

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

Interim Financial Report
31 March 2023

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Interim Financial Report - 31 March 2023

	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 - 14

S P SETIA BERHAD
 (Company No: 197401002663 (19698-X))
 (Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023
(The figures have not been audited)

	(UNAUDITED)	(AUDITED)
	As At	As At
	31/03/2023	31/12/2022
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	786,466	789,465
Right-of-use - property, plant and equipment	913	1,415
Investment properties	2,058,804	2,057,561
Right-of-use - investment properties	57,294	60,372
Inventories - land held for property development	12,627,707	12,522,729
Intangible asset	12,820	12,954
Investments in joint ventures	2,980,304	2,974,523
Investments in associated companies	560,946	555,383
Other investments	96	96
Amounts owing by joint ventures	69,785	69,785
Trade receivables	54,034	61,634
Other receivables, deposits and prepayments	88,184	85,105
Deferred tax assets	366,708	364,910
	<u>19,664,061</u>	<u>19,555,932</u>
Current assets		
Trade receivables	479,399	613,491
Contract assets	1,595,167	1,506,744
Other receivables, deposits and prepayments	195,881	208,964
Inventories - land held for sales	30,878	144,600
Inventories - property development costs	2,598,257	2,676,654
Inventories - completed properties and others	1,150,616	1,238,554
Contract cost assets	997,561	1,096,668
Amounts owing by joint ventures	92,064	94,722
Amounts owing by related parties	25,037	319
Current tax assets	58,299	49,631
Short-term deposits	901,196	774,206
Cash and bank balances	1,481,834	1,858,702
	<u>9,606,189</u>	<u>10,263,255</u>
TOTAL ASSETS	<u><u>29,270,250</u></u>	<u><u>29,819,187</u></u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	8,499,642	8,499,642
Share capital - RCPS-i A	1,087,363	1,087,363
Share capital - RCPS-i C	937,201	937,201
Reserves		
Share-based payment reserve	58,532	57,888
Reserve on acquisition arising from common control	(1,295,884)	(1,295,884)
Exchange translation reserve	23,199	(11,649)
Retained earnings	4,762,859	4,807,957
Equity attributable to owners of the Company	<u>14,072,912</u>	<u>14,082,518</u>
Non-controlling interests	1,271,411	1,263,912
Total equity	<u><u>15,344,323</u></u>	<u><u>15,346,430</u></u>
LIABILITIES		
Non-current liabilities		
Redeemable cumulative preference shares	16,636	17,113
Other payables and accruals	68,078	68,078
Long-term borrowings	7,134,495	6,959,185
Lease liabilities	415	302
Deferred tax liabilities	507,447	506,016
	<u>7,727,071</u>	<u>7,550,694</u>
Current liabilities		
Redeemable cumulative preference shares	21,000	21,000
Trade payables	1,281,680	1,423,286
Contract liabilities	186,563	118,807
Other payables and accruals	841,701	886,592
Short-term borrowings	3,808,857	4,420,411
Lease liabilities	504	1,129
Current tax liabilities	58,176	50,458
Amounts owing to related parties	375	380
	<u>6,198,856</u>	<u>6,922,063</u>
Total liabilities	<u><u>13,925,927</u></u>	<u><u>14,472,757</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>29,270,250</u></u>	<u><u>29,819,187</u></u>
Net assets per share attributable to owners of the Company	<u><u>2.96</u></u>	<u><u>2.96</u></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 31 MARCH 2023
(The figures have not been audited)

	3 MONTHS ENDED	
	31/03/2023	31/03/2022
	RM'000	RM'000
Revenue	967,665	867,097
Cost of sales	(701,051)	(658,377)
Gross profit	<u>266,614</u>	<u>208,720</u>
Other income	50,485	29,243
Selling and marketing expenses	(13,951)	(10,145)
Administrative and general expenses	(96,058)	(68,640)
Gain/(loss) on foreign exchange		
- Realised	229	(3)
- Unrealised	4,721	12,798
Share of results of joint ventures	(23,874)	(4,687)
Share of results of associated companies	4,176	844
Finance costs	(76,387)	(49,924)
Profit before tax	<u>115,955</u>	<u>118,206</u>
Taxation	(53,023)	(38,890)
Profit for the period	<u>62,932</u>	<u>79,316</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	48,891	(9,742)
- Net loss on net investment hedge	(14,027)	-
Total comprehensive income for the period	<u>97,796</u>	<u>69,574</u>
Profit attributable to:		
Owners of the Company	55,449	67,495
Non-controlling interests	7,483	11,821
	<u>62,932</u>	<u>79,316</u>
Total comprehensive income attributable to:		
Owners of the Company	90,297	57,739
Non-controlling interests	7,499	11,835
	<u>97,796</u>	<u>69,574</u>
Earnings per share attributable to owners of the Company		
- Basic earnings per share (sen)	0.36	0.04
- Diluted earnings per share (sen)	0.36	0.04

(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 31 MARCH 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	-	-	-	-	-	-	48,875	-	48,875	16	48,891
Net change on hedge of net investments	-	-	-	-	-	-	(14,027)	-	(14,027)	-	(14,027)
Profit for the period	-	-	-	-	-	-	55,449	55,449	55,449	7,483	62,932
Transactions with owners:											
RCPS-i A preferential dividends declared	-	-	-	-	-	-	-	(35,327)	(35,327)	-	(35,327)
RCPS-i C preferential dividends declared	-	-	-	-	-	-	-	(5,310)	(5,310)	-	(5,310)
Dividends declared	-	-	-	-	-	-	-	(59,910)	(59,910)	-	(59,910)
Share-based payment under Employee Long Term Incentive Plan ("LTIP")	-	-	-	-	644	-	-	-	644	-	644
Balance at 31.03.2023	8,499,642	1,087,363	-	937,201	58,532	(1,295,884)	23,199	4,762,859	14,072,912	1,271,411	15,344,323
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	-	-	-	-	-	-	(9,756)	-	(9,756)	14	(9,742)
Profit for the period	-	-	-	-	-	-	-	67,495	67,495	11,821	79,316
Transactions with owners:											
Issuance of ordinary shares											
- Exercise of Employee Share Options Scheme ("ESOS")	125	-	-	-	(33)	-	-	-	92	-	92
RCPS-i A preferential dividends declared	-	-	-	-	-	-	-	(35,327)	(35,327)	-	(35,327)
RCPS-i B preferential dividends declared	-	-	-	-	-	-	-	(30,694)	(30,694)	-	(30,694)
Dividends declared	-	-	-	-	-	-	-	(26,443)	(26,443)	(13,208)	(39,651)
Share-based payment under LTIP	-	-	-	-	2,104	-	-	-	2,104	-	2,104
Balance at 31.03.2022	8,490,350	1,087,363	1,035,218	-	88,998	(1,295,884)	97,401	4,639,558	14,143,004	1,454,833	15,597,837

(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)

S P SETIA BERHAD
(Company No.: 197401002663 (19698-X))
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023
(The figures have not been audited)

	3 MONTHS ENDED	
	31/03/2023	31/03/2022
	RM'000	RM'000
Operating Activities		
Profit before tax	115,955	118,206
Adjustments for:-		
Non-cash items	22,488	(1,442)
Non-operating items	47,893	28,291
Operating profit before changes in working capital	186,336	145,055
Changes in inventories - property development costs and contract cost assets	208,785	(8,259)
Changes in inventories - completed properties and others	86,882	99,958
Changes in contract assets/liabilities	(12,530)	(148,474)
Changes in receivables	127,828	93,616
Changes in payables	(235,612)	(166,253)
Cash generated from operations	361,689	15,643
Rental received	2,085	2,525
Interest received	7,919	3,287
Interest paid on lease liabilities	(12)	(18)
Net tax paid	(53,684)	(51,276)
Net cash from/(used in) operating activities	317,997	(29,839)
Investing Activities		
Additions to inventories - land held for property development	(62,383)	(47,843)
Additions to property, plant and equipment	(7,282)	(12,423)
Additions to investment properties	(1,265)	(786)
Proceeds from disposal of property, plant and equipment	232	282
Proceeds from disposal of investment properties	-	7,605
Acquisition of additional shares in joint ventures	-	(132,145)
Proceeds from repatriation of capital from joint ventures	43,491	-
Repayment from an associated company	377	275
Repayment from/(Advances to) joint ventures	2,580	(380)
Placement of sinking fund, debt service reserve, escrow accounts and short-term deposits	3,243	16,751
Dividends received from associated companies	-	2,450
Interest received	4,765	5,414
Rental received	12,464	9,404
Net cash used in investing activities	(3,778)	(151,396)
Financing Activities		
Proceeds from issuance of ordinary shares pursuant to the exercise of ESOS	-	92
Drawdown of bank borrowings	597,817	214,701
Repayment of bank borrowings	(1,097,322)	(425,582)
Repayment of lease liabilities	(239)	(332)
Interest paid	(101,633)	(82,589)
Payment of transaction cost on borrowings	(39)	-
Redeemable cumulative preference share dividends paid to non-controlling interests	(684)	(684)
Dividends paid to non-controlling interests	(543)	-
Net cash used in financing activities	(602,643)	(294,394)

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 (Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023
(The figures have not been audited)

	3 MONTHS ENDED	
	31/03/2023	31/03/2022
	RM'000	RM'000
Net changes in cash and cash equivalents	(288,424)	(475,629)
Effect of exchange rate changes	2,242	2,096
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>2,173,156</u>	<u>2,468,087</u>
Cash and cash equivalents comprise the following:		
Short-term funds	-	1,041,360
Short-term deposits	901,196	163,229
Cash and bank balances	1,481,834	1,355,272
Bank overdrafts	(39,549)	(8,348)
	<u>2,343,481</u>	<u>2,551,513</u>
Less: Amount restricted in sinking fund, debt service reserve, escrow accounts and short-term deposits	(170,325)	(83,426)
	<u>2,173,156</u>	<u>2,468,087</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)
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 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 31 March 2023.

4. Material Changes in Estimates

There were no material changes in estimates for the financial period ended 31 March 2023.

5. Debts and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial period-to-date.

6. Dividends Paid

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

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 was declared on 28 February 2023 and paid in cash on 20 April 2023.

c) Islamic Redeemable Convertible Preference Shares (“RCPS-i C”) preferential dividend in respect of the financial period from 24 November 2022 to 31 December 2022

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 was declared on 28 February 2023 and paid in cash on 20 April 2023.

7. Segmental Reporting

The segmental analysis for the financial period ended 31 March 2023 is as follows:

	Property Development RM'000	Construction RM'000	Other Operations RM'000	Eliminations RM'000	Consolidated RM'000
External revenue	895,769	4,391	67,505	-	967,665
Inter-segment revenue	36,432	19,839	5,609	(61,880)	-
Total revenue	932,201	24,230	73,114	(61,880)	967,665
Gross profit/(loss)	262,981	(5,808)	9,441	-	266,614
Other income	54,408	372	655	-	55,435
Operating expenses	(99,659)	(1,587)	(8,763)	-	(110,009)
Share of results of joint ventures	(24,574)	-	700	-	(23,874)
Share of results of associated companies	4,176	-	-	-	4,176
Finance costs	(66,909)	(41)	(9,437)	-	(76,387)
Profit/(Loss) before tax	130,423	(7,064)	(7,404)	-	115,955
Taxation					(53,023)
Profit for the period					62,932

8. Material Events Subsequent to the End of Financial Period

There were no material transactions or events subsequent to the financial period ended 31 March 2023 until 10 May 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 31 March 2023.

10. Contingent Liabilities

There were no contingent liabilities in respect of the Group for the financial period ended 31 March 2023.

11. Capital Commitments

	As at 31 March 2023 RM'000
<i>Commitments of subsidiary companies:</i>	
Contractual commitments for construction of investment properties	13,829
Contractual commitments for construction and acquisition of property, plant and equipment	16,813
<i>Share of commitments of joint ventures:</i>	
Contractual commitments for acquisition of development land	137,543
Contractual commitments for construction of property, plant and equipment	2,184
	2,184

12. Significant Related Party Transactions

	1 January 2023 To 31 March 2023 RM'000
<i>Transactions with joint ventures:</i>	
(i) Management fee received and receivable	240
(ii) Event and marketing fee received and receivable	13
(iii) Staff secondment fee received and receivable	93
(iv) Interest received and receivable	263
(v) Contractor claim received or receivable	1,754
	1,754
<i>Transactions with directors of the subsidiary company: -</i>	
(i) Sale of development property to a director of the subsidiary company	1,854
	1,854

**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 (“Q1”) are analysed as follows:

	Q1 2023	Q1 2022
	RM'000	RM'000
Revenue		
Property Development	895,769	822,136
Construction	4,391	3,867
Other Operations	67,505	41,094
	967,665	867,097
Profit before tax (“PBT”)		
Property Development	130,423	121,380
Construction	(7,064)	(2,187)
Other Operations	(7,404)	(987)
	115,955	118,206

Property Development

The Group’s property development segment achieved revenue of RM895.8 million and PBT of RM130.4 million in Q1 2023. Revenue and PBT for the current quarter are higher than the corresponding quarter of the preceding year due to higher contribution from Australia and Central region, coupled with contribution from sales of land in Selangor.

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)

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 RM4.4 million and loss before tax of RM7.1 million in Q1 2023. The loss before tax was attributable to irrecoverable 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, convention centres and hotels. The loss before tax of RM7.4 million in Q1 2023 was mainly due to higher finance cost, caused by a hike in the interest rates as compared to Q1 2022.

2. Material Changes in the Quarterly Results ("Q1 2023") compared to the results of the Preceding Quarter ("Q4 2022")

The Group's PBT for Q1 2023 of RM116.0 million is lower than the preceding quarter of RM194.1 million. This is mainly due to the significant contribution from our Australia operations upon the handover of Sapphire by the Gardens and UNO Melbourne (Phase 1) in Q4 2022.

3. Prospects for the Current Financial Year

S P Setia achieved commendable sales of RM1.03 billion for the first quarter ended 31 March 2023. Local projects contributed RM903.0 million or approximately 87% of sales while the international projects contributed RM130.0 million or approximately 13% of sales. On the local front, the sales secured were largely from Central region with RM546.0 million whereas Southern region contributed RM285.0 million. The strong start in our sales performance for this year is on the back of a generally improved local market sentiment. Completed inventories worth of RM107.0 million were cleared during this quarter. The Group secured total bookings of RM512.0 million as at 31 March 2023 and remains steadfast on the swift conversion of these bookings into sales.

For FY2023, S P Setia plans to launch RM4.89 billion worth of local properties. Overall, the launches will be concentrated in the Central region with Gross Development Value ("GDV") of RM3.83 billion. This includes new projects from the Group's established developments such as Bandar Setia Alam, Setia Ecohill 1&2, Setia Eco Templer, Bandar Kinrara and Setia Eco Park and as well as rebranded projects in Setia Alamsari (North and South), Setia AlamImpian and Setia Bayuemas. Down south in Johor region, launches of RM403.0 million will be rolled out largely from Setia Tropika, Taman Pelangi Indah, Setia Eco Gardens and Setia Eco Cascadia. As for the Northern region, planned launches worth RM575.0 million are mainly coming from Setia Fontaines in Bertam and Setia Miracca in Penang Island.

For Q1FY2023, the Group had launched a total GDV of RM683.0 million landed properties comprise mostly of double storey terrace and/or semi-detached homes whereby the take up rate in well sought after and mature township such as Bandar Kinrara was fully sold out. Other successful launched projects were also observed in townships such as Setia Eco Templer, Setia AlamImpian and Setia Eco Gardens during this period.

3. Prospects for the Current Financial Year

The recent Overnight Policy Rate hike by Bank Negara Malaysia to help counter inflationary pressures may add burden to new home buyers. To overcome this, the Group prioritised on creating sustainable community developments by taking cue of the current market demand and the buyers' affordability levels. We continue to emphasise on offering new planned launches that meet the buyers' demand. The Group has diversified into the hospitality and industrial property sectors and is slated to further expand our presence in Australia and Vietnam given the strong growth potential prevalent in these markets.

Underpinned by an unbilled sales pipeline of RM7.17 billion, 45 ongoing projects and an effective remaining land banks of 7,459 acres with a GDV of RM128.02 billion as at 31 March 2023, the Group's performance is expected to remain resilient amidst prevailing market conditions and challenges.

4. Variance of Actual Profit from Forecast Profit

Not applicable as no profit forecast was published.

5. Income Tax

	Q1 2023	Q1 2022
	RM'000	RM'000
Taxation		
- current taxation	53,131	26,837
- deferred taxation	(108)	12,053
	53,023	38,890

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

There was no corporate proposal announced but not completed as at 10 May 2023 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial report).

7. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 31 March 2023 were as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short-term borrowings - Islamic	494,935	763,941	1,258,876
Short-term borrowings - Conventional	959,912	1,590,069	2,549,981
Long-term borrowings - Islamic	1,967,080	3,275,254	5,242,334
Long-term borrowings - Conventional	1,594,772	297,389	1,892,161
Redeemable cumulative preference shares	-	37,636	37,636
	5,016,699	5,964,289	10,980,988

7. Group Borrowings and Debt Securities (continued)

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

	Secured RM'000	Unsecured RM'000	Total RM'000
Malaysian Ringgit	4,157,879	4,246,449	8,404,328
Great British Pound	-	1,169,688	1,169,688
Australian Dollar	822,682	444,126	1,266,808
United States Dollar	-	104,026	104,026
Japanese Yen	36,138	-	36,138
	<u>5,016,699</u>	<u>5,964,289</u>	<u>10,980,988</u>

8. Material Litigation

The Group was not engaged in any material litigation as at 10 May 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

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

	Q1 2023 '000	Q1 2022 '000
Profit attributable to owners of the Company (RM)	55,449	67,495
- RCPS-i A preferential dividends (RM)	(35,327)	(35,327)
- RCPS-i B preferential dividends (RM)	-	(30,694)
- RCPS-i C preferential dividends (RM)	(5,310)	-
Adjusted profit attributable to owners of the Company (RM)	<u>14,812</u>	<u>1,474</u>
Number of ordinary shares at beginning of the period	4,075,488	4,067,978
Weighted average effect of shares issued pursuant to:		
- Exercise of ESOS	-	40
Number of ordinary shares in issue	<u>4,075,488</u>	<u>4,068,018</u>
Basic earnings per share (sen)	<u>0.36</u>	<u>0.04</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, 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:

	Q1 2023	Q1 2022
	'000	'000
Profit attributable to owners of the Company (RM)	55,449	67,495
- RCPS-i A preferential dividends (RM)	(35,327)	(35,327)
- RCPS-i B preferential dividends (RM)	-	(30,694)
- RCPS-i C preferential dividends (RM)	(5,310)	-
Adjusted profit attributable to owners of the Company (RM)	14,812	1,474
Weighted average number of ordinary shares as per Basic Earnings Per Share	4,075,488	4,068,018
Effect of potential exercise of LTIP	4,781	13,860
Weighted average number of ordinary shares	4,080,269	4,081,878
Diluted earnings per share (sen)	0.36	0.04

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

	Q1 2023	Q1 2022
	RM'000	RM'000
Interest income	18,715	13,332
Other income including investment income	31,566	15,911
Interest expense	(76,387)	(49,924)
Depreciation and amortisation	(9,800)	(7,537)
(Provision)/Reversal of doubtful debts for trade and other receivables	(13)	72
Reversal of write-down in value completed inventories	-	252
Net gain/(loss) on disposal of quoted or unquoted investments or properties	195	(80)
Write off of property, plant and equipment	(8)	(1)
Fair value gain on investment properties	9	-
Net foreign exchange gain	4,950	12,795
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 2022 was unqualified.