon the dissolution, winding-up or liquidation of the Company out of the proceeds of liquidation of the assets of the Company. The holders of the ordinary shares and all other classes of shares (if any, save in respect of the RCPS-i A) in the Company shall waive their right to receive proceeds from liquidation, dissolution or winding up in favour of the holders of the RCPS-i B until the holders of the RCPS-i B have received their payment in full on all the capital paid up on the RCPS-i B by the respective holder, and any preferential dividends declared but unpaid. For avoidance of doubt, it is agreed that the passing of a resolution at an extraordinary general meeting of the ordinary shareholders to amend the Constitution (embedding the rights of the RCPS-i B holders), shall represent their agreement (in and for compliance with Shariah) for the priority of distribution (of assets upon the liquidation, dissolution or winding up of the Company) to be decided by the Board at the point of distribution on their behalf.

   By subscribing to the RCPS-i B, the RCPS-i B holders agree (in and for compliance with Shariah) to waive their rights to receive (i) any remaining preferential dividends declared but is unpaid or cannot be paid if the available amount of proceeds from the liquidation of the assets of the Company is insufficient to pay in full the preferential dividends that have been declared but remains unpaid and (ii) any Deferred Dividends that have not been declared by the Company, with such waiver to be decided by the Board at the relevant time on their behalf.

8. The RCPS-i B holders undertakes to sell the undivided proportionate interest of the respective holders of the RCPS-i B in the Business on the Redemption Date (as defined below) at the Redemption Price (as defined below) which sale shall be concluded by way of conduct upon payment of the Redemption Price by the Company.

9. Any RCPS-i B holder may exercise its Conversion Right (as defined below) and without payment of any consideration, convert its RCPS-i B to fully paid ordinary shares in accordance with the Conversion Ratio (as defined below).

2. KEY SHARIAH HIGHLIGHTS

The Shariah Adviser wishes to highlight the following:-

2.1 Preferential Dividend

At its 20th meeting on 14 July 1999, the SAC resolved that the basic preference share (non-cumulative) is permissible based on tanazul. In the context of preference shares, tanazul means surrendering the rights to a share of the profits based on partnership, by giving priority to preference shareholders. It is also known as isqat haq in Islamic jurisprudence.

From the Shariah point of view, the contracting parties are allowed to agree to give certain priority to other parties including the distribution of dividends provided that the arrangement is done when the profit is realised and consent is obtained from the contracting parties. This mutual agreement is based on the concept of mutual consent (al-Taraadhi) as mentioned in the following Quranic verse (4:29):

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ إِلَّا أَنْ تَكُونَ تِجَارَةً عَنْ تَرَاضٍ مِنْكُمْ

'O you who have believed, do not consume one another's wealth (unjustly) except that it be trading by your mutual consent...'

The RCPS-i B shall carry the right to receive preferential dividends, out of the distributable profits of the Company earned from the first day of the calendar month following the Issue Date ("**Profits**"), when declared by the board of directors of the Company ("**Board**").

Subject to compliance with restrictions on payment of dividends to ordinary shares, the Company shall utilize and exhaust the retained earnings of the Company earned for the period prior to the Issue Date ("**Pre-Issue Retained Earnings**") for the payment of dividends to the ordinary shareholders, and if such Pre-Issue Retained Earnings are insufficient for the payment of dividends to the ordinary shareholders, the Company may also utilize the Profits (less any preferential dividends declared but unpaid and any Deferred Dividends) for such payment.

Profits shall be distributed as preferential dividends to the RCPS-i B holders in proportion to the respective capital contribution of the RCPS-i B holders in the Business.

From the period commencing on and including the 5th anniversary of the Issue Date until the Redemption Date, an additional stepped-up preferential dividend capped at the rate of 1.0% per annum above the expected rate shall be payable on the RCPS-i B on an annual basis, provided that the aggregate of the expected preferential dividend rate (including the stepped-up preferential dividends, if applicable) on any Preferential Dividend Entitlement Date ("**Expected Preferential Dividend Rate**") shall not exceed a total rate of 20%. From Shariah perspective, it is allowed to agree that the expected return of a particular investor is increased or decreased, in certain periods, provided that it is agreed by the parties. By subscribing to the RCPS-i B, the holders of the RCPS-i B agree to such increase in the Expected Preferential Dividend Rate from the period commencing on and including the 5th anniversary of the Issue Date until the Redemption Date. The stepped-up preferential dividends does not tantamount to a guarantee as it is in fact the agreement of the parties to revise the expected rate, and like the Expected Preferential Dividend Rate prior to the 5th anniversary of the Issue Date, this stepped-up is still expected and not guaranteed.

Save in respect of the circumstances set out in paragraph below in respect of Additional Preferential Dividends, the maximum amount of preferential dividends that can be declared and paid on each Preferential Dividend Entitlement Date, ("**Expected Preferential Dividend Amount**") shall be capped at such Expected Preferential Dividend Rate.

On any Preferential Dividend Entitlement Date,

(i) in the event that the Profits are lower than the Expected Preferential Dividend Amount and the Company does not declare the preferential dividends up to the Expected Preferential Dividend Amount (in whole or in part):

(aa) the Company may, at its discretion, declare and pay any amount of preferential dividends up to an amount equal to the Profits as at such Preferential Dividend Entitlement Date. (The amount of Profits declared as preferential dividends by the Company on a particular Preferential Dividend Entitlement Date, if any, shall be referred to as "**Declared Sum**"); and

(bb) the amount equivalent to the difference between: (A) the Profits as at such Preferential Dividend Entitlement Date; and (B) Declared Sum, shall be cumulative ("**Deferred Dividends 1**"), so long as the RCPS-i B remains unredeemed. In this instance, the amount equivalent to the difference between: (A) the Expected Preferential Dividend Amount; and (B) the Profits as at such Preferential Dividend Entitlement Date, shall not be cumulative.

(ii) in the event that the Profits are more than the Expected Preferential Dividend Amount and the Company does not declare the preferential dividends up to the Expected Preferential Dividend Amount (in whole or in part),

(aa) the amount equivalent to the difference between: (A) the Expected Preferential Dividend Amount; and (B) the Declared Sum, shall be cumulative ("**Deferred Dividends 2**"), so long as the RCPS-i B remains unredeemed.

Deferred Dividends 1 and Deferred Dividends 2 (as the case may be) ("**Deferred Dividends**") may be declared and/or paid, at the discretion of the Company, on any subsequent Preferential Dividend Entitlement Date, provided that the Cumulative Condition is fulfilled on such Preferential Dividend Entitlement Date.

"**Cumulative Condition**" of the RCPS-i B means on any particular Preferential Dividend Entitlement Date, the Company:

(1) has sufficient Profits that is at least equivalent to the aggregate of: (A) the Declared Sum; and (B) any Deferred Dividends accumulated as at and on such Preferential Dividend Entitlement Date;

(2) has maintained books and records that evidence the Company having Profits that is at least equivalent to the aggregate of: (A) the Declared Sum; and (B) any Deferred Dividends accumulated as at and on such Preferential Dividend Entitlement Date; and

(3) makes an announcement on the Main Market of Bursa Malaysia Securities Berhad that such amount of Deferred Dividends on such Preferential Dividend Entitlement Date shall be cumulative.

Where there are no Profits available for the declaration and payment of dividends (in accordance with the Constitution of the Company ("**Constitution**") and the Companies Act 2016 (or such applicable legislation for the time being) ("**Companies Act**")), the Company shall have no obligation to declare or distribute any preferential dividends on the relevant Preferential Dividend Entitlement Date. Such preferential dividend shall not be cumulative.

On any Preferential Dividend Entitlement Date, in the event that the Profits are more than the Expected Preferential Dividend Amount and the Company declares and distributes preferential dividends up to the Expected Preferential Dividend Amount, any excess of the Profits after such declaration may be utilized by the Company for the Business or such other purpose as the Board at its sole discretion deems fit and in the interest of the Company, including to declare and distribute additional preferential dividends of such amount as the Board deems fit that is in excess of the Expected Preferential Dividend Amount but not exceeding the Profits on such Preferential Dividend Entitlement Date ("**Additional Preferential Dividend**"). From Shariah perspective, the Additional Preferential Dividend declared and distributed at the discretion of the Board shall be recognised as hibah (gift).

Each RCPS-i B holder will cease to receive any preferential dividends from and including the date the RCPS-i B is converted into ordinary shares of the Company save for preferential dividends declared but unpaid up to the date of the conversion notice.

The cumulative feature of the preferential dividend is effected by way of deferring the distributable profits (or part thereof) of the Company earned from the Issue Date which are not declared as dividends based on the mutual consent of the parties. This mutual agreement is based on the concept of mutual consent (al-Taraadhi) as mentioned in the following Quranic verse (4:29):

إِلَّآ أَن تَكُونَ تِجَٰرَةً عَن تَرَاضٍ مِّنكُمْ

"...but let there be amongst you traffic and trade by mutual good-will..."

It should be noted that the dividend cannot be deferred and accumulated if there are no profits realized i.e. if the Company generated no profits for that year, then there is no accumulation of the undeclared dividend to any subsequent Preferential Dividend Entitlement Dates. Hence it can be concluded that there is no guarantee of expected preferential dividend to the RCPS-i B holders. Therefore, as long as the parties agree to the deferment of their entitlement to the realised Profits, there shall be no Shariah objection on that, based on mutual consent of the contracting parties. For avoidance of doubt, the Deferred Dividends shall not accrue any additional dividends and shall not be compounded.

The Deferred Dividends shall not be payable to the RCPS-i B holders if the Company has not declared it as a preferential dividend. For clarity, the Deferred Dividends that are not declared will not be payable in the following circumstances:

(i) upon the winding-up, liquidation or dissolution of the Company. Accordingly, the RCPS-i B holders shall (in and for compliance with Shariah, and by the decision of the Board at the relevant time on their behalf) waive all Deferred Dividends that the Company has not declared based on the waiver under *Section 2.4 Waiver on the Profits by RCPS-i B Holders*; and

(ii) upon the RCPS-i B holders converting the RCPS-i B to ordinary shares. Accordingly, the RCPS-I B holders shall (in and for compliance with Shariah) waive all Deferred Dividends that the Company has not declared based on the waiver under *Section 2.4 Waiver on the Profits by RCPS-i B Holders.*

From Shariah point of view, in light of such waiver, the RCPS-i B holders shall cease to be entitled to the Deferred Dividends that the Company has not declared as preferential dividend.

2.2 Use of proceeds

The proceeds to be raised from the issuance of RCPS-i B will be used in Shariah-compliant manner and primarily to part finance the proposed acquisition of the entire equity interest in I&P Group Sdn Berhad by the Company.

Pending the use of proceeds, the proceeds will be placed in deposits with Islamic financial institutions or Islamic short-term money market instruments to comply with Shariah.

2.3 Restrictions on payment of dividends to ordinary shares

So long as any RCPS-i B remains unredeemed, and in the event that dividends are declared and the preferential treatment is approved by the Board on the day of the dividend declaration, the Company shall not pay or distribute any dividend on its ordinary shares, unless the preferential dividend payable on the RCPS-i B for the period immediately preceding such ordinary share dividend and any preferential dividends declared but unpaid or Deferred Dividends, has been paid or otherwise provided for in full; save in the circumstances where on any particular Preferential Dividend Entitlement Date, there are no Profits available for the declaration and payment of dividends, but there are Pre-Issue Retained Earnings available and sufficient for the payment of dividends to the ordinary shareholders, the Company may utilize such Pre-Issue Retained Earnings for the declaration and payment of dividends to the ordinary shareholders.

In the event that dividends are declared, and subject to the Board approving the payment and affirming the priority of payment to the holders of the RCPS-i B, the ordinary shareholders shall waive their right to dividend payment, unless and until the Company has paid such preferential dividends declared but unpaid or Deferred Dividend to the holders of the RCPS-i B. For avoidance of doubt, it is agreed that the passing of a resolution at an extraordinary general meeting of the ordinary shareholders to amend the Constitution (embedding the rights of the RCPS-i B holders), shall represent their agreement (in and for compliance with Shariah) for the priority of distribution (of dividends) to be decided by the Board at the point of distribution on their behalf.

The priority over the payment of dividends over the ordinary shareholder will be approved by the Board at the point of dividend distribution. Hence, the waiver of the ordinary shareholders' rights in respect of distribution of Profits for payment of any preferential dividends shall only be effective upon the approval of the Board at the time of declaration of such preferential dividends. As the waiver of rights to the ordinary shareholders' share of dividends is effective upon realization of distributable Profits, the ordinary shareholders have the right to give priority to other parties, including holders of the RCPS-i B.

2.4 Ranking of RCPS-i B against the holders of ordinary shares of the Company

(a) Ranked equally amongst the RCPS-i B and with other preference shares issued by the Company (including the existing Islamic redeemable convertible shares ("**RCPS-i A**"), without discrimination, preference or priority amongst themselves in all respects;

(b) Ranked ahead in point of priority to the holders of the ordinary shares and all other classes of shares (if any, save as set out in (a) above) in the Company, in respect of payment of dividends and payment out of assets of the Company upon any liquidation, dissolution, or winding up of the Company, provided always that the Board approves such payment of dividends and payment out of assets of the Company on this basis and further affirms the priority of payment to the RCPS-i B holders. For avoidance of doubt, it is agreed that the passing of a resolution at an extraordinary general meeting of the ordinary shareholders to amend the Constitution (embedding the rights of the RCPS-i B holders), shall represent their agreement (in and for compliance with Shariah) for the priority of distribution dividends and payment out of assets to be decided by the Board at the point of distribution on their behalf;

(c) Subordinated to the holders of the Sukuk Musharakah issued on 13 December 2013 ("**Sukuk Musharakah**") in respect of the payment of dividends;

(d) Subordinated to all the Company's creditors (including the holders of the Sukuk Musharakah) in respect of payment of debt and payments out of assets of the Company upon any liquidation, dissolution, or winding up of the Company; and

(e) The Board shall not issue any preference shares (other than additional RCPS-i A in accordance with its terms, and/or additional RCPS-i B issued in accordance with its terms herein) which rank equally with or in priority to, the RPSC-i A and/or RCPS-i B unless the issue of such preference shares has first been approved by the holders of the RCPS-i A and RCPS-i B by way of an ordinary resolution of such holders.

Subject to the approval of the Board for the distribution, the holders of ordinary shares and all other classes of shares (if any, save in respect the RCPS-i A) in the Company shall waive their right to receive proceeds from liquidation, dissolution or winding up for the benefit of the RCPS-i B holders until the RCPS-i B holders receive their payment in full on all capital paid up on the RCPS-i B by the respective holder and any preferential dividend declared but unpaid. For avoidance of doubt, it is agreed that the passing of a resolution at an extraordinary general meeting of the ordinary shareholders to amend the Constitution (embedding the rights of the RCPS-i B holders), shall represent their agreement (in and for compliance with Shariah) for the priority of distribution (of assets upon the liquidation, dissolution or winding up of the Company) to be decided by the Board at the point of distribution on their behalf.

The Company shall pay in cash and in full, the amount of which shall be equivalent to: (i) all the capital paid up on the RCPS-i B by the respective holder; and (ii) any preferential dividend declared but unpaid upon liquidation, dissolution or winding-up of the Company, out of the proceeds of liquidation of the assets of the Company.

It should be noted that upon liquidation, dissolution, or winding-up of the Company, any Deferred Dividends which the Board has not declared as preferential dividend will not be payable to the RCPS-i B holders. The RCPS-i B holders shall (in and for compliance with Shariah, and by the decision of the Board at the relevant time on their behalf) waive all Deferred Dividends that the Company has not declared as preferential dividends based on the waiver set out under *Section*

2.4 Waiver on the Profits by RCPS-i B Holders. From Shariah point of view, in light of such waiver, the RCPS-i B holders shall cease to be entitled to the Deferred Dividends that the Company has not declared as preferential dividend.

From Shariah point of view, the permissibility of such predetermined formula of the proceeds on the dissolution, winding-up or liquidation of the Company as mentioned above would be based on the following justifications:

(a) Both parties (i.e. Company and the holders of the RCPS-i B) have agreed to adopt a certain formula based on the concept of mutual consent (al-Taraadhi) which have taken into consideration the performance of the Business (i.e. availability of Profits distribution). The agreed formula is determined so as to avoid any future dispute or uncertainty in the computation of the proceeds payable to the holders of the RCPS-i B upon the dissolution, winding-up or liquidation of the Company. The actual amount will only be calculated and agreed upon the dissolution, winding-up or liquidation of the Company; and

(b) The holders of the RCPS-i B are not devoid of all risks as the performance of the RCPS-i B is still subject to the operation and performance of the Business, as such there are possibilities that there are not enough Profits, or even assets to pay the original invested amount.

Furthermore, notwithstanding that the waiver of rights to receive proceeds from liquidation, dissolution or winding up for the benefit of the holders of the RCPS-i B by the holders of the ordinary shares is indicated in the terms of the RCPS-i B, such waiver shall only take effect upon occurrence of liquidation, dissolution or winding up if the Board approves on such basis and further affirms the priority of payment to the holders of the RCPS-i B. Such arrangement is acceptable from Shariah perspective as the waiver of such rights only take effect upon the occurrence of the relevant events as approved by the Board. As the waiver of rights to the ordinary shareholders' share of dividends and capital paid up is effective upon realization of distributable proceeds (pursuant to liquidation of assets of the Company), the ordinary shareholders have the right to give priority to other parties including holders of the RCPS-i B.

The Shariah Adviser is of the opinion that there is no Shariah objection to the above arrangement as long as the parties agreed to such terms and conditions.

2.5 Waiver on the Profits by the RCPS-i B Holders

In this structure, the RCPS-i B holders shall (in and for compliance with Shariah) waive their right to receive the Deferred Dividends if the Company has not declared it as preferential dividend in the following circumstances:

(i) upon the winding-up, liquidation or dissolution of the Company, with such waiver to be decided by the Board at the relevant time on their behalf; and
(ii) upon the RCPS-i B holders converting the RCPS-i B to ordinary shares.

In the event of the winding-up, liquidation or dissolution of the Company, the proceeds payable to the RCPS-i B holders following winding-up, liquidation or dissolution of the Company will be approved by the Board at the point of distribution (of assets upon the liquidation, dissolution or winding up of the Company). Hence, the waiver of the RCPS-i B holders' rights to receive any Deferred Dividends that have not been declared by the Company shall only be effective upon the approval of the Board at the time of distribution (of assets upon the liquidation, dissolution or winding up of the Company). For avoidance of doubt, by subscribing to the RCPS-i B, the RCPS-i B holders agree (in and for compliance with Shariah) to this waiver, with such waiver to be decided by the Board at the relevant time on their behalf. From Shariah point of view, in light of such waiver, the RCPS-i B holders shall cease to be entitled to the Deferred Dividends that the Company has not declared as preferential dividend.

In the event of conversion of the RCPS-i B to ordinary shares, by the act of surrendering the RCPS-i B for purpose of the conversion to the ordinary shares, the RCPS-i B holders shall (in and for compliance with Shariah) waive any Deferred Dividends that have not been declared as preferential dividends by the Company up to the point of conversion. From Shariah point of view, in light of such waiver, the RCPS-i B holders shall cease to be entitled to the Deferred Dividends that the Company has not declared as preferential dividend.

If applicable, the RCPS-i B holders shall (in and for compliance with Shariah) also waive their right to receive:

(i) in connection with any redemption of the RCPS-i B, any Profits which has not been declared as preferential dividend by the Company and which do not form any part of the Deferred Dividends from the period beginning on the last dividend declaration date preceding the Redemption Date, up to the Redemption Date.

The amount of the Redemption Price shall be the aggregate of: (i) the Issue Price of the RCPS-i B; (ii) any preferential dividends declared but unpaid as at the Redemption Date; and (iii) any Deferred Dividends as at the Redemption Date, which are payable to the RCPS-i B holders upon redemption, and this shall be affirmed by the Board at the point of the redemption. Hence, the waiver by the RCPS-i B holders (as affirmed by the Board) of their rights to receive any Profits which have not been declared as preferential dividends by the Company and which do not form any part of the Deferred Dividends shall only be effective upon such affirmation by the Board of the amount of the Redemption Price at the point of redemption of the RCPS-i B.

By subscribing to the RCPS-i B, the RCPS-i B holders agree (in and for compliance with Shariah) to waive their rights to receive any Profits that has not been declared by the Company as preferential dividends and which do not form any part of the Deferred Dividends, with such waiver to be decided by the Board at the point of redemption on their behalf; or

(ii) on each Preferential Dividend Entitlement Date, any Profits over and above the Expected Preferential Dividend Amount and any Additional Preferential Dividends that the Board may have declared at its sole discretion.

From Shariah perspective, the abovementioned arrangements are acceptable as long as the arrangement is agreed by the parties based on the following legal maxim:

"الأصل في العقد رضى المتعاقدين ونتيجته هي ما التزاماه بالتعاقد "[1]

"The original rule of a contract is the mutual consent or agreement by both contracting parties and the consequence of the contract is based on (rights and responsibilities) agreed in the contract."

[1] Ahmad ibn Muhammad al-Zarqa', Sharh al-Qawaid al-Fiqhiyyah, page 482

Thus, the RCPS-i B holders have agreed to such terms and conditions of the RCPS-i B and as such, their waiver, either by themselves or decided by the Board at the relevant time on their behalf (whichever is applicable), is binding upon them.

2.6 Voting

The RCPS-i B holders shall be entitled to the same rights as holders of the Company's ordinary shares as regards to the receipt of notices (including that of general meetings), reports and audited financial statements, to attend meetings and to receive shareholders' resolutions in writing, but shall not be entitled to vote or approve any shareholders' resolutions or vote at any general meeting of the Company, save and except in respect of any resolution made:

(a) when the Preferential Dividend or any part thereof is in arrears and unpaid for more than six (6) months;

(b) on a proposal to reduce the Company's share capital;

(c) on a proposal for the disposal of substantially the whole of the Company's property, business and undertaking;

(d) on a proposal to wind up the Company;

(e) during the winding up of the Company; and

(f) on any proposal that affects the rights and privileges attached to the RCPS-i B, including the amendments to the Constitution.

In any of the aforesaid circumstances, each RCPS-i B holder shall be entitled to vote at all general meetings of the members of its class, and on a poll at any such general meeting to one vote for each RCPS-i B held. Other than the aforesaid circumstances, the RCPS-i B holders agree to waive their right to vote on any proposal in relation to the Company.

2.7 Redemption

The Company may at any time on or after the 5th anniversary of the Issue date, at its discretion, redeem all (and not some only of) the outstanding RCPS-i B by giving notice in writing to the RCPS-i B holders of its intention to do so, subject to compliance with the Companies Act, including where such RCPS-i B is intended to be redeemed out of the capital of the Company, such notice of redemption shall be subject to all directors of the Company having made a solvency statement in relation to such redemption in accordance with the provisions of the Companies Act. The redemption date ("**Redemption Date**") and book closure date to be used to determine the RCPS-i B holders who are entitled to receive the redemption payment shall be stated in the notice.

On the Redemption Date, the Company shall redeem all (and not some only of) the outstanding RCPS-i B (that do not form part of any RCPS-i B intended to be converted) in cash at a redemption price, which shall be the aggregate of: (i) the Issue Price of the RCPS-i B; (ii) any preferential dividends declared but unpaid as at the Redemption Date; and (ii) any Deferred Dividends as at the Redemption Date ("**Redemption Price**").

The holders of the RCPS-i B shall sell the undivided proportionate interest of the respective holders of the RCPS-i B in the Business on the Redemption Date to the Company at the Redemption Price, and pursuant to the redemption and payment of the Redemption Price on the Redemption Date for the RCPS-i B redeemed, all rights, benefits and entitlements accorded to the holders of such RCPS-i B shall cease.

Upon redemption of the RCPS-i B, any Profits that has not been declared as preferential dividend by the Company and which do not form any part of the Deferred Dividends from the period beginning on the last dividend declaration date preceding the Redemption Date up to the Redemption Date, will not be payable to the RCPS-i B holders. The RCPS-i B holders shall (in and for compliance with Shariah) waive their rights to receive any Profits that has not been declared as preferential dividend by the Company and which do not form any part of the Deferred Dividends from the period beginning on the last dividend declaration date preceding the Redemption Date up to the Redemption Date based on the waiver set out under *Section 2.4 Waiver on the Profits by RCPS-i B Holders*. By subscribing to the RCPS-i B, the RCPS-i B holders agree (in and for compliance with Shariah) to this waiver with such waiver to be decided by the Board at the point of redemption on their behalf.

From the Shariah point of view, the permissibility of such predetermined formula of the Redemption Price pursuant to the undertaking of the holders of the RCPS-i B to sell the undivided proportionate interest of the respective holders of the RCPS-i B in the Business on the Redemption Date to the Company as mentioned above would be based on the following justifications:

a) Pursuant to the undertaking by the RCPS-i B holders, both parties (i.e. Company and the RCPS-i B holders) have agreed to adopt a certain formula based on the concept of mutual consent (al-Taraadhi) which have taken into consideration the performance of the Business (i.e. availability of profit distribution). The agreed formula for the Redemption Price is determined so as to avoid any future dispute or uncertainty in the computation of the Redemption Price. The actual price will only be calculated and agreed at the date of sale of the undivided proportionate interest of the respective RCPS-i B holders in the Business; and

b) The RCPS-i B holders are not devoid of all risks as the performance of the RCPS-i B is still subject to the operation and performance of the Business, as such there are possibilities that there are not enough Profits, or even assets to pay the original invested amount.

2.8 Conversion into Ordinary Shares

The fully paid-up RCPS-i B shall be convertible, at the option of the RCPS-i B holders, at any time commencing from the Issue Date and up to such date no later than nine (9) market days prior to the relevant Redemption Date of the RCPS-i B (in accordance with the provisions herein), into such number of fully-paid ordinary shares of the Company, without payment of any consideration ("**Conversion Rights**"), in accordance with a conversion ratio to be determined by the Board ("**Conversion Ratio**").

The Conversion Ratio shall be subject to adjustments from time to time, at the determination of the Board, in the event of any alteration to the Company's share capital, whether by way of rights issue, capitalisation issue, consolidation of shares, subdivision of shares or reduction of capital howsoever being effected, in accordance with the provisions of the Constitution. The Company shall give notice in writing to the RCPS-i B holders of its intention to make such adjustments to the Conversion Ratio. Given the Conversion Ratio is subject to adjustment from time to time, it is acceptable from Shariah perspective subject to proper notification of such adjustment to the RCPS-i B holders.

The new ordinary shares to be issued upon conversion of the RCPS-i B shall upon allotment and issue rank pari passu in all respects with the then issued ordinary shares of the Company including the entitlements to dividends, rights, allotments or other distributions, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, of which the entitlement date is before the date of allotment of such new ordinary shares.

From the Shariah point of view, it is allowed for the parties to agree on certain conversion mechanism, including the Conversion Ratio. While the number of ordinary shares of which the holders of the RCPS-i B would be entitled to receive pursuant to the conversion of their RCPS-i B is determined upon issuance of the RCPS-i B, the value of the ordinary shares would vary from time to time.

Upon the conversion of RCPS-i B by the RCPS-i B holders, any Deferred Dividends which the Board has not declared as preferential dividend will not be payable to the RCPS-i B holders, but any preferential dividends that have been declared but remains unpaid up to the date of the conversion notice shall be payable to the RCPS-i B holders.

The RCPS-i B holders shall (in and for compliance with Shariah) waive all Deferred Dividends that the Company has not declared as preferential dividends based on the waiver set out under *Section 2.4 Waiver on the Profits by RCPS-i B Holders*. From Shariah point of view, in light of such waiver, the RCPS-i B holders shall cease to be entitled to the Deferred Dividends that the Company has not declared as preferential dividend.

2.9 Transferability

The RCPS-i B shall be transferable, subject however to the applicable laws, regulations and rules that would apply to the securities of the Company. From Shariah perspective, the RCPS-i B may be transferable to other party through mechanism recognised under Shariah including sale contract or hibah.

2.10 Changes of compliant status of the Company

It is to be noted that there is a possibility of the Company being removed from the list of Shariah-compliant securities issued by Securities Commission Malaysia's Shariah Advisory Council ("**SAC**") from time to time, in the future. In view of this, the RCPS-i B holders have the right to dispose the RCPS-i B or the ordinary shares (once converted) by following the SAC's guide on the timing for the disposal of securities which have been classified as Shariah non-compliant.

S P Setia Bhd
Shariah Pronouncement

Maybank Islamic

3. SHARIAH APPROVAL

Based on the foregoing, Maybank Islamic Berhad as the Shariah Adviser is of the view that the contract involved in the RCPS-i B is in compliance with the principles of Shariah and hereby approves the RCPS-i B subject to satisfactory documentation.

And Allah knows best.

For and on behalf of the Shariah Adviser:

I, Assoc. Prof. Dr. Aznan Hasan, hereby confirm that all members of the Shariah committee have been consulted and made aware of all the Shariah issues in relation to the proposal.

.... 2 1 JUL 2017

Assoc. Prof. Dr. Aznan Hasan Date
(Chairman, Maybank Islamic Berhad Shariah Committee)

Maybank Islamic Berhad (787435-M)
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Maybank Islamic Berhad ("Maybank Islamic") is an Islamic financial institution approved by Bank Negara Malaysia to carry out Islamic financial services. Maybank Islamic is the largest Islamic bank in ASEAN and Malaysia and one of the top Islamic banks globally in year 2016. Its portfolio of diversified product and services is available through a network of over 402 Maybank branches in Malaysia, as well as in Indonesia, Singapore, Hong Kong, London and Bahrain.

Maybank Islamic, backed by its Shariah Committee which comprises eminent Shariah scholar from various jurisdictions, has extensive experience as Shariah Adviser. As of 31 October 2017, being the latest practicable date prior to the date of Abridged Prospectus dated 30 November 2017 issued by S P Setia Berhad, Maybank Islamic is the Shariah Adviser for the Rights Issue of RCPS-i B.

VALUATION CERTIFICATE FROM CBRE | WTW

CBRE | WTW

C H Williams Talhar & Wong Sdn Bhd (18149-U)
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Report and Valuation

Our Ref : WTW/01/V/001496/17/TJH

7 July 2017

PRIVATE & CONFIDENTIAL

S P Setia Berhad
No. 12, Persiaran Setia Dagang
Setia Alam, Seksyen U13
40170 Shah Alam, Selangor

Dear Sirs,

CERTIFICATE OF VALUATION OF SEVENTEEN (17) PROPERTIES FOR THE PURPOSE OF SUBMISSION TO BURSA MALAYSIA SECURITIES BERHAD IN RELATION TO THE PROPOSED ACQUISITION OF THE ENTIRE EQUITY INTEREST IN I & P GROUP SDN. BERHAD

In accordance with the instructions of S P Setia Berhad ("S P Setia"), we, C H Williams Talhar & Wong Sdn Bhd, have carried out a valuation on the above mentioned properties as at 30 April 2017 **ON THE BASIS AND PROVISO AS STATED IN DETAIL UNDER TERMS OF REFERENCE HEREIN** for the purpose of S P Setia's submission to Bursa Malaysia Securities Berhad in relation to the proposed acquisition of the entire equity interest in I & P Group Sdn. Berhad.

This valuation certificate has been prepared for inclusion in the abridged prospectus of S P Setia in relation to the renounceable rights issue of new ordinary shares in S P Setia and the renounceable rights issue of new class B Islamic redeemable convertible preference shares in S P Setia.

We have prepared and provided this Valuation Certificate which outlines key factors that have been considered in arriving at our opinion of Market Value and reflects all information known by us and based on present market conditions.

The valuation has been prepared in accordance with the requirements as set out in the Asset Valuation Guidelines issued by Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia.

The basis of the valuation is Market Value which is defined by the Malaysian Valuation Standards (MVS) to be "the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion".

This Valuation Certificate should be read in conjunction with the full Report and Valuation.

CBRE | WTW

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001496/17/TJH
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METHOD OF VALUATION

In arriving at our opinion of Market Values, we have adopted the following Valuation Methods.

1. **Vacant Land, Purpose-Built Office Building, Commercial Building, Terraced plots, Semi-detached plots, Bungalow plots, Agricultural plots, Commercial Plots, Terraced Houses,**

Comparison Approach
We have adopted the Comparison Approach of Valuation for most of the properties. The Comparison Approach entails analysing recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in location, accessibility/visibility, size, tenure, shape, type of development, plot ratio and other relevant characteristics to arrive at the market value.

2. **Purpose-Built Office Building**

Income Approach (Investment Method)
Investment Approach (Investment Method) was adopted for Investment Properties. The Investment Method entails determining the net current annual income by deducting the annual outgoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of investment to arrive at the market value.

3. **On-going Developments and Development Land**

Income Approach (Residual Method)
We have adopted the Income Approach (Residual Method). Under the Residual Method, consideration is given to the gross development value of the project deducting there from the estimated costs of development including construction costs, professional fees, contribution to authorities, marketing, administrative and legal fees, financing charge, contingencies and developer's profit. The resultant answer is then deferred over the period of time required for the completion of the project to arrive at the market value.

The Gross Development Value (GDV) refers to the potential sales revenue achievable from the proposed development units. A survey has been carried out on the transactions and selling prices of similar units launched or transacted in the market in order to arrive at the fair and reasonsable sale prices of each components of the subject property. Adjustments are then made for differences in location, size, tenure, density, specifications and other relevant characteristics, if any, to arrive at the final proposed sales figure.

The Gross Development Cost (GDC) include preliminaries, contribution to Syarikat Bekalan Air Selangor (SYABAS), Tenaga Nasional Berhad (TNB), Indah Water Konsortium (IWK) and building plan fees, earthwork and site clearance, building construction costs, infrastructure work costs, finance costs, contribution to relevant authorities, marketing, administrative & legal fees, administration & project management, professional fees, contingencies, and developer's profit. In arriving at the GDC, we have considered and adopted the industry average costs as derived from the analysis of contracts awarded for the construction of similar type development components, I & P Group Sdn Bhd's information and the current cost estimates by quantity surveyors according to (Juru Ukur Bahan Malaysia (JUBM) construction cost handbook).

Sales and advertising is adopted at 1% to 3% of total GDV, administration (project management) is at 1.5% to 3% of construction cost, professional fees at 5 % to 8% of total construction cost and a contingency of 5% of total cost excluding developer's profit is adopted. The developers profit is adopted at nil for lands with low cost components/ housing, 12.5% of GDV for sold end products, 10% of GDV for vacant land sales and 15% to 20% of GDV for development land whereby construction has not commenced. The development period for the properties is between 0.75 years to 8 years. A discount rate of 7.5% to 8.0% is applied for properties in our valuation.

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C H Williams Talhar & Wong Sdn Bhd (18149-U)

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The table below is a summary of Market Values for the properties valued:-

No.	Property Details	Market Value
1	**Glengowrie Estate, held under Title No. 46222 & 9403, Lot No. 41 & 1807, Mukim of Beranang, District of Ulu Langat, Selangor** Two (2) contiguous parcel of agricultural land with development potential (Our Ref : WTW/01/V/001496E/17/TJH)	**Basis I - RM420,000,000/-** **Basis II - RM465,000,000/-**
2	**Menara I & P 1, held under Title No. GRN 75780, Lot No. 474826, Mukim of Kuala Lumpur, District of Kuala Lumpur, Federal Territory of Kuala Lumpur** One (1) block of fourteen (14) storey purpose-built office building with three (3) storey basement car park (Our Ref : WTW/01/V/001496A/17/JRN)	**RM60,000,000/-**
3	**No. 17, Jalan Yap Ah Shak, held under Title No. GRN 49661, Lot No. 5108, Section 41, Town of Kuala Lumpur, District of Kuala Lumpur, District of Kuala Lumpur, Federal Territory of Kuala Lumpur** An ongoing 5-storey commercial building (Our Ref : WTW/01/V/001496B/17/JRN)	**RM21,000,000/-**
4	**Title No. PN 112648 & PN 112649, Lot No. 30418 & 30419, Pekan Baru Salak Tinggi, District of Sepang, Selangor** Two (2) parcels of vacant agricultural land with development potential (Our Ref : WTW/01/V/001496D/17/MY)	**RM120,000,000/-**
5	**Development Land within Alam Sari Township, Lot No. 23114 together with 678 parcels, All located within Mukim of Semenyih, District of Ulu Langat, Selangor** Development land consist of:- i) Two hundred and sixty one (261) terraced plots ii) Two Hundred and fourteen (214) semi-detached plots iii) One hundred and fifty four (154) bungalow plots iv) Seventeen (17) agricultural plots v) Six (6) commercial plots vi) Eight (8) residential – apartment / low medium cost plots vii) Nineteen (19) parcels of TNB plot (Our Ref : WTW/01/V/001496C/17/MY)	**RM154,000,000/-**
6	**Part of Brogaville, Lot No. PT 9401 & 296 Lots, Mukim of Semenyih, District of Ulu Langat, Selangor** Mixed development with two hundred and ninety seven (297) individual titles (Our Ref : WTW/01/V/001496F/17/TJH)	**RM138,000,000/-**
7	**Four Completed Units of Terraced Houses & Two Ongoing Residential Development Known as Phase 5P4 & 5P5 Within Alam Sari Township** 1) Four (4) completed units of double storey terraced houses 2) Two (2) ongoing residential development phases known as Phase 5P4 (consist of fifty one (51) units of double storey terraced houses) and Phase 5P5 (consist of thirty nine (39) units of double storey terraced houses) (Our Ref : WTW/01/V/001496G/17/MY)	**RM44,000,000/-**

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C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/01/V/001496/17/TJH
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No.	Property Details	Market Value
8	**Title No. GRN 58158 & 58159, Lot No. 13357 & 13358, Mukim of Klebang Besar, District of Melaka Tengah, Melaka** Two parcels of agricultural land with development potential (Our Ref : WTW/06/V/002156/17/CHS)	**RM7,300,000/-**
9	**LOT NOS 52511, 79915, 141587, PTD 154036, PTD 154088, PTD154056 TO 154061, PTD 154083 TO 154085 AND MLO 2300, MUKIM OF PULAI, DISTRICT OF JOHOR BAHRU, JOHOR** **(Taman Perling & Kampung Sri Serdang Locality, Johor Bahru)** 1) Petrol station land 2) Three (3) parcels of vacant residential land designated for low-cost and low medium-cost flat use 3) Vacant commercial land designated for Hotel, Serviced Apartment and Commercial Complex uses 4) Undeveloped subdivided low-medium cost terraced house lots 5) Vacant industrial land designated for heavy industrial use (Our Ref : WTW/04/V/005999/17/JW)	**RM13,000,000/-**
10	**LOT NOS. 14692, 16996, 29090, 33482, PTD 89299 AND PTD 228765, MUKIM OF PLENTONG, DISTRICT OF JOHOR BAHRU, JOHOR** **(PROPERTIES LOCATED WITHIN TAMAN PELANGI, JOHOR BAHRU, JOHOR)** 1) Vacant commercial land designated for Commercial (Commercial Complex, Shopoffice and Serviced Apartment) use 2) Vacant commercial land designated for Commercial and Hotel uses 3) Two (2) contiguous parcels of commercial land designated for Commercial / Complexes / Petrol Station uses with benefit of Planning Permission ("Kebenaran Merancang") for development of 3- and 4-storey shopoffices, a commercial plot and a petrol station. Part of Lot 29090 measuring approximately 2,209.158 square metres is currently leased to Shell Malaysia Trading Sdn Bhd and erected upon with a petrol station 4) Vacant residential detached lot 5) A driving range known as Pelangi Golf Driving Range (Our Ref : WTW/04/V/006000/17/JW)	**RM296,300,000/-**
11	**LANDS LOCATED WITHIN TAMAN PELANGI INDAH MUKIM OF TEBRAU DISTRICT OF JOHOR BAHRU, JOHOR** (Our Ref : WTW/04/V/006002/17/JEYA)	**RM210,000,000/-**
12	**LANDS LOCATED WITHIN TAMAN INDUSTRI JAYA, SKUDAI, JOHOR** (Our Ref : WTW/04/V/006003/17/KZX)	**RM85,000,000/-**
13	**LOT NOS. 805, PTD 105777, PTD 156485, PTD 156486 AND PTD 195575 TO PTD 195578 MUKIM OF TEBRAU DISTRICT OF JOHOR BAHRU, JOHOR** (Our Ref : WTW/04/V/006004/17/WHP)	**RM500,000,000/-**

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C H Williams Talhar & Wong Sdn Bhd (18149-U)

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No.	Property Details	Market Value
14	LOT NOS. 684, PTD 4879 TO PTD 4881 AND 1590 MUKIM OF TANJUNG KUPANG DISTRICT OF JOHOR BAHRU, JOHOR (Our Ref : WTW/04/V/006005/17/WHP)	RM460,000,000/-
15	LOT NOS. LO 2181, LO 2182, 1912, 2400 AND 2392 MUKIM OF SERKAT DISTRICT OF PONTIAN, JOHOR (Our Ref : WTW/04/V/006006/17/WHP)	RM13,900,000/-
16	LOT 51604 MUKIM OF PLENTONG DISTRICT OF JOHOR BAHRU, JOHOR (Our Ref : WTW/04/V/006007/17/CY)	RM10,000,000/-
17	UNDEVELOPED LANDS WITHIN TAMAN RINTING MUKIM OF PLENTONG DISTRICT OF JOHOR BAHRU, JOHOR (Our Ref : WTW/04/V/006001/17/JW)	RM170,000,000/-
Grand Total		RM2,767,500,000/-

Yours faithfully
for and on behalf of
C H Williams Talhar & Wong Sdn Bhd

Sr HENG KIANG HAI
MBA (Real Estate), B.Surv (Hons) Prop.Mgt,
MRICS, FRISM, MPEPS, MMIPPM
Registered Valuer (V-486)

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C H Williams Talhar & Wong Sdn Bhd (18149-U)

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CERTIFICATE OF VALUATION

1.0 GLENGOWRIE ESTATE
(Our Ref : WTW/01/V/001496E/17/TJH)

TERMS OF REFERENCE

As instructed, the valuation is based on the following **BASIS**:-

BASIS I – As Is Basis

1. THE SUBJECT PROPERTY IS TWO (2) CONTIGUOUS PARCEL OF AGRICULTURAL LAND WITH DEVELOPMENT POTENTIAL WITH A TITLED LAND AREA OF 325.7723 HECTARES (APPROXIMATELY 35,065,805 SQUARE FEET/ 805 ACRES)

BASIS II – As per Sale & Purchase Agreement dated 5 October 2016

1. PARCEL A HAS A LAND AREA OF APPROXIMATELY 403 ACRES;
2. PARCEL B HAS A LAND AREA OF APPROXIMATELY 402 ACRES;
3. THE CONDITION PRECEDENT IS THAT THE VENDOR HAS TO OBTAIN MINORITY SHAREHOLDERS' APPROVAL AND THE APPROVAL OF THE ESTATE LAND BOARD (ELB) FOR THE SALE;
4. THE PAYMENT TERMS FOR BOTH PARCELS ARE AS FOLLOWS:-

PARCEL A

Payment Schedule	% Amount
Upon Execution of Sale & Purchase Agreement	10.0%
Within 1 month from the Unconditional Date	22.5%
Within 4 month from the Unconditional Date	22.5%
Within 7 month from the Unconditional Date	22.5%
Within 10 month from the Unconditional Date	22.5%
Total	100%

PARCEL B

Payment Schedule	% Amount
Upon Execution of Sale & Purchase Agreement	10.0%
On or before 30 September 2017	22.5%
On or before 31 December 2017	22.5%
On or before 31 March 2018	22.5%
On or before 30 June 2018	22.5%
Total	100%

IT IS TO BE NOTED THAT THE VALUATION IS BASED ON THE ABOVE BASIS/ASSUMPTION(S) WHICH ARE ASSUMED TO BE VALID AND CORRECT. WE RESERVE THE RIGHT TO MAKE AMENDMENTS (INCLUDING THE MARKET VALUE) IF ANY OF THE ABOVE ASSUMPTIONS IS INVALID/INCORRECT.

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PROPERTY IDENTIFICATION

The property : Two (2) contiguous parcel of agricultural land with development potential

Location : Next to Bandar Tasik Kesuma, 43500 Semenyih, Selangor

Title Nos./ Lot Nos./ Land Area :

Title No.	Lot No.	Land Area
GRN 46222	Lot 41	301.4903 hectares (745 acres)
GRN 9403	Lot 1807	24.282 hectares (60 acres)
Total Land Area		**325.7723 hectares (805 acres)**

Mukim/ District/ State : Beranang/ Ulu Langat/ Selangor

Tenure : Term in perpetuity (Freehold)

Registered Owner : THE GLENGOWRIE RUBBER COMPANY, SDN. BERHAD

Encumbrances : Lot 41
Private Caveat lodged twice by PETALING GARDEN SDN. BHD. on 25 October 2016

Lot 1807
Private Caveat lodged by PETALING GARDEN SDN. BHD. on 25 October 2016

Planning Provision : Zoned for residential use

GENERAL DESCRIPTION

The combined land is regular in shape, generally flat to undulating in terrain and lies at about the same level as the frontage metalled road, Jalan Kesuma 8. At the time of our inspection, we noted that the site was planted with matured oil palm. During our site inspection, we noted that the western boundary for Lot 41 were demarcated with barbwire fencing whilst other boundaries of the subject property were not demarcated with any form of fencing.

We also noted that there is a Hindu Temple located on the subject property. We were made to understand that the Hindu Temple will be removed which is in line with the clause stated in the Sale & Purchase Agreement.

We noted that there is a TNB rentice that runs across the eastern portion of Lot 41. The area occupied by the TNB rentice is approximately 9.561 hectares.

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METHOD OF VALUATION

The subject property is valued using the Comparison Method as other method is deemed not appropriate.

VALUE CONSIDERATION

Comparison Method

Basis I – As Is Basis

Details	Comparable 1	Comparable 2	Comparable 3
Source	Bursa Announcement dated 2 July 2014	Bursa Announcement dated 19 October 2015	Valuation and Property Services Department (JPPH)
Title No.	GRN 44122, GRN 44123, GRN 44124, GRN 44125, GRN 46255, GRN 27814, GRN 47202	GRN 118269	GRN 47935, GRN 47936, GRN 313661
Lot No.	Lot 25, 1107,1108,1109,1110,1111,1135,1137,1138,1139,1158 &1159, Mukim of Beranang, District of Ulu Langat, Selangor	Lot 3910, Mukim of Sepang, District of Sepang, Selangor	Lot 35, 1252, 42195, Mukim of Beranang, District of Ulu Langat, Selangor
Locality	Tarun Estate, Jalan Broga	Teluk Merbau Estate, Sepang	Connemara Estate, Semenyih
Land Area	492.66 acres	1,678.34 acres	1,089.87 acres
Tenure	Term in Perpetuity	Term in Perpetuity	Term in Perpetuity
Date	02/07/2014	16/10/2015	16/07/2012
Vendor	UNIVAS (FAR EAST) SDN BHD	VINTAGE HEIGHTS SDN BHD	DESIRAN MURNI SDN BHD
Purchaser	MAJESTIC BLOSSON SDN BHD	PUTRAJAYA PROPERTIES SDN BHD	RIVERSIDE HILLS SDN BHD
Consideration	RM225,331,550/-	RM474,992,765/-	RM701,178,569/-
Analysis (RM per sq. foot)	RM10.50	RM6.50	RM14.77
Adjustments	Adjustment factors considered for all the above-mentioned comparables are time, location-general, location- accessibility/visibility, size, zoning, planning approval and terrain		
Adjusted Value (RM per sq. foot)	RM12.42	RM8.77	RM16.01

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VALUE CONSIDERATION (Cont'd)

Comparison Method (Cont'd)

From the above analysis, the adjusted values range from RM8.77 per square foot to RM16.01 per square foot. Having regard to the foregoing, we have adopted Comparable 1 as the best comparable as it is the latest transaction and located within the same vicinity. We have adopted a value of RM12.40 per square foot over the land area in our valuation. Further adjustment was made to take into consideration the TNB wayleave.

Therefore market value for the subject property for Basis I is at RM423,968,879/-, say RM420,000,000/-.

Basis II – As per Sale & Purchase Agreements dated 5 October 2016

Details	Comparable 1	Comparable 2	Comparable 3
Source	Bursa Announcement dated 2 July 2014	Bursa Announcement dated 19 October 2015	Valuation and Property Services Department (JPPH)
Title No.	GRN 44122, GRN 44123, GRN 44124, GRN 44125, GRN 46255, GRN 27814, GRN 47202	GRN 118269	GRN 47935, GRN 47936, GRN 313661
Lot No.	Lot 25, 1107,1108,1109,1110,1111,1135,1137,1138,1139,1158 &1159, Mukim of Beranang, District of Ulu Langat, Selangor	Lot 3910, Mukim of Sepang, District of Sepang, Selangor	Lot 35, 1252, 42195, Mukim of Beranang, District of Ulu Langat, Selangor
Locality	Tarun Estate, Jalan Broga	Teluk Merbau Estate, Sepang	Connemara Estate, Semenyih
Land Area	1,993,726 square metres (21,460,270 square feet/ 492.66 acres)	6,792,007 s quare metres (73,108,480 square feet/ 1,678.34 acres)	4,410,532 square metres (47,474,523 square feet/ 1,089.87 acres)
Tenure	Term in Perpetuity	Term in Perpetuity	Term in Perpetuity
Date	02/07/2014	16/10/2015	16/07/2012
Vendor	UNIVAS (FAR EAST) SDN BHD	VINTAGE HEIGHTS SDN BHD	DESIRAN MURNI SDN BHD
Purchaser	MAJESTIC BLOSSON SDN BHD	PUTRAJAYA PROPERTIES SDN BHD	RIVERSIDE HILLS SDN BHD
Consideration	RM225,331,550/-	RM474,992,765/-	RM701,178,569/-
Analysis (RM per sq. foot)	RM10.50	RM6.50	RM14.77
Adjustments	Adjustment factors considered for all the above-mentioned comparables are time, location-general, location- accessibility/visibility, size, zoning, planning approval and terrain		
Adjusted Value (RM per sq. foot)	RM13.28	RM8.77	RM16.01

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VALUE CONSIDERATION (Cont'd)

Comparison Method (Cont'd)

From the above analysis, the adjusted values range from RM8.77 per square foot to RM16.01 per square foot.

Having regard to the foregoing, we have adopted Comparable 1 as the best comparable as it is the latest transaction and located within the same vicinity.

Basis II is valued based on the terms and conditions as stated in the Sale and Purchase Agreements dated 5 October 2016, whereas Basis I is valued based on an "As Is" Basis.

For Basis II, we have relied on two (2) Sale & Purchase Agreements made available to us, whereby the land is split into Parcel A and Parcel B. We have adopted Parcel B as a base lot and made an adjustment for access and surrounding.

We have considered the deferred payment for Parcel B in our valuation working.

Therefore, the land value adopted for Parcel A and Parcel B are RM13.50 per square foot and RM13.00 per square foot respectively.

Similar to Basis I, further adjustment was made to take into consideration the TNB wayleave.

Furthermore, we have made an upward adjustment to Parcel B as the deferred payment for Parcel B is calculated with a discount rate of 8%. This is to reflect the staggered payment for Parcel B which is due on or before 30 June 2018.

We have not considered staggered payment for Parcel A as the payment is almost completed and therefore the impact is negligible.

Therefore, the market value for Parcel A is RM226,346,352/-, say RM225,000,000/- whilst the market value for Parcel B is RM237,846,314/-, say RM240,000,000/- giving a total of RM465,000,000/-.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property free from all encumbrances is as follows:-

Basis	Market Value
Basis I	RM420,000,000/- (Ringgit Malaysia : Four Hundred and Twenty Million Only)
Basis II	RM465,000,000/- (Ringgit Malaysia : Four Hundred and Sixty Five Million Only)

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2.0 MENARA I & P 1
(Our Ref : WTW/01/V/001496A/17/JRN)

PROPERTY IDENTIFICATION

The property	:	One (1) block of fourteen (14) storey purpose-built office building with three (3) storey basement car park
Address	:	Menara I&P 1, No. 46, Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur
Title No.	:	GRN 75780
Lot No.	:	Lot 474826, Mukim and District of Kuala Lumpur, Federal Territory of Kuala Lumpur
Surveyed Land Area	:	2,266 square metres (approximately 24,391 square feet)
Tenure	:	Term in perpetuity (Freehold)
Gross Floor Area	:	10,874.50 square metres (117,052 square feet)
Net Lettable Area	:	8,761.69 square metres (94,310 square feet)
Age of Building	:	About 6 years old
Occupancy Status	:	100% occupied
No. of Car Park Bays	:	167 bays, managed by I & P Group Sdn Bhd
Registered Owner	:	SYARIKAT PERUMAHAN PEGAWAI KERAJAAN SDN. BHD.
Category of Land Use	:	Building
Encumbrance	:	Nil
Planning Provision	:	Commercial Building Use

GENERAL DESCRIPTION

The site is generally flat in terrain and lies at the same level with the existing frontage metalled road, Jalan Dungun.

The compound where not built-upon is improved with concrete driveway, tarmac and landscaped.

Building

The subject building is an individual architectural designed purpose- built office building which is constructed of reinforced concrete framework with external façade partly cladded with tinted glazed aluminium panel curtain walling and partly plastered brickwalls.

It has been issued with a Certificate of Completion and Compliance via ref LAM/WP/No. 2250 on 1 October 2011. The age of the subject property is approximately 6 years old.

METHOD OF VALUATION

We have adopted the Income Approach (Investment Method) as the primary method and Comparison Method as a check.

VALUE CONSIDERATION

Income Approach (Investment Method)

Description	Parameters	Remarks
Average Term Gross Rental	RM4.80 psf	We have adopted current passing rent.
Car park Bay Rental	RM180 per bay per month	We have adopted the actual car park bay rental.
Average Reversionary Gross Rental	RM4.84 psf	Considered the concluded rentals of similar office buildings within the vicinity. The average reversionary gross rental showed no increment from the average term gross rental.
Term Monthly Outgoings	RM1.75 psf	Considered the current outgoings of the subject property.
Reversionary Monthly Outgoings	RM1.75 psf	Considered the actual outgoings.
Car Park Outgoings	5.00%	Outgoings of the car park has been included in the overall outgoings of the office building. The 5.00% outgoings adopted in our valuation is for capital expenditure
Void	5.00%	We have adopted the void for rent-free period and risk of vacancy and uncertainty.
Term Capitalisation Rate	5.50%	Based on the recent transaction of the office buildings within Klang Valley, the net yield ranges from 4.49% to 5.44%. Taking into consideration the location, building specification and building age of the subject property, we have adopted the net yield (term) at 5.50% and net yield (reversionary) at 6.00%.
Reversionary Capitalisation Rate	6.00%	

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VALUE CONSIDERATION (Cont'd)

Comparison Approach

Details	Comparable 1	Comparable 2	Comparable 3
Source	Bursa Malaysia General Announcement	Bursa Malaysia General Announcement	Valuation and Property Services Department (JPPH)
Building Name	Dijaya Plaza	Wisma AmanahRaya	Bangunan Shell
Location	Jalan Tun Razak, Kuala Lumpur	Jalan Ampang, Kuala Lumpur	Jalan Dungun, Kuala Lumpur
Type	A 19-storey office building with 2 levels of basement car park containing 322 car parking bays	A 15-storey purpose-built office building with 2 basement levels	A 28-storey office building
Tenure	Term in perpetuity (Freehold)	Leasehold 99 years expiring on 10 June 2065	Term in Perpetuity (Freehold)
Net Lettable Area (square feet)	156,488	153,908	212,867
Date of Transaction	28/01/2016	23/06/2015	15/05/2014
Vendor	Tropicana Plaza Sdn Bhd	AmanahRaya REIT	Alloy Properties Sdn Bhd
Purchaser	Kenanga Investment Bank Bhd	Annex Sentral Sdn Bhd (subsidiary of AmanahRaya Development Sdn Bhd)	Suruhanjaya Koperasi Malaysia
Consideration	RM140,000,000/-	RM78,000,000/-	RM138,000,000/-
Analysis (RM per square foot)	RM895/-	RM507/-	RM648/-
Adjustments	Adjustments made on location, building age/ condition, design/ finishes/ specifications, size (net lettable area), tenure, public amenities ie. KTM/LRT/MRT, carpark ratio		
Adjusted Value	RM 649 per square foot	RM 633 per square foot	RM 746 per square foot

It is noted that the analyzed values range from RM633 to RM746 per square foot.

We have adopted Comparable 1 as the most appropriate comparable as it is the latest transaction. Therefore, we have adopted RM650 per square foot in our valuation and the market value for the office block is at RM61,000,000/-.

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Reconciliation of Value

The market value for the subject property derived from both Income Approach (Investment Method) and Comparison Approach are shown as follows:-

Income Approach (Investment Method)	-	RM60,000,000/-
Comparison Approach	-	RM61,000,000/-

We have adopted the market value derived from Income Approach (Investment Method) as a fair representation of the market value of the subject property in view that the subject property is an income generating property.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property free from all encumbrances is **RM60,000,000/- (Ringgit Malaysia: Sixty Million Only)**.

3.0 No. 17, Jalan Yap Ah Shak
(Our Ref : WTW/01/V/001496B/17/JRN)

PROPERTY IDENTIFICATION

The property	:	An ongoing 5-storey commercial building
Location	:	No. 17, Jalan Yap Ah Shak, 50300 Kuala Lumpur
Title No.	:	GRN 49661
Lot No.	:	Lot No. 5108 Section 41, Town of Kuala Lumpur, District of Kuala Lumpur, Federal Territory of Kuala Lumpur
Surveyed Land Area	:	722 square metres (7,771.54 square feet)
Gross Floor Area	:	3,394.70 square metres (36,540.25 square feet)
Net Lettable Area	:	1,878.00 square metres (20,214.61 square feet)
No. of Car Park Bays	:	12 bays
Tenure	:	Term in perpetuity (Freehold)
Registered Owner	:	PETALING GARDEN SDN. BHD.
Category of Land Use	:	Building
Encumbrances	:	Nil
Planning Provision	:	Commercial Use

GENERAL DESCRIPTION

The site has a frontage of 28.959 metres (95.01 feet) onto Jalan Yap Ah Shak, a splay of 10.777 metres (35.36 feet) onto Lorong Yap Ah Shak and a maximum depth of 21.339 metres (70.01 feet). It is generally regular in shape and is flat in terrain which lies at the same level of frontage metalled road, Jalan Yap Ah Shak.

At the time of our inspection, we noted that the physical work of the subject property has been completed. Based on the Project Status Letter prepared by Messrs. Arkitek Juruperunding Suria Rahim bearing Reference No. AJSR/1177/YAS-5499/17/SR dated 11 May 2017, the site's physical progress is 99.25% completed pending the energizing of the TNB substation by TNB. However, the financial progress is 77.33 % completed.

METHOD OF VALUATION

The subject property is valued using the Income Approach by adopting Residual Method.

We have only adopted one (1) method of valuation in arriving at our valuation as the subject property is an ongoing 5-storey commercial building.

In view of the above, we are in the opinion that the Income Approach (Residual Method) is the most appropriate method of valuation to arrive at the market value of the property taking into consideration the amount certified for the construction work done.

VALUE CONSIDERATION

The Residual Value derived by deducting the Gross Development Cost (GDC) from the Gross Development Value (GDV) is computed as follows:

Gross Development Value (GDV)	RM27,400,965.00 (Note 1)
Gross Development Cost (GDC)	RM6,385,246.48 (Note 2)
Residual Value	RM21,015,718.52
Present Value for 0.25 year @ 8.00%	0.9809
Market Value	**RM20,614,318**
Say	**RM21,000,000**

Gross Development Value (GDV) (Note 1)

Details	Comparable 1	Comparable 2	Comparable 3
Source	Valuation and Property Services Department (JPPH)		
Title No.	Geran 6028	Geran 50087	Geran 6064
Lot No.	Lot 1964 Section 41, Town of Kuala Lumpur, District of Kuala Lumpur, Federal Territory of Kuala Lumpur	Lot 96 Section 38, Town of Kuala Lumpur, District of Kuala Lumpur, Federal Territory of Kuala Lumpur	Lot 2000 Section 41, Town of Kuala Lumpur, District of Kuala Lumpur, Federal Territory of Kuala Lumpur
Scheme	Jalan Tuanku Abdul Rahman	Jalan Tuanku Abdul Rahman	Medan Tuanku
Land Area	138.00 square metres (1,485 square feet)	496.00 square metres (5,339 square feet)	178.00 sq. metres (1,916 sq. feet)
Gross Floor Area	527.85 square metres (5,681.72 square feet)	3,150.06 square metres (33,906.93 square feet)	1,047.82 square metres (11,278.63 square feet)
Tenure	Term in Perpetuity	Term in Perpetuity	Term in Perpetuity
Date	06/10/2015	10/07/2014	25/07/2014
Vendor	IKATAN BINA GEMILANG SDN BHD	EUROPE KITCHEN STATION SDN BHD	OMAR QAIYAM HOTEL & RESTAURANT SDN BHD
Purchaser	QUINTESENCE AVENUE SDN BHD	GOODROW PROPERTIES SDN BHD	HIMMAT LAND SDN BHD
Consideration	RM5,200,000/-	RM33,000,000/-	RM7,350,000/-
Analysis of Block Value (RM per sq. foot)	RM915.22	RM973.25	RM651.67

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VALUE CONSIDERATION (Cont'd)

Gross Development Value (GDV)

Details	Comparable 1	Comparable 2	Comparable 3
Adjustments	Adjustment factors considered for all the above- mentioned comparables are location, accessibility/visibility and size		
Adjusted Block Value (RM per sq. foot)	RM641	RM749	RM753

From the above analysis, the adjusted values range from RM641 per square foot to RM753 per square foot. Having regard to the foregoing, we have adopted Comparable 2 as the best comparable and the value is at RM749 per square foot or say, RM750 per square foot as our GDV value.

Gross Development Cost (GDC) (Note 2)

Item	Contract Sum	Amount Paid	Balance to be Paid	Remarks
Preliminary	RM1,206,979.13	RM791,373.65	RM415,605.48	As per Progress Payment Certificate No. 21 dated 29 March 2017
Earthwork	RM115,460.00	RM109,687.00	RM5,773.00	As per Progress Payment Certificate No. 21 dated 29 March 2017
Construction Cost	RM5,208,058.48	RM4,664,232.23	RM543,826.25	
Infrastructure	RM626,449.99	RM333,683.76	RM292,766.23	

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property free from all encumbrances is **RM21,000,000/- (Ringgit Malaysia: Twenty One Million Only)**.

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4.0 Lot No. 30418 & 30419, Pekan Baru Salak Tinggi, District of Sepang, Selangor
(Our Ref : WTW/01/V/001496D/17/MY)

PROPERTY IDENTIFICATION

The property : Two (2) parcels of vacant agricultural land with development potential

Location : Located next to Kota Warisan, Salak Tinggi, Selangor

Title Nos./ Lot Nos. :

Title No.	Lot No.
PN 112648	Lot 30418
PN 112649	Lot 30419

All located within Pekan Baru Salak Tinggi, District of Sepang, Selangor

Land Area :

Lot No.	Land Area
Lot 30418	42.8000 hectares
Lot 30419	13.5300 hectares
Total	56.3300 hectares (approximately 139.1942 acres/ 6,063,300 square feet)

Tenure : Leasehold 99 years expiring on 11 August 2091 (unexpired term of approximately 74 years)

Category of land use Agriculture

Express Condition : Ternakan rusa

Registered Owner : PETALING GARDEN SDN BHD

Encumbrances : Nil

Plannning Provision : Zoned for residential use

GENERAL DESCRIPTION

The subject property is divided into two by the KLIA Express Rail Link (ERL). Lot 30418 is located to the west of the ERL and has a land area of 42.8000 hectares whilst Lot 30419 is located to the east of the ERL and has a land area of 13.5300 hectares. The total land area of 56.3300 hectares (approximately 139.1942 acres / 6,063,300 square feet). It is generally flat in terrain and lies at the same level of the existing frontage metalled road. At the time of our inspection, we noted that the site was vacant and covered with overgrown undergrowth and wild trees.

METHOD OF VALUATION

The subject property is valued using the Comparison Approach of Valuation as other method is deemed not appropriate

VALUE CONSIDERATION

Comparison Approach

Details	Comparable 1	Comparable 2	Comparable 3
Source	Bursa Announcement dated 21 October 2016	Valuation and Property Services Department (JPPH)	Bursa Announcement dated 1 December 2014
Title No.	HSD 15896	HS(M) 9651, 9652 & HS(D) 173278 to 173282	PN 95272
Lot No.	Lot 47954, Mukim of Dengkil, District of Sepang, Selangor	PT 43152 to PT 43158, Mukim of Semenyih, District of Ulu Langat, Selangor	Lot 66166, Mukim of Tanjong Duabelas, District of Kuala Langat, Selangor
Locality	Next to Media City, Cyberjaya	Off Jalan Broga	South of Kota Kemuning
Land Area	25.0900 hectares (2,700,659 sf)	96.4690 hectares (10,383,820 sf)	104.1000 hectares (11,205,213 sf)
Tenure	Leasehold 99 years expiring on 1 April 2104	Freehold	Leasehold 99 years expiring on 16 September 2111
Date	20/04/2016	14/03/2016 & 18/08/2016	01/12/2014
Vendor	Compugates Developments and Mining Sdn Bhd	The London Asiatic Rubber and Produce Company Limited	Bukit Melati Sdn Bhd
Purchaser	Bangsawan Bumimaju Sdn Bhd	Jian Wei Development Sdn Bhd	Setara Hati Sdn Bhd (Subsidiary of Gamuda Berhad)
Consideration	RM62,116,560	RM254,403,904	RM392,172,858
Consideration Land Value (RM per sq. foot)	RM23.00	RM24.50	RM35.00
Adjustments	Adjustments are made on time, location-general, location-accessibility/visibility, size, tenure, land use and planning approval		
Adjusted Value (RM per sq. foot)	RM19.55	RM17.15	RM21.17

VALUE CONSIDERATION (Cont'd)

Comparison Approach (Cont'd)

From the above analysis, the adjusted values range from RM17.15 per square foot to RM21.17 per square foot. Having regard to the foregoing, we have adopted Comparable 1 as the best comparable as it has similar characteristics with the subject property. We have adopted RM20.00 per square foot over the land area for Lot 30418 and further adjustments to Lot 30419 which arrived at RM19.00 per square foot. The market value for the subject property is at RM119,809,645/-, say RM120,000,000/-.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property free from all encumbrances is **RM120,000,000/- (Ringgit Malaysia : One Hundred And Twenty Million Only).**

5.0 Development Land within Alam Sari Township (Our Ref : WTW/01/V/001496C/17/MY)

PROPERTY IDENTIFICATION

The property : Development land consist of:-

i) Two hundred and sixty one (261) terraced plots
ii) Two Hundred and fourteen (214) semi-detached plots
iii) One hundred and fifty four (154) bungalow plots
iv) Seventeen (17) agricultural plots
v) Six (6) commercial plots
vi) Eight (8) residential – apartment / low medium cost plots
vii) Nineteen (19) parcels of TNB plot

Forming part of Alam Sari Township, Bangi, Selangor

Location : Within Alam Sari Township, Bangi, Selangor

Title Nos./ Lot Nos. :

Type	Title No.	Lot No.
Two hundred and sixty one (261) terraced plots	HSD 149508 together with two hundred and sixty (260) terraced titles	PT 34537 together with two hundred and sixty (260) terraced lots
Two Hundred and fourteen (214) semi-detached plots	GRN 274123 together with two hundred and thirteen (213) semi-detached titles	Lot 23114 together with two hundred and thirteen (213) semi-detached lots
One hundred and fifty four (154) bungalow plots	HSD 111540 together with one hundred and fifty three (153) bungalow titles	PT 27635 together with one hundred and fifty three (153) bungalow lots
Seventeen (17) agricultural plots	HSD 111558 together with sixteen (16) agricultural titles	PT 27653 together with sixteen (16) agricultural lots
Medium Cost Apartment	GRN 239224	Lot 23025
Medium Low Cost Apartment	GRN 239225	Lot 23027
Low Cost Apartment	GRN 313068	Lot 23028
Apartment	GRN 274091	Lot 23035
Medium Cost Apartment	HSD 149876	PT 34906
Medium Low Cost Apartment	HSD 149877	PT 34907
Low Cost Apartment	HSD 149878	PT 34908
Apartment	HSD 149875	PT 34905
Commercial (Gerai)	HSD 111581	PT 27695
Commercial (Gerai)	HSD 111582	PT 27696
Commercial (Petrol Station)	GRN 274090	Lot 22867
Commercial (Petrol Station)	GRN 313069	Lot 23034
Commercial	HSD 149874	PT 34904
Commercial	HSD 167561	PT 42190
Nineteen (19) parcels of TNB plot	HSD 149856 together with eighteen (18) parcels of TNB titles	PT 34885 together with eighteen (18) parcels of TNB lots

Land Area Under Valuation : 57.2204 hectares
(approximately 141.3945 acres / 6,159,144 square feet)

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PROPERTY IDENTIFICATION (Cont'd)

Tenure	:	Term in Perpetuity (Freehold)
Category of land use		Building / Agriculture / Industrial
Express Condition	:	Bangunan Kediaman / Bangunan Perniagaan / Pertanian / Perusahaan Berat
Registered Owner	:	I & P MENARA SDN BHD
Encumbrances	:	Nil
Planning Provision	:	Approved for Mixed Development

GENERAL DESCRIPTION

The subject property comprises six hundred and seventy nine (679) parcels of development forming part of Alam Sari Township, Bangi, Selangor. It is generally flat in terrain and lies at the same level of the existing frontage metalled road.

At the time of our inspection, we noted that the site for phase 5P6 and 5P7 have been cleared and was ready for development. The other parcels were partially cleared but was covered with light undergrowth and trees. Infrastructure were mostly done.

METHOD OF VALUATION

The subject property is valued using the Comparison Approach of Valuation and Residual Method.

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VALUE CONSIDERATION

a) Comparison Approach

Details	Comparable 1	Comparable 2	Comparable 3
Source	Bursa Announcement dated 10 March 2015 & 20 April 2015*	Bursa Announcement dated 2 January 2015	Bursa Announcement dated 4 July 2014
Name	SURIA SERENIA	SALAK PERDANA	ELMINA WEST
Title No.	Geran 316182, Geran 313469, Geran 122099, Geran 273723 & Geran 27613	Geran 162622 to Geran 162627, Geran 162633, Geran 162635, Geran 162636, part of Geran 162630, Geran 162631& Geran 162634	Part of Geran 31447
Lot No.	Part of Parent Lot 6919 & 4960, Lot 4640, Lot 7718, Lot 20996, Lot 31484 and Lot 4639 & 4705, Mukim of Dengkil, District of Sepang, Selangor	Lot 17171-17176, Lot 17182, Lot 17184 & 17185, Part of Lot 17179, Lot 17180 and Lot 17183, Mukim of Dengkil, District of Sepang, Selangor	Part of Parent Lot No. 368, Mukim of Sungai Buloh, District of Petaling, Selangor
Locality	North of Kota Warisan, Sepang	Along/ Off Jalan Salak Perdana, Sepang	North-west of Taman Bukit Subang, Shah Alam
Land Area	134.0604 hectares (14,430,121 square feet)	96.0210 hectares (10,335,599 square feet)	54.6326 hectares (5,880,600 square feet)
Tenure	Freehold	Freehold	Freehold
Date	20/04/2015	02/01/2015	04/07/2014
Vendor	SIME DARBY PROPERTY (SUNGAI KAPAR) SDN BHD (SUB OF SIME DARBY BERHAD)*	NCT UNITED DEVELOPMENT SDN BHD	SIME DARBY ELMINA DEVELOPMENT SDN BHD (SUB OF SIME DARBY BERHAD)
Purchaser	SUNSURIA BERHAD*	PARAMOUNT CORPORATION BERHAD	EASTERN & ORIENTAL EXPRESS BERHAD (SUB OF EASTERN & ORIENTAL BERHAD)
Consideration	RM590,000,000*	RM227,383,174	RM239,800,000
Consideration Land Value (RM psf)	RM 40.89	RM 22.00	RM 40.78
Adjustments	Adjustments are made on time, location, accessibility/visibility, size, land use (title), terrain, land area (gross/ net), low cost component, major infrastructure and development component		
Adjusted Value (RM psf)	RM28.98	RM27.22	RM28.14

Notes: "psf" denotes per square foot

**The transaction entails the acquisition of 50% equity interest in Sime Darby Sunsuria Development Sdn Bhd. The purchase consideration for the said acquisition took into account of, inter-alia, the market value of the land amounting to RM590 million.*

VALUE CONSIDERATION (Cont'd)

From the above analysis, the adjusted values range from RM27.22 per square foot to RM28.98 per square foot. Having regard to the foregoing, we have adopted Comparable 2 as the best comparable as it has similar characteristics with the subject property. We have adopted RM27.00 per square foot over the land area in our valuation. We further adjust a holding period of 1 year at 8% discount rate to the subject property due to the existing ongoing projects have yet to be fully sold. The market value for the subject property is at RM153,974,289/-, say RM154,000,000/-.

a) Income Approrach (Residual Method)

As a check, we have adopted the Income Approach (Residual Method) of Valuation.

As the proposed mixed development is spread over 141.3945 acres of net land area, we have proposed the development to be divided into three (3) phases with a total development period of 8 years.

Summary of Parameters	
Gross Development Value	RM960,836,815.30 (Note 1)
Gross Development Cost	RM729,249,237.45 (Note 2)
Developer's Profit	10% to 20% of Gross Development Value
Development Period	8 years
Discount Rate	8.0% per annum

Gross Development Value (GDV) (Note 1)

Parameters adopted in the valuation are tabulated as follows:

Components	Proposed Selling Price / Unit	Adopted Selling Price Price/ Unit
2-storey Terraced House (22' X 75'/80') & (24' X 85')	RM620,000/- to RM790,000/-	RM660,000/- to RM780,000/-
2-storey Semi-detached houses (40' X 80')	RM1,180,000/-	RM1,230,000/- to RM1,430,000/-
Bungalow Plots	RM90 psf	RM84 psf to RM94 psf.
Agricultural Plots (1 acre to 2 acre)	RM50 psf	RM49 psf to RM51 psf.
Commerical Land	RM40 psf to RM60 psf	RM52 psf to RM64 psf.
Apartment (Floor area : 1,000 square feet)	RM300,000/-(RM300 psf)	RM306 psf to RM322 psf.
Rumah Selangorku Jenis A (Low Cost Apartment) – (Floor area : 700 square feet)	RM42,000/-	Based on the Rumah Selangorku housing policy issued by Lembaga Perumahan Dan Hartanah Selangor and our verbal enquiries with the local authority.
Rumah Selangorku Jenis C (Medium Low Cost Apartment) – (Floor area : 800 square feet)	RM150,000/-	
Rumah Selangorku Jenis C (Medium Cost Apartment) – (Floor area : 900 square feet)	RM180,000/-	

VALUE CONSIDERATION (Cont'd)

b) Income Approrach (Residual Method) (Cont'd)

Gross Development Cost (GDC) (Note 2)

Item	Rate Adopted		Justification
Earthwork & Site Clearance	RM50,000/- per acre		The land has been partially cleared some time ago. The cost adopted is in line with the industry standard.
Construction Cost	Terraced House	RM90psf	Based on the JUBM & Arcadis Construction Cost Handbook Malaysia 2017 as well as our investigation. The cost adopted is in line with the industry standard.
	Semi-Detached House	RM140psf	
	Low Cost Apartment	RM70psf	
	Medium Low Cost Apartment	RM80psf	
	Medium Cost Apartment	RM90psf	
	Apartment	RM120psf	
Infrastructure	RM19,304,190		The cost is estimated based on our survey and enquiries with developers. The cost adopted is in line with the industry standard.

The market values for all the phases are summarised as follows:-

Phases	Market Value
Phase One	RM102,643,220
Phase Two	RM35,881,822
Phase Three	RM18,910,360
Total	RM157,435,402
Say	**RM157,000,000**

VALUE CONSIDERATION (Cont'd)

RECONCILIATION OF VALUE

The market value for the subject property derived from both Comparison Approach and Income Approach (Residual Method) are shown as follows:-

Comparison Approach	-	RM154,000,000/-
Income Approach (Residual Method)	-	RM157,000,000/-

We have adopted the market value derived from Comparison Approach as a fair representation of the market value of the subject property in view that the project has yet to be launched and the period of development is uncertain.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property free from all encumbrances is **RM154,000,000/- (Ringgit Malaysia : One Hundred And Fifty Four Million Only)**.

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6.0 Part of Brogaville, Lot Nos PT 9401 & 296 Lots (Our Ref : WTW/01/V/001496F/17/TJH)

PROPERTY IDENTIFICATION

The property	:	Mixed development with two hundred and ninety seven (297) individual titles
Location	:	Along Jalan Broga, 43500 Semenyih, Selangor
Total Land Area	:	389,704 sq. m. (approximately 96.30 acres / 4,194,737 square feet)
Express Condition	:	Bangunan Perniagaan/ Bangunan Kediaman/ Perusahan
Mukim, District, State	:	Semenyih, Ulu Langat, Selangor
Tenure	:	Term in perpetuity (Freehold)
Registered Owner	:	CORPORATE PREMIER SDN BHD
Encumbrances	:	Nil
Category of Land Use	:	Building
Planning Provision	:	Commercial & Residential

GENERAL DESCRIPTION

The subject property is generally undulating in nature. During our site inspection, we noted that the subject site was overgrown with bushes. The site boundaries are generally not demarcated with any form of fencing.

METHOD OF VALUATION

The subject property is valued using the Comparison Approach and the Income Approach (Residual Method).

VALUE CONSIDERATION

a) Comparison Approach

Details	Comparable 1	Comparable 2	Comparable 3
Source	Bursa Announcement dated 10 March 2015 & 20 April 2015	Bursa Announcement dated 2 January 2015	Bursa Announcement dated 4 July 2014
Name	SURIA SERENIA	SALAK PERDANA	ELMINA WEST
Title No.	Geran 316182, Geran 313469, Geran 122099, Geran 273723 & Geran 27613	Geran 162622 to Geran 162627, Geran 162633, Geran 162635, Geran 162636, part of Geran 162630, Geran 162631& Geran 162634	Part of Geran 31447
Lot No.	Part of Parent Lot 6919 & 4960, Lot 4640, Lot 7718, Lot 20996, Lot 31484 and Lot 4639 & 4705, Mukim of Dengkil, District of Sepang, Selangor	Lot 17171-17176, Lot 17182, Lot 17184 & 17185, Part of Lot 17179, Lot 17180 and Lot 17183 Mukim of Dengkil, District of Sepang, Selangor	Part of Parent Lot No. 368, Mukim of Sungai Buloh, District of Petaling, Selangor
Locality	North of Kota Warisan, Sepang	Along/ Off Jalan Salak Perdana, Sepang	North-west of Taman Bukit Subang, Shah Alam
Land Area	134.0604 hectares (14,430,121 square feet)	96.0210 hectares (10,335,599 square feet)	54.6326 hectares (5,880,600 square feet)
Vendor	SIME DARBY PROPERTY (SUNGAI KAPAR) SDN BHD (SUB OF SIME DARBY BERHAD)*	NCT UNITED DEVELOPMENT SDN BHD	SIME DARBY ELMINA DEVELOPMENT SDN BHD (SUB OF SIME DARBY BERHAD)
Purchaser	SUNSURIA BERHAD*	PARAMOUNT CORPORATION BERHAD	EASTERN & ORIENTAL EXPRESS BERHAD (SUB OF EASTERN & ORIENTAL BERHAD)
Consideration	RM590,000,000*	RM227,383,174	RM239,800,000
Consideration Land Value (RM psf)	RM 40.89	RM 22.00	RM 40.78
Adjustments	Adjustments are made on time, location-general, location-accessibility, size, land use, terrain, land area (net/gross), low cost component, major infrastructure and component		
Adjusted Value (RM psf)	RM 39.71	RM 33.27	RM 42.21

Notes: "psf" denotes per square foot

**This is a transaction of 50% share in the company identified as Sime Darby Sunsuria Development Sdn Bhd (SDSDSB). The share price is calculated based on the agreed land valuation of RM590mil for 100% interest of the subject land.*

From the above analysis, the adjusted values range from RM33.27 per square foot to RM42.21per square foot. Having regard to the foregoing, we have adopted Comparable 2 as the best comparable due to the significant similarities with the subject property in terms of the general location and development component. We have adopted a round-up sum of RM33.00 per square foot over the land area in our valuation.

The market value for the subject property is at RM138,426,317/-, say RM138,000,000/-.

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VALUE CONSIDERATION (Cont'd)

b) Income Approach (Residual Method)

As a check, we have adopted the Income Approach (Residual Method) of Valuation.

The proposed mixed development is spread over approximately 96.30 acres of land area with several development components. In our valuation, we have divided the development into two (2) phases with total development period of five (5) years.

Summary of Parameters:-

Gross Development Value	RM468,254,417 (Note 1)
Gross Development Cost	RM283,485,690 (Note 2)
Developer's Profit	20% of Gross Development Value
Development Period	5 years
Discount Rate	8.0% per annum

Gross Development Value (GDV) (Note 1)

Components	Proposed Selling Price / Unit	Adopted Selling Price Price/ Unit
Bungalow Plot	RM500,000/- to RM3,000,000/-	RM100 psf
2-storey Semi-Detached House	RM1,000,000/- to RM1,800,000/-	RM1,100,000
3-storey shopoffice	RM1,200,000/- to RM3,200,000/-	RM1,170,000
Serviced Apartment Plot	RM80psf	RM80psf/-
Commercial Plot 1-5	RM80psf	RM80psf/-
Club House Plot	RM40psf	RM40psf/-

VALUE CONSIDERATION (Cont'd)

Gross Development Cost (GDC) (Note 2)

Item	Rate Adopted		Justification
Earthwork & Site Clearance	RM30,000/- per acre		The land has been cleared quite some time ago. The cost adopted is in line with the industry standard.
Construction Cost	2-storey Semi-Detached House	RM140psf	Based on the JUBM & Arcadis Construction Cost Handbook Malaysia 2017 as well as our investigation. The cost adopted is in line with the industry standard.
	3-storey Shopoffice	RM70psf	
Infrastructure	RM20,000/- to RM40,000/- per unit		The cost is estimated based on our survey and enquiries with developers. The cost adopted is in line with the industry standard.

RECONCILIATION OF VALUE

The market value for the subject property derived from both Comparison Approach and Income Approach (Residual Method) and are shown as follows:-

Comparison Approach	-	RM138,000,000/-
Income Approach (Residual Method)	-	RM139,000,000/-

We have adopted the market value derived from Comparison Approach as a fair representation of the market value of the subject property in view that the project has yet to be launched and the period of development is uncertain.

VALUATION

Taking into consideration the above factors, we therefore assess the total market value of the subject property **BASED ON THE BASIS AND PROVISO AS STATED IN DETAIL UNDER TERMS OF REFERENCE HEREIN** free from all encumbrances is **RM138,000,000/- (Ringgit Malaysia: One Hundred and Thirty Eight Million Only).**

7.0 4 Completed Units of Terrace Houses & Two Ongoing Development-Phase 5P4 & 5P5 (Our Ref : WTW/01/V/001496G/17/MY)

TERM OF REFERENCE

As instructed, the valuation is conducted based on the following Basis:-

TO VALUE THE ON-GOING DEVELOPMENTS PHASE 5P4 & 5P5 BASED ON THE STATUS OF SALE AND PROGRESS PAYMENT AS AT 30 APRIL 2017.

IT IS TO BE NOTED THAT THE VALUATION IS BASED ON THE ABOVE BASIS WHICH ARE ASSUMED TO BE CORRECT. WE RESERVE THE RIGHT TO MAKE AMENDMENTS (INCLUDING THE MARKET VALUE) IF ANY OF THE ABOVE BASIS IS INVALID/ INCORRECT.

PROPERTY IDENTIFICATION

The property :
1) Four (4) completed units of double storey terraced houses
2) Two (2) ongoing residential development phases known as Phase 5P4 (consist of fifty one (51) units of double storey terraced houses) and Phase 5P5 (consist of thirty nine (39) units of double storey terraced houses)

Forming part of Alam Sari Township, Bangi, Selangor

Location : Within Alam Sari Township, Bangi, Selangor

Title Nos. / Lot Nos. / Mukim / District :

Phase	Title No.	Lot No.	Land Area (Square Metres)
5P2 (Completed)	H.S.(D) 149245	PT 34274	380.30
	H.S.(D) 149253	PT 34282	311.10
	H.S.(D) 149260	PT 34289	264.60
5P3 (Completed)	H.S.(D) 149200	PT 34229	385.20
5P4, Double Storey Terrace (22' X 85') (Ongoing)	H.S.(D) 149082 – H.S.(D) 149132	PT 34111 – PT 34161	10,645.70
5P5, Double Storey Terrace (22' X 85') (Ongoing)	H.S.(D) 149055 – H.S.(D) 149081 & H.S.(D) 149133 – H.S.(D) 149144	PT 34084 – PT 34110 & PT 34162 – PT 34173	8,012.80

All within Mukim of Semenyih, District of Ulu Langat, Selangor

Tenure : Term in Perpetuity (Freehold)

Category of land use : Building

Express Condition : Bangunan Kediaman

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PROPERTY IDENTIFICATION (Cont'd)

Registered Owner	:	I & P MENARA SDN BHD
Encumbrances	:	Nil
Planning Provision	:	Residential Use

GENERAL DESCRIPTION

1. Four (4) completed units of double storey terraced houses

Scheme	Lot No.	Land Area (square metres)	Built Up Area (square metres)	End Lot / Corner Lot
5P2	PT 34274	380.30	241.83	Corner Lot
	PT 34282	311.10	241.83	End Lot
	PT 34289	264.60	223.52	End lot
5P3	PT 34229	385.20	247.03	End Lot

The properties are regular in shape and generally flat in terrain and lies at the same level as the existing frontage metalled road Jalan Puisi 1/4 and Jalan Puisi 1/7A.

2. Two (2) ongoing residential development phases known as Phase 5P4 (consist of fifty one (51) units of double storey terraced houses) and Phase 5P5 (consist of thirty nine (39) units of double storey terraced houses)

The properties will be regular in shape and generally flat in terrain and lies at the same level of the existing frontage metalled road. The land area for an intermediate terrace house is 173.70 square metres (22' X 85').

The total land area of each scheme are as follows:-

Scheme	Land Area (square metres)
Scheme 5P4 (51 units)	10,645.70
Scheme 5P5 (39 units)	8,012.80

GENERAL DESCRIPTION (Cont'd)

The total gross floor area of each scheme are as follows:-

Scheme 5P4		
Type	No. of Units	Gross Floor Area (square metres)
A (Corner Unit)	4	189.80
B (Intermediate Unit)	43	168.71
C (End Unit)	4	170.38
Total	51	-

Scheme 5P5		
Type	No. of units	Gross Floor Area (square metres)
Corner Lot	2	209.59
End Lot 1	2	209.59
End Lot 2	2	180.70
Intermediate Lot	32	180.70
Odd Intermediate Lot	1	180.70
Total	39	-

At the time of our inspection, we noted that the subject scheme 5P4 and 5P5 were almost completed. We were informed by the client that they are currently pending for Certificate of Completion and Compliance (CCC).

METHOD OF VALUATION

1. Four (4) completed units of double storey terraced houses

The subject property is valued using the Comparison Approach of Valuation.

2. Two (2) ongoing residential development phases known as Phase 5P4 [consist of fifty one (51) units of double storey terraced houses) and Phase 5P5 [consist of thirty nine (39) units of double storey terraced houses)

The subject property is valued using the Income Approach (Residual Method).

VALUE CONSIDERATION

Comparison Approach

1. Four (4) completed units of double storey terraced houses

Details	Comparable 1	Comparable 2	Comparable 3
Source	Valuation and Property Services Department (JPPH)		
Address	No. 38, Phase 5P4, Alam Sari	No. 26, Jalan Sari Ilmia 1/2, Alam Sari	No. 27, Jalan Sari Sastera 1/2, Alam Sari
Lot No.	PT 34123, Mukim of Semenyih, District of Ulu Langat, Selangor	Lot 22675, District of Ulu Langat, Selangor	PT 34367, District of Ulu Langat, Selangor
Locality	Alam Sari	Alam Sari	Alam Sari
Land Area	347.10 square metres (3,736 sf)	390.00 square metres (4,198 sf)	497.90 square metres (5,359 sf)
Built Up Area	170.38 square metres (1,834 sf)	156.69 square metres (1,687 sf)	197.93 square metres (2,131 sf)
Tenure	Term in perpetuity (Freehold)		
Date	17/11/2015	06/11/2015	20/04/2015
Vendor	I & P MENARA SDN BHD	HALIM BIN MOHAMED DZIN + 1	HAMIRULLAH BIN BOORHAN +1
Purchaser	MOHD SHALIFUZAM B ROSLI + 1	NORAZAM BIN NORDIN + 1	SYAKRI BIN SAHROM +1
Consideration	RM882,384/-	RM1,150,000/-	RM1,200,000/-
Less Building Value (RM per sq. foot)	RM130	RM130	RM130
Depreciation on Building Value	0.00%	5.00%	5.00%
Consideration Land Value (RM per sq. foot)	RM172	RM224	RM175
Adjustments	Adjustments are made on size		
Adjusted Land Value (RM per sq. foot)	RM172	RM224	RM184

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VALUE CONSIDERATION (Cont'd)

Comparison Approach (Cont'd)

From the above analysis, the adjusted values range from RM172 per square foot to RM224 per square foot. Having regard to the foregoing, we have adopted Comparable 3 as the best comparable as it has similar characteristics with the subject property. We have adopted RM185.00 per square foot over the land area in our valuation for PT 34274, PT 34282, PT 34229 and further adjustments to PT 34289 which arrived at RM195 per square foot.

We have adopted RM130 per square foot for the building value and a depreciation rate of 2.50%.

The market value for the subject property are as follows:-

Lot No.	Market Value	Say
PT 34274	RM1,087,320.25/-	RM1,090,000/-
PT 34282	RM949,495.25/-	RM950,000/-
PT 34289	RM858,897.50/-	RM860,000/-
PT 34229	RM1,104,038.25/-	RM1,100,000/-
Total		**RM4,000,000/-**

2. Two (2) ongoing residential development phases known as Phase 5P4 (consist of fifty one (51) units of double storey terraced houses) and Phase 5P5 (consist of thirty nine (39) units of double storey terraced houses)

Income Approach (Residual Method)

2a. Ongoing residential development phases – 5P4

In arriving at the Market Value of the subject property, we have adopted the Residual Method of Valuation.

Summary of Parameters – 5P4

Gross Development Value	RM31,684,352.52 (Note 1)
Gross Development Cost	RM6,421,286.51 (Note 2)
Developer's Profit	15% of Gross Development Value
Development Period	1 year
Discount Rate	8.0% per annum

VALUE CONSIDERATION (Cont'd)

Gross Development Value (GDV) (Note 1)

Phase	Status	Net Selling Price	Progress Payment Collected	Balance to be Collected
5P4	Sold	RM2,148,672.00	RM1,316,751.42	RM831,920.58
	Unsold	RM30,852,431.94	-	RM30,852,431.94
TOTAL				**RM 31,684,352.52**

Gross Development Cost (GDC) (Note 2)

Item	Rate Adopted			Remarks
	Contract Sum	Amount Certified	Total Balance to be Paid Including GST	
Earthwork & Site Clearance	-	-	-	Work done.
Building Construction Costs	RM11,066,518.30	RM10,996,573.10	RM74,141.91	Based on contract sum.
Infrastructure Cost	RM2,494,675.20	RM2,494,675.20	-	Based on contract sum.

The market value for scheme 5P4 is derived at RM23,000,000/-.

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VALUE CONSIDERATION (Cont'd)

Income Approach (Residual Method) (Cont'd)

2b. Ongoing residential development phases – 5P5

Summary of Parameters – 5P5

Gross Development Value	RM24,744,238.22 (Note 1)
Gross Development Cost	RM6,905,829.18 (Note 2)
Developer's Profit	15% of Gross Development Value
Development Period	0.75 year
Discount Rate	8.0% per annum

Gross Development Value (GDV)

Phase	Status	Net Selling Price	Progress Payment Collected	Balance to be Collected
5P5	Sold	RM1,281,168.00	RM1,033,180.00	RM247,988.00
	Unsold	RM24,496,250.22	-	RM24,496,250.22
TOTAL				**RM24,744,238.22**

Gross Development Cost (GDC)

Item	Rate Adopted			Remarks
	Contract Sum	Amount Certified	Total Balance to be Paid Including GST	
Earthwork & Site Clearance	-	-	-	Work done.
Building Construction Costs	RM8,616,104.03	RM8,302,764.21	RM332,140.21	Based on contract sum.
Infrastructure Cost	RM2,124,852.73	RM957,983.28	RM1,236,881.62	Based on contract sum.

The market value for scheme 5P5 is derived at RM17,000,000/-.

VALUE CONSIDERATION (Cont'd)

Gross Development Cost (GDC) (Cont'd)

The projects are expected to be completed as follows:-

Phase	Date / Status
5P4	Pending Certificate of Completion and Compliance (CCC)
5P5	

The summary of the market value is as follows:-

Four (4) completed units of double storey terraced house	:	RM 4,000,000/-
Two ongoing residential development phases	:	RM 40,000,000/-
Total	:	RM 44,000,000/-

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property **BASED ON THE BASIS AS STATED IN DETAIL UNDER THE TERMS OF REFERENCE HEREIN** and free from all encumbrances is **RM44,000,000/- (Ringgit Malaysia : Forty Four Million Only).**

8.0 Lot No. 13357 & 13358, Mukim of Klebang Besar, District of Melaka Tengah, Melaka (Our Ref: WTW/06/V/002156/17/CHS)

PROPERTY IDENTIFICATION

The property	:	Two parcels of agricultural land with development potential
Location	:	Located along Jalan Pulau Gadong main road, Melaka
Title Nos.	:	GRN 58158 & GRN 58159
Lot Nos.	:	13357 & 13358
Mukim	:	Klebang Besar
District	:	Melaka Tengah
State	:	Melaka
Tenure	:	Term in perpetuity (Freehold)
Registered Owner	:	PETALING GARDEN SDN.BHD
Planning Provision	:	Zoned for Agriculture Use

GENERAL DESCRIPTION

At the time of our inspection, the land was overgrown with trees, shrubs and bushes. We also noted that there is a kampong house erected on Lot 13357 which is in poor condition.

Lot No. 13358 has a land area of 18,410 square metres (approximately 198,163 square feet/4.549 acres) and is irregular in shape.

The land is generally flat in terrain and lies at the same level of the existing frontage metalled road, Pulau Gadong.

It enjoys frontage of 218.964 metres (approximately 2,356.91 feet) onto Jalan Pulau Gadong.

At the time of our inspection, the land was overgrown shrubs and bushes and the site boundaries are basically not demarcated by any form of fencing.

We also noted there is a TNB rentice runs through the northern portion of the Subject Land Lot 13358. However, there is no endorsement of the said rentice in the title.

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METHOD OF VALUATION

The subject property is valued using the Comparison Method as other method are deemed not appropriate.

VALUE CONSIDERATION

Comparison Method

Details	Comparable 1	Comparable 2	Comparable 3
Source	Valuation and Property Services Department (JPPH)		
Title No.	GM 4	GRN 2942	GMM 379
Lot No.	55, Mukim of Klebang Besar, District of Melaka Tengah, Melaka	742, Mukim of Balai Panjang, District of Melaka Tengah, Melaka	1663, Mukim of Klebang Besar, Distrcit of Melaka Tengah, Melaka
Locality	Bt 4 1/4, Jln Pulau Gadong	Off Batu 4, Jln Pokok Mangga / Kg Padang	Off Batu 4 1/2, Jln Pulau Gadong
Land Area	16,719 square metres (179,962 square feet)	8,819.9203 square metres (94,937 square feet)	14,440 square metres (155,431 square feet)
Tenure	Term in Perpetuity	Term in Perpetuity	Term in Perpetuity
Date	07/11/2013	01/07/2013	03/04/2014
Vendor	NG CHONG BOUY + 9	GOH KIM SWEE + 1	MUNAH BINTI MUID
Purchaser	CRESCENT HOLDINGS SDN BHD	ONE NATURAL HERBS SDN BHD	MAIMUNAH BINTI MOHD
Consideration	RM4,228,992/-	RM2,090,528/-	RM50,000/- (1/30 share)
Analysis (RM per sq. foot)	RM23.50	RM22.02	RM9.65
Adjustments	Adjustment factors considered for all the above-mentioned comparables are time, location-general, location-accessibility/visibility, size, tenure, shape, land use, zoning and negative factor (Tapak PMU)		
Adjusted Value (RM per sq. foot)	RM14.22	RM13.32	RM11.93

Notes: "psm" denotes per square metre
"psf" denotes per square foot

Having regard to the foregoing, we have adopted Comparable 1 as the best comparable as it is the latest transaction and located within the same vicinity.

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VALUE CONSIDERATION (Cont'd)

Comparison Method

I. Lot No. 13357, Mukim of Klebang Besar

We have adopted a roundup of RM14 psf over the land area in our valuation and the market value for the subject property is at RM6,867,153/-, say RM6,900,000/-.

II. Lot No. 13358, Mukim of Klebang Besar

After considering the inefficiency of development of the remaining land area as well as TNB rentice, we have further adjusted the value of Lot No. 13358 from the base of RM 14 psf to RM 2 psf and the market value for the subject property is at RM396,327/-, say RM400,000/-.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property as at 30 April 2017 free from all encumbrances is **RM7,300,000/- (Ringgit Malaysia: Seven Million And Three Hundred Thousand Only).**

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9.0 TAMAN PERLING & KAMPUNG SRI SERDANG LOCALITY, JOHOR BAHRU (Our Ref: WTW/04/V/005999/17/JW)

TERMS OF REFERENCE

The valuation is carried out based on the following **BASIS(S)**: -

LOT 52511 (PETROL STATION LAND)

LOT 52511 IS VALUED AS VACANT PETROL STATION LAND AND THE VALUE OF THE IMPROVEMENTS AND BUILDINGS CONSTRUCTED BY THE SUB-LESSEE, CALTEX OIL (MALAYSIA) SDN BHD HAS BEEN EXCLUDED IN OUR VALUATION.

LOT NOS. 79915 AND PTD 154036 (LOW-COST AND LOW-MEDIUM COST FLAT LAND)

LOT NOS. 79915 AND PTD 154036 HAVE DEDUCED LAND AREA OF ABOUT 2.007 HECTARES (4.959 ACRES) AND 1.3285 HECTARES (3.285 ACRES) RESPECTIVELY AS PER THE PRE-COMPUTATION PLAN PREPARED BY MESSRS. CHARISMA SURVEY CONSULTANT AND CERTIFIED BY PENTADBIR TANAH JOHOR BAHRU ON 9TH OCTOBER 2016.

LOT NO. MLO 2300 (INDUSTRIAL LAND)

LOT NO. MLO 2300 HAS A BALANCED LAND AREA OF ABOUT 0.235 HECTARE (0.581 ACRE) AS PER THE SURVEY PLAN PREPARED BY MESSRS. JURUUKUR KAMARUL ARIFFIN BEARING PLAN NO. JKA (J)/P001(A)/0257/2012_REV.03.

OUR VALUATION IS BASED ON THE ABOVE BASIS(S) WHICH ARE PRESUMED TO BE VALID AND CORRECT. WE RESERVE THE RIGHT TO MAKE AMENDMENTS (INCLUDING THE MARKET VALUE) IF ANY OF THE ABOVE BASIS(S) IS INVALID / INCORRECT

PROPERTY IDENTIFICATION

The Subject Property :

Lot No.	Description
Lot 52511	Petrol station land
Lots 79915, 141587 and PTD 154036	Three (3) parcels of vacant residential land designated for low-cost and low medium-cost flat use
PTD 154088	Vacant commercial land designated for Hotel, Serviced Apartment and Commercial Complex uses
PTD 154056 to PTD 154061 and PTD 154083 to PTD 154085	Undeveloped subdivided low-medium cost terraced house lots
MLO 2300	Vacant industrial land designated for heavy industrial use

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PROPERTY IDENTIFICATION (Cont'd)

Location : All sited within Taman Perling except for Lot MLO 2300 (industrial land) which is located in Kampung Sri Serdang locality, approximately 1.5 kilometres due north-east of Taman Perling, Johor Bahru, Johor

Title Nos. / Lot Nos. / Land Area Under Valuation :

Title No.	Lot No.	Titled Land Area / Land Area Under Valuation (sq. metres)
GRN 283083	Lot 52511	2,562
GRN 104535	Lot 79915	20,070
GRN 428579	Lot 141587	20,310
HSD 454226	PTD 154036	13,285
HSD 446604	PTD 154088	12,236.67
HSD 454246 to HSD 454251	PTD 154056 to PTD 154061	475.72
HSD 454273 to HSD 454275	PTD 154083 to PTD 154085	342.82
HSD 11902	MLO 2300	2,350.00

All within Mukim of Pulai, District of Johor Bahru, Johor

Tenure :

All the lots except for MLO 2300
Freehold / Term In Perpetuity

MLO 2300
Leasehold 60 years expiring on 6th October 2034
(unexpired term of about 17 years and 5 months)

Registered Proprietor :

Lot Nos. 52511, PTD 154056 to PTD 154061 and PTD 154083 to PTD 154085
Pelangi Berhad

Lot Nos. 79915, 141587, PTD 154036 and PTD 154088
Pelangi Sdn Bhd

MLO 2300
Syarikat Eng Lee Knitting Factory Sdn Bhd

Category of Land Use :

All the lots except for MLO 2300
Building

MLO 2300
Industry

Planning Provision : Residential, commercial and industrial use

GENERAL DESCRIPTION

The subject property comprises 15 parcels of residential, commercial and industrial land all sited within Taman Perling except for Lot MLO 2300 (industrial land) which is located in Kampung Sri Serdang locality, approximately 1.5 kilometres due north-east of Taman Perling, Johor Bahru, Johor.

At the time of our inspection, we noted that the subject property was unoccupied except for Lot 52511 (petrol station land), of which is currently being occupied and operated as a petrol station by Caltex Oil (Malaysia) Sdn Bhd.

Part of Lot MLO 2300 is presently occupied by the U-Turn / Underpass which forms part of Persisiran Perling.

METHOD OF VALUATION

We have adopted the Comparison Approach as the only method of valuation considering that the subject property comprises vacant petrol station (the improvements and buildings erected thereon are belonged to the Lessee who shall dismantle, demolish and/or remove them upon expiry or sooner termination of the lease), commercial and industrial lands. The Planning Permission ("Kebenaran Merancang") and Building Plan Approval for Lot No. PTD 154088 have lapsed, therefore we have not considered the Income Approach (Residual Method) in our valuation.

In valuing the lands designated for low-cost and low medium-cost housing use, the primary method is Income Approach (Residual Method) as there is a dearth of recent and similar land transactions.

VALUE CONSIDERATION

Lot 52511 (Petrol Station Land)

Comparison Approach

Details	Comparable 1	Comparable 2	Comparable 3
Source	Valuation and Property Services Department (JPPH)		
Lot No, Mukim, District and State	PTD 196453 Mukim of Pulai, District of Johor Bahru, Johor	PTD 171206 Mukim of Tebrau, District of Johor Bahru, Johor	PTD 105041 Mukim of Kulai, District of Kulai, Johor
Location	Located along Jalan Gelang Patah within Taman Mutiara Rini, Skudai, Johor	Located along Jalan Dato Onn Utama, within Bandar Dato Onn, Johor Bahru, Johor	Located along Jalan Pontian – Johor Bahru, Taman Sri Pulai Perdana 2, Kangkar Pulai, Johor
Type	Vacant petrol station land		
Tenure	Leasehold expiry on 4 September 2911	Freehold / Term in perpetuity	Freehold / Term in perpetuity
Land Area (Sq. metres)	4,607.35 sq. m	4,047.00 sq. m	4,897 sq. m
Land Area (Sq. feet)	49,593 sq. ft	43,562 sq. ft	52,711 sq. ft
Date	05/09/2016	15/11/2015	30/09/2013
Consideration	RM5,455,000/-	RM5,880,870/-	RM6,250,000/-
Vendor	Mutiara Rini Sdn Bhd	Johor Land Berhad	Mah Sing Properties Sdn Bhd
Purchaser	Wong Ngee Fat +1	Jamaliah Binti Showkat Ali	Petronas DaganganBerhad
Analysed Land Value (RM per square foot)	RM110.00	RM135.00	RM118.57
Adjustments	Adjustments are made on time/market condition, location/accessibility and tenure		
Adjusted Land Value (RM per square foot)	RM110.00	RM109.35	RM112.05

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VALUE CONSIDERATION (Cont'd)

Lot 52511 (Petrol Station Land) (Cont'd)

We have considered Comparable 1 as the best comparable as it is the latest sales transaction and located relatively near to the subject property.

We have adopted a rounded value of RM110 per square foot over the land area in our valuation and the market value for the subject property with vacant possession is derived at RM3,033,467/-.

The land was leased to Wiramerge Sdn Bhd for a period of thirty-five (35) years expiring on 20th January 2032 in accordance with the Lease endorsement on the private title search. Thus, the market value shall be further adjusted to reflect the deferral period for vacant possession of the subject property.

The market value of the subject property after taking into consideration of time value of money principle, discounted at 8.0% over the remaining lease period, i.e. about 14 years and 8 months is derived at RM980,118/-, say RM1,000,000/-.

Lot No. PTD 154088 (Vacant Commercial Land)

Comparison Approach

Details	Comparable 1	Comparable 2	Comparable 3
Source	Valuation and Property Services Department (JPPH)		
Lot No, Mukim, District and State	Lot 139825 Mukim of Tebrau, District of Johor Bahru, Johor	PTD 200458 Mukim of Pulai, District of Johor Bahru, Johor	Lot 112419 Mukim of Pulai, District of Johor Bahru, Johor
Location	Located along Jalan Selatan 7, within Taman Impian Emas, Skudai, Johor	Located along Jalan Gelang Patah, Gelang Patah, Johor	Located along Jalan Ceria 20, within Taman Nusa Indah, Skudai, Johor
Type	Vacant commercial land		
Tenure	Freehold / Term in perpetuity	Freehold / Term in perpetuity	Freehold / Term in perpetuity
Land Area (Sq. metres)	15,682.00 sq. m	4,289.67 sq. m	8,189.58 sq. m
Land Area (Sq. feet)	168,799 sq. ft	46,174 sq. ft	88,152 sq. ft
Date	17/11/2015	24/03/2015	17/09/2014
Consideration	RM20,256,126/-	RM9,000,000/-	RM12,000,000/-
Vendor	Gunung Impian Development Sdn Bhd	Hotel Nusajaya Sdn Bhd	Country View Resources Sdn Bhd
Purchaser	TSK Capital Sdn Bhd	Amazing Sunstar Sdn Bhd	Danga World Sdn Bhd
Analysed Land Value (RM per square foot)	RM120.00	RM194.92	RM136.13
Adjustments	Adjustments are made on time/market condition, location/accessibility, visibility/exposure and size		
Adjusted Land Value (RM per square foot)	RM151.20	RM166.65	RM163.70

We have considered Comparable Nos. 2 and 3 as the best comparable due to the similarities in term of location and size.

We have adopted a rounded value of RM165 per square foot over the land area in our valuation and the market value for the subject property is derived at RM21,732,858/-, say RM22,000,000/-.

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VALUE CONSIDERATION (Cont'd)

Lot No. MLO 2300 (Vacant Industrial Land)

Comparison Approach

Details	Comparable 1	Comparable 2	Comparable 3
Source	Valuation and Property Services Department (JPPH)		
Lot No, Mukim, District and State	PTD 222448, Mukim of Plentong, District of Johor Bahru, Johor	PTD 220476, Mukim of Plentong, District of Johor Bahru, Johor	PTD 216212, Mukim of Plentong, District of Johor Bahru, Johor
Location	PLO 722, Jalan Platinum 4, Pasir Gudang Industrial Estate	PLO 698, Jalan Nikel Utama, Pasir Gudang Industrial Estate	PLO 670, Jalan Platinum 2, Pasir Gudang Industrial Estate
Type	Vacant industrial land		
Tenure	Leasehold 60 years expiring on 26/03/2076	Leasehold 60 years expiring on 18/06/2074	Leasehold 60 years expiring on 26/12/2072
Land Area (Sq. metres)	10,880.00 sq. m	9,910.00 sq. m	16,190.00 sq. m
Land Area (Sq. feet)	117,111 sq. ft	106,670 sq. ft	174,268 sq. ft
Date	27/06/2016	19/05/2016	12/02/2014
Consideration	RM5,622,376/-	RM4,800,105/-	RM5,749,920/-
Vendor	C & S Realty Corporation Sdn Bhd	CTL Capital Holding Sdn Bhd	Sure Viable Sdn Bhd
Purchaser	Agri Oils Packaging	May Chemical Sdn Bhd	Dynaciate Engineering Sdn Bhd
Analysed Land Value (RM per square foot)	RM48.01	RM45.00	RM32.99
Adjustments	Adjustments are made on time/market condition, location, tenure and size		
Adjusted Land Value (RM per square foot)	RM11.40	RM10.69	RM10.39

The subject property and comparables have an unexpired leasehold tenure of about 17 years and 58 - 59 years, respectively.

In analysing the tenure adjustment, different yield rates were adopted for the subject property and comparables to reflect the risk factor associated with the tenure of the property, i.e. 7.0% and 5.0% respectively. The basis of determining the yield is to adopt the risk-free interest about 4.0% plus additional risk premium (1% to 3%) associated with the unexpired leasehold tenure of the properties.

We have considered Comparable Nos. 1 and 2 as good comparable as they are the latest transactions.

We have adopted a rounded value of RM10 per square foot over the balance land area in our valuation, i.e. 0.235 hectare and the market value for the subject property is derived at RM252,952/-, say RM250,000/-.

Low-Cost and Low-Medium Cost Housing Lands

Income Approach (Residual Method)

The following outlines the parameters adopted in undertaking our assessment: -

Summary of Parameters

Gross Development Value	RM39,590,000/- **(Note 1)**
Gross Development Cost	RM52,654,511/- **(Note 2)**
Developer's Profit	- **(Note 3)**
Development Period	3 years **(Note 4)**
Discount Rate	8.0%

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VALUE CONSIDERATION (Cont'd)

Low-Cost and Low-Medium Cost Housing Lands (Cont'd)

Note 1:
The selling prices for low-cost and low medium-cost residential units are controlled by the Johor State Government at the ceiling prices of RM35,000/-, RM50,000/- and RM80,000/- per unit in accordance to the specific built-up area. Hence, we have adopted the above controlled selling prices for the subject property in accordance to its approved development.

Note 2:
The Gross Development Cost (GDC) are based on the following material parameters: -

Items	Rate Adopted	Justification
Site Clearance & Earthworks	RM100,000/- per acre	The site is generally flat in terrain. The estimated cost is based on industry average cost by counter checked with the developers and data from our previous valuations of similar properties.
Main Building & Infrastructure Costs	RM70 to 75 per square foot	The building costs are based on the industry average cost by counter checked with the developers and data from our previous valuations of similar property.
Professional Fees	3.0% of the total site clearance and earthworks, main building and infrastructure costs	The rate for normal development range from 5% to 8%. Since this is a standard non-profitable low-cost and low-medium cost housing developments, we have adopted 3%.
Project Mgt & Administrative Fees	1.5% of the total site clearance and earthworks, main building and infrastructure costs	The rate is considered reasonable for low-cost and low-medium cost developments.
Marketing & Legal Fees	1.0% of GDV	It is derived from our analysis of similar developments and after taking into account the affordable housing development content of the subject property.
Developer's Profit	-	This is due to the reason that the selling price for the low-cost and low-medium cost properties were regulated and fixed by authorities which solely for community welfare purpose and not for profit driven as usual common industry practice.

Note 3:
This is due to the reason that the selling price for the low-cost and low-medium cost properties were regulated and fixed by authorities which solely for community welfare purpose and not for profit driven as usual common industry practice.

Note 4:
This is the time frame required for construction and completion as well as the marketing of the units of development.

Based on the above parameters adopted in the Income Approach (Residual Method), the market value of the subject low-cost and low-medium cost housing lands is derived at -RM10,371,030/-, say -RM10,000,000/-.

RECONCILIATION OF VALUES

Lot No.	Description	Derivation of Value
Lot 52511	Petrol station land	RM1,000,000/-
PTD 154088	Vacant commercial land designated for Hotel, Serviced Apartment and Commercial Complex use	RM22,000,000/-
MLO 2300	Vacant industrial land designated for heavy industrial use	RM250,000/-
Lots 79915, 141587, PTD 154036, PTD 154056 to PTD 154061 and PTD 154083 to PTD 154085	Three (3) parcels of vacant residential land designated for low-cost and low medium-cost flat use and undeveloped sub-divided low-medium cost terraced house lots	-RM10,000,000/-
Total		**RM13,250,000/-**

After reconciliation, the market value of the subject property is rounded at RM13,000,000/-.

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property **ON THE BASIS AND PROVISO AS STATED IN DETAIL UNDER THE TERMS OF REFERENCE HEREIN** with permission to sell, charge, lease, transfer and free from all encumbrances at **RM13,000,000/- (Ringgit Malaysia : Thirteen Million Only).**

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10.0 PROPERTIES LOCATED WITHIN TAMAN PELANGI, JOHOR BAHRU (Our Ref : WTW/04/V/006000/17/JW)

TERMS OF REFERENCE

The valuation is carried out based on the following **BASIS(S)**: -

PART OF LOT 29090 (DESIGNATED PETROL STATION LAND)

1. A MARKETABLE AND REGISTRABLE INDIVIDUAL TITLE WITH BUILDING CATEGORY OF LAND USE FOR PETROL STATION USE WITH A TERM IN PERPETUITY IS ISSUED TO THE PORTION OF LAND LEASED TO SHELL MALAYSIA TRADING SDN BHD.

2. THE PETROL STATION LAND HAS A DESIGNATED LAND AREA OF 2,209.158 SQUARE METRES (0.55 ACRE) AS PER THE PRE-COMPUTATION PLAN BEARING REF NO. BP3/KM/05/07/2016-PH PREPARED BY MESSRS. JURUKUR MAYA, CHECKED AND CERTIFIED BY THE MAJLIS BANDARAYA JOHOR BAHRU ON 13TH DECEMBER 2016.

3. THE PETROL STATION LAND IS VALUED AS VACANT LAND ONLY AND THE VALUE OF THE SITE IMPROVEMENTS AND BUILDINGS CONSTRUCTED BY THE LESSEE, SHELL MALAYSIA TRADING SDN BHD HAS BEEN EXCLUDED IN OUR VALUATION.

OUR VALUATION IS BASED ON THE ABOVE BASIS WHICH IS PRESUMED TO BE VALID AND CORRECT. WE RESERVE THE RIGHT TO MAKE AMENDMENTS (INCLUDING THE MARKET VALUE) IF THE ABOVE BASIS IS INVALID / INCORRECT.

PROPERTY IDENTIFICATION

The Subject Property :

Lot No.	Description
Lot 14692	Vacant commercial land designated for Commercial (Commercial Complex, Shopoffice and Serviced Apartment) use
Lot 16996	Vacant commercial land designated for Commercial and Hotel uses
Lots 29090 & 33482	Two (2) contiguous parcels of commercial land designated for Commercial / Complexes / Petrol Station uses with benefit of Planning Permission ("Kebenaran Merancang") for development of 3- and 4-storey shopoffices, a commercial plot and a petrol station. Part of Lot 29090 measuring approximately 2,209.158 square metres is currently leased to Shell Malaysia Trading Sdn Bhd and erected upon with a petrol station
PTD 89299	Vacant residential detached lot
PTD 228765	A driving range known as Pelangi Golf Driving Range

PROPERTY IDENTIFICATION (Cont'd)

Location : All sited within Taman Pelangi, about 2 kilometres to the north-east of the Johor Bahru city centre, Johor Bahru, Johor

Lot Nos. / Title Nos. / Land Area :

Title No.	Lot No.	Titled Land Area (sq. metres)
GRN 38929	Lot 14692	24,241
GRN 38933	Lot 16996	26,329
GRN 460211	Lot 29090	19,144
GRN 38932	Lot 33482	22,184
HSD 162857	PTD 89299	483.9161
HSD 564986	PTD 228765	28,330

All within Mukim of Plentong, District of Johor Bahru, Johor

Tenure : Freehold / Term In Perpetuity

Registered Proprietor :

Lot 14692
Perusahaan Pelangi Bhd

Lots 16996, PTD 89299 and PTD 228765
Pelangi Berhad

Lots 29090 and 33482
Pelangi Sdn Bhd

Category of Land Use : Building

Planning Provision : Commercial, residential and driving range

GENERAL DESCRIPTION

The lands are generally flat in terrain and lies at the same level as the frontage roads. The lands unoccupied are generally covered by undergrowth and wild trees.

At the time of our inspection, we noted that the subject property was unoccupied except for Lot Nos. 16996 (partly tenanted as a car showroom), 29090 (partly leased as a petrol station), 33482 (partly tenanted as a car park) and PTD 228765 (Pelangi Golf Driving Range).

Lot No. PTD 228765 was tenanted to three (3) tenants. Details of the tenancies in accordance with the tenancy agreements and renewal of tenancy agreements made between Pelangi Sdn Bhd (the Landlord) and the Tenants are summarised as follows: -

Name of tenant	Term of tenancy	Date of commence	Termination notice period
MST Golf Sdn Bhd	Three (3) years	1 Dec 2016	Six (6) months
L. C Catering Sdn Bhd	One (1) year	1 Sept 2016	Three (3) months
YTL Communications Sdn Bhd	Two (2) years	1 Jan 2017	Three (3) months

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GENERAL DESCRIPTION (Cont'd)

As stipulated in the respective tenancy agreements, either party may terminate the agreement by giving 3 or 6 months' advance notice in writing. In the event if the land owner decides to develop/sell the subject property, the land owner will only require to give a 3 or 6 months period as notice of termination without cash compensation. Further, in any real estate transaction, it would usually take at least about 3 months to complete. So, the 3 or 6 months' notice period would give sufficient time to allow the landowner to deliver vacant possession of the subject property under such circumstances. In this respect, we are of the opinion that the said agreements have no impact to the valuation.

METHOD OF VALUATION

We have adopted the Comparison Approach as the only method of valuation considering that the lands are currently vacant and without detailed planning approval granted. The Planning Permission ("Kebenaran Merancang") for Lot 14692 has lapsed, therefore we have not considered the Income Approach (Residual Method) in our valuation.

The Approved Building Plans and Certificate of Fitness for Occupation for Lot No. PTD 228765 were not made available to us. The subject lot is one of the few pockets of development land situated within the much sought-after locality in Johor Bahru. In this location, the land has potential for redevelopment. Having regard to the above, we have therefore valued it as a parcel of potential development land by disregarding all the improvements and buildings erected thereon in our valuation.

In valuing part of Lot 29090, we have adopted the Income Approach (Residual Method) and Comparison Approach taken into consideration the subject property was granted with Planning Permission ("Kebenaran Merancang") and Building Plan Approval for 3- and 4-storey shopoffices development.

VALUE CONSIDERATION

Comparison Method

Details	Comparable 1	Comparable 2	Comparable 3
Source	Bursa Announcement dated 29th May 2017	Valuation and Property Services Department (JPPH)	
Lot No, Township, District and State	PTB 24284 Township of Johor Bahru, District of Johor Bahru, Johor	PTB 21602 Township of Johor Bahru, District of Johor Bahru, Johor	Lots 9556 to 9568 Township of Johor Bahru, District of Johor Bahru, Johor
Location	Located off Jalan Wong Ah Fook and along Jalan Trus, CBD Johor Bahru, Johor	Located along Jalan Abdullah Ibrahim – Jalan Gereja, Johor Bahru, Johor	Located along Jalan Balau 1 and Tebrau Highway, within Taman Melodies, Johor Bahru, Johor
Type	Vacant commercial land		
Tenure	Freehold / Term in perpetuity	Leasehold expiring on 15 September 2104	Freehold / Term in perpetuity
Land Area (Sq. metre)	3,725.80 sq. m	25,589.00 sq. m	5,363.36 sq. m
Land Area (Sq. feet)	40,104 sq. ft	275,437 sq. ft	57,731 sq. ft
Date	29/05/2017	02/07/2014	04/09/2013
Consideration	RM28,000,000/-	RM151,500,000/-	RM28,450,000/-
Vendor	Dato' Azizi, Dato Abd. Gani & Piagam Wira Sdn Bhd	Perbadanan Johor	Asset Nusa Sdn Bhd & Senai Maju Sdn Bhd
Purchaser	Harn Len Corp Bhd	Arab Asia Properties Sdn Bhd	Four Season Residence Sdn Bhd
Analysed Land Value (RM per square foot)	RM698.18	RM550.03	RM492.81
Adjustments	Adjustments are made on time/market condition, location/accessibility, visibility & exposure, shape, size, tenure, title conversion, plot ratio, title restriction and negative factor		
Adjusted Land Value (RM per square foot)	RM384.00	RM391.90	RM369.60

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VALUE CONSIDERATION (Cont'd)

We have considered Comparable 2 as the best comparable due to the similarities in term of location and size.

We have adopted a rounded value of RM390 per square foot as the base land value for Lot 16996 and thereafter further adjustments made for differences in location (micro), visibility/ exposure, plot ratio, land use and title restriction for Lot Nos. 14692, 29090, 33482 and PTD 228765.

Base Land Value @ RM390 per square foot				
Lot No.	Lot 14692	Lot 29090	Lot 33482	PTD 228765
Adjustments	Location, visibility & exposure and title restriction	Visibility & exposure, plot ratio and title restriction	Visibility & exposure	Visibility & exposure, plot ratio, land use and title restriction
Adjusted Land Value	RM254 psf	RM215 psf	RM312 psf	RM78 psf

Having regard to the foregoing, the market value of the above properties is derived as follows: -

Lot 16996 (Vacant Commercial Land)

We have adopted the land value of RM390 per square foot over the titled land area and the market value for the subject property is derived at RM110,527,062/-, say RM110,000,000/-.

Lot 14692 (Vacant Commercial Land)

We have adopted the land value of RM250 per square foot over the titled land area and the market value for the subject property is derived at RM65,231,925/-, say RM65,000,000/-.

Part of Lot 29090 (Vacant Commercial Land)

We have adopted the land value of RM210 per square foot over the balance land area, after deducting the designated petrol station site area of about 2,209.158 square metres (0.55 acre) as extracted from the Pre-Computation Plan bearing Ref No. BP3/KM/05/07/2016-PH, is about 16,934.842 square metres and the market value for the subject property is derived at RM38,279,839/-, say RM38,000,000/-.

Lot 33482 (Vacant Commercial Land)

We have adopted the land value of RM310 per square foot over the net land area, viz. 4.66 acres as extracted from the Pre-Computation Plan bearing Ref No. BP3/KM/05/07/2016-PH and the market value for the subject property is derived at RM62,952,010/-.

In accordance with the Planning Permission ("Kebenaran Merancang") granted to the subject property, it was agreed to provide 427 units of car park, 9 units of motorbike park and 9 units of disabled car park for the existing development (Leisure Mall) within the future commercial development plot (the subject property).

We have estimated the construction cost of the elevated car park at RM30,000/- per bay (@ RM75 per square foot over the average car park area per bay, i.e. 400 square feet).