

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

Interim Financial Report
30 June 2021

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

Interim Financial Report - 30 June 2021

	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 - 13
Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad	14 - 20

S P SETIA BERHAD
 (Company No: 197401002663 (19698-X))
 (Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021
(The figures have not been audited)

	As At 30/06/2021 RM'000	As At 31/12/2020 RM'000 Restated
ASSETS		
Non-current assets		
Property, plant and equipment	718,441	703,811
Right-of-use - property, plant and equipment	2,486	2,341
Investment properties	2,048,095	2,034,472
Right-of-use - investment properties	65,067	69,054
Inventories - land held for property development	12,652,984	12,661,069
Intangible asset	13,118	13,385
Investments in joint ventures	3,050,301	2,703,702
Investments in associated companies	565,558	559,857
Other investments	96	96
Amounts owing by joint ventures	69,785	69,785
Trade receivables	38,115	28,824
Other receivables, deposits and prepayments	76,148	73,464
Deferred tax assets	327,327	327,932
	<u>19,627,521</u>	<u>19,247,792</u>
Current assets		
Trade receivables	773,508	849,503
Contract assets	1,430,210	1,263,891
Other receivables, deposits and prepayments	207,956	238,969
Inventories - property development costs	2,878,365	3,127,722
Inventories - completed properties and others	981,389	1,093,240
Contract cost assets	1,681,657	1,430,106
Amounts owing by joint ventures	85,338	82,589
Amounts owing by associated companies	14	4,336
Amounts owing by related parties	135	458
Current tax assets	48,626	84,889
Short-term funds	2,273,394	1,485,695
Short-term deposits	239,374	208,725
Cash and bank balances	1,449,577	1,224,816
	<u>12,049,543</u>	<u>11,094,939</u>
TOTAL ASSETS	<u><u>31,677,064</u></u>	<u><u>30,342,731</u></u>
EQUITY AND LIABILITIES		
EQUITY		
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	140,126	132,400
Reserve on acquisition arising from common control	(1,295,884)	(1,295,884)
Exchange translation reserve	182,030	75,042
Retained earnings	4,469,199	4,385,183
Equity attributable to owners of the Company	<u>14,086,339</u>	<u>13,887,609</u>
Non-controlling interests	1,465,474	1,417,059
Total equity	<u>15,551,813</u>	<u>15,304,668</u>
LIABILITIES		
Non-current liabilities		
Redeemable cumulative preference shares	37,549	37,140
Other payables and accruals	59,713	69,267
Long-term borrowings	10,640,854	9,357,935
Lease liabilities	1,678	1,167
Deferred tax liabilities	459,649	465,796
	<u>11,199,443</u>	<u>9,931,305</u>
Current liabilities		
Trade payables	1,503,056	1,581,560
Contract liabilities	238,694	152,467
Other payables and accruals	729,259	759,880
Short-term borrowings	2,402,163	2,583,271
Lease liabilities	945	1,290
Current tax liabilities	51,312	27,278
Amounts owing to related parties	379	1,012
	<u>4,925,808</u>	<u>5,106,758</u>
Total liabilities	<u>16,125,251</u>	<u>15,038,063</u>
TOTAL EQUITY AND LIABILITIES	<u><u>31,677,064</u></u>	<u><u>30,342,731</u></u>
Net assets per share attributable to owners of the Company	<u>2.95</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 30 JUNE 2021
(The figures have not been audited)

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/06/2021 RM'000	30/06/2020 RM'000 Restated	30/06/2021 RM'000	30/06/2020 RM'000 Restated
Revenue	1,082,771	331,327	2,135,592	1,033,982
Cost of sales				
- Operational cost of sales	(812,926)	(237,329)	(1,599,558)	(715,117)
- Reversal/(Impairment) of completed inventories	423	(131,622)	1,217	(131,622)
Gross profit/(loss)	<u>270,268</u>	<u>(37,624)</u>	<u>537,251</u>	<u>187,243</u>
Other income	40,243	39,182	77,709	81,582
Selling and marketing expenses	(10,732)	(9,907)	(20,399)	(22,465)
Administrative and general expenses	(95,980)	(85,661)	(167,329)	(164,783)
Gain/(Loss) on foreign exchange				
- Realised	5	20	1,128	8
- Unrealised	1,098	5,998	(32,113)	7,473
Share of results of joint ventures	735	(8,319)	(4,184)	(16,563)
Share of results of associated companies	4,144	2,144	7,020	431
Finance costs	<u>(50,761)</u>	<u>(61,556)</u>	<u>(97,673)</u>	<u>(130,212)</u>
Profit/(Loss) before tax	<u>159,020</u>	<u>(155,723)</u>	<u>301,410</u>	<u>(57,286)</u>
Taxation	<u>(54,726)</u>	<u>23,402</u>	<u>(102,988)</u>	<u>(23,483)</u>
Profit/(Loss) for the period	<u>104,294</u>	<u>(132,321)</u>	<u>198,422</u>	<u>(80,769)</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	(520)	75,132	107,018	2,301
Total comprehensive income/(loss) for the period	<u>103,774</u>	<u>(57,189)</u>	<u>305,440</u>	<u>(78,468)</u>
Profit/(Loss) attributable to:				
Owners of the Company	74,806	(134,338)	150,037	(110,245)
Non-controlling interests	29,488	2,017	48,385	29,476
	<u>104,294</u>	<u>(132,321)</u>	<u>198,422</u>	<u>(80,769)</u>
Total comprehensive income/(loss) attributable to:				
Owners of the Company	74,308	(59,223)	257,025	(108,003)
Non-controlling interests	29,466	2,034	48,415	29,535
	<u>103,774</u>	<u>(57,189)</u>	<u>305,440</u>	<u>(78,468)</u>
Earnings per share attributable to owners of the Company				
- Basic earnings/(loss) per share (sen)	<u>1.84</u>	<u>(3.32)</u>	<u>2.07</u>	<u>(4.36)</u>
- Diluted earnings/(loss) per share (sen)	<u>1.83</u>	<u>(3.30)</u>	<u>2.06</u>	<u>(4.33)</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 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 30 JUNE 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
Balance at 01.01.2021	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)
Balance at 01.01.2021 (restated)	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	-	-	-	-	-	106,988	-	106,988	30	107,018
Profit for the period	-	-	-	-	-	-	150,037	150,037	48,385	198,422
Transactions with owners:										
Acquisition of additional shares in an existing subsidiary company	-	-	-	-	-	-	-	-	8,004	8,004
RCPS-i A preferential dividends paid	-	-	-	-	-	-	(35,327)	(35,327)	-	(35,327)
RCPS-i B preferential dividends paid	-	-	-	-	-	-	(30,694)	(30,694)	-	(30,694)
Dividends paid	-	-	-	-	-	-	-	-	(8,004)	(8,004)
Share-based payment under Employee Long Term Incentive Plan ("LTIP")	-	-	-	7,726	-	-	-	7,726	-	7,726
Balance at 30.06.2021	8,468,287	1,087,363	1,035,218	140,126	(1,295,884)	182,030	4,469,199	14,086,339	1,465,474	15,551,813
Balance at 01.01.2020	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)
Balance at 01.01.2020 (restated)	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	-	-	-	-	-	2,242	-	2,242	59	2,301
Loss for the period	-	-	-	-	-	-	(110,245)	(110,245)	29,476	(80,769)
RCPS-i A preferential dividends paid	-	-	-	-	-	-	(35,327)	(35,327)	-	(35,327)
RCPS-i B preferential dividends paid	-	-	-	-	-	-	(30,697)	(30,697)	-	(30,697)
Dividends paid	-	-	-	-	-	-	(40,425)	(40,425)	(51,565)	(91,990)
Share-based payment under Employee Long Term Incentive Plan ("LTIP")	-	-	-	18,948	-	-	-	18,948	-	18,948
Balance at 30.06.2020 (restated)	8,432,321	1,087,363	1,035,304	163,669	(1,295,884)	(24,925)	4,661,930	14,059,778	1,409,569	15,469,347

(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 30 JUNE 2021
(The figures have not been audited)

	6 MONTHS ENDED	
	30/06/2021	30/06/2020
	RM'000	RM'000
		Restated
Operating Activities		
Profit/(Loss) before tax	301,410	(57,286)
Adjustments for:-		
Non-cash items	46,033	197,848
Non-operating items	42,667	43,265
Operating profit before changes in working capital	<u>390,110</u>	<u>183,827</u>
Changes in inventories - property development costs and contract cost assets	58,058	(198,692)
Changes in inventories - completed properties and others	257,777	128,288
Changes in contract assets/liabilities	(71,405)	(46,142)
Changes in receivables	105,017	21,265
Changes in payables	(27,864)	(279,161)
Cash generated from/(used in) operations	<u>711,693</u>	<u>(190,615)</u>
Rental received	5,138	6,366
Interest received	10,838	15,077
Interest paid on lease liabilities	(80)	(66)
Net tax paid	(48,299)	(68,986)
Net cash from/(used in) operating activities	<u>679,290</u>	<u>(238,224)</u>
Investing Activities		
Additions to inventories - land held for property development	(164,586)	(236,942)
Additions to property, plant and equipment	(28,350)	(44,198)
Additions to investment properties	(21,021)	(1,925)
Proceeds from disposal of property, plant and equipment	227	230
Proceeds from disposal of investment properties	5,373	6,221
Acquisition of additional shares in existing joint ventures	(218,391)	(24,000)
Repayment from/(Advances to) an associated company	1,236	(40)
(Advances to)/Repayment from joint ventures	(1,995)	1,968
(Placement)/Withdrawal of sinking fund, debt service reserve, escrow accounts and short-term deposits	(20,373)	8,366
Dividends received from associated companies	3,675	-
Interest received	15,288	21,802
Rental received	20,172	15,669
Net cash used in investing activities	<u>(408,745)</u>	<u>(252,849)</u>
Financing Activities		
Repayment to non-controlling shareholder of subsidiary company	(3,130)	-
Proceeds from issuance of Sukuk Wakalah	800,000	-
Drawdown of bank borrowings	861,509	587,008
Repayment of bank borrowings	(664,386)	(446,993)
Repayment of lease liabilities	(616)	(671)
Interest paid	(186,006)	(220,088)
Transaction cost on borrowings paid	(3,018)	(960)
Redeemable cumulative preference share dividends paid to non-controlling interests	(684)	-
Dividends paid to non-controlling interests	(8,004)	(51,565)
Dividends paid	-	(40,425)
RCPS-i A preferential dividends paid	(35,327)	(35,327)
RCPS-i B preferential dividends paid	(30,694)	(30,697)
Net cash from/(used in) financing activities	<u>729,644</u>	<u>(239,718)</u>

S P SETIA BERHAD
 (Company No.: 197401002663 (19698-X))
 (Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021
(The figures have not been audited)

	6 MONTHS ENDED	
	30/06/2021	30/06/2020
	RM'000	RM'000
		Restated
Net changes in cash and cash equivalents	1,000,189	(730,791)
Effect of exchange rate changes	9,701	3,185
Cash and cash equivalents at beginning of the period	2,821,290	2,955,811
Cash and cash equivalents at end of the period	<u>3,831,180</u>	<u>2,228,205</u>
Cash and cash equivalents comprise the following:		
Short-term funds	2,273,394	1,255,255
Short-term deposits	239,374	88,710
Cash and bank balances	1,449,577	995,830
Bank overdrafts	(25,702)	(39,291)
	<u>3,936,643</u>	<u>2,300,504</u>
Less: Amount restricted in sinking fund, debt service reserve, escrow accounts and short-term deposits	(105,463)	(72,299)
	<u>3,831,180</u>	<u>2,228,205</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
Assets			
Non-current assets			
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
Current assets			
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
Total Assets	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
Equity			
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
Equity attributable to owners of the Company	13,921,640	(34,031)	13,887,609
Non-controlling interests	1,418,860	(1,801)	1,417,059
Total Equity	15,340,500	(35,832)	15,304,668
Non-current liabilities			
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
	9,933,301	(1,996)	9,931,305
Current liabilities			
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
	5,106,758	-	5,106,758
Total Liabilities	15,040,059	(1,996)	15,038,063
Total Equity and Liabilities	30,380,559	(37,828)	30,342,731

1. Basis of Preparation (continued)

**Consolidated Statement of Comprehensive Income
For the 6 months financial period ended 30 June 2020**

	As previously stated RM'000	Effects of the Agenda Decision RM'000	As restated RM'000
Revenue	1,033,982	-	1,033,982
Cost of sales	(871,535)	24,796	(846,739)
Gross profit	162,447	24,796	187,243
Other income	89,063	-	89,063
Selling and marketing expenses	(22,465)	-	(22,465)
Administrative and general expenses	(164,783)	-	(164,783)
Share of results of joint ventures	(16,563)	-	(16,563)
Share of results of associated companies	431	-	431
Finance costs	(106,473)	(23,739)	(130,212)
Loss before tax	(58,343)	1,057	(57,286)
Taxation	(24,570)	1,087	(23,483)
Loss for the period	(82,913)	2,144	(80,769)
Other comprehensive income, net of tax:			
Exchange differences on translation of foreign operations	2,516	(215)	2,301
Total comprehensive loss for the period	(80,397)	1,929	(78,468)
(Loss)/Profit attributable to:			
Owners of the Company	(113,086)	2,841	(110,245)
Non-controlling interests	30,173	(697)	29,476
	(82,913)	2,144	(80,769)
Total comprehensive (loss)/income attributable to:			
Owners of the Company	(110,629)	2,626	(108,003)
Non-controlling interests	30,232	(697)	29,535
	(80,397)	1,929	(78,468)

2. Seasonal or Cyclical Factors

The business operations of the Group during the financial period under review have not been materially affected by any seasonal or cyclical factors.

3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items for the financial period ended 30 June 2021.

4. Material Changes in Estimates

There were no material changes in estimates for the financial period ended 30 June 2021.

5. Debts and Equity Securities

Save for the following, there were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial period-to-date:

During the financial period, the Group established Islamic Medium Term Notes (“Sukuk Wakalah”) under the Islamic Medium Term Notes Programme with the programme limit of up to RM3.0 billion in nominal value under the Shariah principle of Wakalah Bi Al-Istithmar (“Sukuk Wakalah Programme”).

For the current financial period ended 30 June 2021, the Group has completed the issuance of Sukuk Wakalah from its Sukuk Wakalah Programme as follows:

Tranche	Issuance Date	Amount (RM Million)	Tenure	Periodic Distribution Rate (p.a.)
1	25 June 2021	500.0	5 Years	3.85%
2	25 June 2021	300.0	7 Years	4.30%

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 30 June 2021 is as follows:-

	Property Development RM'000	Construction RM'000	Other Operations RM'000	Eliminations RM'000	Consolidated RM'000
External revenue	2,034,703	11,901	88,988	-	2,135,592
Inter-segment revenue	90,560	140,792	22,167	(253,519)	-
Total revenue	2,125,263	152,693	111,155	(253,519)	2,135,592
Gross profit/(loss) before reversal of impairment of completed inventories	537,536	(11,770)	10,268	-	536,034
Reversal of impairment of completed inventories	1,217	-	-	-	1,217
Gross profit/(loss)	538,753	(11,770)	10,268	-	537,251
Other income	73,980	1,242	3,615	-	78,837
Operating expenses	(209,399)	(2,711)	(7,731)	-	(219,841)
Share of results of joint ventures	(2,868)	-	(1,316)	-	(4,184)
Share of results of associated companies	7,020	-	-	-	7,020
Finance costs	(85,480)	(599)	(11,594)	-	(97,673)
Profit/(Loss) before tax	322,006	(13,838)	(6,758)	-	301,410
Taxation					(102,988)
Profit for the period					198,422

8. Material Events Subsequent to the End of Financial Period

There were no material transactions or events subsequent to the financial period ended 30 June 2021 until 11 August 2021 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial report).

9. Changes in the Composition of the Group

There were no changes in the composition of the Group for the financial period ended 30 June 2021.

10. Contingent Liabilities

The following are the status updates on the contingent liabilities of the Group as at the financial period ended 30 June 2021 until 11 August 2021 (being the latest practicable date which is not earlier than 7 days from the date of issuance 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. Boustead extracted the sealed order dated 11 May 2021 from the Court Registry and the same has been extended to Setia Fontaines on 27 July 2021. On 2 August 2021, Boustead deposited RM20,000 to Setia Fontaines' bank account as agreed costs, bringing an end to the dispute.

On this note, there is no longer any GST liability in dispute.

11. Capital Commitments

	As at 30 June 2021 RM'000
<i>Commitments of subsidiary companies:-</i>	
Contractual commitments for construction of investment properties	16,043
Contractual commitments for acquisition and construction of property, plant and equipment	56,890
<i>Share of commitments of joint ventures:-</i>	
Contractual commitments for acquisition of development land	126,155

12. Significant Related Party Transactions

	1 January 2021 to 30 June 2021 RM'000
<i>Transactions with joint ventures:-</i>	
(i) Management fee received and receivable	420
(ii) Event and marketing fee received and receivable	38
(iii) Rental received and receivable	316
(iv) Rental paid and payable	61
(v) Staff secondment fee received and receivable	78
(vi) Interest received and receivable	3,237
<i>Transactions with directors of the Company:-</i>	
(i) Sale of development properties to directors of the Company and their immediate family members	5,862

**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 and financial period-to-date are analysed as follows:-

	Q2 2021	Q2 2020	PTD 2021	PTD 2020
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Revenue				
Property Development	1,038,193	306,693	2,034,703	958,172
Construction	6,777	2,354	11,901	10,036
Other Operations	37,801	22,280	88,988	65,774
	<u>1,082,771</u>	<u>331,327</u>	<u>2,135,592</u>	<u>1,033,982</u>
Profit/(Loss) before tax				
Property Development				
- Before impairment of completed inventories	172,114	(14,697)	320,789	85,775
- Reversal/(Impairment) of completed inventories	423	(131,622)	1,217	(131,622)
- After impairment of completed inventories	172,537	(146,319)	322,006	(45,847)
Construction	(8,300)	(1,490)	(13,838)	(2,698)
Other Operations	(5,217)	(7,914)	(6,758)	(8,741)
	<u>159,020</u>	<u>(155,723)</u>	<u>301,410</u>	<u>(57,286)</u>

(a) Performance of the current quarter against the same quarter in the preceding year (Q2 2021 vs Q2 2020)

Property Development

The Group's property development segment achieved revenue of RM1.04 billion and PBT of RM172.5 million in Q2 2021 which represented an increase in revenue of 239% and a PBT in Q2 2021 as opposed to a loss before tax in Q2 2020. Both revenue and PBT for current quarter are higher than the corresponding quarter in preceding year mainly due to better progress in terms of revenue recognition following the recovery of construction progress.

Under construction and completed projects which contributed to the results include *Setia Alam*, *Setia Eco Park*, *Precinct Arundina*, *Setia Alam Impian* and *Temasya Glenmarie* in Shah Alam, *Setia EcoHill*, *Setia EcoHill 2* and *Setia Mayuri* in Semenyih, *Setia Eco Glades* and *Setia Safiro* in Cyberjaya, *Setia Eco Templer* in Rawang, *Setia Warisan Tropika* in Sepang, *Alam Sutera* in Bukit Jalil, *Alam Damai* in Cheras, *Setia Alamsari* in Bangi, *Bandar Kinrara* in Puchong, *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)

(a) Performance of the current quarter against the same quarter in the preceding year (Q2 2021 vs Q2 2020) (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 RM6.8 million and loss before tax of RM8.3 million in Q2 2021. The loss before tax was attributable to prolongation costs incurred on some intercompany construction jobs.

Other Operations

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

(b) Performance of the financial period-to-date, 2021 ("PTD 2021") vs financial period-to-date, 2020 ("PTD 2020")

Property Development

The Group's revenue and PBT from the property development segment are RM2.03 billion and RM322.0 million, both are higher than the corresponding period-to-date in the preceding year. This is mainly attributable to the recovery of market and economic activities followed by the roll out of the National Covid-19 Immunisation Programme. In addition, the revenue recognition was boosted by the higher sales of completed inventories of RM425 million in PTD 2021, an increase of 137% as compared to RM179 million in PTD 2020. The financial performance in PTD 2020 was mainly impacted by impairment of completed inventories and disruption of site work at all projects during the Movement Control Order ("MCO") and Conditional Movement Control Order ("CMCO").

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 RM11.9 million and loss before tax of RM13.8 million in PTD 2021 resulted from additional costs incurred on the intercompany construction jobs.

Other Operations

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

2. Material Changes in the Quarterly Results (“Q2 2021”) compared to the results of the Preceding Quarter (“Q1 2021”)

The Group’s PBT for Q2 2021 is RM159.0 million, which is RM16.6 million higher than the preceding quarter ended 31 March 2021 due to unrealised foreign exchange loss of RM33.2 million was recorded in the preceding quarter.

3. Prospects for the Current Financial Year

The Group managed to achieve a total sales of RM2.71 billion and property bookings of RM954 million as at 30 June 2021. This was driven by the strong sales performance for the first five months of 2021, buoyed by a generally upbeat local market sentiment early this year. However, the onset of the Full Movement Control Order (“FMCO”) lockdown in June 2021 caused the sales to slow down considerably.

Local projects contributed RM2.07 billion or approximately 77% of the sales whilst the remaining RM639 million or approximately 23% 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 RM1.64 billion. The Southern region contributed RM296 million while another RM142 million was from the other regions. From the local front, completed inventories worth of RM425 million were cleared within these six months.

In May 2021, the Group announced the Conditional Sale and Purchase Agreement for the disposal of eight parcels of land measuring 959.7 acres in Tebrau, Johor for a total consideration of RM518 million by its indirect wholly owned subsidiary, Pelangi Sdn Bhd. Through monetising this less strategic landbank in Johor which is currently a challenging market, the de-gearing initiative will pare down the Group’s borrowings.

The Group had launched a total Gross Development Value (“GDV”) of RM687 million landed properties comprises mostly affordable double storey terrace and/or semi-detached homes in Q2FY2021 whereby the take up rate in established and mature township such as Setia Alam and Bandar Kinrara hovers above 90%. Other successful launches were also observed in townships such as Setia Safiro, Setia Tropika, Setia Alam Impian and Setia Ecohill 2 during this period.

For the second half of 2021, the Group is strengthening its footprints in Setia Alam, Setia Ecohill 2, Setia Eco Park, Setia Eco Glades, Setia Mayuri, Temasya Glenmarie, Bandar Kinrara, Setia Alam Impian, Setia Fontaines, Kota Bayuemas, Taman Rinting, Taman Industri Jaya and Setia Tropika by offering new planned launches with a combined GDV of RM2.47 billion.

Overall, the Group remains positive and focus to accomplish its sales target of RM3.80 billion which is underpinned by the strong pent-up demand from the home buyers under the pandemic backdrop. The property sector is expected to see a modest recovery in the coming quarters given the imposition of current tight restrictions on the economy and the inter-district or interstate travel. Nevertheless, with the acceleration of the national immunisation programme bringing forward herd immunity, it is hoped this would allow for the economy to be reopened in stages and the recovery process to be faster.

The Group is currently backed by 47 on-going projects and an effective remaining land banks of 7,483 acres with a GDV of RM125.1 billion. Supported by an unbilled sales totalling RM10.30 billion as at 30 June 2021, this will sustain 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

	Q2 2021	Q2 2020	PTD 2021	PTD 2020
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Taxation				
- current taxation	59,607	23,533	108,635	67,043
- deferred taxation	(4,881)	(46,935)	(5,647)	(43,560)
	54,726	(23,402)	102,988	23,483
	54,726	(23,402)	102,988	23,483

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

6. Status of Corporate Proposals

The following is the status update on the corporate proposal that has been announced by the Company and not completed as at 11 August 2021 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial report):

Islamic Medium Term Notes Programme of up to RM3.0 billion in nominal value based on the shariah principle of Wakalah Bi Al-Istithmar ("Sukuk Wakalah Programme")

On 4 May 2021, the Company made a lodgement to the Securities Commission Malaysia ("SC") for the establishment of the 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 final rating of the Sukuk Wakalah Programme is AA_{IS}.

On 25 June 2021, the Company has successfully issued a RM800 million nominal value of the rated and unsecured sukuk, proceeds of which will be used for the Group's project development, refinance its borrowings and general corporate purposes.

The issuance comprises a RM500 million five-year tranche and a RM300 million seven-year tranche, out of the Sukuk Wakalah Programme.

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 30 June 2021 were as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short-term borrowings - Islamic	414,667	755,511	1,170,178
Short-term borrowings - Conventional	696,987	534,998	1,231,985
Long-term borrowings - Islamic	2,585,143	3,289,225	5,874,368
Long-term borrowings - Conventional	3,024,967	1,741,519	4,766,486
Redeemable cumulative preference shares	-	37,549	37,549
	6,721,764	6,358,802	13,080,566

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

	Secured RM'000	Unsecured RM'000	Total RM'000
Malaysian Ringgit	5,062,952	4,489,390	9,552,342
Great British Pound	-	1,729,682	1,729,682
Australian Dollar	1,021,030	-	1,021,030
Singapore Dollar	596,854	-	596,854
United States Dollar	-	139,730	139,730
Japanese Yen	40,928	-	40,928
	6,721,764	6,358,802	13,080,566

8. Material Litigation

Except for the contingent liabilities disclosed above, the Group was not engaged in any material litigation as at 11 August 2021 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial report).

9. Dividends Declared

- (a) The Board of Directors has declared preferential dividends in respect of the financial period from 1 January 2021 to 30 June 2021, for the RCPS-i A and RCPS-i B.
- (i) Preferential dividend rate
 - RCPS-i A : 6.49% per annum
 - RCPS-i B : 5.93% per annum
 - (ii) Previous corresponding financial period
 - RCPS-i A : 6.49% per annum
 - RCPS-i B : 5.93% per annum
 - (iii) Date payable : To be determined later
 - (iv) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at a date to be determined later.
- (b) No interim dividend has been declared in respect of ordinary share for the financial period ended 30 June 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/loss 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:-

	Q2 2021 '000	Q2 2020 '000 Restated	PTD 2021 '000	PTD 2020 '000 Restated
Profit/(Loss) attributable to owners of the Company (RM)	74,806	(134,338)	150,037	(110,245)
- 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)	74,806	(134,338)	84,016	(176,269)
Number of ordinary shares in issue	4,056,733	4,042,482	4,056,733	4,042,482
Basic earnings/(loss) per share (sen)	1.84	(3.32)	2.07	(4.36)

Diluted Earnings Per Share

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

	Q2 2021 '000	Q2 2020 '000 Restated	PTD 2021 '000	PTD 2020 '000 Restated
Profit/(Loss) attributable to owners of the Company (RM)	74,806	(134,338)	150,037	(110,245)
- 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)	74,806	(134,338)	84,016	(176,269)
Weighted average number of ordinary shares as per Basic Earnings Per Share	4,056,733	4,042,482	4,056,733	4,042,482
Effect of potential exercise of LTIP	20,430	28,213	20,591	28,363
Weighted average number of ordinary shares	4,077,163	4,070,695	4,077,324	4,070,845
Diluted earnings/(loss) per share (sen)	1.83	(3.30)	2.06	(4.33)

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

11. Notes to the Statement of Comprehensive Income

	Q2 2021	PTD 2021
	RM'000	RM'000
Interest income	19,941	37,796
Other income including investment income	20,302	39,913
Interest expense	(50,761)	(97,673)
Depreciation and amortisation	(8,229)	(16,529)
Reversal of provision of doubtful debts for trade and other receivables	-	68
Reversal of impairment of completed inventories	423	1,217
Net loss on disposal of quoted or unquoted investments or properties	(231)	(78)
Write off of property, plant and equipment	(5)	(7)
Fair value gain/(loss) on investment properties	-	-
Net foreign exchange gain/(loss)	1,103	(30,985)
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.