

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

Condensed Financial Report
31 December 2022

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Condensed Financial Report - 31 December 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 31 DECEMBER 2022
(The figures have been audited)

	As At 31/12/2022 RM'000	As At 31/12/2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	789,465	725,965
Right-of-use - property, plant and equipment	1,415	1,852
Investment properties	2,057,561	2,046,487
Right-of-use - investment properties	60,372	46,940
Inventories - land held for property development	12,522,729	12,534,255
Intangible asset	12,954	13,488
Investments in joint ventures	2,974,523	3,455,185
Investments in associated companies	555,383	565,362
Other investments	96	96
Amounts owing by joint ventures	69,785	69,785
Trade receivables	61,634	64,891
Other receivables, deposits and prepayments	85,105	79,606
Deferred tax assets	364,910	315,812
	<u>19,555,932</u>	<u>19,919,724</u>
Current assets		
Trade receivables	613,491	738,641
Contract assets	1,506,744	1,290,160
Other receivables, deposits and prepayments	208,964	233,651
Inventories - land held for sales	144,600	139,670
Inventories - property development costs	2,676,654	2,895,419
Inventories - completed properties and others	1,238,554	1,049,646
Contract cost assets	1,096,668	1,708,206
Amounts owing by joint ventures	94,722	84,514
Amounts owing by associated companies	-	2,464
Amounts owing by related parties	319	276
Current tax assets	49,631	50,793
Short-term funds	-	1,401,604
Short-term deposits	774,206	206,190
Cash and bank balances	1,858,702	1,463,422
	<u>10,263,255</u>	<u>11,264,656</u>
TOTAL ASSETS	<u>29,819,187</u>	<u>31,184,380</u>
EQUITY AND LIABILITIES		
EQUITY		
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
Share capital - RCPS-i C	937,201	-
Reserves		
Share-based payment reserve	57,888	86,927
Reserve on acquisition arising from common control	(1,295,884)	(1,295,884)
Exchange translation reserve	(11,649)	107,157
Retained earnings	4,807,957	4,664,527
Equity attributable to owners of the Company	<u>14,082,518</u>	<u>14,175,533</u>
Non-controlling interests	1,263,912	1,456,206
Total equity	<u>15,346,430</u>	<u>15,631,739</u>
LIABILITIES		
Non-current liabilities		
Redeemable cumulative preference shares	17,113	37,965
Other payables and accruals	68,078	61,850
Long-term borrowings	6,959,185	9,308,641
Lease liabilities	302	823
Deferred tax liabilities	506,016	446,104
	<u>7,550,694</u>	<u>9,855,383</u>
Current liabilities		
Redeemable cumulative preference shares	21,000	-
Trade payables	1,423,286	1,495,050
Contract liabilities	118,807	119,275
Other payables and accruals	886,592	804,019
Short-term borrowings	4,420,411	3,247,231
Lease liabilities	1,129	1,155
Current tax liabilities	50,458	30,012
Amounts owing to related parties	380	516
	<u>6,922,063</u>	<u>5,697,258</u>
Total liabilities	<u>14,472,757</u>	<u>15,552,641</u>
TOTAL EQUITY AND LIABILITIES	<u>29,819,187</u>	<u>31,184,380</u>
Net assets per share attributable to owners of the Company	<u>2.96</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 YEAR ENDED 31 DECEMBER 2022
(The figures have been audited)

	3 MONTHS ENDED		12 MONTHS ENDED	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
Revenue	1,707,964	1,032,604	4,454,447	3,762,748
Cost of sales	(1,365,567)	(738,653)	(3,389,125)	(2,755,721)
Gross profit	<u>342,397</u>	<u>293,951</u>	<u>1,065,322</u>	<u>1,007,027</u>
Other income	57,453	39,477	187,471	153,050
Selling and marketing expenses	(20,035)	(17,284)	(59,178)	(50,072)
Administrative and general expenses	(116,862)	(110,572)	(378,585)	(376,344)
Gain/(loss) on foreign exchange				
- Realised	(192)	(8)	(200)	1,123
- Unrealised	3,209	(1,659)	30,769	(12,727)
Share of results of joint ventures	3,906	23,689	(36,711)	5,644
Share of results of associated companies	6,604	4,086	15,580	8,888
Finance costs	(82,353)	(42,903)	(260,348)	(194,125)
Profit before tax	<u>194,127</u>	<u>188,777</u>	<u>564,120</u>	<u>542,464</u>
Taxation	(91,197)	(62,139)	(200,556)	(195,119)
Profit for the period/year	<u>102,930</u>	<u>126,638</u>	<u>363,564</u>	<u>347,345</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	21,264	1,885	(118,730)	32,183
Total comprehensive income for the period/year	<u>124,194</u>	<u>128,523</u>	<u>244,834</u>	<u>379,528</u>
Profit attributable to:				
Owners of the Company	90,317	123,315	308,093	284,365
Non-controlling interests	12,613	3,323	55,471	62,980
	<u>102,930</u>	<u>126,638</u>	<u>363,564</u>	<u>347,345</u>
Total comprehensive income attributable to:				
Owners of the Company	111,697	125,204	189,287	316,480
Non-controlling interests	12,497	3,319	55,547	63,048
	<u>124,194</u>	<u>128,523</u>	<u>244,834</u>	<u>379,528</u>
Earnings per share attributable to owners of the Company				
- Basic earnings per share (sen)	<u>1.46</u>	<u>3.02</u>	<u>3.57</u>	<u>3.75</u>
- Diluted earnings per share (sen)	<u>1.46</u>	<u>3.01</u>	<u>3.56</u>	<u>3.74</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 YEAR ENDED 31 DECEMBER 2022
(The figures have 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 01.01.2022	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 year represented											
by exchange differences on translation of foreign operations	-	-	-	-	-	-	(118,806)	-	(118,806)	76	(118,730)
Profit for the year	-	-	-	-	-	-	-	308,093	308,093	55,471	363,564
Transactions with owners:											
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
Redemption of RCPS-i B	-	-	(1,035,218)	-	-	-	-	-	(1,035,218)	-	(1,035,218)
Issuance of RCPS-i C	-	-	-	939,364	-	-	-	-	939,364	-	939,364
Share issuance expense	-	-	-	(2,163)	-	-	-	-	(2,163)	-	(2,163)
RCPS-i A preferential dividends paid	-	-	-	-	-	-	-	(70,654)	(70,654)	-	(70,654)
RCPS-i B preferential dividends paid	-	-	-	-	-	-	-	(92,209)	(92,209)	-	(92,209)
Dividends paid	-	-	-	-	-	-	-	(26,443)	(26,443)	(247,841)	(274,284)
Share-based payment under Employee Long Term Incentive Plan ("LTIP")	-	-	-	-	(19,725)*	-	-	24,643	4,918	-	4,918
Balance at 31.12.2022	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
Balance at 01.01.2021	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 year represented											
by exchange differences on translation of foreign operations	-	-	-	-	-	-	32,115	-	32,115	68	32,183
Profit for the year	-	-	-	-	-	-	-	284,365	284,365	62,980	347,345
Transactions with owners:											
Issuance of ordinary shares											
- Vesting of ESGP	21,552	-	-	-	(21,552)	-	-	-	-	-	-
- Exercise of ESOS	386	-	-	-	(103)	-	-	-	283	-	283
Acquisition of additional shares in an existing subsidiary company	-	-	-	-	-	-	-	-	-	16,008	16,008
RCPS-i A preferential dividends paid	-	-	-	-	-	-	-	(70,654)	(70,654)	-	(70,654)
RCPS-i B preferential dividends paid	-	-	-	-	-	-	-	(61,388)	(61,388)	-	(61,388)
Dividends paid	-	-	-	-	-	-	-	-	-	(41,217)	(41,217)
Share-based payment under LTIP	-	-	-	-	(23,818)*	-	-	33,388	9,570	-	9,570
Balance at 31.12.2021	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

(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)

*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))
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022
(The figures have been audited)

	12 MONTHS ENDED	
	31/12/2022	31/12/2021
	RM'000	RM'000
Operating Activities		
Profit before tax	564,120	542,464
Adjustments for:-		
Non-cash items	11,848	54,439
Non-operating items	135,385	80,630
Operating profit before changes in working capital	<u>711,353</u>	<u>677,533</u>
Changes in inventories - property development costs and contract cost assets	698,459	71,462
Changes in inventories - completed properties and others	399,410	433,199
Changes in contract assets/liabilities	(193,625)	(48,554)
Changes in receivables	158,916	57,735
Changes in payables	47,741	58,652
Cash generated from operations	<u>1,822,254</u>	<u>1,250,027</u>
Rental received	12,232	9,792
Interest received	25,066	21,227
Interest paid on lease liabilities	(39)	(135)
Net tax paid	(167,136)	(162,849)
Net cash from operating activities	<u>1,692,377</u>	<u>1,118,062</u>
Investing Activities		
Additions to inventories - land held for property development	(305,562)	(345,295)
Additions to property, plant and equipment	(98,434)	(57,118)
Additions to investment properties	(19,644)	(24,908)
Proceeds from disposal of property, plant and equipment	1,315	566
Proceeds from disposal of investment properties	15,574	22,855
Net cash outflow from liquidation of subsidiary companies	-	(43)
Acquisition of additional shares in joint ventures	(215,942)	(675,592)
Proceeds from repatriation of capital from joint ventures	485,608	-
Repayment from an associated company	793	3,296
Advances to joint ventures	(11,487)	(1,607)
Placement of sinking fund, debt service reserve, escrow accounts and short-term deposits	(73,393)	(15,087)
Dividends received from associated companies	22,870	10,620
Interest received	30,993	32,453
Rental received	44,999	39,708
Net cash used in investing activities	<u>(122,310)</u>	<u>(1,010,152)</u>
Financing Activities		
Proceeds from issuance of RCPS-i C	939,364	-
Proceeds from issuance of ordinary shares pursuant to the exercise of ESOS	103	283
Payment of share issuance expenses	(2,163)	-
Repayment to non-controlling shareholder of subsidiary company	-	(3,743)
Proceeds from issuance of Sukuk Wakalah	1,200,000	800,000
Drawdown of bank borrowings	1,951,125	1,428,340
Repayment of bank borrowings	(4,198,121)	(1,648,526)
Repayment of lease liabilities	(1,420)	(1,258)
Redemption of RCPS-i B	(1,035,218)	-
Interest paid	(463,034)	(390,327)
Payment of transaction cost on borrowings	(4,007)	(3,079)
Redeemable cumulative preference share dividends paid to non-controlling interests	(1,734)	(1,734)
Dividends paid to non-controlling interests	(247,298)	(41,217)
Dividends paid	(26,443)	-
RCPS-i A preferential dividends paid	(70,654)	(70,654)
RCPS-i B preferential dividends paid	(92,209)	(61,388)
Net cash (used in)/from financing activities	<u>(2,051,709)</u>	<u>6,697</u>

S P SETIA BERHAD
 (Company No.: 197401002663 (19698-X))
 (Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022
(The figures have been audited)

	12 MONTHS ENDED	
	31/12/2022	31/12/2021
	RM'000	RM'000
Net changes in cash and cash equivalents	(481,642)	114,607
Effect of exchange rate changes	(640)	5,723
Cash and cash equivalents at beginning of the year	2,941,620	2,821,290
Cash and cash equivalents at end of the year	<u>2,459,338</u>	<u>2,941,620</u>
Cash and cash equivalents comprise the following:		
Short-term funds	-	1,401,604
Short-term deposits	774,206	206,190
Cash and bank balances	1,858,702	1,463,422
Bank overdrafts	-	(29,419)
	<u>2,632,908</u>	<u>3,041,797</u>
Less: Amount restricted in sinking fund, debt service reserve, escrow accounts and short-term deposits	(173,570)	(100,177)
	<u>2,459,338</u>	<u>2,941,620</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 CONDENSED FINANCIAL REPORT

1. Basis of Preparation

The condensed 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 condensed financial report is audited 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 condensed 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 year 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 year ended 31 December 2022.

4. Material Changes in Estimates

There were no material changes in estimates for the financial year ended 31 December 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 year-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>

5. Debts and Equity Securities (continued)

- (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;
- (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%

- (d) Conversion from 42 RCPS-i B to 11 ordinary shares with the conversion ratio of five (5) new S P Setia Berhad shares for eighteen (18) RCPS-i B held; and
- (e) Issuance of 2,472,010,007 Class C Islamic Redeemable Convertible Preference Shares (“RCPS-i C”) of RM0.38 each.

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 December 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.

A pro-rated preferential dividend of RM30,468,332 in respect of the financial period from 1 July 2022 to 28 December 2022 and another stepped-up preferential dividend of RM352,913 in respect of the financial period from 29 December 2022 to 30 December 2022 were paid in cash on 30 December 2022.

7. Segmental Reporting

The segmental analysis for the financial year ended 31 December 2022 is as follows:

	Property Development RM'000	Construction RM'000	Other Operations RM'000	Eliminations RM'000	Consolidated RM'000
External revenue	4,240,596	15,990	197,861	-	4,454,447
Inter-segment revenue	165,548	131,018	50,313	(346,879)	-
Total revenue	4,406,144	147,008	248,174	(346,879)	4,454,447
Gross profit/(loss)	1,076,278	(32,818)	21,862	-	1,065,322
Other income	207,574	2,006	8,660	-	218,240
Operating expenses	(403,742)	(6,013)	(28,208)	-	(437,963)
Share of results of joint ventures	(35,187)	-	(1,524)	-	(36,711)
Share of results of associated companies	15,580	-	-	-	15,580
Finance costs	(231,161)	(119)	(29,068)	-	(260,348)
Profit/(Loss) before tax	629,342	(36,944)	(28,278)	-	564,120
Taxation					(200,556)
Profit for the year					363,564

8. Material Events Subsequent to the End of Financial Year

There were no material transactions or events subsequent to the financial year ended 31 December 2022 until 21 February 2023 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this condensed financial report).

9. Changes in the Composition of the Group

There were no changes in the composition of the Group for the financial year ended 31 December 2022.

10. Contingent Liabilities

There were no contingent liabilities in respect of the Group for the financial year ended 31 December 2022.

11. Capital Commitments

	As at 31 December 2022 RM'000
<i>Commitments of subsidiary companies:</i>	
Contractual commitments for construction of investment properties	2,911
Contractual commitments for construction and acquisition of property, plant and equipment	17,630
<i>Share of commitments of joint ventures:</i>	
Contractual commitments for acquisition of development land	112,542
Contractual commitments for construction of property, plant and equipment	2,744
	2,744

12. Significant Related Party Transactions

	1 January 2022 To 31 December 2022 RM'000
<i>Transactions with joint ventures:</i>	
(i) Management fee received and receivable	960
(ii) Event and marketing fee received and receivable	111
(iii) Staff secondment fee received and receivable	463
(iv) Interest received and receivable	6,599
(v) Contractor claim received or receivable	2,406
	2,406
<i>Transactions with associated companies:</i>	
(i) Dividend received and receivable	20,420
	20,420
<i>Transactions with directors of the Company and subsidiary companies: -</i>	
(i) Sale of development properties to directors of the Company	5,460
(ii) Sale of development property to directors of the subsidiary companies, company in which the directors have interest and their immediate family members	30,489
	30,489

**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 (“Q4”) and financial year-to-date (“YTD”) are analysed as follows:

	Q4 2022	Q4 2021	YTD 2022	YTD 2021
	RM’000	RM’000	RM’000	RM’000
Revenue				
Property Development	1,639,229	975,046	4,240,596	3,577,105
Construction	4,384	5,272	15,990	17,409
Other Operations	64,351	52,286	197,861	168,234
	<u>1,707,964</u>	<u>1,032,604</u>	<u>4,454,447</u>	<u>3,762,748</u>
Profit before tax (“PBT”)				
Property Development	233,851	217,495	629,342	612,208
Construction	(30,107)	(15,192)	(36,944)	(38,932)
Other Operations	(9,617)	(13,526)	(28,278)	(30,812)
	<u>194,127</u>	<u>188,777</u>	<u>564,120</u>	<u>542,464</u>

(a) Performance of the current quarter against the same quarter in the preceding year (Q4 2022 vs Q4 2021)

Property Development

The Group’s property development segment achieved revenue of RM1.64 billion and PBT of RM233.9 million in Q4 2022. Revenue for the current quarter is higher than the corresponding quarter of the preceding year due to significant contribution from Australia, whereby the handover of UNO Melbourne (Phase 1) and Sapphire by the Gardens has generated revenue of RM106.2 million and RM788.5 million in Q4 2022 respectively.

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 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, *EcoXuan* in Vietnam, *Daintree Residence* in Singapore 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 (Q4 2022 vs Q4 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 RM4.4 million and loss before tax of RM30.1 million in Q4 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 year-to-date, 2022 ("YTD 2022") vs financial year-to-date, 2021 ("YTD 2021")

Property Development

The Group's revenue from the property development segment is RM4.24 billion, which is substantially higher than the corresponding year-to-date in the preceding year, attributed to better overall performance. However, the Group's PBT at RM629.3 million has only increased marginally, mainly attributed to an increase in the cost of development, supplemented by a hike in the interest rates.

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 RM16.0 million and loss before tax of RM36.9 million in YTD 2022 due to 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 (“Q4 2022”) compared to the results of the Preceding Quarter (“Q3 2022”)

The Group’s PBT for Q4 2022 of RM194.1 million is higher than the preceding quarter of RM116.6 million. This is in part due to handover of Sapphire by the Gardens and UNO Melbourne (Phase 1).

3. Prospects for the Financial Year Ending 31 December 2023 (“FY2023”)

S P Setia achieved another milestone by achieving RM4.11 billion in sales in FY2022, exceeding its target by RM110 million. Local projects contributed RM3.58 billion or approximately 87% of sales, while international projects contributed RM525.0 million or approximately 13% of sales. On the local front, the sales secured were largely from the Central region with RM2.54 billion. Southern region contributed RM615.0 million while the Northern and Eastern regions contributed RM322.0 million. As for the international projects, Battersea Power Station outperformed with sales of RM424.0 million, while Australia contributed another RM43.0 million. S P Setia is pleased with these sales as it demonstrated the resilience and versatility of Team Setia in navigating against various headwinds in a global subdued property market.

The total sales secured were partly complemented by the concerted effort of clearing completed inventories amounting to RM622.0 million in sales value. As of 31 December 2022, the Group secured additional sales in pipeline of RM385.0 million.

S P Setia celebrated another major achievement through its investment in the Battersea Power Station (“BPS”) project with the successful official opening of the iconic power station building, graced by His Majesty the Yang Dipertuan Agong, in October 2022. All the residential properties under Phase 2 and Phase 3A were completed in 2022 and handed over progressively. The hotel, also completed during this financial year, has been successfully monetised and had its soft opening in December 2022.

Domestically, in Q4FY2022, the total Gross Development Value (“GDV”) launches were circa RM1.36 billion, mostly concentrated in the Central region. Projects from matured townships such as Setia Eco Park, Bandar Kinrara and Bandar Setia Alam launched were entirely sold out. The Group’s maiden commercial property launch in Setia Alamsari received a noteworthy response with an 80% take-up rate.

The Group sales momentum will continue into the financial year ending 31 December 2023, albeit facing global economic uncertainties anticipated during the year. Its planned launches will focus on high-demand-driven products such as landed homes in established and renowned locations in Klang Valley such as Setia Ecohill 2 in Semenyih, Setia Mayuri, Setia Alamsari in Bangi, Setia Alam Impian, Bandar Kinrara, Setia Eco Templer, Setia Warisan Tropika whilst in Johor region projects located in Setia Eco Gardens and Setia Tropika will offer new product launches. In Penang, Setia Fontaines will also feature new residential home launches.

Generally, Malaysia is forecasted to achieve a lower Gross Domestic Product growth rate of 4% for 2023 in the face of looming global slowdown. The bright spots to the property sector are the sustained demand for landed residential homes, the easing of foreign labour shortage for Malaysia and the reopening of Singapore and China’s borders. These factors augur well for the Group earnings recognition.

S P Setia has set a sales target of RM4.20 billion for FY2023, representing a growth rate of 5% as compared to the preceding year. Underpinned by unbilled sales of RM7.30 billion, 47 ongoing projects and effective remaining land banks of 6,569 acres with a Gross Development Value of RM121.02 billion as of 31 December 2022, the Group is expected to perform resiliently against prevailing market challenges.

4. Variance of Actual Profit from Forecast Profit

Not applicable as no profit forecast was published.

5. Income Tax

	Q4 2022	Q4 2021	YTD 2022	YTD 2021
	RM'000	RM'000	RM'000	RM'000
Taxation				
- current taxation	58,613	23,040	189,205	199,710
- deferred taxation	32,584	39,099	11,351	(4,591)
	<u>91,197</u>	<u>62,139</u>	<u>200,556</u>	<u>195,119</u>

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

6. Status of Corporate Proposals

There was no corporate proposal announced but not completed as at 21 February 2023 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this condensed financial report).

7. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 31 December 2022 were as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short-term borrowings - Islamic	493,490	795,891	1,289,381
Short-term borrowings - Conventional	1,383,576	1,747,454	3,131,030
Long-term borrowings - Islamic	1,982,485	3,107,531	5,090,016
Long-term borrowings - Conventional	1,570,492	298,677	1,869,169
Redeemable cumulative preference shares	-	38,113	38,113
	<u>5,430,043</u>	<u>5,987,666</u>	<u>11,417,709</u>

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

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Malaysian Ringgit	4,262,354	4,042,792	8,305,146
Great British Pound	-	1,376,419	1,376,419
Australian Dollar	1,131,442	447,984	1,579,426
United States Dollar	-	120,471	120,471
Japanese Yen	36,247	-	36,247
	<u>5,430,043</u>	<u>5,987,666</u>	<u>11,417,709</u>

8. Material Litigation

The Group was not engaged in any material litigation as at 21 February 2023 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this condensed financial report).

9. Dividends Declared

(a) The Board of Directors has declared dividend in respect of the financial year ended 31 December 2022

- | | | |
|-------|--|--|
| (i) | Amount per share | : Single tier dividend of 1.47 sen per share |
| (ii) | Previous corresponding financial year | : Single tier dividend of 0.65 sen per share |
| (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 | |

Total dividend for FY2022 : Single tier dividend of 1.47 sen per share

(b) The Board of Directors has declared preferential dividends in respect of the financial period from 1 July 2022 to 31 December 2022, for RCPS-i A, RCPS-i B and RCPS-i C.

- | | | |
|-------|---|--------------------------|
| (i) | Preferential dividend rate | |
| | - RCPS-i A | : 6.49% per annum |
| | - RCPS-i B | : 5.93% per annum |
| | - RCPS-i C | : 5.43% per annum |
| (ii) | Stepped-up preferential dividend rate | |
| | - RCPS-i B | : 6.93% per annum |
| (iii) | Previous corresponding financial year | |
| | - RCPS-i A | : 6.49% per annum |
| | - RCPS-i B | : 5.93% per annum |
| | - RCPS-i C | : N/A |
| (iv) | Date payable | |
| | - RCPS-i A | : To be determined later |
| | - RCPS-i B | : 30 December 2022 |
| | - RCPS-i C | : To be determined later |
| (v) | 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. | |

10. Earnings Per Share Attributable To Owners of The Company

Basic Earnings Per Share

The basic earnings per share for the period/year 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/year, divided by the weighted average number of shares in issue, as follows:

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

	Q4 2022 '000	Q4 2021 '000	YTD 2022 '000	YTD 2021 '000
Profit attributable to owners of the Company (RM)	90,317	123,315	308,093	284,365
- RCPS-i A preferential dividends (RM)	-	-	(70,654)	(70,654)
- RCPS-i B preferential dividends (RM)	(30,820)	-	(92,209)	(61,388)
Adjusted profit attributable to owners of the Company (RM)	59,497	123,315	145,230	152,323
Number of ordinary shares at beginning of the year	4,067,978	4,056,733	4,067,978	4,056,733
Weighted average effect of shares issued pursuant to:				
- Vesting of ESGP	14,111	20,336	3,557	5,126
- Exercise of ESOS	437	652	110	164
Number of ordinary shares in issue	4,082,526	4,077,721	4,071,645	4,062,023
Basic earnings per share (sen)	1.46	3.02	3.57	3.75

Diluted Earnings Per Share

The diluted earnings per share for the period/year 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/year, 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:

	Q4 2022 '000	Q4 2021 '000	YTD 2022 '000	YTD 2021 '000
Profit attributable to owners of the Company (RM)	90,317	123,315	308,093	284,365
- RCPS-i A preferential dividends (RM)	-	-	(70,654)	(70,654)
- RCPS-i B preferential dividends (RM)	(30,820)	-	(92,209)	(61,388)
Adjusted profit attributable to owners of the Company (RM)	59,497	123,315	145,230	152,323
Weighted average number of ordinary shares as per Basic Earnings Per Share	4,082,526	4,077,721	4,071,645	4,062,023
Effect of potential exercise of LTIP	5,121	14,468	5,517	14,708
Weighted average number of ordinary shares	4,087,647	4,092,189	4,077,162	4,076,731
Diluted earnings per share (sen)	1.46	3.01	3.56	3.74

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

	Q4 2022	YTD 2022
	RM'000	RM'000
Interest income	30,770	77,884
Other income including investment income	19,178	102,082
Interest expense	(82,353)	(260,348)
Depreciation and amortisation	(13,001)	(35,065)
Provision of doubtful debts for trade and other receivables	(3,107)	(3,199)
Write-down in value of completed inventories	(4,218)	(3,651)
Write-down in value of land held for property development	(12,107)	(12,107)
Net gain/(loss) on disposal of quoted or unquoted investments or properties	300	(504)
Write off of property, plant and equipment	(106)	(1,019)
Fair value gain on investment properties	7,505	7,505
Net foreign exchange gain	3,017	30,569
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.