

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

**Interim Financial Report**  
**31 March 2021**

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**Interim Financial Report - 31 March 2021**

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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 MARCH 2021**  
*(The figures have not been audited)*

	As At 31/03/2021 RM'000	As At 31/12/2020 RM'000 Restated
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	707,712	703,811
Right-of-use - property, plant and equipment	2,052	2,341
Investment properties	2,050,833	2,034,472
Right-of-use - investment properties	67,060	69,054
Inventories - land held for property development	12,728,304	12,661,069
Intangible asset	13,209	13,385
Investments in joint ventures	2,932,183	2,703,702
Investments in associated companies	566,868	559,857
Other investments	96	96
Amounts owing by joint ventures	69,785	69,785
Trade receivables	36,089	28,824
Other receivables, deposits and prepayments	76,510	73,464
Deferred tax assets	322,896	327,932
	<u>19,573,597</u>	<u>19,247,792</u>
<b>Current assets</b>		
Trade receivables	863,598	849,503
Contract assets	1,271,944	1,263,891
Other receivables, deposits and prepayments	201,791	238,969
Inventories - property development costs	2,868,190	3,127,722
Inventories - completed properties and others	1,079,939	1,093,240
Contract cost assets	1,601,248	1,430,106
Amounts owing by joint ventures	82,123	82,589
Amounts owing by associated companies	47	4,336
Amounts owing by related parties	135	458
Current tax assets	77,712	84,889
Short-term funds	1,486,497	1,485,695
Short-term deposits	253,975	208,725
Cash and bank balances	1,208,581	1,224,816
	<u>10,995,780</u>	<u>11,094,939</u>
<b>TOTAL ASSETS</b>	<u><u>30,569,377</u></u>	<u><u>30,342,731</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	8,468,287	8,468,287
Share capital - RCPS-i A	1,087,363	1,087,363
Share capital - RCPS-i B	1,035,218	1,035,218
Reserves		
Share-based payment reserve	136,310	132,400
Reserve on acquisition arising from common control	(1,295,884)	(1,295,884)
Exchange translation reserve	182,528	75,042
Retained earnings	4,394,393	4,385,183
<b>Equity attributable to owners of the Company</b>	<u>14,008,215</u>	<u>13,887,609</u>
Non-controlling interests	1,436,008	1,417,059
<b>Total equity</b>	<u>15,444,223</u>	<u>15,304,668</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Redeemable cumulative preference shares	37,343	37,140
Other payables and accruals	59,713	69,267
Long-term borrowings	9,818,898	9,357,935
Lease liabilities	1,113	1,167
Deferred tax liabilities	460,415	465,796
	<u>10,377,482</u>	<u>9,931,305</u>
<b>Current liabilities</b>		
Trade payables	1,542,094	1,581,560
Contract liabilities	202,541	152,467
Other payables and accruals	745,880	759,880
Short-term borrowings	2,226,206	2,583,271
Lease liabilities	1,046	1,290
Current tax liabilities	29,530	27,278
Amounts owing to related parties	375	1,012
	<u>4,747,672</u>	<u>5,106,758</u>
<b>Total liabilities</b>	<u>15,125,154</u>	<u>15,038,063</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>30,569,377</u></u>	<u><u>30,342,731</u></u>
Net assets per share attributable to owners of the Company	<u>2.93</u>	<u>2.90</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 2020 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 2021**  
*(The figures have not been audited)*

	<b>3 MONTHS ENDED</b>	
	<b>31/03/2021</b>	<b>31/03/2020</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>Restated</b>
Revenue	1,052,821	702,655
Cost of sales		
- Operational cost of sales	(786,632)	(477,788)
- Reversal of impairment of completed inventories	794	-
Gross profit	<u>266,983</u>	<u>224,867</u>
Other income	37,466	42,400
Selling and marketing expenses	(9,667)	(12,558)
Administrative and general expenses	(71,349)	(79,122)
Gain/(Loss) on foreign exchange		
- Realised	1,123	(12)
- Unrealised	(33,211)	1,475
Share of results of joint ventures	(4,919)	(8,244)
Share of results of associated companies	2,876	(1,713)
Finance costs	(46,912)	(68,656)
Profit before tax	<u>142,390</u>	<u>98,437</u>
Taxation	(48,262)	(46,885)
Profit for the period	<u>94,128</u>	<u>51,552</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	107,538	(72,831)
Total comprehensive income for the period	<u>201,666</u>	<u>(21,279)</u>
Profit attributable to:		
Owners of the Company	75,231	24,093
Non-controlling interests	18,897	27,459
	<u>94,128</u>	<u>51,552</u>
Total comprehensive income attributable to:		
Owners of the Company	182,717	(48,780)
Non-controlling interests	18,949	27,501
	<u>201,666</u>	<u>(21,279)</u>
Earnings per share attributable to owners of the Company		
- Basic earnings/(loss) per share (sen)	0.23	(1.04)
- Diluted earnings/(loss) per share (sen)	0.23	(1.03)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 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 2021**  
*(The figures have not been audited)*

	← Attributable to owners of the Company →									
	← Non-Distributable →					Distributable				
	Share Capital RM'000	Share Capital - RCPS-i A RM'000	Share Capital - RCPS-i B RM'000	Share- Based Payment Reserve RM'000	Reserve on Acquisition Arising from Common Control RM'000	Exchange Translation Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
<b>Balance at 01.01.2021</b>	8,468,287	1,087,363	1,035,218	132,400	(1,295,884)	75,028	4,419,228	13,921,640	1,418,860	15,340,500
Effects of adoption of Agenda Decision on MFRS123	-	-	-	-	-	14	(34,045)	(34,031)	(1,801)	(35,832)
<b>Balance at 01.01.2021 (restated)</b>	8,468,287	1,087,363	1,035,218	132,400	(1,295,884)	75,042	4,385,183	13,887,609	1,417,059	15,304,668
Total other comprehensive income for the period represented										
by exchange differences on translation of foreign operations	-	-	-	-	-	107,486	-	107,486	52	107,538
Profit for the period	-	-	-	-	-	-	75,231	75,231	18,897	94,128
<b>Transactions with owners:</b>										
Acquisition of additional shares in an existing subsidiary company	-	-	-	-	-	-	-	-	8,004	8,004
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 paid	-	-	-	-	-	-	-	-	(8,004)	(8,004)
Share-based payment under Employee Long Term Incentive Plan ("LTIP")	-	-	-	3,910	-	-	-	3,910	-	3,910
<b>Balance at 31.03.2021</b>	8,468,287	1,087,363	1,035,218	136,310	(1,295,884)	182,528	4,394,393	14,008,215	1,436,008	15,444,223
<b>Balance at 01.01.2020</b>	8,432,321	1,087,363	1,035,304	144,721	(1,295,884)	(27,162)	4,912,727	14,289,390	1,432,647	15,722,037
Effects of adoption of Agenda Decision on MFRS123	-	-	-	-	-	(5)	(34,103)	(34,108)	(1,048)	(35,156)
<b>Balance at 01.01.2020 (restated)</b>	8,432,321	1,087,363	1,035,304	144,721	(1,295,884)	(27,167)	4,878,624	14,255,282	1,431,599	15,686,881
Total other comprehensive income for the period represented										
by exchange differences on translation of foreign operations	-	-	-	-	-	(72,873)	-	(72,873)	42	(72,831)
Profit for the period	-	-	-	-	-	-	24,093	24,093	27,459	51,552
RCPS-i A preferential dividends declared	-	-	-	-	-	-	(35,327)	(35,327)	-	(35,327)
RCPS-i B preferential dividends declared	-	-	-	-	-	-	(30,697)	(30,697)	-	(30,697)
Ordinary shares dividends declared	-	-	-	-	-	-	(40,425)	(40,425)	-	(40,425)
Share-based payment under Employee Long Term Incentive Plan ("LTIP")	-	-	-	9,522	-	-	-	9,522	-	9,522
<b>Balance at 31.03.2020 (restated)</b>	8,432,321	1,087,363	1,035,304	154,243	(1,295,884)	(100,040)	4,796,268	14,109,575	1,459,100	15,568,675

(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 2020 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 2021**  
*(The figures have not been audited)*

	<b>3 MONTHS ENDED</b>	
	<b>31/03/2021</b>	<b>31/03/2020</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>Restated</b>
<b>Operating Activities</b>		
Profit before tax	142,390	98,437
Adjustments for:-		
Non-cash items	43,549	26,261
Non-operating items	20,854	35,779
Operating profit before changes in working capital	<u>206,793</u>	<u>160,477</u>
Changes in inventories - property development costs and contract cost assets	17,722	(98,941)
Changes in inventories - completed properties and others	157,514	96,645
Changes in contract assets/liabilities	44,307	11,236
Changes in receivables	16,315	(29,493)
Changes in payables	(95,256)	(162,479)
Cash generated from/(used in) operations	<u>347,395</u>	<u>(22,555)</u>
Rental received	2,652	7,524
Interest received	4,791	6,881
Interest paid on lease liabilities	(22)	(36)
Net tax paid	(39,457)	(70,736)
Net cash from/(used in) operating activities	<u>315,359</u>	<u>(78,922)</u>
<b>Investing Activities</b>		
Additions to inventories - land held for property development	(79,164)	(161,408)
Additions to property, plant and equipment	(10,335)	(30,671)
Additions to investment properties	(15,052)	(617)
Proceeds from disposal of property, plant and equipment	153	43
Proceeds from disposal of investment properties	-	6,221
Acquisition of additional shares in existing joint ventures	(122,223)	(24,000)
Repayment from/(Advances to) an associated company	614	(40)
Repayment from joint ventures	964	3,394
Placement of sinking fund, debt service reserve, escrow accounts and short-term deposits	(14,760)	(4,769)
Dividends received from associated companies	3,675	-
Interest received	7,593	12,998
Rental received	10,094	5,146
Net cash used in investing activities	<u>(218,441)</u>	<u>(193,703)</u>
<b>Financing Activities</b>		
Drawdown of bank borrowings	389,477	198,018
Repayment of bank borrowings	(391,807)	(278,479)
Repayment of lease liabilities	(324)	(344)
Interest paid	(90,947)	(114,867)
Transaction cost on borrowings paid	(108)	-
Redeemable cumulative preference share dividends paid to non-controlling interests	(684)	-
Dividends paid to non-controlling interests	(8,004)	-
RCPS-i A preferential dividends - payment in transit	-	(35,327)
RCPS-i B preferential dividends - payment in transit	-	(30,697)
Ordinary shares dividends - payment in transit	-	(40,425)
Net cash used in financing activities	<u>(102,397)</u>	<u>(302,121)</u>

**S P SETIA BERHAD**  
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 (Incorporated in Malaysia)  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021**  
*(The figures have not been audited)*

	<b>3 MONTHS ENDED</b>	
	<b>31/03/2021</b>	<b>31/03/2020</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>Restated</b>
Net changes in cash and cash equivalents	(5,479)	(574,746)
<b>Effect of exchange rate changes</b>	10,308	(6,718)
<b>Cash and cash equivalents at beginning of the period</b>	2,821,290	2,955,811
<b>Cash and cash equivalents at end of the period</b>	<u>2,826,119</u>	<u>2,374,347</u>
<b>Cash and cash equivalents comprise the following:</b>		
Short-term funds	1,486,497	1,174,701
Short-term deposits	253,975	85,078
Cash and bank balances	1,208,581	1,217,377
Bank overdrafts	(23,084)	(17,375)
	<u>2,925,969</u>	<u>2,459,781</u>
Less: Amount restricted in sinking fund, debt service reserve, escrow accounts and short-term deposits	(99,850)	(85,434)
	<u>2,826,119</u>	<u>2,374,347</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 2020 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 2020.

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 2020 except for the adoption of the following Amendments to MFRSs:-

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
IFRS Interpretations Committee’s Agenda Decision on MFRS 123 (“Agenda Decision”)	Borrowing Costs relating to over time transfer of constructed goods

The adoption of the above Amendments to MFRSs does not have significant financial impact to the Group except for the adoption of the Agenda Decision, which is discussed below.

#### Agenda Decision on MFRS123 Borrowing Costs relating to over time transfer of constructed goods

In March 2019, IFRS Interpretations Committee (“IFRIC”) published an agenda decision on borrowing costs confirming receivables, contract assets and inventories for which revenue is recognised over time are non-qualifying assets. On 20 March 2019, the Malaysian Accounting Standards Board decided that an entity shall apply the change in accounting policy as a result of the IFRIC Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

As a result, finance cost can no longer be capitalised on the Group’s on-going development projects for which revenue is recognised over time.

Effective 1 January 2021, the Group had retrospectively applied the Agenda Decision. The effects of the adoption of the Agenda Decision are as follows:



**1. Basis of Preparation (continued)**

**Consolidated Statement of Financial Position  
As at 31 December 2020**

	As previously stated RM'000	Effects of the Agenda Decision RM'000	As restated RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	703,811	-	703,811
Right-of-use - property, plant and equipment	2,341	-	2,341
Investment properties	2,034,472	-	2,034,472
Right-of-use - investment properties	69,054	-	69,054
Inventories - land held for property development	12,661,069	-	12,661,069
Intangible asset	13,385	-	13,385
Investments in joint ventures	2,703,702	-	2,703,702
Investments in associated companies	559,857	-	559,857
Other investments	96	-	96
Amounts owing by joint ventures	69,785	-	69,785
Trade receivables	28,824	-	28,824
Other receivables, deposits and prepayments	73,464	-	73,464
Deferred tax assets	324,511	3,421	327,932
	19,244,371	3,421	19,247,792
<b>Current assets</b>			
Trade receivables	849,503	-	849,503
Contract assets	1,263,891	-	1,263,891
Other receivables, deposits and prepayments	238,969	-	238,969
Inventories - property development costs	3,158,533	(30,811)	3,127,722
Inventories - completed properties and others	1,099,851	(6,611)	1,093,240
Contract cost assets	1,433,933	(3,827)	1,430,106
Amounts owing by joint ventures	82,589	-	82,589
Amounts owing by associated companies	4,336	-	4,336
Amounts owing by related parties	458	-	458
Current tax assets	84,889	-	84,889
Short-term funds	1,485,695	-	1,485,695
Short-term deposits	208,725	-	208,725
Cash and bank balances	1,224,816	-	1,224,816
	11,136,188	(41,249)	11,094,939
<b>Total Assets</b>	30,380,559	(37,828)	30,342,731

**1. Basis of Preparation (continued)**

**Consolidated Statement of Financial Position (continued)**  
**As at 31 December 2020**

	As previously stated RM'000	Effects of the Agenda Decision RM'000	As restated RM'000
<b>Equity</b>			
Share capital	8,468,287	-	8,468,287
Share capital - RCPS-i A	1,087,363	-	1,087,363
Share capital - RCPS-i B	1,035,218	-	1,035,218
Share based payment reserve	132,400	-	132,400
Reserve on acquisition arising from common control	(1,295,884)	-	(1,295,884)
Exchange translation reserve	75,028	14	75,042
Retained earnings	4,419,228	(34,045)	4,385,183
<b>Equity attributable to owners of the Company</b>	<b>13,921,640</b>	<b>(34,031)</b>	<b>13,887,609</b>
Non-controlling interests	1,418,860	(1,801)	1,417,059
<b>Total Equity</b>	<b>15,340,500</b>	<b>(35,832)</b>	<b>15,304,668</b>
<b>Non-current liabilities</b>			
Redeemable cumulative preference shares	37,140	-	37,140
Other payables and accruals	69,267	-	69,267
Long-term borrowings	9,357,935	-	9,357,935
Lease liabilities	1,167	-	1,167
Deferred tax liabilities	467,792	(1,996)	465,796
	<b>9,933,301</b>	<b>(1,996)</b>	<b>9,931,305</b>
<b>Current liabilities</b>			
Trade payables	1,581,560	-	1,581,560
Contract liabilities	152,467	-	152,467
Other payables and accruals	759,880	-	759,880
Short-term borrowings	2,583,271	-	2,583,271
Lease liabilities	1,290	-	1,290
Current tax liabilities	27,278	-	27,278
Amounts owing to related parties	1,012	-	1,012
	<b>5,106,758</b>	<b>-</b>	<b>5,106,758</b>
<b>Total Liabilities</b>	<b>15,040,059</b>	<b>(1,996)</b>	<b>15,038,063</b>
<b>Total Equity and Liabilities</b>	<b>30,380,559</b>	<b>(37,828)</b>	<b>30,342,731</b>

**1. Basis of Preparation (continued)**

**Consolidated Statement of Comprehensive Income  
For the financial period ended 31 March 2020**

	As previously stated RM'000	Effects of the Agenda Decision RM'000	Reclassification RM'000	As restated RM'000
Revenue	702,655	-	-	702,655
Cost of sales	(491,865)	7,773	6,304	(477,788)
Gross profit	210,790	7,773	6,304	224,867
Other income	43,863	-	-	43,863
Selling and marketing expenses	(12,558)	-	-	(12,558)
Administrative and general expenses	(72,818)	-	(6,304)	(79,122)
Share of results of joint ventures	(8,244)	-	-	(8,244)
Share of results of associated companies	(1,713)	-	-	(1,713)
Finance costs	(55,359)	(13,297)	-	(68,656)
Profit before tax	103,961	(5,524)	-	98,437
Taxation	(47,838)	953	-	(46,885)
Profit for the period	56,123	(4,571)	-	51,552
Other comprehensive income, net of tax				
Exchange differences on translation of foreign operations	(72,931)	100	-	(72,831)
Total comprehensive income for the period	(16,808)	(4,471)	-	(21,279)
Profit attributable to:				
Owners of the Company	28,463	(4,370)	-	24,093
Non-controlling interests	27,660	(201)	-	27,459
	56,123	(4,571)	-	51,552
Total comprehensive income attributable to:				
Owners of the Company	(44,510)	(4,270)	-	(48,780)
Non-controlling interests	27,702	(201)	-	27,501
	(16,808)	(4,471)	-	(21,279)

**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 2021.

**4. Material Changes in Estimates**

There were no material changes in estimates for the financial period ended 31 March 2021.

**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) Islamic Redeemable Convertible Preference Shares (“RCPS-i A”) preferential dividend in respect of the financial period from 1 July 2020 to 31 December 2020**

A semi-annually RCPS-i A preferential dividend of RM35,326,945, in respect of the financial period from 1 July 2020 to 31 December 2020, was paid in cash on 12 May 2021.

**b) Islamic Redeemable Convertible Preference Shares (“RCPS-i B”) preferential dividend in respect of the financial period from 1 July 2020 to 31 December 2020**

A semi-annually RCPS-i B preferential dividend of RM30,694,196, in respect of the financial period from 1 July 2020 to 31 December 2020, was paid in cash on 12 May 2021.

## 7. Segmental Reporting

The segmental analysis for the financial period ended 31 March 2021 is as follows:-

	<b>Property Development RM'000</b>	<b>Construction RM'000</b>	<b>Other Operations RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
External revenue	996,510	5,124	51,187	-	1,052,821
Inter-segment revenue	45,387	76,487	11,565	(133,439)	-
<b>Total revenue</b>	<b>1,041,897</b>	<b>81,611</b>	<b>62,752</b>	<b>(133,439)</b>	<b>1,052,821</b>
Gross profit/(loss) before reversal of impairment of completed inventories	263,254	(4,389)	7,324	-	266,189
Reversal of impairment of completed inventories	794	-	-	-	794
<b>Gross profit/(loss)</b>	<b>264,048</b>	<b>(4,389)</b>	<b>7,324</b>	<b>-</b>	<b>266,983</b>
Other income	35,041	591	1,834	-	37,466
Operating expenses	(105,491)	(1,459)	(6,154)	-	(113,104)
Share of results of joint ventures	(5,690)	-	771	-	(4,919)
Share of results of associated companies	2,876	-	-	-	2,876
Finance costs	(41,315)	(281)	(5,316)	-	(46,912)
<b>Profit/(Loss) before tax</b>	<b>149,469</b>	<b>(5,538)</b>	<b>(1,541)</b>	<b>-</b>	<b>142,390</b>
Taxation					(48,262)
<b>Profit for the period</b>					<b>94,128</b>

## 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 2021 till 18 May 2021 (the latest practicable date which is not earlier than 7 days from the date of issue 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 2021.

## 10. Contingent Liabilities

The following are the status updates on the contingent liabilities of the Group as at the financial period ended 31 March 2021 until 18 May 2021 (the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report):

## 10. Contingent Liabilities (continued)

Setia Fontaines Sdn Bhd (“Setia Fontaines”) entered into a Sale and Purchase Agreement with CIMB Islamic Trustee Berhad (as Trustee) and Boustead Plantations Berhad (“Boustead”) to purchase 5 adjoining parcels of freehold land located in Penang (“the Lands”) on 22 February 2016. Boustead took the view that goods and services tax (“GST”) is chargeable on the Lands.

However, Setia Fontaines took the view that the Lands acquired are exempted from GST pursuant to Item 1(1), First Schedule of the Goods and Services Tax (Exempt Supply) Order 2014 (“Exempt Order”) given that the Lands are used for agricultural purposes.

Notwithstanding the objection from Setia Fontaines, Boustead remitted RM37,207,353.35 of GST to the Customs and demanded that Setia Fontaines reimburse the said amount pursuant to Clause 28 of the Sale and Purchase Agreement.

After several settlement attempts, the parties were not able to reach a common ground on this issue.

On 28 December 2018, Boustead and the Trustee, as the plaintiffs filed a civil suit in High Court of Kuala Lumpur (“Main Trial”) and on 3 January 2019, a copy of the sealed Writ of Summons and Statement of Claim was served on Setia Fontaines as the defendant seeking the repayment of RM37,207,353.35 with 8% interest.

First case management was held before the High Court of Kuala Lumpur on 28 January 2019 where the Registrar instructed the following:

- (1) The Plaintiffs to file a reply by 21 February 2019;
- (2) Any interlocutory application to be filed by 21 February 2019; and
- (3) Parties to consider mediation.

Setia Fontaines filed its Defence and served the same on Boustead on 31 January 2019. Boustead filed its Reply on 21 February 2019 and the matter which was previously fixed for Trial from 1 April 2020 to 3 April 2020 has been rescheduled to 26 April 2021, 27 April 2021 and 28 April 2021.

Further to the decision made by the Director General of Customs, on behalf of the Minister of Finance (MoF), pursuant to a delegation of authority made by the MoF to the Custom, that the portions of the Lands scheduled for commercial development was subject to GST (“GST Decision”), Setia Fontaines filed an application for judicial review (“JR”) to, among others, quash the GST Decision. The matter came up for Hearing on 29 July 2020 and the decision was made on 11 September 2020 whereby Setia Fontaines was successful in its application for JR (“JR Decision”).

In summary, the High Court held that:

- (1) that the Lands acquired by Setia Fontaines was an exempt supply, as at the relevant time of supply, the Lands were used for oil palm plantations and zoned as agricultural land;
- (2) under the Exempt Order, there is no express provision for delegation by the MoF and that the MoF must exercise his power personally; and accordingly he was not empowered to delegate his authority to the Director General of Customs to make the GST Decision.

The MoF and Customs, as respondents in the JR proceedings, did not file any notice of appeal against the JR Decision and the right to appeal expired on 12 October 2020.

#### 10. Contingent Liabilities (continued)

As for the Main Trial, the Case Management which was fixed on 17 September 2020 was postponed to 2 October 2020 where parties updated the trial judge that Setia Fontaines' JR application was decided in favour of Setia Fontaines. The trial judge had fixed the matter for further Case Management on 9 November 2020 on request of Boustead for parties to update whether MoF or Customs have filed any notice of appeal to the Court of Appeal. However, the Case Management date has been repeatedly postponed since November 2020 due to the Conditional Movement Order and the Movement Control Order issued by the Government and the matter eventually came up for Case Management on 16 April 2021 and 26 April 2021.

At the Case Management on 11 May 2021, Boustead had agreed on the discontinuance of the suit without liberty to file afresh as the JR Decision has rendered the issues in this suit academic and that Boustead agreed on costs of RM20,000 to be paid to Setia Fontaines. The court then proceeded to record the terms of discontinuance and the suit against Setia Fontaines is now discontinued.

On this note, the Directors of the Group are of the opinion that no provision in respect of the GST liability in dispute is required to be made in the financial statements.

#### 11. Capital Commitments

	<b>As at 31 March 2021 RM'000</b>
<i>Commitments of subsidiary companies:-</i>	
Contractual commitments for construction of investment properties	27,617
Contractual commitments for acquisition and construction of property, plant and equipment	70,304
<i>Share of commitments of joint ventures:-</i>	
Contractual commitments for acquisition of development land	129,700
Contractual commitments for construction of investment properties	5,177

#### 12. Significant Related Party Transactions

	<b>1 January 2021 to 31 March 2021 RM'000</b>
<i>Transactions with joint ventures:-</i>	
(i) Management fee received and receivable	180
(ii) Event and marketing fee received and receivable	18
(iii) Rental received and receivable	158
(iv) Staff secondment fee received and receivable	51
(v) Interest received and receivable	233
<i>Transactions with director of the Company:-</i>	
(i) Sale of development property to director of the Company	2,412

**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 are analysed as follows:-

	<b>Q1 2021</b>	<b>Q1 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>Restated</b>
<b>Revenue</b>		
Property Development	996,510	651,479
Construction	5,124	7,682
Other Operations	51,187	43,494
	<b>1,052,821</b>	<b>702,655</b>
<b>Profit/(Loss) before tax</b>		
Property Development	149,469	100,472
Construction	(5,538)	(1,208)
Other Operations	(1,541)	(827)
	<b>142,390</b>	<b>98,437</b>

**Property Development**

The Group's property development segment achieved revenue of RM996.5 million and PBT of RM149.5 million in Q1 2021. Both revenue and PBT for current quarter are higher than the corresponding quarter in preceding year mainly driven by progressive revenue recognition from strong take-up rates of mature townships in the Central region as well as our Daintree Residence project in Singapore, as a result of pent-up demand following the rollout of the Covid-19 vaccine in many countries. The lower profit contribution in Q1 2020 was also due to the operational disruption caused by the first Movement Control Order which demanded the closure of sales offices and construction sites. Besides, the Group sold RM206.0 million worth of completed inventories during Q1 2021, twice of what it achieved for Q1 2020 of RM102.0 million.

Under construction and completed projects which contributed to the results include *Setia Alam*, *Setia Eco Park*, *Precinct Arundina*, *Alam Impian* and *Temasya Glenmarie* in Shah Alam, *Setia EcoHill*, *Setia EcoHill 2* and *Setia Mayuri* in Semenyih, *Setia Eco Glades* and *Setia Safiro* in Cyberjaya, *Setia Eco Templer* in Rawang, *Setia Warisan Tropika* in Sepang, *Alam Sutera* in Bukit Jalil, *Alam Damai* in Cheras, *Setia Alamsari* in Bangi, *Bandar Kinrara* in Puchong, *Kota Bayuemas* and *Trio by Setia* in Klang, *Setia Sky Seputeh* in Seputeh, *Bandar Baru Sri Petaling* in Kuala Lumpur, *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 Pearl Island*, *Setia Sky Vista*, *Setia V Residences*, *Setia Pinnacle*, *Setia Sky Ville* and *Setia Fontaines* in Penang, *Aeropod* in Kota Kinabalu, *EcoXuan* in Vietnam, *Daintree Residence* in Singapore and *Marque Residences* in Melbourne, Australia.



## 1. Review of Group Performance (continued)

### Construction

The Group's construction arm largely provides intercompany construction services to the Group's property development companies. Revenue from these intercompany services are eliminated at consolidation. Besides, revenue from construction segment also derived from supply of readymix concrete to the external contractors that serve the property development arm of the Group.

The Group's construction segment recorded revenue of RM5.1 million and loss before tax of RM5.5 million in Q1 2021. The loss before tax of RM5.5 million in Q1 2021 was attributable to prolongation costs incurred on some intercompany construction jobs.

### Other Operations

Revenue from other operations are mainly contributed by wood-based manufacturing, trading activities, and the operation of investment properties such as office towers, retail malls and convention centres.

## 2. Material Changes in the Quarterly Results ("Q1 2021") compared to the results of the Preceding Quarter ("Q4 2020")

The Group's PBT for Q1 2021 is RM142.4 million, which is RM21.7 million higher than the preceding quarter ended 31 December 2020. Lower PBT in the preceding quarter was mainly due to restriction of event activities at our investment properties such as convention centre during the re-imposition of Conditional Movement Control Order.

## 3. Prospects for the Current Financial Year

As the Group intensifies its marketing efforts to generate more sales before the Home Ownership Campaign ("HOC") 2020 ends in May 2021, it recorded a strong sales performance of RM1.19 billion for the first quarter ended 31 March 2021. Local projects contributed RM923 million or approximately 78% of the sales whilst the remaining RM265 million or approximately 22% were contributed by international projects largely from Daintree Residence wherein the demand for residential properties in Singapore gain traction upon upliftment of the circuit breaker. On the local front, sales were mainly derived from the Central region with RM705 million. The Southern region contributed RM148 million while another RM74 million was from the Northern region.

Completed inventories worth of RM206 million were cleared during this period. In addition to the sales secured above as of end Q1FY2021, the Group also secured noteworthy bookings of RM1.29 billion and the priority is to swiftly convert these bookings into sales, and hopefully with the support of quicker end financing process.

During the quarter under review, the Group had launched a total GDV of RM525 million landed properties comprises mostly double storey terrace and/or semi-detached homes and the responses were overwhelming in some of our flagship developments. In Setia Alam, the double storey terrace Bywater series homes priced from RM780,000 onwards registered an impressive 100% take up within one hour of launch via its online platform. Over at Alam Impian, it accomplished an 87% take up rate for its double storey terrace homes priced from RM650,000 onwards. Both Setia Ecohill 2 and Kota Bayuemas offerings of double storey terrace homes achieved more than 70% sales within weeks of their launches in March 2021. The products rolled out were in line with the Group's overall strategy of launching the right price product mix which were designed and catering to the market needs. As for Vietnam, Setia Eco Lakes had also successfully sold 97% of its two or three storey semi-detached/villa homes priced from RM800,000 onwards.

### 3. Prospects for the Current Financial Year (continued)

Given the strong start in our sales performance for this current year, the Group will constantly be steered by its strategic priorities to strengthen and optimise its capital structure alongside with the land bank utilisation. Additionally, the Group will be committed to leverage and accelerate on the digital transformation journey as well as to embed sustainability agendas across its product and business operations that befits the purposes.

The Group is cautiously optimistic of a sustainable market momentum for the second half of FY2021. Generally, the economic outlook is projected to improve on the back of the ongoing nationwide vaccination programme which ultimately will aid to spur the local property market.

The Group is currently backed by 47 on-going projects and an effective remaining land banks of 8,513 acres with a Gross Development Value of RM135.7 billion as at 31 March 2021. Supported by unbilled sales totalling RM10.12 billion in place, this will tide the Group over the next two years.

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

Not applicable as no profit forecast was published.

### 5. Income Tax

	<b>Q1 2021</b>	<b>Q1 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>Restated</b>
Taxation		
- current taxation	49,028	43,510
- deferred taxation	(766)	3,375
	48,262	46,885
	48,262	46,885

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

### 6. Status of Corporate Proposals

The status update on the corporate proposal that has been announced by the Company which has not completed as at 18 May 2021, the latest practicable date which shall not be earlier than 7 days from the date of issue of this interim financial report is as set out herein.

On 4 May 2021, the Company made a lodgement to the Securities Commission Malaysia ("SC") for the establishment of the Proposed Islamic Medium Term Notes Programme of up to RM3.0 billion in nominal value based on the shariah principle of Wakalah Bi Al-Istithmar (via a tawarruq arrangement)("Sukuk Wakalah Programme") under the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

The Sukuk Wakalah Programme allows for the issuance of rated and senior unsecured sukuk ("Sukuk Wakalah") from time to time, subject to total outstanding amount of Sukuk Wakalah not exceeding RM3.0 billion at any point in time. The preliminary rating of the Sukuk Wakalah Programme is AA<sub>IS</sub>.

Other than the above, there were no other corporate proposals announced that are yet to be completed at the date of this report.

## 7. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 31 March 2021 were as follows:-

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
Short-term borrowings	1,034,352	1,191,854	2,226,206
Long-term borrowings	5,702,164	4,116,734	9,818,898
Redeemable cumulative preference shares	-	37,343	37,343
	<b>6,736,516</b>	<b>5,345,931</b>	<b>12,082,447</b>

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

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
Malaysian Ringgit	5,279,707	3,574,142	8,853,849
Great British Pound	-	1,665,963	1,665,963
Australian Dollar	819,754	-	819,754
Singapore Dollar	596,236	-	596,236
United States Dollar	-	105,826	105,826
Japanese Yen	40,819	-	40,819
	<b>6,736,516</b>	<b>5,345,931</b>	<b>12,082,447</b>

## 8. Material Litigation

Except for the contingent liabilities disclosed above, the Group was not engaged in any material litigation as at 18 May 2021, 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 2021.

## 10. Earnings Per Share Attributable To Owners of The Company

### Basic Earnings Per Share

The basic earnings per share for the period is calculated by dividing the Group's profit attributable to owners of the Company adjusted for the effects of RCPS-i A and RCPS-i B preferential dividends declared during the period, divided by the weighted average number of shares in issue, as follows:-

	<b>Q1 2021</b>	<b>Q1 2020</b>
	<b>'000</b>	<b>'000</b>
		<b>Restated</b>
Profit attributable to owners of the Company (RM)	75,231	24,093
- RCPS-i A preferential dividends (RM)	(35,327)	(35,327)
- RCPS-i B preferential dividends (RM)	(30,694)	(30,697)
Adjusted profit/(loss) attributable to owners of the Company (RM)	9,210	(41,931)
Number of ordinary shares in issue	4,056,733	4,042,482
Basic earnings/(loss) per share (sen)	0.23	(1.04)

### Diluted Earnings Per Share

The diluted earnings per share for the period is calculated by dividing the Group's profit attributable to owners of the Company adjusted for the effects of RCPS-i A and RCPS-i B preferential dividends declared during the period, divided by the weighted average number of shares that would have been in issue upon full exercise of the remaining options under the LTIP granted, as follows:-

	<b>Q1 2021</b>	<b>Q1 2020</b>
	<b>'000</b>	<b>'000</b>
		<b>Restated</b>
Profit attributable to owners of the Company (RM)	75,231	24,093
- RCPS-i A preferential dividends (RM)	(35,327)	(35,327)
- RCPS-i B preferential dividends (RM)	(30,694)	(30,697)
Adjusted profit/(loss) attributable to owners of the Company (RM)	9,210	(41,931)
Number of ordinary shares in issue	4,056,733	4,042,482
Effect of potential exercise of LTIP	20,752	28,572
Weighted average number of ordinary shares	4,077,485	4,071,054
Diluted earnings/(loss) per share (sen)	0.23	(1.03)

The effects of conversion of RCPS-i A and RCPS-i B have not been included in the computation of the dilutive earnings per share of the Group as they do not have a dilutive effect.

**11. Notes to the Statement of Comprehensive Income**

	<b>3 Months Ended</b>	
	<b>Q1 2021</b>	<b>Q1 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>Restated</b>
Interest income	17,855	23,451
Other income including investment income	19,458	18,949
Interest expense	(46,912)	(68,656)
Depreciation and amortisation	(8,300)	(7,498)
Reversal/(Provision for and write off) of trade and other receivables	68	(3)
Reversal of impairment of completed inventories	794	-
Net gain/(loss) on disposal of quoted or unquoted investments or properties	153	(702)
Write off of property, plant and equipment	(2)	-
Fair value gain/(loss) on investment properties	-	-
Net foreign exchange (loss)/gain	(32,088)	1,463
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 2020 was unqualified.