

S P SETIA BERHAD
Company No: 197401002663 (19698-X)
(Incorporated in Malaysia)

Interim Financial Report
31 March 2020

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S P SETIA BERHAD
 (Company No: 197401002663 (19698-X))
 (Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020
(The figures have not been audited)

	(UNAUDITED)	(AUDITED)
	As At	As At
	31/03/2020	31/12/2019
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	662,697	639,630
Right-of-use - property, plant and equipment	3,253	3,613
Investment properties	1,996,737	2,006,439
Right-of-use - investment properties	72,555	75,853
Inventories - land held for property development	12,484,062	12,337,053
Intangible asset	13,913	14,089
Investments in joint ventures	2,965,897	2,979,178
Investments in associated companies	562,805	560,090
Other investments	96	96
Amounts owing by joint ventures	69,785	69,785
Trade receivables	23,301	30,249
Other receivables, deposits and prepayments	69,269	66,017
Deferred tax assets	282,215	284,666
	<u>19,206,585</u>	<u>19,066,758</u>
Current assets		
Trade receivables	750,033	722,003
Contract assets	1,061,366	1,077,886
Other receivables, deposits and prepayments	190,533	212,277
Inventories - property development costs	3,124,627	3,125,909
Inventories - completed properties and others	1,345,774	1,444,115
Contract cost assets	1,237,088	1,177,645
Amounts owing by joint ventures	83,221	85,104
Amounts owing by associated companies	630	590
Amounts owing by related companies	135	930
Current tax assets	80,616	69,421
Short-term funds	1,174,701	1,676,226
Short-term deposits	85,078	179,503
Cash and bank balances	1,217,377	1,204,348
	<u>10,351,179</u>	<u>10,975,957</u>
TOTAL ASSETS	<u><u>29,557,764</u></u>	<u><u>30,042,715</u></u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	8,432,321	8,432,321
Share capital - RCPS-i A	1,087,363	1,087,363
Share capital - RCPS-i B	1,035,304	1,035,304
Reserves		
Share-based payment reserve	154,243	144,721
Reserve on acquisition arising from common control	(1,295,884)	(1,295,884)
Exchange translation reserve	(100,135)	(27,162)
Retained earnings	4,894,546	4,972,532
Equity attributable to owners of the Company	<u>14,207,758</u>	<u>14,349,195</u>
Non-controlling interests	1,460,349	1,432,647
Total equity	<u>15,668,107</u>	<u>15,781,842</u>
LIABILITIES		
Non-current liabilities		
Redeemable cumulative preference shares	37,210	37,006
Other payables and accruals	90,874	90,874
Long-term borrowings	8,685,845	8,838,769
Lease liabilities	2,081	2,404
Deferred tax liabilities	455,984	455,575
	<u>9,271,994</u>	<u>9,424,628</u>
Current liabilities		
Redeemable cumulative preference shares	32,730	32,413
Trade payables	1,465,661	1,592,878
Contract liabilities	150,694	158,966
Other payables and accruals	581,294	688,592
Short-term borrowings	2,370,440	2,330,399
Lease liabilities	1,253	1,288
Current tax liabilities	15,212	30,591
Amounts owing to related companies	379	1,118
	<u>4,617,663</u>	<u>4,836,245</u>
Total liabilities	<u>13,889,657</u>	<u>14,260,873</u>
TOTAL EQUITY AND LIABILITIES	<u><u>29,557,764</u></u>	<u><u>30,042,715</u></u>
Net assets per share attributable to owners of the Company	<u>2.99</u>	<u>3.02</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes in this report.)

S P SETIA BERHAD
 (Company No.: 197401002663 (19698-X))
 (Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020
(The figures have not been audited)

	3 MONTHS ENDED	
	31/03/2020	31/03/2019
	RM'000	RM'000
		Restated
Revenue	702,655	864,907
Cost of sales	(491,865)	(599,085)
Gross profit	<u>210,790</u>	<u>265,822</u>
Other income	43,863	47,412
Selling and marketing expenses	(12,558)	(20,580)
Administrative and general expenses	(72,818)	(86,641)
Share of results of joint ventures	(8,244)	(8,050)
Share of results of associated companies	(1,713)	6,525
Finance costs	<u>(55,359)</u>	<u>(56,262)</u>
Profit before tax	103,961	148,226
Taxation	(47,838)	(48,396)
Profit for the period	<u>56,123</u>	<u>99,830</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	(72,931)	15,765
Total comprehensive income for the period	<u>(16,808)</u>	<u>115,595</u>
Profit attributable to:		
Owners of the Company	28,463	74,976
Non-controlling interests	27,660	24,854
	<u>56,123</u>	<u>99,830</u>
Total comprehensive income attributable to:		
Owners of the Company	(44,510)	90,754
Non-controlling interests	27,702	24,841
	<u>(16,808)</u>	<u>115,595</u>
Earnings per share attributable to owners of the Company		
- Basic earnings per share (sen)	(0.93)	0.22
- Diluted earnings per share (sen)	(0.92)	0.22

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes in this report.)

S P SETIA BERHAD
(Company No.: 197401002663 (19698-X))
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020
(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 Capital - RCPS-i B RM'000	Share- Based Payment Reserve RM'000	Reserve on Acquisition Arising from Common Control RM'000	Exchange Translation Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non- controlling Interests RM'000	
Balance at 01.01.2020	8,432,321	1,087,363	1,035,304	144,721	(1,295,884)	(27,162)	4,972,532	14,349,195	1,432,647	15,781,842
Total other comprehensive income for the period represented by exchange differences on translation of foreign operations	-	-	-	-	-	(72,973)	-	(72,973)	42	(72,931)
Profit for the period	-	-	-	-	-	-	28,463	28,463	27,660	56,123
RCPS-i A preferential dividends declared	-	-	-	-	-	-	(35,327)	(35,327)	-	(35,327)
RCPS-i B preferential dividends declared	-	-	-	-	-	-	(30,697)	(30,697)	-	(30,697)
Ordinary shares dividends declared	-	-	-	-	-	-	(40,425)	(40,425)	-	(40,425)
Share-based payment under Employee Long Term Incentive Plan ("LTIP")	-	-	-	9,522	-	-	-	9,522	-	9,522
Balance at 31.03.2020	8,432,321	1,087,363	1,035,304	154,243	(1,295,884)	(100,135)	4,894,546	14,207,758	1,460,349	15,668,107
Balance at 01.01.2019	8,252,253	1,087,363	1,044,753	140,987	(1,295,884)	(50,058)	4,918,566	14,097,980	1,376,263	15,474,243
Total other comprehensive income for the period represented by exchange differences on translation of foreign operations	-	-	-	-	-	15,778	-	15,778	(13)	15,765
Profit for the period	-	-	-	-	-	-	74,976	74,976	24,854	99,830
RCPS-i A preferential dividends declared	-	-	-	-	-	-	(35,327)	(35,327)	-	(35,327)
RCPS-i B preferential dividends declared	-	-	-	-	-	-	(30,977)	(30,977)	-	(30,977)
Ordinary shares dividends declared	-	-	-	-	-	-	(180,231)	(180,231)	-	(180,231)
Share-based payment under Employee Long Term Incentive Plan ("LTIP")	-	-	-	19,679	-	-	-	19,679	-	19,679
Balance at 31.03.2019 (restated)	8,252,253	1,087,363	1,044,753	160,666	(1,295,884)	(34,280)	4,747,007	13,961,878	1,401,104	15,362,982

(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 2019 and the accompanying explanatory notes in this report.)

S P SETIA BERHAD
 (Company No.: 197401002663 (19698-X))
 (Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020
(The figures have not been audited)

	3 MONTHS ENDED	
	31/03/2020	31/03/2019
	RM'000	RM'000
		Restated
Operating Activities		
Profit before tax	103,961	148,226
Adjustments for:-		
Non-cash items	26,261	35,763
Non-operating items	22,482	25,558
Operating profit before changes in working capital	<u>152,704</u>	<u>209,547</u>
Changes in inventories - property development costs and contract cost assets	(91,966)	(64,829)
Changes in inventories - completed properties and others	97,443	120,932
Changes in contract assets/liabilities	11,236	(147,673)
Changes in receivables	(29,493)	53,220
Changes in payables	(162,479)	(277,832)
Cash used in operations	<u>(22,555)</u>	<u>(106,635)</u>
Rental received	7,524	5,459
Interest received	6,881	11,887
Interest paid on lease liabilities	(36)	(26)
Net tax paid	(70,736)	(62,309)
Net cash used in operating activities	<u>(78,922)</u>	<u>(151,624)</u>
Investing Activities		
Additions to inventories - land held for property development	(161,408)	(147,498)
Additions to property, plant and equipment	(30,671)	(19,405)
Additions to investment properties	(617)	(4,216)
Proceeds from disposal of property, plant and equipment	43	119
Proceeds from disposal of investment properties	6,221	-
Acquisition of additional shares in existing joint ventures	(24,000)	(176,705)
Advances to an associated company	(40)	(29)
Repayment from/(Advances to) joint ventures	3,394	(1,450)
(Placement of)/withdrawal from sinking fund, debt service reserve, escrow accounts and short-term deposits	(4,769)	24,872
Interest received	12,998	8,858
Rental received	5,146	4,474
Net cash used in investing activities	<u>(193,703)</u>	<u>(310,980)</u>
Financing Activities		
Repayment to non-controlling shareholder of subsidiary companies	-	(125,000)
Drawdown of bank borrowings	198,018	844,092
Repayment of bank borrowings	(278,479)	(437,731)
Repayment of lease liabilities	(344)	(212)
Interest paid	(114,867)	(122,869)
RCPS-i A preferential dividends - payment in transit	(35,327)	-
RCPS-i B preferential dividends - payment in transit	(30,697)	-
Ordinary shares dividends - payment in transit	(40,425)	-
Net cash (used in)/generated from financing activities	<u>(302,121)</u>	<u>158,280</u>
Net changes in cash and cash equivalents	(574,746)	(304,324)
Effect of exchange rate changes	(6,718)	(4,813)
Cash and cash equivalents at beginning of the period	2,955,811	2,810,055
Cash and cash equivalents at end of the period	<u><u>2,374,347</u></u>	<u><u>2,500,918</u></u>

S P SETIA BERHAD
 (Company No.: 197401002663 (19698-X))
 (Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020
(The figures have not been audited)

	3 MONTHS ENDED	
	31/03/2020	31/03/2019
	RM'000	RM'000
		Restated
Cash and cash equivalents comprise the following:		
Short-term funds	1,174,701	1,126,488
Short-term deposits	85,078	327,095
Cash and bank balances	1,217,377	1,136,854
Bank overdrafts	(17,375)	(63,229)
	<u>2,459,781</u>	<u>2,527,208</u>
Less: Amount restricted in sinking fund, debt service reserve, escrow accounts and short-term deposits	(85,434)	(26,290)
	<u>2,374,347</u>	<u>2,500,918</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes in this report.)

NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of Preparation

The interim financial report has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134 *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report is unaudited and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2019.

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 2019 except for the adoption of the following Amendments to MFRSs:-

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101	Presentation of Financial Statements – Definition of Material
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Revised Conceptual Framework for Financial Reporting	

The adoption of the above Amendments to MFRSs does not have significant financial impact to 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 31 March 2020.

4. Material Changes in Estimates

There were no material changes in estimates for the financial period ended 31 March 2020.

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.

6. Dividends Paid

a) Dividend in respect of the financial year ended 31 December 2019

A single-tier dividend, in respect of the financial year ended 31 December 2019 of 1 sen per ordinary share amounting to RM40,424,817 was paid in cash on 2 April 2020.

6. Dividends Paid (continued)

b) Islamic Redeemable Convertible Preference Shares (“RCPS-i A”) preferential dividend in respect of the financial period from 1 July 2019 to 31 December 2019

A semi-annually RCPS-i A preferential dividend of RM35,326,945, in respect of the financial period from 1 July 2019 to 31 December 2019, was paid in cash on 1 April 2020.

c) Islamic Redeemable Convertible Preference Shares (“RCPS-i B”) preferential dividend in respect of the financial period from 1 July 2019 to 31 December 2019

A semi-annually RCPS-i B preferential dividend of RM30,696,750, in respect of the financial period from 1 July 2019 to 31 December 2019, was paid in cash on 1 April 2020.

7. Segmental Reporting

The segmental analysis for the financial period ended 31 March 2020 is as follows:-

	Property Development RM'000	Construction RM'000	Other Operations RM'000	Eliminations RM'000	Consolidated RM'000
External revenue	651,479	7,682	43,494	-	702,655
Inter-segment revenue	57,047	69,761	9,066	(135,874)	-
Total revenue	708,526	77,443	52,560	(135,874)	702,655
Gross profit	204,993	545	5,252	-	210,790
Other income	40,445	41	3,377	-	43,863
Operating expenses	(79,333)	(1,626)	(4,417)	-	(85,376)
Share of results of joint ventures	(9,235)	-	991	-	(8,244)
Share of results of associated companies	(1,713)	-	-	-	(1,713)
Finance costs	(49,161)	(168)	(6,030)	-	(55,359)
Profit/(loss) before tax	105,996	(1,208)	(827)	-	103,961
Taxation					(47,838)
Profit for the period					56,123

8. Material Events Subsequent to the End of Financial Period

There were no material transactions or events subsequent to the financial period ended 31 March 2020 till 7 May 2020 (the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report).

9. Changes in the Composition of the Group

There were no changes in the composition of the Group for the financial period ended 31 March 2020.

10. Contingent Liabilities

The following are the status updates on the contingent liabilities of the Group as at the financial period ended 31 March 2020 till 7 May 2020 (the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report):

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

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

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

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

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

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

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

Setia Fontaines filed its Defence and served the same on Boustead on 31 January 2019. Boustead filed its Reply on 21 February 2019 and the matter has been fixed for Trial from 1 April 2020 to 3 April 2020.

In respect of Setia Fontaines’ judicial review (JR) application against the Customs and Ministry of Finance (MOF) and Setia Fontaines’ application to stay the main proceeding pending the disposal of the JR application, both were scheduled for Hearing on 5 March 2020 and 9 March 2020 respectively. However, due to the Covid-19 pandemic resulting in issuance of the Movement Control Orders (MCO) by the government starting from 18 March 2020 to 12 May 2020 that led to closures of government premises including court complexes, both hearings dates and Trial date were postponed to a later date to be informed by the court.

10. Contingent Liabilities (continued)

Solicitors for Setia Fontaines are of the view that:

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

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

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

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

11. Capital Commitments

	As at 31 Mar 2020 RM'000
<i>Commitments of subsidiary companies:-</i>	
Contractual commitments for acquisition of development land	22,050
Contractual commitments for construction of investment properties	41,027
Contractual commitments for acquisition of property, plant and equipment	<u>118,442</u>
<i>Share of commitments of joint ventures:-</i>	
Contractual commitments for acquisition of development land	112,430
Contractual commitments for construction of investment properties	<u>23,962</u>

12. Significant Related Party Transactions

**1 Jan 2020
to
31 Mar 2020
RM'000**

Transactions with joint ventures:-

(i) Management fee received and receivable	257
(ii) Event and marketing fee received and receivable	13
(iii) Rental received and receivable	158
(iv) Rental paid and payable	45
(v) Staff secondment fee received and receivable	121
(vi) Interest received and receivable	277
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Transactions with directors of the Company:-

(i) Sale of development property to immediate family members of director of the Company	1,284
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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 are analysed as follows:-

	Q1 2020	Q1 2019
	RM’000	RM’000
		Restated
Revenue		
Property Development	651,479	797,591
Construction	7,682	23,627
Other Operations	43,494	43,689
	702,655	864,907
Profit/(Loss) before tax		
Property Development	105,996	145,597
Construction	(1,208)	(970)
Other Operations	(827)	3,599
	103,961	148,226

Property Development

The Group’s property development segment achieved revenue of RM651.5 million and PBT of RM106.0 million in Q1 2020. Both revenue and PBT for the current quarter is lower than the corresponding quarter in FY2019 partly due to the Movement Control Order (MCO) taken in response to the Covid-19 pandemic. Closure of sales offices, construction sites and social activities have disrupted the operations of our businesses, and hence the lower profit contribution in the current quarter.

Under construction and completed projects which contributed to the revenue and profit achieved include *Setia Alam*, *Setia Eco Park*, *Precinct Arundina*, *Alam Impian* and *Temasya Glenmarie* in Shah Alam, *Setia EcoHill*, *Setia EcoHill 2* and *Setia Mayuri* in Semenyih, *Setia Eco Glades* and *Setia Safiro* in Cyberjaya, *Setia Eco Templer* in Rawang, *Setia Warisan Tropika* in Sepang, *Alam Sutera* in Bukit Jalil, *Alam Damai* in Cheras, *Setia Alamsari* in Bangi, *Bandar Kinrara* in Puchong, *Kota Bayuemas* and *Trio by Setia* in Klang, *Setia Sky Seputeh* in Seputeh, *Bandar Baru Sri Petaling* in Kuala Lumpur, *KL Eco City* at Jalan Bangsar, *Bukit Indah*, *Setia Indah*, *Setia Tropika*, *Setia Eco Cascadia*, *Setia Business Park I & II*, *Setia Eco Gardens*, *Setia Sky 88*, *Taman Rinting*, *Taman Pelangi*, *Taman Pelangi Indah* and *Taman Industri Jaya* in Johor, *Setia Pearl Island*, *Setia Sky Vista*, *Setia Pinnacle*, *Setia Sky Ville* and *Setia Fontaines* in Penang, *Aeropod* in Kota Kinabalu, *EcoXuan* in Vietnam and *Daintree Residence* in Singapore.

Construction

Revenue and PBT from construction segment are mainly derived from construction of development properties and supply of readymix concrete.

Other Operations

Revenue from other operations are mainly contributed by wood-based manufacturing, trading activities, and the operation of investment properties such as office towers, retail malls and convention centres.

2. **Material Changes in the Quarterly Results (“Q1 2020”) compared to the results of the Preceding Quarter (“Q4 2019”)**

The Group’s PBT for Q1 2020 of RM103.7 million is slightly lower than the PBT for Q4 2019 of RM116.3 million, partly due to the disruption of businesses from MCO, as mentioned above.

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

The outbreak of the Covid-19 pandemic has led to the unprecedented implementation of the Movement Control Order (“MCO”) which resulted in most businesses and social activities being severely disrupted. The property industry is not spared and as a result, the anticipated recovery will not happen so soon. Instead, the subdued sentiment is expected to worsen and be prolonged. Some form of contraction is expected but as the property industry has already been facing strong headwinds for the past few years, the contraction is more likely to be buffered rather than a steep decline.

The Group will have to be prepared for a very different operating landscape post Covid-19. The recovery of the property industry will largely depend on the improvement of the broader economy and also the buyers’ sentiment which for now, remains weak as many are adopting a wait-and-see attitude. However, as the purchase of property is a relatively safe and sound investment in the medium to longer term, end users and some investors may emerge due to attractive offerings by property developers.

For the first quarter of FY2020, the Group secured sales of RM470 million, mostly before the implementation of the MCO. Local projects contributed RM364 million or approximately 77% of the sales whilst the remaining RM106 million or approximately 23% were contributed largely by international projects such as UNO Melbourne, Sapphire by the Gardens and Marque Residences in Australia as well as Daintree Residence in Singapore. On the local front, sales were largely from the Central region with RM223 million, aided by RM86 million contribution from the Southern region while Northern region contributed another RM55 million. The total sales secured were also complemented by the concerted effort in clearing inventories where RM102 million worth of inventories were monetised during this period.

In addition to the sales secured, the Group in the first quarter of FY2020 had also secured RM723 million bookings in the pipeline. The MCO had hampered the signing of the Sale and Purchase Agreement and hence, delayed the conversion of these bookings into sales. Nevertheless, the Group continues to reach out and provide updates to property buyers via various digital communication platforms. During the extended conditional MCO period, the focus will be on swift conversion of these bookings into sales.

Prior to the start of the MCO, the Group had launched projects worth approximately RM478 million of Gross Development Value, all in the Klang Valley area. These projects comprised of landed properties such as 2-storey terraced house in Alam Impian priced from RM714,000 onwards, 2-storey terraced house in Bandar Kinrara priced from RM1.0 million onwards, 2-storey semi-detached house in Setia Alam priced from RM1.0 million onwards as well as 2-storey terraced house in Setia Safiro priced from RM800,000 onwards. The Group had witnessed good responses from prospective buyers of these projects where the take-up rates had been mostly encouraging.

Starting from 13 April 2020, several additional economic sectors, including the construction sector have been allowed to apply for recommencement of work on the condition of strict adherence to health and safety guidelines. Subject to the authorities’ approval, some of the eligibility requirements to resume construction work are projects that have achieved physical progress of 90% and above, maintenance works, sloping works and building projects with 70 IBS score and above. Several construction sites of the Group that met the eligibility requirements had been gradually granted approval and though construction work is not carried out at full swing, this relaxation of the MCO allowed some construction work to slowly resume.

3. Prospects for the Current Financial Year (continued)

The continued practice of social distancing over the extended conditional MCO period will impact on construction progress. Concerns on job security remain heightened and consumers will be more cautious on their spending, especially on purchasing ‘big ticket’ items such as properties. Hence, as the Group expects that economic activities will take some time to recover, the sales target for FY2020 is revised from RM4.55 billion to RM3.80 billion, which is aligned to the present market conditions.

The outlook for FY2020 remains challenging and uncertain as the full impact of the Covid-19 pandemic has not been ascertained. However, the Group remains resilient as unbilled sales totalling RM9.80 billion will place the Group in good stead during this challenging time and see the Group through over the next 2 years. Moving forward, other than focusing on clearing the completed inventories, the Group will remain prudent with limited new launches concentrating on the mid-range landed units in established townships to cater for the demand of owner-occupiers. The Group is also anchored by 48 on-going projects and an effective remaining land banks of 8,718 acres with a Gross Development Value of RM138.87 billion as at 31 March 2020.

4. Variance of Actual Profit from Forecast Profit

Not applicable as no profit forecast was published.

5. Income Tax

	Q1 2020	Q1 2019
	RM'000	RM'000
Taxation		
- current taxation	43,510	53,576
- deferred taxation	4,328	(5,180)
	47,838	48,396

The Group’s effective tax rate (excluding share of results of joint ventures and associated companies) for the financial period is higher than the statutory tax rate mainly due to certain non-tax deductible expenses.

6. Status of Corporate Proposals

There is no corporate proposal that has been announced by the Company which has not completed as at 7 May 2020, the latest practicable date which shall not be earlier than 7 days from the date of issue of this interim financial report.

7. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 31 March 2020 were as follows:-

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short-term borrowings	1,257,639	1,112,801	2,370,440
Long-term borrowings	4,930,891	3,754,954	8,685,845
Redeemable cumulative preference shares	-	69,940	69,940
	6,188,530	4,937,695	11,126,225

7. Group Borrowings and Debt Securities (continued)

Currency exposure profile of group borrowings and debt securities is as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Malaysian Ringgit	5,387,566	3,432,877	8,820,443
Great British Pound	-	1,395,341	1,395,341
Singapore Dollar	583,199	-	583,199
Australian Dollar	174,552	-	174,552
United States Dollar	-	109,477	109,477
Japanese Yen	43,213	-	43,213
	6,188,530	4,937,695	11,126,225

8. Material Litigation

Except for the contingent liabilities disclosed above, the Group was not engaged in any material litigation as at 7 May 2020, the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report.

9. Dividends Declared

No interim dividend has been declared in respect of the financial period ended 31 March 2020.

10. Earnings Per Share Attributable To Owners of The Company

Basic Earnings Per Share

The basic earnings per share for the period is calculated by dividing the Group's profit attributable to owners of the Company adjusted for the effects of RCPS-i A and RCPS-i B preferential dividends declared during the period, divided by the weighted average number of shares in issue, as follows:-

	Q1 2020 '000	Q1 2019 '000 Restated
Profit attributable to owners of the Company (RM)	28,463	74,976
- RCPS-i A preferential dividends (RM)*	(35,327)	(35,327)
- RCPS-i B preferential dividends (RM)*	(30,697)	(30,977)
Adjusted earnings attributable to owners of the Company (RM)	(37,561)	8,672
Number of ordinary shares in issue	4,042,482	3,958,563
Basic earnings per share (sen)	(0.93)	0.22

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

Diluted Earnings Per Share

The diluted earnings per share for the period is calculated by dividing the Group's profit attributable to owners of the Company adjusted for the effects of RCPS-i A and RCPS-i B preferential dividends declared during 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, as follows:-

	Q1 2020	Q1 2019
	'000	'000
		Restated
Profit attributable to owners of the Company (RM)	28,463	74,976
- RCPS-i A preferential dividends (RM)*	(35,327)	(35,327)
- RCPS-i B preferential dividends (RM)*	(30,697)	(30,977)
Adjusted earnings attributable to owners of the Company (RM)	(37,561)	8,672
Number of ordinary shares in issue	4,042,482	3,958,563
Effect of potential exercise of LTIP	28,572	25,876
Weighted average number of ordinary shares	4,071,054	3,984,439
Diluted earnings per share (sen)	(0.92)	0.22

The effects of conversion of RCPS-i A and RCPS-i B have not been included in the computation of the dilutive earnings per share of the Group as they are anti-dilutive.

**The RCPS-i A and RCPS-i B preferential dividends are paid semi-annually. In the previous year, the Group accounted for the said RCPS-i A and RCPS-i B preferential dividends when they are paid, i.e. in the second quarter. In the current year, the Group resolved to account for the said RCPS-i A and RCPS-i B preferential dividends when final approval is obtained. As the aggregate half yearly RCPS-i A and RCPS-i B preferential dividends are larger than the profit attributable to owners of the Company for the first quarter, the Group had a loss per ordinary share for the quarter.*

In the context that the RCPS-i A and RCPS-i B preferential dividends are relating to the previous period, if the said preferential dividends are excluded from the quarterly earnings, the Basic Earnings Per Share and Diluted Earnings Per Share for the current quarter would be 0.70 sen and 0.70 sen (Q1'2019: 1.89 sen and 1.88 sen) respectively.

11. Notes to the Statement of Comprehensive Income

	3 Months Ended	
	Q1 2020	Q1 2019
	RM'000	RM'000
		Restated
Interest income	23,451	25,160
Other income including investment income	18,949	22,192
Interest expense	(55,359)	(56,262)
Depreciation and amortisation	(7,498)	(6,683)
Provision for and write off of trade and other receivables	(3)	-
Provision for and write off of inventories	-	-
Net (loss)/gain on disposal of quoted or unquoted investments or properties	(702)	60
Impairment and write off of assets	-	-
Fair value gain on investment properties	-	-
Net foreign exchange gain/(loss)	1,463	(9,995)
Gain or loss on derivatives	-	-
Exceptional items	-	-

12. Auditors' Report on Preceding Annual Financial Statements

The preceding audited financial statements for the financial year ended 31 December 2019 was unqualified.