



TELADAN SETIA GROUP BERHAD

(Registration No.: 201901004975 (1314302-V))

Incorporated in Malaysia

**INTERIM FINANCIAL REPORT
FOR THE SECOND (2ND) QUARTER ENDED
30 JUNE 2021**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2021⁽¹⁾

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter 30.06.2021 RM'000	Preceding Year Corresponding Quarter 30.06.2020 ⁽²⁾ RM'000	Current Year-To- Date 30.06.2021 RM'000	Preceding Year Corresponding Period 30.06.2020 ⁽²⁾ RM'000
Revenue		40,516	N/A	81,869	N/A
Cost of sales		(27,182)	N/A	(52,962)	N/A
Gross profit ("GP")		13,334	N/A	28,907	N/A
Other operating income		605	N/A	959	N/A
Other operating expenses		(1,002)	N/A	(2,318)	N/A
Administrative expenses		(2,675)	N/A	(7,319)	N/A
Finance costs		(84)	N/A	(260)	N/A
Profit before tax ("PBT")	B12	10,178	N/A	19,969	N/A
Taxation	B5	(2,516)	N/A	(5,204)	N/A
Profit after tax ("PAT")		7,662	N/A	14,765	N/A
Profit/Total comprehensive income for the financial year attributable to:					
- Owners of the Company		7,662	N/A	14,765	N/A
Earnings per share attributable to owners of the Company					
• Basic EPS (sen) ⁽³⁾	B11	0.95	N/A	1.83	N/A
• Diluted EPS (sen) ⁽⁴⁾	B11	0.95	N/A	1.83	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2021⁽¹⁾ (CONT'D)

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 23 February 2021 and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the third interim financial report announced in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**") ("**Bursa Securities**"). As the Company was only listed on the ACE Market of Bursa Securities on 16 March 2021, there are no comparative figures for the preceding quarter and period-to-date available as no interim financial report was prepared for the comparative financial period concerned.
- (3) Basic earnings per share ("EPS") is calculated based on the Company's share capital of 805,298,002 ordinary shares.
- (4) Diluted earnings per share of the Company for the individual quarter ended 30 June 2021 and year-to-date ended 30 June 2021 is equivalent to the basic earnings per share as the Company does not have any convertible options as at the end of the reporting period.

N/A – Not applicable

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021⁽¹⁾

	UNAUDITED	UNAUDITED
	As at 30.06.2021 RM'000	As at 30.06.2020⁽²⁾ RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	8,940	N/A
Right-of-use asset	552	N/A
Inventories	122,982	N/A
Total non-current assets	132,474	N/A
Current Assets		
Inventories	288,031	N/A
Trade and other receivables	48,098	N/A
Contract assets	37,019	N/A
Current tax assets	218	N/A
Cash and cash equivalents	129,775	N/A
Total current assets	503,141	N/A
TOTAL ASSETS	635,615	N/A
EQUITY AND LIABILITIES		
Equity		
Share capital	397,045	N/A
Merger deficit	(318,369)	N/A
Retained profits	372,809	N/A
Total Equity	451,485	N/A
Liabilities		
Non-current liabilities		
Bank borrowings	126,775	N/A
Lease liabilities	414	N/A
Finance lease liabilities	228	N/A
Deferred tax liabilities	91	N/A
Total non-current liabilities	127,508	N/A
Current liabilities		
Trade and other payables	36,265	N/A
Bank borrowings	17,253	N/A
Lease liabilities	168	N/A
Finance lease liabilities	227	N/A
Current tax liabilities	2,709	N/A
Total current liabilities	56,622	N/A
TOTAL LIABILITIES	184,130	N/A
TOTAL EQUITY AND LIABILITIES	635,615	N/A
NET ASSETS PER SHARE (RM)⁽³⁾	0.56	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021⁽¹⁾ (CONT'D)

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 23 February 2021 and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the third interim financial report announced in compliance with the Listing Requirements of Bursa Malaysia. As the Company was only listed on the ACE Market of Bursa Securities on 16 March 2021, there are no comparative figures for the preceding quarter and period-to-date available as no interim financial report was prepared for the comparative financial period concerned.
- (3) Net assets per ordinary share is calculated based on the Company's number of ordinary shares as at 30 June 2021 of 805,298,002 shares.

N/A – Not applicable

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2021 ⁽¹⁾⁽²⁾

	Share capital RM'000	Merger deficit RM'000	Retained profits RM'000	Total equity RM'000
Unaudited				
Balance as at 1 January 2021	*(3)	-	(319)	(319)
Contributions by and distribution to				
- Issuance of shares pursuant to acquisition of subsidiary company	322,119	(318,369)	366,254	370,004
- Issuance of shares	77,309	-	-	77,309
- Listing expenses	(2,383)	-	-	(2,383)
	397,045	(318,369)	366,254	444,930
Effects of adoption of the Agenda Decision	-	-	162	162
At 1 January 2021 (restated)	397,045	(318,369)	366,097	444,773
Dividend	-	-	(8,053)	(8,053)
Net profit and total comprehensive income for the financial period	-	-	14,765	14,765
Balance as at 30 June 2021	397,045	(318,369)	372,809	451,485

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 23 February 2021 and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the third interim financial report announced in compliance with the Listing Requirements of Bursa Malaysia. As the Company was only listed on the ACE Market of Bursa Securities on 16 March 2021, there are no comparative figures for the preceding quarter available as no interim financial report was prepared for the comparative financial period concerned.
- (3) The share capital as at 1 January 2021 is RM2.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2021⁽¹⁾

	UNAUDITED Current Year- To-Date 30.06.2021 RM'000	UNAUDITED Preceding Corresponding Period 30.06.2020 ⁽²⁾ RM'000
Cash Flows From Operating Activities		
Profit before taxation	19,969	N/A
Adjustments for:		
Depreciation of property, plant and equipment	502	N/A
Depreciation of right-of-use assets	85	N/A
Interest expense	237	N/A
Interest expenses on lease liabilities	23	N/A
Interest income	(691)	N/A
Loss on disposal of property, plant and equipment	1	N/A
	<hr/>	<hr/>
Operating profit before working capital changes	20,126	N/A
Change in working capital		
Inventories	(7,311)	N/A
Trade and other receivables	(14,441)	N/A
Contract assets	12,944	N/A
Trade and other payables	(895)	N/A
	<hr/>	<hr/>
Cash generated from operations	10,423	N/A
Interest paid	(237)	N/A
Interest received	691	N/A
Tax paid	(3,454)	N/A
	<hr/>	<hr/>
Net cash generated from operating activities	7,423	N/A
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(4,970)	N/A
Withdrawal of fixed deposits	117	N/A
Purchase of land held for property development	(8,855)	N/A
Proceed from disposal of property, plant and equipment	1	N/A
	<hr/>	<hr/>
Net cash used in investing activities	(13,707)	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2021⁽¹⁾ (CONT'D)

	UNAUDITED Current Year- To-Date 30.06.2021 RM'000	UNAUDITED Preceding Corresponding Period 30.06.2020 ⁽²⁾ RM'000
Cash Flows From Financing Activities		
Dividend paid	(8,053)	N/A
Interest paid	(2,799)	N/A
Interest paid on lease liabilities	(23)	N/A
Issuance of share capital	74,926	N/A
Proceeds from borrowings	17,439	N/A
Repayment of		
- borrowings	(16,321)	N/A
- finance lease liabilities	(92)	N/A
- lease liabilities	(84)	N/A
	<hr/>	<hr/>
Net cash from financing activities	64,993	N/A
	<hr/>	<hr/>
Net increase in cash and cash equivalents	58,709	N/A
	<hr/>	<hr/>
Cash and cash equivalents at the beginning of the financial period	56,900	N/A
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial period	<u>115,609</u>	<u>N/A</u>
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial period comprise the followings:		
Cash and bank balances	55,796	N/A
Fixed deposits placed with licensed banks	18,146	N/A
Short term investment	55,833	N/A
	<hr/>	<hr/>
Balance as stated in the Statement of Financial Position	129,775	N/A
	<hr/>	<hr/>
Less: Fixed deposits pledged with licensed banks	(14,031)	N/A
Less: Fixed deposits mature in more than three months	(135)	N/A
	<hr/>	<hr/>
Balance for Statement of Cash Flows purposes	<u>115,609</u>	<u>N/A</u>
	<hr/>	<hr/>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2021 ⁽¹⁾ (CONT'D)**

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows are disclosed in Note A1 and should be read in conjunction with the Accountant's Report as disclosed in the Prospectus dated 23 February 2021 and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the third interim financial report announced in compliance with the Listing Requirements of Bursa Malaysia. As the Company was only listed on the ACE Market of Bursa Securities on 16 March 2021, there are no comparative figures for the preceding quarter available as no interim financial report was prepared for the comparative financial period concerned.

N/A – Not applicable

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PART A - EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The interim financial report of TELADAN SETIA GROUP BERHAD (“TSG” or “the Company”) and its subsidiaries (“the Group”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) No. 134: Interim Financial Reporting and Rule 9.22 of Listing Requirements.

This is the third interim financial statements on the Company’s unaudited condensed consolidated financial results for the second (2nd) quarter ended 30 June 2021 announced by the Company in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding year’s corresponding period.

This interim financial report should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus of the Company dated 23 February 2021 and the accompanying notes attached to this interim financial report.

A2. Summary of Significant Accounting Policies

The significant accounting policies and presentation adopted for the interim financial statements are consistent with those adopted as disclosed in the Accountants’ Report in the Prospectus dated 23 February 2021, except for the adoption of the following new amendments to MFRSs relevant to the current operations of the Group:

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

- Amendments to MFRS 3 Definition of Business
- Amendments to MFRS 4 Extension of the Temporary Exemption from Applying MFRS 9
- Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform
- Amendments to MFRS 101 and MFRS 108 Definition of Material
- Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the above-mentioned accounting standards, amendments and interpretations do not have any material impact to the financial position and performance of the Group.

Agenda Decision

In March 2019, IFRIC concluded that any inventory which are available for its intended sale and still subject to transfer of control over time are not qualifying assets. Accordingly, the entity should not capitalise borrowing costs on those units in accordance to the principles and the requirements in IAS 123 (MFRS 123).

In previous financial years, borrowing costs incurred were capitalised in inventory – property under development until the completion of the units. Effective 1 January 2021, the Group had retrospectively applied the Agenda Decision according to guidance given by the Agenda Decision.

PART A - EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONT’D)

A2. Summary of Significant Accounting Policies (cont’d)

The effect of the adoption of the Agenda Decision on the combined statement of financial position are as follows:

	As previously reported RM’000	Effects of the Agenda Decision RM’000	As restated RM’000
COMBINED STATEMENT OF FINANCIAL POSITION (EXTRACT) AT 31 DECEMBER 2020			
ASSETS			
Inventories	277,760	162	277,922
EQUITY			
Retained earnings	(365,935)	(162)	(366,097)

A3. Auditors’ report on preceding annual financial statements

TSG was incorporated on 14 February 2019 and the acquisition of Teladan Setia Sdn Bhd (“TSSB”) was completed on 5 January 2021, as such, there was no auditors’ report on the preceding TSG group statutory financial statements. However, the auditors’ report for the financial year ended 31 December 2019 of TSSB was not subject to any qualification.

A4. Seasonal or cyclical factors

The business operations of the Group were not materially affected by seasonal and cyclical effects.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no material exceptional items during the current financial quarter under review.

A6. Material changes in Accounting Estimates

There were no material exceptional items during the current financial quarter under review.

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PART A - EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONT’D)

A7. Debt and equity securities

Pursuant to the Share Sale Agreement dated 24 February 2020, the acquisition of the entire issued share of TSSB by TSG has been completed on 5 January 2021. On completion, TSG has satisfied the purchase consideration by allotting 644,238,000 ordinary shares at the issue price of RM0.50 each (the “consideration shares”) in favour of the vendors of TSSB. In consideration of the issuance of the consideration shares, the vendors of TSSB have transferred 3,750,000 ordinary shares to TSG. The shares transfer was completed on 20 January 2021.

In conjunction with the Company’s listing on the ACE Market of Bursa Securities, the Company has undertaken an initial public offering (“IPO”) comprising:

- (1) Public issue of 161,060,000 new shares (“Issue Shares”) in the following manner:
 - (a) 40,265,000 new shares available for application by the Malaysian public;
 - (b) 10,469,000 new shares available for application by our eligible employees and persons who have contributed to the success of the Company’s;
 - (c) 80,530,000 new shares by way of private placement to Bumiputera investors approved by Ministry of International Trade and Industry; and
 - (d) 29,796,000 new shares by way of private placement to selected investors; and
- (2) Offer for sales of 40,800,000 existing shares by way of private placement to selected investors.
at an IPO price of RM0.48 per share.

Thereafter, the Company’s entire enlarged issued share capital of 805,298,002 shares was listed on the ACE Market of Bursa Securities on 16 March 2021.

Save as disclosed above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter under review.

A8. Dividends paid

In respect of the financial year ended 31 December 2021, a single-tier interim dividend of RM0.01 per ordinary share amounting to RM8,052,980 was paid during the financial quarter under review.

A9. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current financial quarter under review.

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PART A - EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONT’D)

A10. Capital commitments

	UNAUDITED As at 30.06.2021 RM’000	UNAUDITED As at 30.06.2020 RM’000
Land held for property development		
Authorised and contracted for	103,813	N/A
Acquisition of Polyintan Sdn. Bhd.		
Authorised and contracted for	<u>11,468</u>	<u>N/A</u>

This is the third interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding quarter available as no interim financial report was prepared for the comparative financial period concerned.

A11. Material Subsequent Events

On 12 July 2021, TSG proposed to undertake a proposed bonus issue of free warrants on the basis of 3 Warrants for every 10 existing ordinary shares in TSG held by the entitled shareholders on an entitlement date to be determined and announced later – “upon receipt of all relevant approvals”. The listing application to Bursa Malaysia Securities Berhad in relation to the Proposed Bonus Issue of Warrants has been submitted on 21 July 2021 and approval granted by Bursa Securities on 4 August 2021.

A12. Changes in the composition of the Group

Save as disclosed in A7, there were no other material changes in the composition of the Group for the current financial quarter under review.

A13. Contingent assets and contingent liabilities

There were no contingent assets. Contingent liabilities of the TSSB’s group of companies are as follows:

	UNAUDITED As at 30.06.2021 RM’000	UNAUDITED As at 30.06.2020 RM’000
Bank guarantee for deposits with the housing and local authorities as well as utilities provider	<u>13,751</u>	<u>N/A</u>

This is the third interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding quarter available as no interim financial report was prepared for the comparative financial period concerned.

A14. Related party transactions

There were no material related party transactions during the current financial quarter under review.

PART B – EXPLANATORY NOTES PERSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

(a) Results for current quarter

The Group recorded a revenue of RM40.52 million and PBT of RM10.18 million for the current financial quarter ended 30 June 2021. The quarter's revenue was mainly derived from our Bali Residences and Taman Desa Bertam Phase 2 projects, which continue to have good progress during the quarter.

(b) Results for financial year-to-date

The Group recorded a revenue of RM81.87 million and PBT of RM19.97 million for the period-to-date ended 30 June 2021.

This is the third interim financial report on the Company's unaudited condensed consolidated financial results for the second (2nd) quarter ended 30 June 2021 announced in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year's corresponding quarter.

B2. Comparison with immediate preceding quarter's results

	INDIVIDUAL QUARTER		VARIANCE	
	UNAUDITED Current Quarter 30.06.2021 RM'000	UNAUDITED Preceding Quarter 31.03.2021 RM'000	RM'000	%
Revenue	40,516	41,353	(837)	(2.02)
PBT	10,178	9,791		
Add: Listing expenses	-	977		
Adjusted PBT	10,178	10,768	(590)	(5.48)

The Group recorded revenue of RM40.52 million for the current financial quarter ended 30 June 2021 as compared to RM41.35 million in preceding quarter ended 31 March 2021, a decrease of RM0.83 million during current financial quarter. This is mainly due to implementation of Full Movement Control Order in June 2021. All our Group construction activities were suspended since June 2021. The decrease in revenue is contributed by the decrease in revenue recognised from Bali Residences and Taman Belimbing Setia as it was completed in preceding quarter. However, the decrease in revenue is partially offset by Taman Desa Bertam Phase 2 and 3A which have achieved percentage of completion of 33.26% in current financial quarter as compared to 26.36% in preceding quarter.

The Group registered a PBT of RM10.18 million in the current financial quarter under review, a decrease of RM0.59 million from adjusted PBT of RM10.77 million in the preceding quarter. This is mainly due to lower GP generated from our business as a result of suspended activities.

B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B3. Prospects and Outlook for the Current Financial Year

The COVID-19 pandemic continues to cause unprecedented impact and uncertainties to the global economic activities. Movement control order (“MCO”) has been re-enforced by the authorities in Peninsular Malaysia, Labuan, Sabah and some parts of Sarawak, due to the rise in the number of COVID-19 cases. The property market is expected to recover in year 2021 with few incentives introduced by the Government under the PENJANA programme, namely reintroduction of the Home Ownership Campaign that grants stamp duty exemption, Real Property Gains Tax exemption and the removal of the 70% margin of financing limit. The incentives had created a positive spill-over effect on the overall property market.

Our Group’s property development segment is expected to continue to be driven by our on-going projects with an estimated gross development value (“GDV”) of about RM597.1 million, subject to the market and economic conditions as well as the approval from the relevant authorities.

Our major projects expected to be ongoing once the MCO imposed by the Government is lifted, which are as follows:

- (a) Bali Residences, Melaka – This mixed development project consists of 18 shoplots and 2 towers of service apartments with an estimated GDV of RM319.6 million;
- (b) Taman Desa Bertam (Phase 2), Melaka – This project consists of 2-storey landed terrace and 2-storey semi-detached houses on a 40.2-acres piece of land with an estimated GDV of RM143.1 million; and
- (c) Taman Desa Bertam (Phase 3A), Melaka – This project consists of 2-storey semi-detached houses with an estimated GDV of RM134.4 million. Further to Phase 3A of the project launched by our Group in September 2020, we expected to launch Phase 3B of Taman Desa Bertam in September 2021 with an estimated GDV of approximately RM128.0 million.

During the re-imposition of MCO as well as implementation of full MCO period in January 2021 and June 2021 respectively, our Group’s construction activities were suspended. Notwithstanding the suspension to the construction activities, our selling and marketing activities of both our existing and ongoing projects have been on-going through virtual engagements (i.e. phone calls, social media marketing and virtual meeting) with our potential investors and/or customers.

As illustrated in our IPO prospectus, our Group plans to launch and develop Phase 1A and Phase 1B of Taman Bertam Heights, a gated and guarded residential development in 4th quarter of 2021 on a 83.2-acres piece of land with an estimated GDV of approximately RM242.7 million.

Since February 2021, the Government has been rolling out vaccines under the national COVID-19 immunisation program. Whilst helping to curb the spread of the virus, such immunisation program also serves to revitalise economic activities which should translate to improved sentiment for the investment in properties and property development segments. For FYE 2021, our Group is expected to report a satisfactory performance. We will continue to monitor the impact of the COVID-19 pandemic and to undertake preventive and counter measures from time to time to face the challenges posed by this pandemic in order to deliver satisfactory positive returns for the stakeholders.

B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B3. Prospects and Outlook for the Current Financial Year (Cont'd)

We have put in place a series of future plans to achieve the following objectives to ensure our sustainability in earnings and enhance shareholders' value:

- (i) To further strengthen its market presence as an established residential and mixed development property developer in Melaka with a focus on landed residential properties; and
- (ii) To expand its business through the acquisition of landbank for future projects in Melaka.

B4 Variance of Actual Profit from Forecast Profit

There is no issue of any profit forecast or profit guarantee in the current financial quarter under review.

B5. Income tax expenses

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited	Unaudited	Unaudited	Unaudited
	Current Year-Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	30.06.2021 ⁽¹⁾	30.06.2020	30.06.2021	30.06.2020 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Income tax expense:				
- Current year	2,514	N/A	5,159	N/A
Deferred tax expense:				
- Current year	2	N/A	7	N/A
- Prior years	-	N/A	38	N/A
Total tax expense	2,516	N/A	5,204	N/A
Effective tax rate (%)	24.72	N/A	26.06	N/A

Notes:

- (1) This is the third interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding quarter available as no interim financial report was prepared for the comparative financial period concerned.
- (2) The applicable Malaysian income tax rate is 24% for the financial period ended 30 June 2021. The Company's effective tax rate for the current quarter and financial year under review is higher than the statutory tax rate primarily due to non-allowable expenses.
- (3) Income tax expenses is recognised based on management's estimate.

N/A – Not applicable

B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B6 Status of Corporate Proposals

Save for the IPO as disclosed in Note A12, there were no other corporate proposals announced but not implemented as at the date of this report.

B7. Utilisation of proceeds from the IPO

The gross proceeds from the IPO amounting to RM77,308,800 is intended to be utilised in the following manner:

<u>Details of utilisation</u>	<u>Proposed Utilisation</u> RM'000	<u>Actual Utilisation</u> RM'000	<u>Unutilised Amount</u> RM'000	<u>Estimated timeframe for utilisation upon listing</u>
Acquisition of land	35,000	23,889	11,111	Within 36 months
Working capital	33,109	5,000	28,109	Within 24 months
Repayment of bank borrowings	4,000	4,000	-	Within 3 months
Estimated listing expenses	5,200	5,200	-	Within 1 months
	<u>77,309</u>	<u>38,089</u>	<u>39,220</u>	

Note:

From the date of listing of the Company on the ACE Market of Bursa Securities. The utilisation of proceeds disclosed above should be read in conjunction with the Prospectus of the Company dated 23 February 2021.

The gross proceeds were received on 17 March 2021 upon listing of the Group.

Amount of RM2.1 million, included in the actual utilisation of listing expenses of RM5.2 million has been paid via TSSB prior to the IPO.

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B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B8. Bank borrowings

	<u>UNAUDITED</u> As at 30.06.2021 RM'000	<u>UNAUDITED</u> As at 30.06.2020 ⁽¹⁾ RM'000
Non-current:		
Term loan	126,775	N/A
Hire purchase payables	228	N/A
	<u>127,003</u>	<u>N/A</u>
Current:		
Term loan	17,253	N/A
Hire purchase payables	227	N/A
	<u>17,480</u>	<u>N/A</u>
Total bank borrowings	<u>144,483</u>	<u>N/A</u>

The borrowings are denominated in Ringgit Malaysia.

Note:

(1) This is the third interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding quarter available as no interim financial report was prepared for the comparative financial period concerned.

N/A – Not applicable

B9. Material litigation

There were no material litigation involving the Company and TSSB's group of companies as at 30 June 2021.

B10. Dividend proposed

No dividend has been proposed for the current financial quarter under review.

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B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B11. Earnings per share

The basic and diluted earnings per share for the current financial quarter and financial year to date are computed as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited	Unaudited	Unaudited	Unaudited
	Current Year-Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	30.06.2021	30.06.2020 ⁽¹⁾	30.06.2021	30.06.2020 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary owners of the Company	7,662	N/A	14,765	N/A
Number of ordinary shares	805,298	N/A	805,298	N/A
Basic EPS (sen) ⁽²⁾	0.95	N/A	1.83	N/A
Diluted EPS (sen) ⁽³⁾	0.95	N/A	1.83	N/A

Notes:

- (1) This is the third interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding quarter available as no interim financial report was prepared for the comparative financial period concerned.
- (2) Basic earnings per share ("EPS") is calculated based on the Company's share capital of 805,298,002 ordinary shares.
- (3) Diluted earnings per share of the Company for the individual quarter ended 30 June 2021 and year-to-date ended 30 June 2021 is equivalent to the basic earnings per share as the Company does not have any convertible options as at the end of the reporting period.

N/A – Not applicable

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B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B12. Notes to the Statement of Comprehensive Income

Profit before tax is arrived after charging/(crediting):

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited	Unaudited	Unaudited	Unaudited
	Current	Preceding Year	Current	Preceding
	Year-	Corresponding	Year-	Year
	Quarter	Quarter	To-Date	Corresponding
	30.06.2021	30.06.2020⁽¹⁾	30.06.2021	30.06.2020⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	258	N/A	502	N/A
Depreciation of right-of-use asset	43	N/A	85	N/A
Interest expense	71	N/A	237	N/A
Interest expense on lease liabilities	14	N/A	23	N/A
Interest income	(434)	N/A	(691)	N/A
Loss on disposal of property, plant and equipment	1	N/A	1	N/A

Note:

- (1) This is the third interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding quarter available as no interim financial report was prepared for the comparative financial period concerned.

N/A – Not applicable

BY ORDER OF THE BOARD

TELADAN SETIA GROUP BERHAD

17 AUGUST 2021