

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

Interim Financial Report
30 September 2023

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Interim Financial Report - 30 September 2023

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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 2023
(The figures have not been audited)

	(UNAUDITED) As At 30/09/2023 RM'000	(AUDITED) As At 31/12/2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	800,100	789,465
Right-of-use - property, plant and equipment	4,064	1,415
Investment properties	2,065,937	2,057,561
Right-of-use - investment properties	51,139	60,372
Inventories - land held for property development	12,234,684	12,522,729
Intangible asset	12,553	12,954
Investments in joint ventures	3,067,348	2,974,523
Investments in associated companies	560,290	555,383
Other investments	96	96
Amounts owing by joint ventures	69,785	69,785
Trade receivables	52,791	61,634
Other receivables, deposits and prepayments	88,956	85,105
Deferred tax assets	374,646	364,910
	<u>19,382,389</u>	<u>19,555,932</u>
Current assets		
Trade receivables	476,213	613,491
Contract assets	1,443,039	1,506,744
Other receivables, deposits and prepayments	197,979	208,964
Inventories - land held for sales	484,252	144,600
Inventories - property development costs	2,090,861	2,676,654
Inventories - completed properties and others	1,721,783	1,238,554
Contract cost assets	815,806	1,096,668
Amounts owing by joint ventures	90,452	94,722
Amounts owing by related parties	18,379	319
Current tax assets	26,230	49,631
Short-term deposits	858,564	774,206
Cash and bank balances	2,016,955	1,858,702
	<u>10,240,513</u>	<u>10,263,255</u>
TOTAL ASSETS	<u>29,622,902</u>	<u>29,819,187</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	8,510,686	8,499,642
Share capital - RCPS-i A	1,087,363	1,087,363
Share capital - RCPS-i C	930,837	937,201
Reserves		
Share-based payment reserve	-	57,888
Reserve on acquisition arising from common control	(1,295,884)	(1,295,884)
Exchange translation reserve	133,677	(11,649)
Retained earnings	4,850,822	4,807,957
Equity attributable to owners of the Company	<u>14,217,501</u>	<u>14,082,518</u>
Non-controlling interests	1,284,585	1,263,912
Total equity	<u>15,502,086</u>	<u>15,346,430</u>
LIABILITIES		
Non-current liabilities		
Redeemable cumulative preference shares	17,057	17,113
Other payables and accruals	74,239	68,078
Long-term borrowings	7,890,958	6,959,185
Lease liabilities	3,797	302
Deferred tax liabilities	486,267	506,016
	<u>8,472,318</u>	<u>7,550,694</u>
Current liabilities		
Redeemable cumulative preference shares	21,000	21,000
Trade payables	1,385,182	1,423,286
Contract liabilities	120,247	118,807
Other payables and accruals	849,704	886,592
Short-term borrowings	3,144,619	4,420,411
Lease liabilities	309	1,129
Current tax liabilities	127,063	50,458
Amounts owing to related parties	374	380
	<u>5,648,498</u>	<u>6,922,063</u>
Total liabilities	<u>14,120,816</u>	<u>14,472,757</u>
TOTAL EQUITY AND LIABILITIES	<u>29,622,902</u>	<u>29,819,187</u>
Net assets per share attributable to owners of the Company	<u>2.98</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 2022 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 2023
(The figures have not been audited)

	3 MONTHS ENDED		9 MONTHS ENDED	
	30/09/2023 RM'000	30/09/2022 RM'000	30/09/2023 RM'000	30/09/2022 RM'000
Revenue	1,079,445	860,940	2,989,827	2,746,483
Cost of sales	(787,714)	(622,653)	(2,120,192)	(2,023,558)
Gross profit	<u>291,731</u>	<u>238,287</u>	<u>869,635</u>	<u>722,925</u>
Other income	60,744	64,020	172,398	130,018
Selling and marketing expenses	(12,594)	(15,587)	(40,390)	(39,143)
Administrative and general expenses	(102,199)	(94,712)	(305,762)	(261,723)
Gain/(loss) on foreign exchange				
- Realised	(294)	(67)	313	(8)
- Unrealised	8,374	6,639	(4,437)	27,560
Share of results of joint ventures	(19,799)	(19,265)	(66,360)	(40,617)
Share of results of associated companies	5,047	5,389	12,127	8,976
Finance costs	(95,283)	(68,064)	(265,765)	(177,995)
Profit before tax	<u>135,727</u>	<u>116,640</u>	<u>371,759</u>	<u>369,993</u>
Taxation	(72,844)	(40,320)	(187,825)	(109,359)
Profit for the period	<u>62,883</u>	<u>76,320</u>	<u>183,934</u>	<u>260,634</u>
Other comprehensive income/(loss), net of tax:				
Item that may be reclassified to profit or loss in subsequent periods:				
- Exchange differences on translation of foreign operations	(102,972)	(44,382)	182,448	(139,994)
- Net gain/(loss) on net investment hedge	15,298	-	(37,587)	-
Total comprehensive income/(loss) for the period	<u>(24,791)</u>	<u>31,938</u>	<u>328,795</u>	<u>120,640</u>
Profit attributable to:				
Owners of the Company	51,822	70,188	150,335	217,776
Non-controlling interests	11,061	6,132	33,599	42,858
	<u>62,883</u>	<u>76,320</u>	<u>183,934</u>	<u>260,634</u>
Total comprehensive income/(loss) attributable to:				
Owners of the Company	(35,768)	25,809	295,661	77,590
Non-controlling interests	10,977	6,129	33,134	43,050
	<u>(24,791)</u>	<u>31,938</u>	<u>328,795</u>	<u>120,640</u>
Earnings per share attributable to owners of the Company				
- Basic (loss)/earnings per share (sen)	<u>(0.22)</u>	<u>0.10</u>	<u>1.20</u>	<u>2.11</u>
- Diluted (loss)/earnings per share (sen)	<u>(0.22)</u>	<u>0.10</u>	<u>1.20</u>	<u>2.10</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 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 2023
(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 Capital - RCPS-i C 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	Total Equity RM'000
Balance at 01.01.2023	8,499,642	1,087,363	-	937,201	57,888	(1,295,884)	(11,649)	4,807,957	14,082,518	1,263,912	15,346,430
Total other comprehensive income for the period represented by exchange differences on translation of foreign operations	-	-	-	-	-	-	182,913	-	182,913	(465)	182,448
Net change on hedge of net investments	-	-	-	-	-	-	(37,587)	-	(37,587)	-	(37,587)
Profit for the period	-	-	-	-	-	-	-	150,335	150,335	33,599	183,934
Transactions with owners:											
Issuance of ordinary shares											
- Vesting of Employee Share Grant Plan ("ESGP")	4,680	-	-	-	(4,680)	-	-	-	-	-	-
Conversion of RCPS-i C into ordinary shares	6,364	-	-	(6,364)	-	-	-	-	-	-	-
RCPS-i A preferential dividends paid	-	-	-	-	-	-	-	(70,654)	(70,654)	-	(70,654)
RCPS-i C preferential dividends paid	-	-	-	-	-	-	-	(30,800)	(30,800)	-	(30,800)
Dividends paid	-	-	-	-	-	-	-	(59,910)	(59,910)	(12,461)	(72,371)
Share-based payment under Employee Long Term Incentive Plan ("LTIP")	-	-	-	-	(53,208)*	-	-	53,894	686	-	686
Balance at 30.09.2023	8,510,686	1,087,363	-	930,837	-	(1,295,884)	133,677	4,850,822	14,217,501	1,284,585	15,502,086
Balance at 01.01.2022	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
Transactions with owners:											
Issuance of ordinary shares											
- Vesting of 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
Balance at 30.09.2022	8,499,642	1,087,363	1,035,218	-	82,754	(1,295,884)	(33,029)	4,723,815	14,099,879	1,399,274	15,499,153

(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 2022 and the accompanying explanatory notes in this report)

*This is stated net of the effect of reversal of share-based payment relating to lapsed entitlements

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 2023
(The figures have not been audited)

	9 MONTHS ENDED	
	30/09/2023	30/09/2022
	RM'000	RM'000
Operating Activities		
Profit before tax	371,759	369,993
Adjustments for:-		
Non-cash items	81,520	3,732
Non-operating items	160,654	98,667
Operating profit before changes in working capital	<u>613,933</u>	<u>472,392</u>
Changes in inventories - property development costs and contract cost assets	578,055	(31,412)
Changes in inventories - completed properties and others	232,757	313,068
Changes in contract assets/liabilities	86,710	(395,307)
Changes in receivables	167,916	200,293
Changes in payables	(134,754)	(142,971)
Cash generated from operations	<u>1,544,617</u>	<u>416,063</u>
Rental received	3,791	8,709
Interest received	30,757	13,918
Interest paid on lease liabilities	(121)	16
Net tax paid	(118,630)	(92,184)
Net cash from operating activities	<u>1,460,414</u>	<u>346,522</u>
Investing Activities		
Additions to inventories - land held for property development	(267,206)	(203,767)
Deposits and part consideration paid for acquisition of development land	(22,449)	-
Additions to property, plant and equipment	(39,703)	(57,771)
Additions to investment properties	(8,321)	(15,503)
Proceeds from disposal of property, plant and equipment	1,244	953
Proceeds from disposal of investment properties	-	15,651
Acquisition of additional shares in joint ventures	-	(215,452)
Proceeds from repatriation of capital from joint ventures	43,491	-
Repayment from an associated company	1,136	793
Repayment from/(Advances to) joint ventures (Placement)/Withdrawal of sinking fund, debt service reserve, escrow accounts and short-term deposits	5,754	(3,901)
Dividends received from associated companies	(28,800)	7,291
Interest received	7,765	20,420
Rental received	19,455	18,576
Net cash used in investing activities	<u>(245,391)</u>	<u>(401,571)</u>
Financing Activities		
Proceeds from issuance of ordinary shares pursuant to the exercise of ESOS	-	103
Repayment to non-controlling shareholder of subsidiary company	(1,050)	-
Proceeds from issuance of Sukuk Wakalah	1,000,000	1,200,000
Drawdown of bank borrowings	1,647,386	1,105,043
Repayment of bank borrowings	(3,110,974)	(2,203,212)
Repayment of lease liabilities	(654)	(1,058)
Interest paid	(389,605)	(289,216)
Payment of transaction cost on borrowings	(73)	(2,916)
Redeemable cumulative preference share dividends paid to non-controlling interests	(684)	(1,734)
Dividends paid to non-controlling interests	(13,004)	(99,982)
Dividends paid	(59,910)	(26,443)
RCPS-i A preferential dividends paid	(70,654)	(70,656)
RCPS-i B preferential dividends paid	-	(61,389)
RCPS-i C preferential dividends paid	(30,800)	-
Net cash used in financing activities	<u>(1,030,022)</u>	<u>(451,460)</u>

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 (Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023
(The figures have not been audited)

	9 MONTHS ENDED	
	30/09/2023	30/09/2022
	RM'000	RM'000
Net changes in cash and cash equivalents	185,001	(506,509)
Effect of exchange rate changes	26,330	9,141
Cash and cash equivalents at beginning of the period	2,459,338	2,941,620
Cash and cash equivalents at end of the period	<u>2,670,669</u>	<u>2,444,252</u>
 Cash and cash equivalents comprise the following:		
Short-term deposits	858,564	922,128
Cash and bank balances	2,016,955	1,616,504
Bank overdrafts	(2,480)	(1,494)
	<u>2,873,039</u>	<u>2,537,138</u>
Less: Amount restricted in sinking fund, debt service reserve, escrow accounts and short-term deposits	(202,370)	(92,886)
	<u>2,670,669</u>	<u>2,444,252</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 2022 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 2022.

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 2022 except for the adoption of the following MFRS and amendments to MFRSs:

Amendments to MFRS 17	Insurance Contracts (Amendments to MFRS 17) Initial Application of MFRS 17 and MFRS 9 – Comparative Information (Amendments to MFRS 17)
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112) International Tax Reform—Pillar Two Model Rules (Amendments to MFRS 112)
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates

The adoption of the above amendments to MFRSs do not have significant financial impact to the Group in this interim financial period.

MFRS 9 Financial Instruments – Hedge Accounting

The Group has used foreign currency borrowings to hedge foreign currency risk on certain investments in foreign operation.

Effective 1 January 2023, the Group had prospectively applied MFRS 9 Financial Instruments – Hedge Accounting in respect of relevant foreign operation. The accounting policy applicable when net investment hedge is applied is as follows:

In transaction where hedge accounting is applied, gain or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operations, the cumulative value of any such gain or losses recorded in equity is transferred to the statement of profit or loss.

There is no change in the accounting treatment on the foreign currency translation on the net investment, which is recorded in other comprehensive income and deferred in the foreign currency translation reserve until it is disposed.

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 2023.

4. Material Changes in Estimates

There were no material changes in estimates for the financial period ended 30 September 2023.

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) Allotment of 4,781,049 new ordinary shares pursuant to the vesting of Employee Share Grant Plan (“ESGP”) at the price of RM0.61 per share;
- (b) 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.)
6	23 June 2023	150.0	3 Years	4.30%
7	23 June 2023	450.0	5 Years	4.41%
8	23 June 2023	400.0	7 Years	4.56%

- (c) Conversion from 16,747,650 RCPS-i C to 7,998,877 ordinary shares with the conversion ratio of thirty-two (32) new S P Setia Berhad shares for sixty-seven (67) RCPS-i C held.

6. Dividends Paid

a) Dividend in respect of the financial year ended 31 December 2022

A single-tier dividend, in respect of the financial year ended 31 December 2022 of 1.47 sen per ordinary share amounting to RM59,909,656 was paid in cash on 20 April 2023.

b) Islamic Redeemable Convertible Preference Shares (“RCPS-i A”) preferential dividend in respect of the financial period from 1 July 2022 to 30 June 2023

A semi-annual RCPS-i A preferential dividend of RM35,326,945, in respect of the financial period from 1 July 2022 to 31 December 2022 and another semi-annual RCPS-i A preferential dividend of RM35,326,945 in respect of the financial period from 1 January 2023 to 30 June 2023 were paid in cash on 20 April 2023 and 29 September 2023 respectively.

6. Dividends Paid (continued)

c) Islamic Redeemable Convertible Preference Shares (“RCPS-i C”) preferential dividend in respect of the financial period from 24 November 2022 to 30 June 2023

A semi-annual RCPS-i C preferential dividend of RM5,309,870 in respect of the financial period from 24 November 2022 to 31 December 2022 and another semi-annual RCPS-i C preferential dividend of RM25,490,241 in respect of the financial period from 1 January 2023 to 30 June 2023 were paid in cash on 20 April 2023 and 29 September 2023 respectively.

7. Segmental Reporting

The segmental analysis for the financial period ended 30 September 2023 is as follows:

	Property Development RM'000	Construction RM'000	Other Operations RM'000	Eliminations RM'000	Consolidated RM'000
External revenue	2,760,877	12,983	215,967	-	2,989,827
Inter-segment revenue	118,874	87,186	17,423	(223,483)	-
Total revenue	2,879,751	100,169	233,390	(223,483)	2,989,827
Gross profit/(loss)	839,357	(11,344)	41,622	-	869,635
Other income	160,109	2,272	10,330	-	172,711
Operating expenses	(314,555)	(6,516)	(29,518)	-	(350,589)
Share of results of joint ventures	(65,934)	-	(426)	-	(66,360)
Share of results of associated companies	12,127	-	-	-	12,127
Finance costs	(234,312)	(50)	(31,403)	-	(265,765)
Profit/(Loss) before tax	396,792	(15,638)	(9,395)	-	371,759
Taxation					(187,825)
Profit for the period					183,934

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 2023 until 16 November 2023 (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 2023.

10. Contingent Liabilities

There were no contingent liabilities in respect of the Group for the financial period ended 30 September 2023.

11. Capital Commitments

	As at 30 September 2023 RM'000
<i>Commitments of subsidiary companies:</i>	
Contractual commitments for construction of investment properties	11,652
Contractual commitments for construction and acquisition of property, plant and equipment	7,554
Contractual commitments for acquisition of development land	196,526
<i>Share of commitments of joint ventures:</i>	
Contractual commitments for acquisition of development land	133,134
Contractual commitments for construction of property, plant and equipment	307
	307

12. Significant Related Party Transactions

	1 January 2023 To 30 September 2023 RM'000
<i>Transactions with joint ventures:</i>	
(i) Management fee received and receivable	720
(ii) Event and marketing fee received and receivable	101
(iii) Staff secondment fee received and receivable	290
(iv) Interest received and receivable	3,587
(v) Contractor claim received or receivable	2,011
	7,709
<i>Transactions with related company:</i>	
(i) Management fee received and receivable	775
	775
<i>Transactions with associated companies:</i>	
(i) Dividend received and receivable	7,765
	7,765
<i>Transactions with directors of the Company and subsidiary companies:</i>	
(i) Sale of development property to a director of the company	2,806
(ii) Event fees received and receivable from a director of the company	14
(iii) Advisory services paid and payable to a director of the company	6
(iv) Sale of development properties to directors of the subsidiary companies	3,996
	3,996

**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 are analysed as follows:

	3 MONTHS ENDED		9 MONTHS ENDED	
	30/9/2023	30/9/2022	30/9/2023	30/9/2022
	RM’000	RM’000	RM’000	RM’000
Revenue				
Property Development	994,451	809,948	2,760,877	2,601,367
Construction	4,340	3,939	12,983	11,606
Other Operations	80,654	47,053	215,967	133,510
	1,079,445	860,940	2,989,827	2,746,483
Profit/(Loss) before tax (“PBT/LBT”)				
Property Development	137,905	131,067	396,792	395,491
Construction	(2,427)	(3,304)	(15,638)	(6,837)
Other Operations	249	(11,123)	(9,395)	(18,661)
	135,727	116,640	371,759	369,993

(a) Performance of the current quarter against the same quarter in the preceding year (Q3 2023 vs Q3 2022)

Property Development

The Group’s property development segment achieved revenue of RM994.5 million and PBT of RM137.9 million in Q3 2023. Revenue and PBT for the current quarter are higher than the corresponding quarter of the preceding year due to handover of UNO Melbourne (Stage 2) offset with higher financing cost arising from hikes in interest rate.

Under construction and completed projects which contributed to the results include *Setia Alam, Setia Eco Park, Precinct Arundina, Setia AlamImpian* 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 North and South* 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 and *UNO Melbourne* and *Sapphire by the Gardens* in Australia.

1. Review of Group Performance (continued)

(a) Performance of the current quarter against the same quarter in the preceding year (Q3 2023 vs Q3 2022) (continued)

Construction

The Group's construction arm largely provides intercompany construction services to certain property development companies in the Group. Revenue from these intercompany services is eliminated on consolidation. Additionally, revenue from construction segment is also derived from supply of ready-mix concrete to some external contractors who serve the property development arm of the Group.

The Group's construction segment achieved revenue of RM4.3 million and loss before tax of RM2.4 million in Q3 2023. The loss before tax was attributable to irrecoverable costs incurred on some intercompany construction jobs.

Other Operations

Revenue from other operations comprise mainly investment properties such as hotels, retail malls and convention centres.

This segment achieved revenue of RM80.7 million and profit before tax of RM0.2 million in Q3 2023, higher than the corresponding quarter of the preceding year mainly due to the hotel segment which only commenced operations at end September 2022.

(b) Performance of the nine (9) months ended 30 September 2023 vs nine (9) months ended 30 September 2022

Property Development

The Group's revenue and PBT from the property development segment are RM2.76 billion and RM396.8 million respectively, marginally higher than the corresponding period in the preceding year mainly due to contribution from Australia offset by lower revenue contributions from Malaysia and Singapore as well as higher financing cost from hikes in interest rate, unfavourable foreign exchange movement and higher share of losses from joint ventures.

Construction

The Group's construction segment recorded revenue of RM13.0 million and loss before tax of RM15.6 million for nine (9) months ended 30 September 2023 resulted from additional costs incurred on the intercompany construction jobs.

Other Operations

Revenue and loss before tax from other operations are RM216.0 million and RM9.4 million respectively. The higher revenue and lower pre-tax loss compared to the corresponding period in the preceding year are mainly due to the hotel segment with nine (9) months operations in 2023 as opposed to less than one (1) month in 2022.

2. Material Changes in the Quarterly Results (“Q3 2023”) compared to the results of the Preceding Quarter (“Q2 2023”)

The Group’s PBT for Q3 2023 of RM135.7 million is higher than the preceding quarter of RM120.1 million. This is mainly due to handover of UNO Melbourne (Stage 2).

3. Prospects for the Current Financial Year

For the nine months ended 30 September 2023, the Group secured total sales of RM3.89 billion. Local projects contributed RM3.37 billion or approximately 87% of the Group sales whilst the remaining RM523.0 million or approximately 13% were contributed largely from international sales. On the local front, 54% of the sales were from the Central region with RM1.82 billion, supported by 40% sales contribution from the Southern region of RM1.35 billion, while the remaining sales primarily contributed from the Northern region of RM119.0 million. The total sales secured were complemented by the concerted effort in clearing completed inventories with RM804.0 million sold during this period. As of 30 September 2023, the Group has secured a total booking of RM450.0 million.

A total Gross Development Value (“GDV”) of RM498.7 million landed properties comprising of double storey terrace and semi-detached homes in Central region, 2 storey bungalow in Southern region and 2-storey commercial retail and office units of the Setia Fontaines City Centre Business Hub in Penang were launched in Q3FY2023. The take up rate in the new phase of the landed residential in Bandar Kinrara hovers around 97% while encouraging take up rate is also observed in townships such as Setia Bayuemas and Setia Fontaines at around 60% levels.

On the 3rd September 2023, S P Setia expanded its existing presence in Australia by acquiring a prime corner freehold land site in St Leonards, Sydney. With a land area of 1,374 sqm (14,790 sqft), this acquisition marks the company's first venture into New South Wales. It aims to establish a prominent presence in the highly sought-after Sydney property market. This strategic move reinforces S P Setia's commitment to regional growth and contributes to the future revenue pipeline for the Group.

On 23 November 2023, S P Setia Berhad announced the sale of 17.99 acres of land in Setia City to KSL Bestari Sdn Bhd for a total sale consideration of RM228.8 million. The divestment was made as part of S P Setia's landbank strategy, allowing the company to unlock substantial value for the township.

With 44 ongoing projects and unbilled sales totalling RM6.76 billion as of 30 September 2023, the Group demonstrates positive earnings visibility in the short to mid-term. On the international front, UNO Melbourne (Stage 2) development project in Australia has been completed in September 2023 and is expected to significantly contribute to the final quarter’s results. Despite the challenging economic condition in Malaysia arising from macroeconomic environment and market headwinds, the Group remains vigilant in balancing its capital structure and effectively manage de-gearing program in pursuits of a sustainable overall performance.

The Group at present holds an effective remaining land bank of 5,549 acres with a total estimated GDV of RM113.11 billion as at 30 September 2023.

4. Variance of Actual Profit from Forecast Profit

Not applicable as no profit forecast was published.

5. Income Tax

	3 MONTHS ENDED		9 MONTHS ENDED	
	30/9/2023	30/9/2022	30/9/2023	30/9/2022
	RM'000	RM'000	RM'000	RM'000
Taxation				
- current taxation	98,946	52,113	217,980	130,592
- deferred taxation	(26,102)	(11,793)	(30,155)	(21,233)
	<u>72,844</u>	<u>40,320</u>	<u>187,825</u>	<u>109,359</u>

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 and non-recognition of deferred tax assets arising from certain loss making entities.

6. Status of Corporate Proposals

The following corporate proposals as announced by the Company have not been completed as at 16 November 2023 (being the latest practicable date which is not earlier than 7 days from the announcement date of this Interim Financial Report):

- (a) On 19 June 2023, the Company's indirect wholly-owned subsidiary, Petaling Garden Sdn Bhd entered into three (3) inter-conditional sale and purchase agreements ("SPAs") with the following three (3) wholly-owned subsidiaries of Mah Sing Group Berhad to dispose approximately 500 acres of freehold land situated in Mukim Beranang, Daerah Ulu Langat, Selangor for a sale consideration of RM392,040,000.00:
- a. Mestika Bistari Sdn Bhd to dispose approximately 110 acres of land forming part of Lot 41 Land held under GRN 46222;
 - b. Grand Prestige Development Sdn Bhd to dispose approximately 93 acres of land forming part of Lot 41 Land held under GRN 46222; and
 - c. Elite Park Development Sdn Bhd to dispose approximately 237 acres of land forming part of Lot 41 Land held under GRN 46222 and the entire land of Lot 1807 Land measuring approximately 60 acres in area.

The completion of the SPAs are pending fulfilment of the conditions precedent of the SPAs. The estimated timeframe for completion will be by the 2nd quarter of 2024.

- (b) On 5 July 2023, the Company announced that Pelangi Sdn Bhd ("PSB"), its indirect wholly-owned subsidiary, entered into a conditional sale and purchase agreement ("SPA") with Scientex Lestari Sdn Bhd ("Scientex Lestari") to dispose eight (8) parcels of freehold land measuring approximately 959.7 acres, all situated in Mukim of Tebrau, District of Johor Bahru for a sale consideration of RM547,651,353.00.

The completion of the SPA is pending the fulfilment of the conditions precedent of the SPA. The estimated timeframe for the completion will be by the 2nd quarter of 2024.

7. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 30 September 2023 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short-term borrowings - Islamic	606,585	957,658	1,564,243
Short-term borrowings - Conventional	986,616	593,760	1,580,376
Long-term borrowings - Islamic	1,755,839	3,817,167	5,573,006
Long-term borrowings - Conventional	1,346,789	971,163	2,317,952
Redeemable cumulative preference shares	-	38,057	38,057
	4,695,829	6,377,805	11,073,634

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

	Secured RM'000	Unsecured RM'000	Total RM'000
Malaysian Ringgit	3,860,631	4,750,574	8,611,205
Great British Pound	-	1,286,919	1,286,919
Australian Dollar	801,019	302,792	1,103,811
United States Dollar	-	37,520	37,520
Japanese Yen	34,179	-	34,179
	4,695,829	6,377,805	11,073,634

8. Material Litigation

The Group was not engaged in any material litigation as at 16 November 2023 (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 5.43% per annum for RCPS-i C, both payable semi-annually, in respect of the financial period from 1 January 2023 to 30 June 2023. A total of RM35,326,945 and RM25,490,241 preferential dividends respectively were paid in cash on 29 September 2023.
- (b) No interim dividend has been declared in respect of ordinary share for the financial period ended 30 September 2023.

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, RCPS-i B and RCPS-i C preferential dividends declared during the period, divided by the weighted average number of shares in issue, as follows:

	3 MONTHS ENDED		9 MONTHS ENDED	
	30/9/2023	30/9/2022	30/9/2023	30/9/2022
	'000	'000	'000	'000
Profit attributable to owners of the Company (RM)	51,822	70,188	150,335	217,776
- RCPS-i A preferential dividends (RM)	(35,327)	(35,329)	(70,654)	(70,656)
- RCPS-i B preferential dividends (RM)	-	(30,695)	-	(61,389)
- RCPS-i C preferential dividends (RM)	(25,490)	-	(30,800)	-
Adjusted (loss)/profit attributable to owners of the Company (RM)	(8,995)	4,164	48,881	85,731
Number of ordinary shares at beginning of the period	4,075,488	4,067,978	4,075,488	4,067,978
Weighted average effect of shares issued pursuant to:				
- Vesting of ESGP	-	6,735	3,012	2,270
- Exercise of ESOS	-	307	-	102
- Conversion of RCPS-i C into ordinary shares	1,196	-	403	-
Number of ordinary shares in issue	4,076,684	4,075,020	4,078,903	4,070,350
Basic earnings per share (sen)	(0.22)	0.10	1.20	2.11

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, RCPS-i B and RCPS-i C 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:

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

Diluted Earnings Per Share (continued)

	3 MONTHS ENDED		9 MONTHS ENDED	
	30/9/2023	30/9/2022	30/9/2023	30/9/2022
	'000	'000	'000	'000
Profit attributable to owners of the Company (RM)	51,822	70,188	150,335	217,776
- RCPS-i A preferential dividends (RM)	(35,327)	(35,329)	(70,654)	(70,656)
- RCPS-i B preferential dividends (RM)	-	(30,695)	-	(61,389)
- RCPS-i C preferential dividends (RM)	(25,490)	-	(30,800)	-
Adjusted (loss)/profit attributable to owners of the Company (RM)	<u>(8,995)</u>	<u>4,164</u>	<u>48,881</u>	<u>85,731</u>
Weighted average number of ordinary shares as per Basic Earnings Per Share	4,076,684	4,075,020	4,078,903	4,070,350
Effect of potential exercise of LTIP	-	5,335	-	6,098
Weighted average number of ordinary shares	<u>4,076,684</u>	<u>4,080,355</u>	<u>4,078,903</u>	<u>4,076,448</u>
Diluted earnings per share (sen)	<u>(0.22)</u>	<u>0.10</u>	<u>1.20</u>	<u>2.10</u>

The effects of conversion of RCPS-i A, RCPS-i B and RCPS-i C 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

	3 MONTHS ENDED	9 MONTHS ENDED
	30/9/2023	30/9/2023
	RM'000	RM'000
Interest income	27,363	69,011
Other income including investment income	32,481	102,230
Interest expense	(95,283)	(265,765)
Depreciation and amortisation	(9,579)	(28,990)
Provision of doubtful debts for trade and other receivables	(311)	(467)
Gain on disposal of quoted or unquoted investments or properties	900	1,148
Write off of property, plant and equipment	(20)	(186)
Fair value gain on investment properties	-	9
Net foreign exchange gain/(loss)	8,080	(4,124)

Other than the above, there was no write-off of inventories, write-back of impairment of assets and exceptional items.

12. Auditors' Report on Preceding Annual Financial Statements

The preceding audited financial statements for the financial year ended 31 December 2022 was unqualified.