

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

**Interim Financial Report**  
**30 June 2022**

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

**Interim Financial Report - 30 June 2022**

	Page No.
Condensed Consolidated Statement of Financial Position	1
Condensed Consolidated Statement of Comprehensive Income	2
Condensed Consolidated Statement of Changes In Equity	3
Condensed Consolidated Statement of Cash Flows	4 - 5
Notes to the Interim Financial Report	6 - 9
Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad	10 - 16

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

	(UNAUDITED)	(AUDITED)
	As At	As At
	30/06/2022	31/12/2021
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	744,496	725,965
Right-of-use - property, plant and equipment	1,998	1,852
Investment properties	2,040,587	2,046,487
Right-of-use - investment properties	42,340	46,940
Inventories - land held for property development	12,551,830	12,534,255
Intangible asset	13,221	13,488
Investments in joint ventures	3,482,374	3,455,185
Investments in associated companies	551,516	565,362
Other investments	96	96
Amounts owing by joint ventures	69,785	69,785
Trade receivables	56,182	64,891
Other receivables, deposits and prepayments	82,253	79,606
Deferred tax assets	326,446	315,812
	<u>19,963,124</u>	<u>19,919,724</u>
<b>Current assets</b>		
Trade receivables	743,659	738,641
Contract assets	1,552,290	1,290,160
Other receivables, deposits and prepayments	218,074	233,651
Inventories - land held for sales	139,113	139,670
Inventories - property development costs	2,828,266	2,895,419
Inventories - completed properties and others	1,023,843	1,049,646
Contract cost assets	1,711,610	1,708,206
Amounts owing by joint ventures	88,940	84,514
Amounts owing by associated companies	-	2,464
Amounts owing by related parties	135	276
Current tax assets	44,113	50,793
Short-term funds	-	1,401,604
Short-term deposits	956,237	206,190
Cash and bank balances	1,791,278	1,463,422
	<u>11,097,558</u>	<u>11,264,656</u>
<b>TOTAL ASSETS</b>	<u>31,060,682</u>	<u>31,184,380</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	8,490,365	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	91,161	86,927
Reserve on acquisition arising from common control	(1,295,884)	(1,295,884)
Exchange translation reserve	11,350	107,157
Retained earnings	4,719,651	4,664,527
<b>Equity attributable to owners of the Company</b>	<u>14,139,224</u>	<u>14,175,533</u>
Non-controlling interests	1,457,100	1,456,206
<b>Total equity</b>	<u>15,596,324</u>	<u>15,631,739</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Redeemable cumulative preference shares	37,693	37,965
Other payables and accruals	61,382	61,850
Long-term borrowings	7,416,322	9,308,641
Lease liabilities	1,074	823
Deferred tax liabilities	447,339	446,104
	<u>7,963,810</u>	<u>9,855,383</u>
<b>Current liabilities</b>		
Trade payables	1,343,924	1,495,050
Contract liabilities	114,683	119,275
Other payables and accruals	741,353	804,019
Short-term borrowings	5,268,451	3,247,231
Lease liabilities	971	1,155
Current tax liabilities	30,790	30,012
Amounts owing to related parties	376	516
	<u>7,500,548</u>	<u>5,697,258</u>
<b>Total liabilities</b>	<u>15,464,358</u>	<u>15,552,641</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>31,060,682</u>	<u>31,184,380</u>
Net assets per share attributable to owners of the Company	<u>2.95</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 JUNE 2022**  
*(The figures have not been audited)*

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/06/2022 RM'000	30/06/2021 RM'000	30/06/2022 RM'000	30/06/2021 RM'000
Revenue	1,018,446	1,082,771	1,885,543	2,135,592
Cost of sales	(742,528)	(812,503)	(1,400,905)	(1,598,341)
Gross profit	<u>275,918</u>	<u>270,268</u>	<u>484,638</u>	<u>537,251</u>
Other income	36,755	40,243	65,998	77,709
Selling and marketing expenses	(13,411)	(10,732)	(23,556)	(20,399)
Administrative and general expenses	(98,371)	(95,980)	(167,011)	(167,329)
Gain/(loss) on foreign exchange				
- Realised	62	5	59	1,128
- Unrealised	8,123	1,098	20,921	(32,113)
Share of results of joint ventures	(16,665)	735	(21,352)	(4,184)
Share of results of associated companies	2,743	4,144	3,587	7,020
Finance costs	(60,007)	(50,761)	(109,931)	(97,673)
Profit before tax	<u>135,147</u>	<u>159,020</u>	<u>253,353</u>	<u>301,410</u>
Taxation	(30,149)	(54,726)	(69,039)	(102,988)
Profit for the period	<u>104,998</u>	<u>104,294</u>	<u>184,314</u>	<u>198,422</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	(85,870)	(520)	(95,612)	107,018
Total comprehensive income for the period	<u>19,128</u>	<u>103,774</u>	<u>88,702</u>	<u>305,440</u>
Profit attributable to:				
Owners of the Company	80,093	74,806	147,588	150,037
Non-controlling interests	24,905	29,488	36,726	48,385
	<u>104,998</u>	<u>104,294</u>	<u>184,314</u>	<u>198,422</u>
Total comprehensive income attributable to:				
Owners of the Company	(5,958)	74,308	51,781	257,025
Non-controlling interests	25,086	29,466	36,921	48,415
	<u>19,128</u>	<u>103,774</u>	<u>88,702</u>	<u>305,440</u>
Earnings per share attributable to owners of the Company				
- Basic earnings per share (sen)	<u>1.97</u>	<u>1.84</u>	<u>2.01</u>	<u>2.07</u>
- Diluted earnings per share (sen)	<u>1.97</u>	<u>1.83</u>	<u>2.00</u>	<u>2.06</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 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 JUNE 2022**  
*(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	Total Equity 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	-	-	-	-	-	(95,807)	-	(95,807)	195	(95,612)
Profit for the period	-	-	-	-	-	-	147,588	147,588	36,726	184,314
<b>Transactions with owners:</b>										
Issuance of ordinary shares										
- Exercise of Employee Share Options Scheme ("ESOS")	140	-	-	(37)	-	-	-	103	-	103
RCPS-i A preferential dividends paid	-	-	-	-	-	-	(35,327)	(35,327)	-	(35,327)
RCPS-i B preferential dividends paid	-	-	-	-	-	-	(30,694)	(30,694)	-	(30,694)
Dividends paid	-	-	-	-	-	-	(26,443)	(26,443)	(19,057)	(45,500)
Dividends declared	-	-	-	-	-	-	-	-	(16,970)	(16,970)
Share-based payment under Employee Long Term Incentive Plan ("LTIP")	-	-	-	4,271	-	-	-	4,271	-	4,271
<b>Balance at 30.06.2022</b>	8,490,365	1,087,363	1,035,218	91,161	(1,295,884)	11,350	4,719,651	14,139,224	1,457,100	15,596,324
<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	-	-	-	-	-	106,988	-	106,988	30	107,018
Profit for the period	-	-	-	-	-	-	150,037	150,037	48,385	198,422
<b>Transactions with owners:</b>										
Acquisition of additional shares in an existing subsidiary company	-	-	-	-	-	-	-	-	8,004	8,004
RCPS-i A preferential dividends paid	-	-	-	-	-	-	(35,327)	(35,327)	-	(35,327)
RCPS-i B preferential dividends paid	-	-	-	-	-	-	(30,694)	(30,694)	-	(30,694)
Dividends paid	-	-	-	-	-	-	-	-	(8,004)	(8,004)
Share-based payment under LTIP	-	-	-	7,726	-	-	-	7,726	-	7,726
<b>Balance at 30.06.2021</b>	8,468,287	1,087,363	1,035,218	140,126	(1,295,884)	182,030	4,562,832	14,179,972	1,466,782	15,646,754

(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 JUNE 2022**  
*(The figures have not been audited)*

	<b>6 MONTHS ENDED</b>	
	<b>30/06/2022</b>	<b>30/06/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Operating Activities</b>		
Profit before tax	253,353	301,410
Adjustments for:-		
Non-cash items	13,039	46,033
Non-operating items	61,211	42,667
Operating profit before changes in working capital	<u>327,603</u>	<u>390,110</u>
Changes in inventories - property development costs and contract cost assets	16,392	58,058
Changes in inventories - completed properties and others	193,090	257,777
Changes in contract assets/liabilities	(252,636)	(71,405)
Changes in receivables	27,498	105,017
Changes in payables	(179,332)	(27,864)
Cash generated from operations	<u>132,615</u>	<u>711,693</u>
Rental received	5,471	5,138
Interest received	7,648	10,838
Interest paid on lease liabilities	25	(80)
Net tax paid	(71,136)	(48,299)
Net cash from operating activities	<u>74,623</u>	<u>679,290</u>
<b>Investing Activities</b>		
Additions to inventories - land held for property development	(129,159)	(164,586)
Additions to property, plant and equipment	(33,888)	(28,350)
Additions to investment properties	(1,322)	(21,021)
Proceeds from disposal of property, plant and equipment	314	227
Proceeds from disposal of investment properties	7,676	5,373
Acquisition of additional shares in existing joint ventures	(215,452)	(218,391)
Repayment from an associated company	275	1,236
Advances to joint ventures	(3,347)	(1,995)
Withdrawal/(Placement) of sinking fund, debt service reserve, escrow accounts and short-term deposits	1,892	(20,373)
Dividends received from associated companies	20,420	3,675
Interest received	12,218	15,288
Rental received	19,497	20,172
Net cash used in investing activities	<u>(320,876)</u>	<u>(408,745)</u>
<b>Financing Activities</b>		
Proceeds from issuance of ordinary shares pursuant to the exercise of ESOS	103	-
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	822,736	861,509
Repayment of bank borrowings	(1,778,670)	(664,386)
Repayment of lease liabilities	(751)	(616)
Interest paid	(179,161)	(186,006)
Payment of transaction cost on borrowings	(2,916)	(3,018)
Redeemable cumulative preference share dividends paid to non-controlling interests	(684)	(684)
Dividends paid to non-controlling interests	(19,057)	(8,004)
Dividends paid	(26,443)	-
RCPS-i A preferential dividends paid	(35,327)	(35,327)
RCPS-i B preferential dividends paid	(30,694)	(30,694)
Net cash (used in)/from financing activities	<u>(50,864)</u>	<u>729,644</u>

**S P SETIA BERHAD**  
 (Company No.: 197401002663 (19698-X))  
 (Incorporated in Malaysia)  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**  
*(The figures have not been audited)*

	<b>6 MONTHS ENDED</b>	
	<b>30/06/2022</b>	<b>30/06/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Net changes in cash and cash equivalents	(297,117)	1,000,189
<b>Effect of exchange rate changes</b>	4,727	9,701
<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>2,649,230</u>	<u>3,831,180</u>
 <b>Cash and cash equivalents comprise the following:</b>		
Short-term funds	-	2,273,394
Short-term deposits	956,237	239,374
Cash and bank balances	1,791,278	1,449,577
Bank overdrafts	-	(25,702)
	<u>2,747,515</u>	<u>3,936,643</u>
Less: Amount restricted in sinking fund, debt service reserve, escrow accounts and short-term deposits	(98,285)	(105,463)
	<u>2,649,230</u>	<u>3,831,180</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 June 2022.

### **4. Material Changes in Estimates**

There were no material changes in estimates for the financial period ended 30 June 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) 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 31 December 2021**

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 was paid in cash on 15 April 2022.

- c) Islamic Redeemable Convertible Preference Shares ("RCPS-i B") preferential dividend in respect of the financial period from 1 July 2021 to 31 December 2021**

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 was paid in cash on 15 April 2022.

## 7. Segmental Reporting

The segmental analysis for the financial period ended 30 June 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	1,791,419	7,667	86,457	-	1,885,543
Inter-segment revenue	67,477	55,377	18,003	(140,857)	-
<b>Total revenue</b>	<b>1,858,896</b>	<b>63,044</b>	<b>104,460</b>	<b>(140,857)</b>	<b>1,885,543</b>
Gross profit/(loss)	476,405	(1,628)	9,861	-	484,638
Other income	83,247	1,185	2,546	-	86,978
Operating expenses	(178,171)	(2,963)	(9,433)	-	(190,567)
Share of results of joint ventures	(22,162)	-	810	-	(21,352)
Share of results of associated companies	3,587	-	-	-	3,587
Finance costs	(98,482)	(127)	(11,322)	-	(109,931)
<b>Profit/(Loss) before tax</b>	<b>264,424</b>	<b>(3,533)</b>	<b>(7,538)</b>	<b>-</b>	<b>253,353</b>
Taxation					(69,039)
<b>Profit for the period</b>					<b>184,314</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 June 2022 until 11 August 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 June 2022.

## 10. Contingent Liabilities

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

**11. Capital Commitments**

	<b>As at 30 June 2022 RM'000</b>
<i>Commitments of subsidiary companies:</i>	
Contractual commitments for construction of investment properties	9,910
Contractual commitments for acquisition and construction of property, plant and equipment	<u>55,976</u>
<i>Share of commitments of joint ventures:</i>	
Contractual commitments for acquisition of development land	<u>118,620</u>

**12. Significant Related Party Transactions**

	<b>1 January 2022 To 30 June 2022 RM'000</b>
<i>Transactions with joint ventures:</i>	
(i) Management fee received and receivable	480
(ii) Event and marketing fee received and receivable	42
(iii) Staff secondment fee received and receivable	237
(iv) Interest received and receivable	<u>3,258</u>
<i>Transactions with associated companies:</i>	
(i) Dividend received and receivable	<u>17,970</u>
<i>Transactions with director of the subsidiary company: -</i>	
(i) Sale of development property to a director of the subsidiary company	<u>3,382</u>

**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 (“Q2”) and financial period-to-date (“PTD”) are analysed as follows:

	<b>Q2 2022</b>	<b>Q2 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	969,283	1,038,193	1,791,419	2,034,703
Construction	3,800	6,777	7,667	11,901
Other Operations	45,363	37,801	86,457	88,988
	<u>1,018,446</u>	<u>1,082,771</u>	<u>1,885,543</u>	<u>2,135,592</u>
<b>Profit before tax (“PBT”)</b>				
Property Development	143,044	172,537	264,424	322,006
Construction	(1,346)	(8,300)	(3,533)	(13,838)
Other Operations	(6,551)	(5,217)	(7,538)	(6,758)
	<u>135,147</u>	<u>159,020</u>	<u>253,353</u>	<u>301,410</u>

**(a) Performance of the current quarter against the same quarter in the preceding year (Q2 2022 vs Q2 2021)**

**Property Development**

The Group’s property development segment achieved revenue of RM969.3 million and PBT of RM143.0 million in Q2 2022. Both revenue and PBT for current quarter are lower than the corresponding quarter in preceding year due to lesser contribution from the enterprise land sales and completed inventories in this quarter as compared to same period last year.

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, *Alam Sutera* in Bukit Jalil, *Alam Damai* in Cheras, *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, *Aeropod* in Kota Kinabalu, *EcoXuan* in Vietnam, *Daintree Residence* in Singapore and *Parque* in Melbourne, Australia.

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

**(a) Performance of the current quarter against the same quarter in the preceding year (Q2 2022 vs Q2 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 readymix concrete to the external contractors that serve the property development arm of the Group.

The Group's construction segment recorded revenue of RM3.8 million and loss before tax of RM1.3 million in Q2 2022. The loss before tax was attributable to prolongation costs incurred on some intercompany construction jobs.

**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.

**(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 and PBT from the property development segment are RM1.79 billion and RM264.4 million, both are lower than the corresponding period-to-date in the preceding year mainly due to lesser revenue contribution from Malaysia. The Group sold RM272.0 million worth of completed inventories in PTD 2022 as compared to RM425.0 million in PTD 2021.

**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 readymix concrete to the external contractors that serve the property development arm of the Group.

The Group's construction segment recorded revenue of RM7.7 million and loss before tax of RM3.5 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, and the operation of investment properties such as office towers, retail malls and convention centres.

**2. Material Changes in the Quarterly Results ("Q2 2022") compared to the results of the Preceding Quarter ("Q1 2022")**

The Group's PBT for Q2 2022 of RM135.1 million is higher than the preceding quarter of RM118.2 million mainly due to higher volume of project development phases which have been completed and handed over in Q2 2022. In addition, there were some cost savings realised from certain completed projects.

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

For the six months ended 30 June 2022, the Group secured total sales of RM1.67 billion. Local projects contributed RM1.38 billion or approximately 83% of the sales whilst the remaining RM294.0 million or approximately 17% were contributed largely from international sales. On the local front, sales were mainly from the Central region with RM944.0 million, supported by RM286.0 million contribution from the Southern region while Northern region contributed another RM149.0 million. The total sales secured were also complemented by the concerted effort in clearing completed inventories where RM272.0 million were sold during this period. On top of that, the Group secured total bookings of RM559.0 million as at 30 June 2022. With the strong bookings in the pipeline, the key focus remains steadfast on the swift conversion of these bookings into sales.

Despite the numerous challenges faced by the real estate industry due to elevated building material costs, labour shortages, interest rate upcycle and inflationary pressure, potential buyers are still seeking for landed properties in established townships. This augurs well for S P Setia as the Group is known for quality townships that prioritise on conveniences and amenities. Many potential buyers realise the importance of owning a home that complements to their lifestyle under the new norm. The recently announced 100% stamp duty exemption for first time homebuyers of properties priced RM500,000 and below through the i-MILIKI will assist in expediting the recovery for the property market.

For the quarter under review, the Group had launched a total GDV of RM300.7 million landed properties comprises double storey terraces, semi-detached and bungalows. The take up rate in the new phase in Setia Eco Templer hovers above 90% while encouraging take up rate is also observed in townships such as Setia Eco Glades. The Group is also strategically rescheduling selected planned launches. The approaches are two-pronged. Firstly, it is to stay prudent to achieve the desired take-up rates and secondly it is a supply chain management strategy by the Group to ensure that raw material prices are not booked at the peak.

Continuous efforts are made to enhance the environmental, social and governance aspects into the conceptualisation, design and construction stages of the Group's projects following the increased emphasis on sustainability and climate change mitigation. For instance, the strategic partnership with Tenaga Nasional Berhad to provide electrical vehicle ("EV") port and renewable energy solutions to potential home buyers are in line with the Group's commitment to promote green energy and reduce carbon emissions. Besides, cost reduction initiatives are being deployed across group-wide operations in parallel to the various promotional campaigns to boost sales and clear unsold inventories

The Group anticipates stronger sales in the second half of FY2022 and is on track to achieve its sales target of RM4.0 billion set. Backed by an unbilled sales totalling RM8.71 billion as at 30 June 2022, this will provide earnings visibility in the short to mid-term. Despite the current challenges disrupting the world economy, the Group will continue to monitor the situation to attain its overall performance.

The Group is currently anchored by 47 on-going projects and an effective remaining land bank of 7,042 acres with a Gross Development Value of RM120.88 billion as at 30 June 2022.

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

Not applicable as no profit forecast was published.

## 5. Income Tax

	Q2 2022 RM'000	Q2 2021 RM'000	PTD 2022 RM'000	PTD 2021 RM'000
Taxation				
- current taxation	51,642	59,607	78,479	108,635
- deferred taxation	(21,493)	(4,881)	(9,440)	(5,647)
	30,149	54,726	69,039	102,988

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 16 August 2022:

- (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 ("Proposed Rights Issue").

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

(The Proposed Rights Issue and the Proposed Amendments are collectively referred to as the "Proposals").

The Proposals are subject to the approvals being obtained from the following:

- (i) Shariah Advisory Council of the Securities Commission Malaysia ("SC") for the structure of the RCPS-i C, which the approval was obtained vide its letter dated 21 July 2022;
- (ii) Bursa Malaysia Securities Berhad ("Bursa Securities") for the admission of the RCPS-i C to the Official List of Bursa Securities as well as the listing and quotation of the RCPS-i C to be issued pursuant to the Proposed Rights Issue and the new S P Setia Shares ("Shares") to be issued pursuant to the conversion of the RCPS-i C on the Main Market of Bursa Securities, which the approval was obtained vide its letter dated 15 August 2022, subject to the conditions as set out below:
  - (a) maximum new Shares to be issued arising from the conversion of the new RCPS-i C must be in full compliance with Paragraph 6.50 of the Main Market Listing Requirements ("Listing Requirements") at all times;
  - (b) S P Setia and RHB Investment Bank (as the Principal Adviser) must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Rights Issue;
  - (c) RHB Investment Bank to inform Bursa Securities upon the completion of the Proposed Rights Issue;

## 6. Status of Corporate Proposals (continued)

- (d) RHB Investment Bank to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue is completed; and
  - (e) S P Setia to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the conversion of new RCPS-i C as at the end of each quarter together with a detailed computation of the listing fees payable.
- (iii) Shareholders of S P Setia at the forthcoming EGM for Shareholders in relation to the Proposals;
- (iv) Holders of RCPS-i A and RCPS-i B at the forthcoming EGM for Holders of RCPS-i A and EGM for Holders of RCPS-i B respectively in relation to the Proposed Rights Issue; and
- (v) Any other relevant authorities and/or parties, if required.

## 7. Group Borrowings and Debt Securities

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

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
Short-term borrowings - Islamic	584,712	1,111,594	1,696,306
Short-term borrowings - Conventional	2,329,411	1,242,734	3,572,145
Long-term borrowings - Islamic	2,217,162	3,308,014	5,525,176
Long-term borrowings - Conventional	1,366,231	524,915	1,891,146
Redeemable cumulative preference shares	-	37,693	37,693
	<b>6,497,516</b>	<b>6,224,950</b>	<b>12,722,466</b>

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	4,908,528	4,046,209	8,954,737
Great British Pound	-	1,605,938	1,605,938
Australian Dollar	1,309,306	424,624	1,733,930
Singapore Dollar	244,524	-	244,524
United States Dollar	-	148,179	148,179
Japanese Yen	35,158	-	35,158
	<b>6,497,516</b>	<b>6,224,950</b>	<b>12,722,466</b>

## 8. Material Litigation

The Group was not engaged in any material litigation as at 11 August 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 in respect of the financial period from 1 January 2022 to 30 June 2022, for the RCPS-i A and RCPS-i B.
- (i) Preferential dividend rate
    - RCPS-i A : 6.49% per annum
    - RCPS-i B : 5.93% per annum
  - (ii) Previous corresponding financial period
    - RCPS-i A : 6.49% per annum
    - RCPS-i B : 5.93% per annum
  - (iii) Date payable : To be determined later
  - (iv) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at a date to be determined later.
- (b) No interim dividend has been declared in respect of ordinary share for the financial period ended 30 June 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>Q2 2022</b>	<b>Q2 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)	80,093	74,806	147,588	150,037
- RCPS-i A preferential dividends (RM)	-	-	(35,327)	(35,327)
- RCPS-i B preferential dividends (RM)	-	-	(30,694)	(30,694)
Adjusted profit attributable to owners of the Company (RM)	<u>80,093</u>	<u>74,806</u>	<u>81,567</u>	<u>84,016</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:				
- Exercise of ESOS	173	-	87	-
Number of ordinary shares in issue	<u>4,068,151</u>	<u>4,056,733</u>	<u>4,068,065</u>	<u>4,056,733</u>
Basic earnings per share (sen)	<u>1.97</u>	<u>1.84</u>	<u>2.01</u>	<u>2.07</u>

## 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:

	Q2 2022 '000	Q2 2021 '000	PTD 2022 '000	PTD 2021 '000
Profit attributable to owners of the Company (RM)	80,093	74,806	147,588	150,037
- RCPS-i A preferential dividends (RM)	-	-	(35,327)	(35,327)
- RCPS-i B preferential dividends (RM)	-	-	(30,694)	(30,694)
Adjusted profit attributable to owners of the Company (RM)	80,093	74,806	81,567	84,016
Weighted average number of ordinary shares as per Basic Earnings Per Share	4,068,151	4,056,733	4,068,065	4,056,733
Effect of potential exercise of LTIP	5,739	20,430	6,200	20,591
Weighted average number of ordinary shares	4,073,890	4,077,163	4,074,265	4,077,324
Diluted earnings per share (sen)	1.97	1.83	2.00	2.06

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

	Q2 2022 RM'000	PTD 2022 RM'000
Interest income	15,963	29,295
Other income including investment income	20,785	36,703
Interest expense	(60,007)	(109,931)
Depreciation and amortisation	(7,210)	(14,747)
Provision of doubtful debts for trade and other receivables	(557)	(485)
Reversal of impairment of completed inventories	184	436
Net gain/(loss) on disposal of quoted or unquoted investments or properties	7	(73)
Write off of property, plant and equipment	(784)	(785)
Fair value loss on investment properties	(72)	(72)
Net foreign exchange gain	8,185	20,980
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.