

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

**Interim Financial Report**  
**30 September 2022**

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**Interim Financial Report - 30 September 2022**

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**S P SETIA BERHAD**  
 (Company No: 197401002663 (19698-X))  
 (Incorporated in Malaysia)  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2022**  
*(The figures have not been audited)*

	(UNAUDITED) As At 30/09/2022 RM'000	(AUDITED) As At 31/12/2021 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	762,202	725,965
Right-of-use - property, plant and equipment	1,704	1,852
Investment properties	2,045,950	2,046,487
Right-of-use - investment properties	63,473	46,940
Inventories - land held for property development	12,544,752	12,534,255
Intangible asset	13,087	13,488
Investments in joint ventures	3,381,575	3,455,185
Investments in associated companies	555,154	565,362
Other investments	96	96
Amounts owing by joint ventures	69,785	69,785
Trade receivables	57,778	64,891
Other receivables, deposits and prepayments	83,385	79,606
Deferred tax assets	338,423	315,812
	<u>19,917,364</u>	<u>19,919,724</u>
<b>Current assets</b>		
Trade receivables	564,984	738,641
Contract assets	1,718,758	1,290,160
Other receivables, deposits and prepayments	230,620	233,651
Inventories - land held for sales	136,578	139,670
Inventories - property development costs	2,907,339	2,895,419
Inventories - completed properties and others	905,687	1,049,646
Contract cost assets	1,784,739	1,708,206
Amounts owing by joint ventures	90,762	84,514
Amounts owing by associated companies	-	2,464
Amounts owing by related parties	135	276
Current tax assets	39,911	50,793
Short-term funds	-	1,401,604
Short-term deposits	922,128	206,190
Cash and bank balances	1,616,504	1,463,422
	<u>10,918,145</u>	<u>11,264,656</u>
<b>TOTAL ASSETS</b>	<u>30,835,509</u>	<u>31,184,380</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	8,499,642	8,490,225
Share capital - RCPS-i A	1,087,363	1,087,363
Share capital - RCPS-i B	1,035,218	1,035,218
Reserves		
Share-based payment reserve	82,754	86,927
Reserve on acquisition arising from common control	(1,295,884)	(1,295,884)
Exchange translation reserve	(33,029)	107,157
Retained earnings	4,723,815	4,664,527
<b>Equity attributable to owners of the Company</b>	<u>14,099,879</u>	<u>14,175,533</u>
Non-controlling interests	1,399,274	1,456,206
<b>Total equity</b>	<u>15,499,153</u>	<u>15,631,739</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Redeemable cumulative preference shares	37,903	37,965
Other payables and accruals	61,382	61,850
Long-term borrowings	6,934,900	9,308,641
Lease liabilities	892	823
Deferred tax liabilities	446,151	446,104
	<u>7,481,228</u>	<u>9,855,383</u>
<b>Current liabilities</b>		
Trade payables	1,309,880	1,495,050
Contract liabilities	126,921	119,275
Other payables and accruals	787,878	804,019
Short-term borrowings	5,570,136	3,247,231
Lease liabilities	840	1,155
Current tax liabilities	59,095	30,012
Amounts owing to related parties	378	516
	<u>7,855,128</u>	<u>5,697,258</u>
<b>Total liabilities</b>	<u>15,336,356</u>	<u>15,552,641</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>30,835,509</u>	<u>31,184,380</u>
Net assets per share attributable to owners of the Company	<u>2.94</u>	<u>2.96</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 2021 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 30 SEPTEMBER 2022**  
*(The figures have not been audited)*

	3 MONTHS ENDED		9 MONTHS ENDED	
	30/09/2022 RM'000	30/09/2021 RM'000	30/09/2022 RM'000	30/09/2021 RM'000
Revenue	860,940	594,552	2,746,483	2,730,144
Cost of sales	(622,653)	(418,727)	(2,023,558)	(2,017,068)
Gross profit	<u>238,287</u>	<u>175,825</u>	<u>722,925</u>	<u>713,076</u>
Other income	64,020	35,864	130,018	113,573
Selling and marketing expenses	(15,587)	(12,389)	(39,143)	(32,788)
Administrative and general expenses	(94,712)	(98,443)	(261,723)	(265,772)
Gain/(loss) on foreign exchange				
- Realised	(67)	3	(8)	1,131
- Unrealised	6,639	21,045	27,560	(11,068)
Share of results of joint ventures	(19,265)	(13,861)	(40,617)	(18,045)
Share of results of associated companies	5,389	(2,218)	8,976	4,802
Finance costs	(68,064)	(53,549)	(177,995)	(151,222)
Profit before tax	<u>116,640</u>	<u>52,277</u>	<u>369,993</u>	<u>353,687</u>
Taxation	(40,320)	(29,992)	(109,359)	(132,980)
Profit for the period	<u>76,320</u>	<u>22,285</u>	<u>260,634</u>	<u>220,707</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	(44,382)	(76,720)	(139,994)	30,298
Total comprehensive income/(loss) for the period	<u>31,938</u>	<u>(54,435)</u>	<u>120,640</u>	<u>251,005</u>
Profit attributable to:				
Owners of the Company	70,188	11,013	217,776	161,050
Non-controlling interests	6,132	11,272	42,858	59,657
	<u>76,320</u>	<u>22,285</u>	<u>260,634</u>	<u>220,707</u>
Total comprehensive income/(loss) attributable to:				
Owners of the Company	25,809	(65,749)	77,590	191,276
Non-controlling interests	6,129	11,314	43,050	59,729
	<u>31,938</u>	<u>(54,435)</u>	<u>120,640</u>	<u>251,005</u>
Earnings per share attributable to owners of the Company				
- Basic earnings/(loss) per share (sen)	0.10	(1.35)	2.11	0.71
- Diluted earnings/(loss) per share (sen)	0.10	(1.35)	2.10	0.71

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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 30 SEPTEMBER 2022**  
*(The figures have not been audited)*

	← Attributable to owners of the Company →									
	Share Capital RM'000	Share Capital - RCPS-i A RM'000	Share Capital - RCPS-i B RM'000	← Non-Distributable →			Distributable		Non- controlling Interests RM'000	Total Equity 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			
<b>Balance at 01.01.2022</b>	8,490,225	1,087,363	1,035,218	86,927	(1,295,884)	107,157	4,664,527	14,175,533	1,456,206	15,631,739
Total other comprehensive income for the period represented										
by exchange differences on translation of foreign operations	-	-	-	-	-	(140,186)	-	(140,186)	192	(139,994)
Profit for the period	-	-	-	-	-	-	217,776	217,776	42,858	260,634
<b>Transactions with owners:</b>										
Issuance of ordinary shares										
- Vesting of Employee Share Grant Plan ("ESGP")	9,277	-	-	(9,277)	-	-	-	-	-	-
- Exercise of Employee Share Options Scheme ("ESOS")	140	-	-	(37)	-	-	-	103	-	103
RCPS-i A preferential dividends paid	-	-	-	-	-	-	(70,656)	(70,656)	-	(70,656)
RCPS-i B preferential dividends paid	-	-	-	-	-	-	(61,389)	(61,389)	-	(61,389)
Dividends paid	-	-	-	-	-	-	(26,443)	(26,443)	(99,982)	(126,425)
Share-based payment under LTIP	-	-	-	5,141	-	-	-	5,141	-	5,141
<b>Balance at 30.09.2022</b>	<b>8,499,642</b>	<b>1,087,363</b>	<b>1,035,218</b>	<b>82,754</b>	<b>(1,295,884)</b>	<b>(33,029)</b>	<b>4,723,815</b>	<b>14,099,879</b>	<b>1,399,274</b>	<b>15,499,153</b>
<b>Balance at 01.01.2021</b>	8,468,287	1,087,363	1,035,218	132,400	(1,295,884)	75,042	4,478,816	13,981,242	1,418,367	15,399,609
Total other comprehensive income for the period represented										
by exchange differences on translation of foreign operations	-	-	-	-	-	30,226	-	30,226	72	30,298
Profit for the period	-	-	-	-	-	-	161,050	161,050	59,657	220,707
<b>Transactions with owners:</b>										
- Vesting of Employee Share Grant Plan ("ESGP")	21,552	-	-	(21,552)	-	-	-	-	-	-
- Exercise of Employee Share Options Scheme ("ESOS")	361	-	-	(96)	-	-	-	265	-	265
Acquisition of additional shares in an existing subsidiary company	-	-	-	-	-	-	-	-	8,004	8,004
RCPS-i A preferential dividends paid	-	-	-	-	-	-	(70,654)	(70,654)	-	(70,654)
RCPS-i B preferential dividends paid	-	-	-	-	-	-	(61,389)	(61,389)	-	(61,389)
Dividends paid	-	-	-	-	-	-	-	-	(30,395)	(30,395)
Share-based payment under LTIP	-	-	-	9,156	-	-	-	9,156	-	9,156
<b>Balance at 30.09.2021</b>	<b>8,490,200</b>	<b>1,087,363</b>	<b>1,035,218</b>	<b>119,908</b>	<b>(1,295,884)</b>	<b>105,268</b>	<b>4,507,823</b>	<b>14,049,896</b>	<b>1,455,705</b>	<b>15,505,601</b>

(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 2021 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 30 SEPTEMBER 2022**  
*(The figures have not been audited)*

	<b>9 MONTHS ENDED</b>	
	<b>30/09/2022</b>	<b>30/09/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Operating Activities</b>		
Profit before tax	369,993	353,687
Adjustments for:-		
Non-cash items	3,732	61,315
Non-operating items	98,667	68,626
Operating profit before changes in working capital	<u>472,392</u>	<u>483,628</u>
Changes in inventories - property development costs and contract cost assets	(31,412)	(34,607)
Changes in inventories - completed properties and others	313,068	352,994
Changes in contract assets/liabilities	(395,307)	300,702
Changes in receivables	200,293	(147,448)
Changes in payables	(142,971)	(47,977)
Cash generated from operations	<u>416,063</u>	<u>907,292</u>
Rental received	8,709	7,506
Interest received	13,918	14,900
Interest paid on lease liabilities	16	(108)
Net tax paid	(92,184)	(51,625)
Net cash from operating activities	<u>346,522</u>	<u>877,965</u>
<b>Investing Activities</b>		
Additions to inventories - land held for property development	(203,767)	(236,600)
Additions to property, plant and equipment	(57,771)	(30,225)
Additions to investment properties	(15,503)	(21,169)
Proceeds from disposal of property, plant and equipment	953	235
Proceeds from disposal of investment properties	15,651	18,728
Net cash outflow from liquidation of subsidiary companies	-	(43)
Acquisition of additional shares in existing joint ventures	(215,452)	(343,438)
Repayment from an associated company	793	2,668
Advances to joint ventures	(3,901)	(76)
Withdrawal/(Placement) of sinking fund, debt service reserve, escrow accounts and short-term deposits	7,291	(18,369)
Dividends received from associated companies	20,420	9,800
Interest received	18,576	24,793
Rental received	31,139	29,587
Net cash used in investing activities	<u>(401,571)</u>	<u>(564,109)</u>
<b>Financing Activities</b>		
Proceeds from issuance of ordinary shares pursuant to the exercise of ESOS	103	265
Repayment to non-controlling shareholder of subsidiary company	-	(3,130)
Proceeds from issuance of Sukuk Wakalah	1,200,000	800,000
Drawdown of bank borrowings	1,105,043	1,203,392
Repayment of bank borrowings	(2,203,212)	(1,370,527)
Repayment of lease liabilities	(1,058)	(938)
Interest paid	(289,216)	(282,453)
Payment of transaction cost on borrowings	(2,916)	(3,079)
Redeemable cumulative preference share dividends paid to non-controlling interests	(1,734)	(1,734)
Dividends paid to non-controlling interests	(99,982)	(27,382)
Dividends paid	(26,443)	-
RCPS-i A preferential dividends paid	(70,656)	(70,654)
RCPS-i B preferential dividends paid	(61,389)	(61,389)
Net cash (used in)/from financing activities	<u>(451,460)</u>	<u>182,371</u>

**S P SETIA BERHAD**  
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 (Incorporated in Malaysia)  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**  
*(The figures have not been audited)*

	<b>9 MONTHS ENDED</b>	
	<b>30/09/2022</b>	<b>30/09/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Net changes in cash and cash equivalents	(506,509)	496,227
<b>Effect of exchange rate changes</b>	9,141	3,189
<b>Cash and cash equivalents at beginning of the period</b>	2,941,620	2,821,290
<b>Cash and cash equivalents at end of the period</b>	<u>2,444,252</u>	<u>3,320,706</u>
<b>Cash and cash equivalents comprise the following:</b>		
Short-term funds	-	1,771,129
Short-term deposits	922,128	235,517
Cash and bank balances	1,616,504	1,449,186
Bank overdrafts	(1,494)	(31,667)
	<u>2,537,138</u>	<u>3,424,165</u>
Less: Amount restricted in sinking fund, debt service reserve, escrow accounts and short-term deposits	(92,886)	(103,459)
	<u>2,444,252</u>	<u>3,320,706</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 2021 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 2021.

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 2021 except for the adoption of the following amendments to MFRSs and annual improvement to MFRSs:

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds Before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 – 2020 cycle	

The adoption of the above amendments to MFRSs and annual improvements to MFRSs do 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 30 September 2022.

### 4. Material Changes in Estimates

There were no material changes in estimates for the financial period ended 30 September 2022.



## 5. Debts and Equity Securities

Save for the following, there were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial period-to-date:

- (a) Issuance of 133,450 new ordinary shares pursuant to the exercise of options under the Employees' Share Options Scheme ("ESOS") at the following option prices:

		ESOS 9
Exercise price	(RM)	<u>0.77</u>
No. of shares issued	('000)	<u>133</u>

- (b) Allotment of 7,376,071 new ordinary shares pursuant to the vesting of Employee Share Grant Plan ("ESGP") at the price of RM0.67 per share; and
- (c) Issuance of the following tranches of Sukuk Wakalah from the Islamic Medium Term Notes Programme with the programme limit of up to RM3.0 billion in nominal value under the Shariah principle of Wakalah Bi Al-Istithmar ("Sukuk Wakalah Programme"):

Tranche	Issuance Date	Amount (RM Million)	Tenure	Periodic Distribution Rate (p.a.)
3	21 April 2022	350.0	5 Years	4.22%
4	21 April 2022	600.0	7 Years	4.67%
5	21 April 2022	250.0	10 Years	4.80%

## 6. Dividends Paid

- a) Dividend in respect of the financial year ended 31 December 2021**

A single-tier dividend, in respect of the financial year ended 31 December 2021 of 0.65 sen per ordinary share amounting to RM26,442,613 was paid in cash on 15 April 2022.

- b) Islamic Redeemable Convertible Preference Shares ("RCPS-i A") preferential dividend in respect of the financial period from 1 July 2021 to 30 June 2022**

A semi-annual RCPS-i A preferential dividend of RM35,326,945, in respect of the financial period from 1 July 2021 to 31 December 2021 and another semi-annual RCPS-i A preferential dividend of RM35,326,945 in respect of the financial period from 1 January 2022 to 30 June 2022 were paid in cash on 15 April 2022 and 30 September 2022 respectively.

- c) Islamic Redeemable Convertible Preference Shares ("RCPS-i B") preferential dividend in respect of the financial period from 1 July 2021 to 30 June 2022**

A semi-annual RCPS-i B preferential dividend of RM30,694,196 in respect of the financial period from 1 July 2021 to 31 December 2021 and another semi-annual RCPS-i B preferential dividend of RM30,694,196 in respect of the financial period from 1 January 2022 to 30 June 2022 were paid in cash on 15 April 2022 and 30 September 2022 respectively.

## 7. Segmental Reporting

The segmental analysis for the financial period ended 30 September 2022 is as follows:

	<b>Property Development RM'000</b>	<b>Construction RM'000</b>	<b>Other Operations RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
External revenue	2,601,367	11,606	133,510	-	2,746,483
Inter-segment revenue	120,732	99,866	39,838	(260,436)	-
<b>Total revenue</b>	<b>2,722,099</b>	<b>111,472</b>	<b>173,348</b>	<b>(260,436)</b>	<b>2,746,483</b>
Gross profit/(loss)	713,571	(4,157)	13,511	-	722,925
Other income	151,516	1,461	4,601	-	157,578
Operating expenses	(282,319)	(4,022)	(14,533)	-	(300,874)
Share of results of joint ventures	(37,325)	-	(3,292)	-	(40,617)
Share of results of associated companies	8,976	-	-	-	8,976
Finance costs	(158,928)	(119)	(18,948)	-	(177,995)
<b>Profit/(Loss) before tax</b>	<b>395,491</b>	<b>(6,837)</b>	<b>(18,661)</b>	<b>-</b>	<b>369,993</b>
Taxation					(109,359)
<b>Profit for the period</b>					<b>260,634</b>

## 8. Material Events Subsequent to the End of Financial Period

There were no material transactions or events subsequent to the financial period ended 30 September 2022 until 17 November 2022 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial report).

## 9. Changes in the Composition of the Group

There were no changes in the composition of the Group for the financial period ended 30 September 2022.

## 10. Contingent Liabilities

There were no contingent liabilities in respect of the Group for the financial period ended 30 September 2022.

**11. Capital Commitments**

	<b>As at 30 September 2022 RM'000</b>
<i>Commitments of subsidiary companies:</i>	
Contractual commitments for construction of investment properties	9,777
Contractual commitments for acquisition and construction of property, plant and equipment	45,202
 <i>Share of commitments of joint ventures:</i>	
Contractual commitments for acquisition of development land	110,050

**12. Significant Related Party Transactions**

	<b>1 January 2022 To 30 September 2022 RM'000</b>
<i>Transactions with joint ventures:</i>	
(i) Management fee received and receivable	720
(ii) Event and marketing fee received and receivable	62
(iii) Staff secondment fee received and receivable	350
(iv) Interest received and receivable	3,514
(v) Contractor claim received or receivable	384
 <i>Transactions with associated companies:</i>	
(i) Dividend received and receivable	17,970
 <i>Transactions with directors of the Company and subsidiary companies: -</i>	
(i) Sale of development property to a director of the Company	2,472
(ii) Sale of development property to directors of the subsidiary companies and their immediate family members	13,415

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF  
BURSA MALAYSIA SECURITIES BERHAD**

**1. Review of Group Performance**

The performance of the respective operating business segments for the current quarter (“Q3”) and financial period-to-date (“PTD”) are analysed as follows:

	<b>Q3 2022</b>	<b>Q3 2021</b>	<b>PTD 2022</b>	<b>PTD 2021</b>
	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>
<b>Revenue</b>				
Property Development	809,948	564,958	2,601,367	2,602,059
Construction	3,939	2,634	11,606	12,137
Other Operations	47,053	26,960	133,510	115,948
	<u>860,940</u>	<u>594,552</u>	<u>2,746,483</u>	<u>2,730,144</u>
<b>Profit before tax (“PBT”)</b>				
Property Development	131,067	71,756	395,491	394,713
Construction	(3,304)	(8,951)	(6,837)	(23,740)
Other Operations	(11,123)	(10,528)	(18,661)	(17,286)
	<u>116,640</u>	<u>52,277</u>	<u>369,993</u>	<u>353,687</u>

**(a) Performance of the current quarter against the same quarter in the preceding year (Q3 2022 vs Q3 2021)**

**Property Development**

The Group’s property development segment achieved revenue of RM809.9 million and PBT of RM131.1 million in Q3 2022. Both revenue and PBT for current quarter are higher than the corresponding quarter of the preceding year due to higher contribution from Southern region commercial development. KL Eco City meanwhile has no more sales cancellation from its VIIA project in Q3 2022 as compared to the same quarter in the preceding year which was significantly higher.

Under construction and completed projects which contributed to the results include *Setia Alam*, *Setia Eco Park*, *Precinct Arundina*, *Setia 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, *Setia Alamsari* in Bangi, *Bandar Kinrara* in Puchong, *Setia Bayuemas* and *Trio by Setia* in Klang, *Setia Sky Seputeh* in Seputeh, *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 Sky Vista*, *Setia V Residences*, *Setia Sky Ville*, *Setia Greens* and *Setia Fontaines* in Penang, *EcoXuan* in Vietnam and *Daintree Residence* in Singapore.

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

**(a) Performance of the current quarter against the same quarter in the preceding year (Q3 2022 vs Q3 2021) (continued)**

**Construction**

The Group's construction arm largely provides intercompany construction services to the Group's property development companies. Revenue from these intercompany services are eliminated at consolidation. Besides, revenue from construction segment also derived from supply of ready-mix concrete to the external contractors that serve the property development arm of the Group.

The Group's construction segment documented revenue of RM3.9 million and loss before tax of RM3.3 million in Q3 2022. The loss before tax was attributable to prolongation costs incurred on some intercompany construction jobs.

**Other Operations**

Revenue from other operations include wood-based manufacturing, trading activities and the operation of investment properties such as office towers, retail malls and convention centres with minor contributions coming in from both hotels, namely Amari Kuala Lumpur and Amari SPICE Penang which were opened in September 2022 concurrently.

**(b) Performance of the financial period-to-date, 2022 ("PTD 2022") vs financial period-to-date, 2021 ("PTD 2021")**

**Property Development**

The Group's revenue from the property development segment is RM2.60 billion, which is marginally lower than the corresponding period-to-date in the preceding year. However, the Group's PBT from the segment is higher at RM395.5 million, due to cost savings from certain completed projects.

**Construction**

The Group's construction arm largely provides intercompany construction services to the Group's property development companies. Revenue from these intercompany services are eliminated at consolidation. Besides, revenue from construction segment also derived from supply of ready-mix concrete to the external contractors that serve the property development arm of the Group.

The Group's construction segment recorded revenue of RM11.6 million and loss before tax of RM6.8 million in PTD 2022 resulted from additional costs incurred on the intercompany construction jobs.

**Other Operations**

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

**2. Material Changes in the Quarterly Results (“Q3 2022”) compared to the results of the Preceding Quarter (“Q2 2022”)**

The Group’s PBT for Q3 2022 of RM116.6 million is lower than the preceding quarter of RM135.1 million. This is due to higher volume of handover in project development phases and cost savings realized from certain completed projects in Q2 2022.

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

For the nine months ended 30 September 2022, the Group secured total sales of RM2.70 billion. Local projects contributed RM2.34 billion or approximately 87% of the sales whilst the international projects contributed another RM359.0 million or approximately 13% of the sales. On the local front, sales were mainly from the Central region with RM1.68 billion, aided by RM465.0 million contribution from the Southern region while Northern region contributed another RM201.0 million.

The total sales secured of RM2.70 billion were also complemented by the concerted efforts of clearing completed inventories amounting to RM478.0 million in sales value. As at 30 September 2022, the Group has secured additional RM592.0 million of sales in pipeline.

The Group’s local project progress is envisaged to be improved by fourth quarter of this year despite the recent acute labour shortages faced by the real estate industry. Its on-going Australia developments which include Sapphire by the Gardens are on track to be delivered to home buyers in October 2022, whilst UNO Melbourne is slated for partial completion by end of December 2022. Contribution from Australia is expected to be significant in the final quarter of FY2022.

Taking the cue from the current market demand and the buyers’ affordability level, the Group rides on its strong brand presence in several major townships locally namely Setia Alamsari, Bandar Kinrara, Setia Tropika. In Setia Alamsari, the anticipated cluster homes and shop offices priced respectively at RM788,000 onwards and above RM1.57 million witnessed an 85% and 80% bookings rate. Elsewhere in Johor region, Setia Tropika launched its semi-detached homes with encouraging response priced at RM1.36 million onwards.

On the international front, Setia Eco Lakes Vietnam had launched several landed residential projects in Q3FY2022 which the semi-detached and villa houses priced at above RM1.0 million equivalent recorded an impressive 97% take up rate. Setia Eco Lakes Vietnam and together with several major townships in Malaysia launched a combined gross development value of circa RM884.0 million. Take up rate is strongly observed especially in the landed units as proven in some of our projects recent launches.

The Group is also embarking on new areas of growth such as industrial parks/properties where there is solid demand prevalent in the market. Two tracts of landbank in Setia Alaman, Klang and Taman Industri Jaya, Johor have been identified for this industrial space. In September 2022, the Group has also opened both its Amari brand hotels in KL Eco City and Penang concurrently.

As for Environmental, Social and Governance (“ESG”) initiatives, the Group continues to enhance its sustainability plans throughout its project developments and these include installation of solar panels and Electric Vehicle (“EV”) chargers at its selected new housing project and commercial assets in Setia City Mall, the convention centres and selected welcome centres in collaboration with Tenaga Nasional Berhad. In terms of its social agenda, the Group promotes this through S P Setia Foundation with the various activities carried out in joint effort with the Group.

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

Digitalisation of the sales process has also helped improve business operations and this was one of the prime factors for the Group's success in closing sales. Continuous efforts are taken to level up product quality and delivery, workmanship and customer services in order to maintain our strong brand.

The Group continues its effort to strive in achieving its sales target of RM4.0 billion set for this financial year. Backed by an unbilled sales totalling RM8.40 billion in place, this will provide earnings visibility to the Group for the short to mid-term.

The Group is currently anchored by 47 on-going projects and an effective remaining land banks of 6,687 acres with a Gross Development Value of RM119.47 billion as at 30 September 2022.

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

Not applicable as no profit forecast was published.

### 5. Income Tax

	Q3 2022 RM'000	Q3 2021 RM'000	PTD 2022 RM'000	PTD 2021 RM'000
Taxation				
- current taxation	52,113	68,035	130,592	176,670
- deferred taxation	(11,793)	(38,043)	(21,233)	(43,690)
	40,320	29,992	109,359	132,980

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

The following is the status of a corporate proposal that has been announced by the Company which has not completed as at 10 November 2022 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial report):

- (a) On 27 April 2022, S P Setia Berhad ("S P Setia") ("the Company") proposed to undertake a renounceable rights issue of new class C Islamic redeemable convertible preference shares ("RCPS-i C") in S P Setia to raise gross proceeds of up to RM1,180.00 million ("Rights Issue").

In order to facilitate the implementation of the Rights Issue, S P Setia also proposed to amend the Constitution of the Company ("Corporate Exercises").

On 22 July 2022, RHB Investment Bank ("RHIB") (as the Principal Adviser) had, on behalf of the Company, announced that the Shariah Advisory Council of the Securities Commission Malaysia had vide its letter dated 21 July 2022 stated that it has no objection to the Rights Issue.

## 6. Status of Corporate Proposals (continued)

On 16 August 2022, RHIB had, on behalf of S P Setia, announced that Bursa Malaysia Securities Berhad (“Bursa Securities”) had vide its letter dated 15 August 2022, approved the following (subject to conditions therein):

- (i) admission to the Official List and listing and quotation of up to 2,662,466,676 new RCPS-i C to be issued pursuant to the Rights Issue; and
- (ii) listing and quotation of up to 1,597,480,005 new shares to be issued arising from the conversion of the new RCPS-i C.

On 21 September 2022, RHIB had announced that the Company intends to modify the terms of the existing Islamic redeemable convertible preference shares (“RCPS-i A”) and Class B Islamic redeemable convertible preference shares (“RCPS-i B”) and RCPS-i C in order to provide clarity to certain terms of the RCPS-i A, RCPS-i B and RCPS-i C in the event the Company decides to redeem all (but not part) of any class of the preference shares in the future. The respective Extraordinary General Meetings (“EGMs”) which were earlier held on 26 September 2022 pertaining to the modifications were subsequently adjourned to be re-convened on 18 October 2022.

On 17 October 2022, RHIB had announced that in addition to the listing and quotation of up to 2,662,466,676 new RCPS-i C which was approved by Bursa Securities vide its letter dated 15 August 2022, Bursa Securities had vide its letter dated 17 October 2022 approved the Company’s application for the listing and quotation of up to an additional 1,100,401,529 new RCPS-i C to be issued pursuant to the Rights Issue, hence bringing the total to 3,762,868,205 new RCPS-i C.

On 18 October 2022, the shareholders and holders of the RCPS-i A and RCPS-i B had, at their respective adjourned EGMs, approved the Rights Issue and amendments to the abovementioned modifications which RHIB had on the same day announced that:

- (i) the issue price of the RCPS-i C has been fixed at RM0.38 each, the entitlement basis for the Right Issue has been fixed at 67 RCPS-i C for every 100 existing Shares held on the Entitlement Date, and the conversion ratio for the RCPS-i C has been fixed at 32 new Shares for every 67 RCPS-i C held; and
- (ii) the Entitlement Date has been fixed at 5:00 p.m. on 2 November 2022 together with the other relevant important dates pertaining to the Rights Issue.

On 1 November 2022, the Securities Commission Malaysia had approved the registration of the Abridged Prospectus (“AP”). The AP, together with the Notices of Adjustments and the Rights Subscription Forms have been despatched on 4 November 2022 to the entitled shareholders and holders of RCPS-i A and RCPS-i B.



## 7. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 30 September 2022 were as follows:

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
Short-term borrowings - Islamic	380,589	1,126,494	1,507,083
Short-term borrowings - Conventional	2,353,133	1,709,920	4,063,053
Long-term borrowings - Islamic	2,269,445	3,221,519	5,490,964
Long-term borrowings - Conventional	1,286,614	157,322	1,443,936
Redeemable cumulative preference shares	-	37,903	37,903
	<u>6,289,781</u>	<u>6,253,158</u>	<u>12,542,939</u>

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

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
Malaysian Ringgit	4,602,860	4,082,450	8,685,310
Great British Pound	-	1,562,416	1,562,416
Australian Dollar	1,452,969	452,427	1,905,396
Singapore Dollar	199,011	-	199,011
United States Dollar	-	155,865	155,865
Japanese Yen	34,941	-	34,941
	<u>6,289,781</u>	<u>6,253,158</u>	<u>12,542,939</u>

## 8. Material Litigation

The Group was not engaged in any material litigation as at 10 November 2022 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial report).

## 9. Dividends Declared

- (a) The Board of Directors has declared preferential dividends of 6.49% per annum for RCPS-i A and 5.93% per annum for RCPS-i B, both payable semi-annually, in respect of the financial period from 1 January 2022 to 30 June 2022. A total of RM35,326,945 and RM30,694,196 preferential dividends were paid in cash on 30 September 2022.
- (b) No interim dividend has been declared in respect of ordinary share for the financial period ended 30 September 2022.

## 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:

	<b>Q3 2022</b>	<b>Q3 2021</b>	<b>PTD 2022</b>	<b>PTD 2021</b>
	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
Profit attributable to owners of the Company (RM)	70,188	11,013	217,776	161,050
- RCPS-i A preferential dividends (RM)	(35,329)	(35,327)	(70,656)	(70,654)
- RCPS-i B preferential dividends (RM)	(30,695)	(30,695)	(61,389)	(61,389)
Adjusted profit/(loss) attributable to owners of the Company (RM)	<u>4,164</u>	<u>(55,009)</u>	<u>85,731</u>	<u>29,007</u>
Number of ordinary shares at beginning of the period	4,067,978	4,056,733	4,067,978	4,056,733
Weighted average effect of shares issued pursuant to:				
- Vesting of ESGP	6,735	9,459	2,270	3,188
- Exercise of ESOS	307	288	102	97
Number of ordinary shares in issue	<u>4,075,020</u>	<u>4,066,480</u>	<u>4,070,350</u>	<u>4,060,018</u>
Basic earnings/(loss) per share (sen)	<u>0.10</u>	<u>(1.35)</u>	<u>2.11</u>	<u>0.71</u>

### 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:

	<b>Q3 2022</b>	<b>Q3 2021</b>	<b>PTD 2022</b>	<b>PTD 2021</b>
	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
Profit attributable to owners of the Company (RM)	70,188	11,013	217,776	161,050
- RCPS-i A preferential dividends (RM)	(35,329)	(35,327)	(70,656)	(70,654)
- RCPS-i B preferential dividends (RM)	(30,695)	(30,695)	(61,389)	(61,389)
Adjusted profit/(loss) attributable to owners of the Company (RM)	<u>4,164</u>	<u>(55,009)</u>	<u>85,731</u>	<u>29,007</u>
Weighted average number of ordinary shares as per Basic Earnings Per Share	4,075,020	4,066,480	4,070,351	4,060,018
Effect of potential exercise of LTIP	5,335	14,802	6,098	14,811
Weighted average number of ordinary shares	<u>4,080,355</u>	<u>4,081,282</u>	<u>4,076,449</u>	<u>4,074,829</u>
Diluted earnings/(loss) per share (sen)	<u>0.10</u>	<u>(1.35)</u>	<u>2.10</u>	<u>0.71</u>

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 do not have a dilutive effect.

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

	<b>Q3 2022</b>	<b>PTD 2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest income	17,819	47,114
Other income including investment income	46,208	82,904
Interest expense	(68,064)	(177,995)
Depreciation and amortisation	(7,318)	(22,065)
Reversal/(Provision) of doubtful debts for trade and other receivables	324	(161)
Reversal of impairment of completed inventories	131	567
Net loss on disposal of quoted or unquoted investments or properties	(731)	(804)
Write off of property, plant and equipment	(128)	(913)
Fair value gain on investment properties	23,433	23,361
Net foreign exchange gain	6,573	27,553
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 2021 was unqualified.