

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

Interim Financial Report
30 June 2016

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	Page No.
Condensed Consolidated Statement Of Financial Position	1
Condensed Consolidated Statement Of Comprehensive Income	2
Condensed Consolidated Statement Of Changes In Equity	3
Condensed Consolidated Statement Of Cash Flows	4-5
Notes to the Interim Financial Report	6-8
Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad	9-15

S P SETIA BERHAD
 (Company No: 19698-X)
 (Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016
(The figures have not been audited)

	(UNAUDITED)	(AUDITED)
	As At	As At
	30/06/2016	31/12/2015
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	243,600	260,051
Investment Properties	869,078	726,378
Land Held for Property Development	5,684,583	5,304,330
Intangible Asset	9,051	7,215
Investments in Jointly Controlled Entities	1,267,585	1,086,835
Investment in an Associated Company	110,039	120,217
Deferred Tax Assets	146,457	126,529
	<u>8,330,393</u>	<u>7,631,555</u>
Current Assets		
Property Development Costs	2,227,211	2,111,798
Gross Amount Due from Customers	17,715	14,189
Inventories	841,069	878,926
Trade and Other Receivables	1,477,631	1,450,540
Amounts Owing by Jointly Controlled Entities	577,775	510,293
Amount Owing by an Associated Company	99	107
Current Tax Assets	93,829	73,203
Short-Term Deposits	1,742,944	2,019,912
Cash and Bank Balances	1,236,621	1,732,218
	<u>8,214,894</u>	<u>8,791,186</u>
TOTAL ASSETS	<u>16,545,287</u>	<u>16,422,741</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	1,971,379	1,971,266
Reserves		
Share Premium	2,497,030	2,496,683
Share Based Payment Reserve	82,142	63,037
Exchange Translation Reserve	92,795	341,343
Retained Earnings	2,771,485	2,522,315
Equity Attributable to Owners of the Company	<u>7,414,831</u>	<u>7,394,644</u>
Perpetual Bond	610,787	610,787
Non-controlling Interests	<u>399,940</u>	<u>387,008</u>
Total Equity	<u>8,425,558</u>	<u>8,392,439</u>
Non-Current Liabilities		
Long Term Borrowings	3,810,220	3,414,000
Redeemable Cumulative Preference Shares	50,904	53,770
Deferred Tax Liabilities	49,060	40,476
	<u>3,910,184</u>	<u>3,508,246</u>
Current Liabilities		
Gross Amount Due to Customers	166	125
Trade and Other Payables	1,797,605	2,133,995
Provision for Affordable Housing	458,540	458,540
Short Term Borrowings	1,796,812	1,718,511
Bank Overdrafts	109,131	64,387
Current Tax Liabilities	47,291	146,498
	<u>4,209,545</u>	<u>4,522,056</u>
Total Liabilities	<u>8,119,729</u>	<u>8,030,302</u>
TOTAL EQUITY AND LIABILITIES	<u>16,545,287</u>	<u>16,422,741</u>
Net Assets Per Share Attributable to Owners of the Company	<u>2.82</u>	<u>2.81</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the 14 months period ended 31 December 2015 and the accompanying explanatory notes in this report.)

S P SETIA BERHAD
 (Company No.: 19698-X)
 (Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016
(The figures have not been audited)

	CURRENT QUARTER *	CUMULATIVE QUARTER *
	3 MONTHS ENDED 30/06/2016 RM'000	6 MONTHS ENDED 30/06/2016 RM'000
Revenue	1,013,298	1,921,759
Cost of sales	(719,731)	(1,366,620)
Gross profit	<u>293,567</u>	<u>555,139</u>
Other income	59,186	127,946
Selling and marketing expenses	(35,399)	(66,874)
Administrative and general expenses	(61,714)	(121,074)
Share of results of jointly controlled entities	(26,368)	(43,544)
Share of results of an associated company	977	93
Finance costs	(27,555)	(54,691)
Profit before tax	<u>202,694</u>	<u>396,995</u>
Tax expense	(59,201)	(114,133)
Profit for the period	<u>143,493</u>	<u>282,862</u>
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	(62,573)	(249,102)
Total comprehensive income for the period	<u>80,920</u>	<u>33,760</u>
Profit attributable to:		
Holders of Perpetual Bond	9,059	18,068
Non-controlling interests	8,655	15,624
	<u>17,714</u>	<u>33,692</u>
Owners of the Company	<u>125,779</u>	<u>249,170</u>
	<u>143,493</u>	<u>282,862</u>
Total comprehensive income attributable to:		
Holders of Perpetual Bond	9,059	18,068
Non-controlling interests	8,654	15,070
	<u>17,713</u>	<u>33,138</u>
Owners of the Company	<u>63,207</u>	<u>622</u>
	<u>80,920</u>	<u>33,760</u>
Earnings per share attributable to equity holders of the Company		
- Basic earnings per share (sen)	4.79	9.48
- Diluted earnings per share (sen)	4.75	9.41

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the 14 months period ended 31 December 2015 and the accompanying explanatory notes in this report.)

* In 2015, the Company changed its financial year end from 31 October to 31 December and made up its financial statements for the 14 months period ended 31 December 2015.

Consequently, the 2015 quarterly financial reporting periods do not correspond with the 2016 quarterly financial reporting periods, and the 2015 quarterly results do not form a proper basis for comparison with the 2016 quarterly results. The 2015 quarterly results have therefore not been included in this report as comparative figures.

S P SETIA BERHAD
 (Company No.: 19698-X)
 (Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016
(The figures have not been audited)

	Attributable to owners of the Company								Total Equity RM'000
			Non-Distributable		Retained Earnings RM'000	Total RM'000	Perpetual Bond RM'000	Non-controlling interests RM'000	
	Share Capital RM'000	Share Premium RM'000	Share Based Payment Reserve RM'000	Exchange Translation Reserve RM'000					
6 months ended 30 June 2016									
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	-	-	-	(248,548)	-	(248,548)	-	(554)	(249,102)
Profit for the period	-	-	-	-	249,170	249,170	-	15,624	264,794
Distribution for the period	-	-	-	-	-	-	18,068	-	18,068
Distribution paid	-	-	-	-	-	-	(18,068)	-	(18,068)
Transactions with owners:									
Dividends paid	-	-	-	-	-	-	-	(2,138)	(2,138)
Issuance of ordinary shares									
- Exercise of Employee Share Option Scheme ("ESOS")	113	422	(78)	-	-	457	-	-	457
Share issuance expense	-	(75)	-	-	-	(75)	-	-	(75)
Share-based payment under Employees' Long Term Incentive Plan ("LTIP")	-	-	19,183	-	-	19,183	-	-	19,183
Balance at 30.06.2016	1,971,379	2,497,030	82,142	92,795	2,771,485	7,414,831	610,787	399,940	8,425,558

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the 14 months period ended 31 December 2015 and the accompanying explanatory notes in this report.)

Note:

In 2015, the Company changed its financial year end from 31 October to 31 December and made up its financial statements for the 14 months period ended 31 December 2015.

Consequently, the 2015 quarterly financial reporting periods do not correspond with the 2016 quarterly financial reporting periods, and the 2015 quarterly results do not form a proper basis for comparison with the 2016 quarterly results. The 2015 quarterly results have therefore not been included in this report as comparative figure.

S P SETIA BERHAD
 (Company No.: 19698-X)
 (Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016
(The figures have not been audited)

	CUMULATIVE QUARTER *
	6 MONTHS ENDED 30/06/2016 RM'000
Operating Activities	
Profit before tax	396,995
Adjustments for:-	
Non-cash items	26,149
Non-operating items	(13,181)
Operating profit before changes in working capital	409,963
Changes in property development costs	(93,712)
Changes in accrued billings/progress billings	(84,531)
Changes in gross amount due from/to customers	(3,485)
Changes in inventories	85,087
Changes in receivables	(149,653)
Changes in payables	(213,864)
Cash used in operations	(50,195)
Interest received	30,732
Interest paid	(126,254)
Rental received	694
Tax paid	(241,190)
Net cash used in operating activities	(386,213)
Investing Activities	
Additions to land held for future development	(348,601)
Purchase of property, plant and equipment	(10,549)
Additions to investment properties	(136,667)
Proceeds from disposal of property, plant and equipment	633
Acquisition of additional shares in an existing jointly controlled entity	(419,506)
Net repayment of capital contribution from a jointly controlled entity	929
Advances to jointly controlled entities	(12,246)
Net repayment from an associated company	8
Other investments	29,655
Net cash used in investing activities	(896,344)

S P SETIA BERHAD
 (Company No.: 19698-X)
 (Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016
(The figures have not been audited)

	CUMULATIVE QUARTER *
	6 MONTHS ENDED 30/06/2016 RM'000
Financing Activities	
Proceeds from issuance of ordinary shares pursuant to the exercise of ESOS	456
Payment of share issuance expenses	(75)
Repayment to a non-controlling shareholder of a subsidiary company	(25,725)
Drawdown of bank borrowings	1,322,321
Repayment of bank borrowings	(786,819)
Perpetual bond distribution paid	(18,068)
Interest paid	(408)
Redeemable cumulative preference share dividends paid to a non-controlling shareholder of a subsidiary company	(2,138)
Net cash generated from financing activities	489,544
Net changes in cash and cash equivalents	(793,013)
Effect of exchange rate changes	(30,900)
Cash and cash equivalents at beginning of the period	3,659,414
Cash and cash equivalents at end of the period	2,835,501
 Cash and cash equivalents comprise the following:	
Short-Term Deposits	1,742,944
Cash and Bank Balances	1,236,621
Bank Overdrafts	(109,131)
	2,870,434
Less: Sinking Fund, Debt Service Reserve and Escrow and Revenue Accounts	(34,933)
	2,835,501

(The Condensed Consolidated Statement Of Cash Flows should be read in conjunction with the audited financial statements for the 14 months period ended 31 December 2015 and the accompanying explanatory notes in this report.)

** In 2015, the Company changed its financial year end from 31 October to 31 December and made up its financial statements for the 14 months period ended 31 December 2015.*

Consequently, the 2015 quarterly financial reporting periods do not correspond with the 2016 quarterly financial reporting periods, and the 2015 quarterly results do not form a proper basis for comparison with the 2016 quarterly results. The 2015 quarterly results have therefore not been included in this report as comparative figures.

NOTES TO THE INTERIM FINANCIAL REPORT**1. Basis of preparation**

The interim financial report has been prepared in accordance with Financial Reporting Standard 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 14 months financial period ended 31 December 2015.

The accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the 14 months financial period ended 31 December 2015 except for the adoption of the following Amendments to FRSs:-

Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendments to FRS 5, FRS 7, FRS 119 and FRS 134	Annual Improvements to FRSs 2012-2014 Cycle
Amendment to FRS 101	Disclosure Initiative

The following is the new FRS which is effective but is not applicable to the Group:-

FRS 14	Regulatory Deferral Accounts
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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 June 2016.

4. Material changes in estimates

There were no material changes in estimates for the financial period ended 30 June 2016.

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

7

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 issuance of 150,000 new ordinary shares of RM0.75 each pursuant to the exercise of Employees' Share Options Scheme ("ESOS") at the following option prices:

		ESOS 1	ESOS 3
Exercise price	(RM)	3.07	3.02
No. of shares issued		60,000	90,000

6. Dividends paid

A single tier final dividend, in respect of the financial period ended 31 December 2015 of 19 sen per ordinary shares of RM0.75 each amounting to RM499,416,016, was approved by the shareholders at the Annual General Meeting on 18 May 2016, and determined that Dividend Reinvestment Plan ("5th DRP") shall apply to the entire final dividend.

Based on elections made by shareholders, a total of 179,964,772 new ordinary shares were issued and the remaining portion of RM22,509,370 was paid in cash on 3 August 2016.

7. Segmental Reporting

The segmental analysis for the financial period ended 30 June 2016 is as follows:-

	Property Development	Construction	Other Operations	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>					
External sales	1,702,618	123,383	95,758	-	1,921,759
Inter-segment sales	160,070	115,716	9,597	(285,383)	-
Total revenue	1,862,688	239,099	105,355	(285,383)	1,921,759
Gross profit	528,931	9,525	16,683	-	555,139
Other income	66,315	3,598	58,033	-	127,946
Operating expenses	(173,541)	(5,484)	(8,923)	-	(187,948)
Share of results of jointly controlled entities	(44,033)	-	489	-	(43,544)
Share of results of an associated company	93	-	-	-	93
Finance costs	(42,480)	(140)	(12,071)	-	(54,691)
Profit before tax	335,285	7,499	54,211	-	396,995
Tax expense					(114,133)
Profit for the period					282,862

S P SETIA BERHAD

(Company No: 19698-X)
(Incorporated in Malaysia)

8

8. Material Events subsequent to the End of Financial Period

There were no material transactions or events subsequent to the current quarter ended 30 June 2016 till 16 August 2016 (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.

10. Contingent Liabilities

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

11. Capital Commitments

	As at 30 June 2016 RM'000
Contractual commitments for construction of investment properties	402,462
Contractual commitments for acquisition of property, plant and equipment	51,562
Contractual commitments in relation to Development Agreement	<u>40,000</u>

12. Significant Related Party Transactions

	1 Jan 2016 to 30 June 2016 RM'000
<i>Transactions with jointly controlled entities:-</i>	
(i) Project management and administrative fee received and receivable	3,150
(ii) Project management and administrative fee paid and payable	120
(iii) Rental received and receivable	363
(iv) Event service fee charged	68
(v) Construction services rendered	46,156
(vi) Staff secondment fee charged	171
(vii) Interest received and receivable	10,211
(viii) Group marketing fee charged	395

Transaction with director of the Company:-

(i) Sale of development property to immediate family member of a director	809
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Transaction with director of jointly controlled entity:-

(i) Sale of development property to director of jointly controlled entity and his immediate family member	1,275
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S P SETIA BERHAD

(Company No: 19698-X)
(Incorporated in Malaysia)

9

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:-

	3 months ended 30 June 2016 RM’000	6 months ended 30 June 2016 RM’000
Revenue		
Property Development	890,301	1,702,618
Construction	70,610	123,383
Other Operations	52,387	95,758
	<hr/> 1,013,298	<hr/> 1,921,759
Profit before tax		
Property Development	174,112	335,285
Construction	5,119	7,499
Other Operations	23,463	54,211
	<hr/> 202,694	<hr/> 396,995

Property Development

The Group achieved revenue of RM1.7 billion and PBT of RM335.3 million in the financial period to-date. Ongoing projects which contributed to the revenue and profit achieved include *Setia Alam* and *Setia Eco Park* in Shah Alam, *Setia EcoHill* in Semenyih, *Setia Eco Glades* in Cyberjaya, *Setia Sky Residences* at Jalan Tun Razak, *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* and *Setia V Residences* in Penang and *Eco Sanctuary* in Singapore.

Construction

Revenue for the financial period to-date is mainly derived from the construction of the following:

- Subterranean Penang International Convention & Exhibition Centre (“SPICE”) at Penang;
- Kompleks Institut Penyelidikan Kesihatan Bersepadu (“INIH Complex”) at Setia Alam; and
- Commuter station at KL Eco City.

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

Other Operations

Revenue and profit 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 current financial period to-date was mainly contributed by unrealised foreign exchange gain.

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

There were no material changes for the Group's revenue and PBT in the current quarter compared to the preceding quarter.

3. Prospects for the Current Financial Year

For the first half period of FY2016, the Group secured a sales of RM1.11 billion. The sales secured are largely from Central region with RM856 million, Southern, Northern and Eastern region combined with RM140 million and International region with RM109 million. On the local front, the sales secured in Klang Valley are mainly in line with the Group's sales target as compared to a weaker sentiment in Johor, Penang and Sabah. The months leading to the United Kingdom's ("UK") referendum on European Union membership had led to a period of 'wait-and-see' in the UK's housing market. For the seven months ended July 2016, the Group achieved a sales of RM1.35 billion. In view of the global uncertainty, especially post-Brexit and the continued weak sentiment in the Malaysian property market, the Group sales target for FY2016 has been lowered from RM4.0 billion to RM3.5 billion.

The Group continues to strengthen its presence in Klang Valley with the launching of two new townships, namely the much anticipated *Setia Eco Templer* at Selayang with GDV of RM272 million in May 2016 and *Setia EcoHill 2* at Semenyih with GDV of RM216 million in June 2016. *Setia Eco Templer* achieved a resounding 100% take up rate for all the 234 units of landed properties launched. *Setia EcoHill 2* also achieved an encouraging take up rate where Everna, the cluster semi-D has since chalked up a 72% take up rate, indicating that the underlying demand is strong for all the 354 units of landed properties launched.

Moving forward, the Group's upcoming major launches are:

- *Maison* at Carnegie, Melbourne with GDV of AUD32 million;
- *ViiA Residence* at KL Eco City with GDV of RM407 million;
- *Setia Sky Ville* at Jelutong, Penang with GDV of RM453 million;
- *Setia Sky Seputeh* (Tower A) at Taman Seputeh with GDV of RM458 million; and
- *Trio by Setia* (Tower 1) at Bukit Tinggi, Klang with GDV of RM220 million.

In addition to the integrated and niche launches above, the Group will continue to focus on mid-priced range landed properties in *Setia Alam* where 517 units of 2 storey terrace, 3 storey terrace and 3 storey semi-D with GDV of RM384 million are earmarked for progressive launching over the second half of the year. The Group will also launch 900 units of Rumah Selangorku in *Setia Eco Templer* with a GDV of RM155 million as well as 490 units of Rumah Mampu Milik in *Setia Business Park II* at Johor with GDV of RM74 million. These product launches are in line with the Group's strategy of launching more affordable and mid-priced range housing.

In June 2016, the Group has announced a Rights Issue exercise which is expected to raise gross proceeds of approximately RM1.1 billion to fund the Group's current working capital requirements as well as for future property development and expansion plan. With a further strengthened balance sheet, this will allow the Group to seize opportunities in this challenging market. The Rights Issue exercise is expected to complete in the fourth quarter of FY2016.

The Group's prospects going forward remain positive with total unbilled sales of RM8.2 billion, anchored by 29 ongoing projects and effective remaining land bank of 3,805 acres with a GDV of RM71.5 billion as of 30 June 2016. Recognising the challenging environment ahead, the Group is cautiously optimistic and remains resilient with its diversified range of new launches, ranging from affordable to up market and landed to apartments in the second half period of FY2016.

S P SETIA BERHAD

(Company No: 19698-X)
(Incorporated in Malaysia)

11

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 30 June 2016 RM'000	6 months ended 30 June 2016 RM'000
- current taxation	69,771	126,683
- in respect of prior year	-	-
- deferred taxation	(10,570)	(12,550)
- in respect of prior year	-	-
	<u>59,201</u>	<u>114,133</u>

The Group's effective tax rate (excluding share of results of associate and jointly controlled entities) for the current period and financial period to-date is slightly higher than the statutory tax rate mainly due to certain non-tax deductible expenses.

6. Status of Corporate Proposals

The following corporate proposal has been completed since the preceding quarter report:-

- (a) On 26 October 2009, a subsidiary of S P Setia Berhad, Setia Lai Thieu Limited ("Setia LT"), had entered into an In-Principle Agreement with Investment and Industrial Development Corporation (Becamex IDC Corp) ("Becamex") for the assignment of the implementation and development of an independent mixed-use real estate project on a piece of land measuring approximately 108,400 square metres or 26.79 acres located in Lai Thieu Town, Thuan An District, Binh Duong Province, Vietnam ("Land") from Becamex to a company to be established by Setia LT in Vietnam for a total consideration of USD16,260,000.

As announced on 11 March 2010, the People's Committee of Binh Duong Province has on 10 March 2010 issued the Investment Certificate for the establishment of Setia Lai Thieu One Member Company Limited ("NewCo") to undertake the development of EcoXuan Lai Thieu on the Land for a term of 50 years from the date of issuance of the Investment Certificate.

On approval of the masterplan in the scale of 1/500 for EcoXuan Lai Thieu, the area of the Land was increased from 108,400 square metres to 109,685 square metres (27.10 acres) and by the increase in land area, the total consideration payable to Becamex was adjusted to USD16,452,750 based on the rate of USD150 per square metre.

The outstanding balance of USD98,202 had been settled in May 2016 with the completion and issuance of the land use right certificates in the name of Setia LT; and

S P SETIA BERHAD

(Company No: 19698-X)
(Incorporated in Malaysia)

12

- (b) On 3 June 2016, S P Setia Berhad proposed to undertake the following:
- (i) renounceable rights issue of up to 1,069,686,243 Islamic Redeemable Convertible Preference Shares (“RCPS-i”) of RM0.01 each on the basis of two (2) RCPS-i for every five (5) existing ordinary shares of RM0.75 each (“S P Setia Shares”) held on an entitlement date to be determined and announced later by the Board of Directors at an issue price of RM1.00 for each RCPS-i;
 - (ii) increase in authorised share capital from RM2,250,000,000 comprising 3,000,000,000 S P Setia Shares to RM2,636,000,000 comprising 3,500,000,000 S P Setia Shares and 1,100,000,000 RCPS-i by the creation of 500,000,000 new S P Setia Shares and 1,100,000,000 RCPS-i; and
 - (iii) amendments to the memorandum and articles of the Company arising from (i) and (ii) above.

7. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 30 June 2016 were as follows:-

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Bank Overdrafts	39,962	69,169	109,131
Short Term Bank Borrowings	1,316,312	480,500	1,796,812
Long Term Bank Borrowings	2,751,909	1,058,311	3,810,220
Redeemable Cumulative Preference Shares	-	50,904	50,904
	<u>4,108,183</u>	<u>1,658,884</u>	<u>5,767,067</u>

Currency exposure profile of borrowings is as follows:-

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Ringgit Malaysia	3,292,643	1,658,884	4,951,527
Singapore Dollar	133,489	-	133,489
Australian Dollar	202,310	-	202,310
Great British Pound	465,501	-	465,501
United States Dollar	12,911	-	12,911
Vietnamese Dong	1,329	-	1,329
	<u>4,108,183</u>	<u>1,658,884</u>	<u>5,767,067</u>

8. Material Litigation

The Group was not engaged in any material litigation as at 16 August 2016, the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report.

S P SETIA BERHAD

(Company No: 19698-X)
(Incorporated in Malaysia)

13

9. Dividends Declared

(a) The Board of Directors has recommended an interim dividend in respect of the financial year ending 31 December 2016.

- (i) Amount per share : Single tier dividend of 4 sen per share
- (ii) Previous corresponding period : Not applicable *
- (iii) Date payable : To be determined later
- (iv) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at a date to be determined later.

(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) of RM0.75 each in the Company.

* In 2015, the Company changed its financial year end from 31 October to 31 December and made up its financial statements for the 14 months period ended 31 December 2015. As such, no comparative figures presented as there are no comparable interim periods of the previous corresponding period.

10. Earnings Per Share Attributable To Owners of The Company

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

	3 months ended 30 June 2016 '000	6 months ended 30 June 2016 '000
Profit for the period attributable to owners of the Company (RM)	125,779	249,170
Number of ordinary shares at beginning of the period	2,628,385	2,628,356
Effect of shares issued pursuant to:		
- Exercise of ESOS	86	70
Weighted average number of ordinary shares	2,628,471	2,628,426
Basic Earnings Per Share (sen)	4.79	9.48

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

14

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

The diluted earnings per share has been calculated by dividing the Group's profit for the period attributable to owners of the Company by the weighted average number of shares that would have been in issue upon full exercise of the remaining options under the LTIP granted, adjusted for the number of such shares that would have been issued at fair value, calculated as follows:

	3 months ended 30 June 2016 '000	6 months ended 30 June 2016 '000
Profit for the period attributable to owners of the Company (RM)	125,779	249,170
Weighted average number of ordinary shares as per basic Earnings Per Share	2,628,471	2,628,426
Effect of potential exercise of LTIP	21,051	20,673
Weighted average number of ordinary shares	2,649,522	2,649,099
Diluted Earnings Per Share (sen)	4.75	9.41

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 June 2016 RM'000	31 Dec 2015 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	3,300,427	3,059,525
- Unrealised	125,325	72,656
	<u>3,425,752</u>	<u>3,132,181</u>
Total share of (accumulated losses)/retained profits from jointly controlled entities:		
- Realised	(288,939)	(245,888)
- Unrealised	3,596	2,503
	<u>(285,343)</u>	<u>(243,385)</u>
Total share of retained profits from associated companies:		
- Realised	3,715	3,620
- Unrealised	-	2
	<u>3,715</u>	<u>3,622</u>
Less: Consolidation adjustments	<u>(372,639)</u>	<u>(370,103)</u>
Total Group retained profits as per consolidated accounts	<u><u>2,771,485</u></u>	<u><u>2,522,315</u></u>

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.

S P SETIA BERHAD

(Company No: 19698-X)
(Incorporated in Malaysia)

15

12. Notes to the Statement of Comprehensive Income

Notes to the Statement of Comprehensive Income comprises:-

	3 months ended 30 June 2016 RM'000	6 months ended 30 June 2016 RM'000
Interest income	28,255	59,388
Other income including investment income	9,172	21,643
Interest expense	(27,555)	(54,691)
Depreciation and amortisation	(7,111)	(14,014)
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Gain or loss on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	-	-
Net foreign exchange gain	21,759	46,915
Gain or loss on derivatives	-	-
Exceptional items	-	-

13. Auditors' Report on Preceding Annual Financial Statements

The preceding audited financial statements for the 14 months period ended 31 December 2015 was unqualified.

Press Release

23 August 2016

For Immediate Release

S P SETIA records notable RM1.9 billion revenue and RM397 million profit-before-tax for first half of FY2016

SHAH ALAM: S P Setia Berhad today announced that the Group achieved sales of RM1.35 billion for the 7 months of FY2016 ended 31 July 2016. Revenue and PBT for the first half of FY2016 were RM1.9 billion and RM397 million respectively. S P Setia's Board of Directors has recommended an interim single tier dividend of 4 sen per share in respect of the financial year ending 31 December 2016, which is consistent with prior years. The Board has also determined that the Dividend Reinvestment Plan will apply to this interim dividend.

For the first half period of FY2016, the Group secured a sales of RM1.11 billion. The sales secured are largely from Central region with RM856 million, Southern, Northern and Eastern region combined with RM140 million and International region with RM109 million. On the local front, the sales secured in Klang Valley are mainly in line with the Group's sales target as compared to a weaker sentiment in Johor, Penang and Sabah.

Ongoing projects which contributed to the revenue and profit achieved include Setia Alam and Setia Eco Park in Shah Alam, Setia EcoHill in Semenyih, Setia Eco Glades in Cyberjaya, Setia Sky Residences at Jalan Tun Razak, 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 and Setia V Residences in Penang and Eco Sanctuary in Singapore.

"It is noteworthy to mention that amidst the current challenging market, S P Setia's sales performed satisfactorily with an admirable 100% take up rate of the GDV RM272 million landed properties launched in Setia Eco Templer at Selayang in May 2016 while Setia EcoHill 2 at Semenyih achieved an encouraging 72% take up rate for its Everna, cluster semi-detached homes during the recent launch in June 2016. This indicates that the underlying demand for quality properties in strategic locations with good infrastructure, secure and self-sustained townships is still there," said Dato' Khor Chap Jen, President and CEO of S P Setia Berhad.

To keep the momentum going, the Group's upcoming major launches are:

- Maison at Carnegie, Melbourne with GDV of AUD32 million;
- ViiA Residence at KL Eco City with GDV of RM407 million;
- Setia Sky Ville at Jelutong, Penang with GDV of RM453 million;
- Setia Sky Seputeh (Tower A) at Taman Seputeh with GDV of RM458 million; and
- Trio by Setia (Tower 1) at Bukit Tinggi, Klang with GDV of RM220 million.

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In addition to the integrated and niche launches above, the Group will continue to focus on mid-priced range landed properties in Setia Alam where 517 units of 2-storey terrace, 3-storey terrace and 3-storey semi-D with GDV of RM384 million are earmarked for progressive launching over the second half of the year. The Group will also launch 900 units of Rumah Selangorku in Setia Eco Templer with a GDV of RM155 million as well as 490 units of Rumah Mampu Milik in Setia Business Park II at Johor with GDV of RM74 million. These product launches are in line with the Group's strategy of launching more affordable and mid-priced range housing.

“We are confident that the strategic list of launches lined up for the second half of the year, which ranges from affordable housing to exclusive niche developments will have good responses, keeping up with the momentum from the take up rate of recent launches,” Dato' Khor added.

On the international front, the months leading to the United Kingdom's (“UK”) referendum on European Union membership had led to a period of ‘wait-and-see’ in the UK's housing market. In view of the global uncertainty, especially in the aftermath of Brexit and the continued weak sentiment in the Malaysian property market, the Group sales target for FY2016 is lowered from RM4.0 billion to RM3.5 billion.

In June 2016, the Group has announced a Rights Issue exercise which is expected to raise gross proceeds of approximately RM1.1 billion to fund the Group's current working capital requirements as well as for future property development and expansion plan. With a further strengthened balance sheet, this will allow the Group to seize opportunities in this challenging market. The Rights Issue exercise is expected to complete in the fourth quarter of FY2016.

“In view of the challenging environment ahead, the Group is cautiously optimistic and remains resilient with its diversified range of new launches, ranging from affordable to up market and landed to apartments in the second half period of FY2016,” Dato' Khor concluded. The Group's prospects going forward remain positive with total unbilled sales of RM8.2 billion, anchored by 29 ongoing projects and effective remaining land bank of 3,805 acres with a GDV of RM71.5 billion as of 30 June 2016.

-END-

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About S P Setia Berhad

Since its incorporation in 1974, S P Setia has been a household name in the property development industry. The Group is recognised as one of Malaysia's leading listed real estate players with a portfolio that encompasses townships, eco-sanctuaries, luxury enclaves, high-rise residences, commercial and retail developments.

S P Setia is the only Malaysian developer to have received seven FIABCI Prix d'Excellence Awards by the International Real Estate Federation (FIABCI) and nine FIABCI Malaysia Property Awards. In 2013, S P Setia was ranked No.1 in The Edge Malaysia Top Property Developers Awards for the 8th time, the only developer to have achieved this feat since the inception of the awards.

The Group is well-established in the three key economic centres of Malaysia, namely Klang Valley, Johor Bahru and Penang and also has a project in Sabah. Its international reach now includes five countries which are Vietnam, Australia, Singapore, China and the United Kingdom.

As of 30 June 2016, the Group has 29 ongoing projects, with an effective stake of 3,805 acres in undeveloped land bank remaining and RM71.5 billion in Gross Development Value.

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