



TELADAN SETIA GROUP BERHAD

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

Incorporated in Malaysia

**INTERIM FINANCIAL REPORT
FOR THE FOURTH (4TH) QUARTER ENDED
31 DECEMBER 2022**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022⁽¹⁾

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter 31.12.2022 RM'000	Preceding Year Corresponding Quarter 31.12.2021 RM'000 Reclassified	Current Year-To- Date 31.12.2022 RM'000	Preceding Year Corresponding Period 31.12.2021 RM'000 Reclassified
Revenue		46,038	68,595	256,419	196,905
Cost of sales		(43,111)	(48,925)	(188,072)	(135,095)
Gross profit ("GP")		2,927	19,670	68,347	61,810
Other operating income		1,355	881	2,219	2,466
Other operating expenses		2,589	(1,447)	(3,921)	(3,324)
Administrative expenses		(7,651)	(6,454)	(17,834)	(16,351)
Finance costs		1,620	(37)	(776)	(335)
Profit before tax ("PBT")	B12	840	12,613	48,035	44,266
Taxation	B5	(988)	(3,346)	(12,819)	(11,529)
(Loss)/Profit after tax ("LAT/PAT")		(148)	9,267	35,216	32,737
Net(loss)/profit and Total comprehensive (expenses)/income for the financial period attributable to:					
- Owners of the Company		(148)	9,267	35,216	32,737
Earnings per share attributable to owners of the Company					
• Basic EPS (sen) ⁽²⁾	B10	(0.02)	1.20	4.37	4.24
• Diluted EPS (sen) ⁽³⁾	B11	(0.02)	1.11	3.71	3.91

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022⁽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 Group's audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.
- (2) Basic earnings per share ("EPS") is calculated based on the Company's weighted average number of ordinary shares of 806,750,820 (31 December 2021: 772,203,481).
- (3) The calculation of diluted EPS has taken into consideration of the adjustment of weighted average number of ordinary shares in issue during the period for the dilutive effect of all potential ordinary shares.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022⁽¹⁾

	UNAUDITED	AUDITED
	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000 Reclassified
ASSETS		
Non-current assets		
Property, plant and equipment	19,597	8,744
Right-of-use assets	923	466
Deferred tax assets	1,128	-
Inventories	392,378	242,313
Total non-current assets	414,026	251,523
Current Assets		
Inventories	233,495	265,462
Trade and other receivables	19,949	45,396
Contract assets	33,934	77,960
Contract cost assets	30,183	21,795
Current tax assets	433	391
Cash and cash equivalents	132,674	83,461
Total current assets	450,668	494,465
TOTAL ASSETS	864,694	745,988
EQUITY AND LIABILITIES		
Equity		
Share capital	398,243	397,045
Merger reserve	(318,369)	(318,369)
Retained profits	415,527	390,781
Total Equity	495,401	469,457
Liabilities		
Non-current liabilities		
Bank borrowings	269,588	209,270
Lease liabilities	597	326
Finance lease liabilities	616	153
Deferred tax liabilities	1,073	46
Total non-current liabilities	271,874	209,795
Current liabilities		
Trade and other payables	62,296	40,187
Contract liabilities	626	-
Bank borrowings	33,220	23,606
Lease liabilities	393	176
Finance lease liabilities	339	189
Current tax liabilities	545	2,578
Total current liabilities	97,419	66,736
TOTAL LIABILITIES	369,293	276,531
TOTAL EQUITY AND LIABILITIES	864,694	745,988
NET ASSETS PER SHARE (RM)⁽²⁾	0.61	0.61

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS
AT 31 DECEMBER 2022⁽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 Group's audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per ordinary share is calculated based on the Company's weighted average number of ordinary shares of 806,750,820 (31 December 2021: 772,203,481).

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022 ⁽¹⁾

	Share capital RM'000	Contributed capital RM'000	Merger reserve RM'000	Retained profits RM'000	Total equity RM'000
<u>Unaudited</u>					
Balance as at 1.1.2022	397,045	-	(318,369)	390,781	469,457
Net profit and total comprehensive income for the financial year	-	-	-	35,216	35,216
Dividend	-	-	-	(10,470)	(10,470)
Issuance of ordinary shares pursuant to warrant exercised	1,198	-	-	-	1,198
Balance as at 31.12.2022	398,243	-	(318,369)	415,527	495,401
<u>Audited</u>					
Balance as at 1.1.2021	*(2)	3,750	-	365,935	369,685
Effects of adoption of the Agenda Decision	-	-	-	162	162
Restated balance as at 1.1.2021	*(2)	3,750	-	366,097	369,847
Net profit and total comprehensive income for the financial year	-	-	-	32,737	32,737
Acquisition via merger	322,119	(3,750)	(318,369)	-	-
Issuance of ordinary shares for the Public Issue	77,309	-	-	-	77,309
Listing expenses	(2,383)	-	-	-	(2,383)
Dividend	-	-	-	(8,053)	(8,053)
Total transactions with owners of the Company for the financial year	397,045	(3,750)	(318,369)	(8,053)	66,873
Balance as at 31.12.2021	397,045	-	(318,369)	390,781	469,457

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 Group's audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.
- (2) The share capital as at 1 January 2021 was RM2.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022⁽¹⁾

	UNAUDITED Current Year- To-Date 31.12.2022 RM'000	AUDITED Preceding Corresponding Period 31.12.2021 RM'000 Reclassified
Cash Flows from Operating Activities		
Profit before taxation	48,035	44,266
Adjustments for:		
Depreciation of property, plant and equipment	965	1,012
Depreciation of right-of-use assets	231	171
Interest expense	3,210	284
Interest expense on lease liabilities	93	51
Interest income	(1,081)	(1,380)
Gain on lease modification	(8)	-
Gain on bargain purchase	(44)	-
(Gain)/Loss on disposal of property, plant and equipment	(503)	1
Property, plant and equipment written off	8	-
	<hr/>	<hr/>
Operating profit before working capital changes	50,906	44,405
Change in working capital		
Inventories	32,504	120
Trade and other receivables	27,329	(1,409)
Contract cost assets	(8,388)	(1,553)
Contract assets/liabilities	44,653	(30,838)
Trade and other payables	10,221	3,027
	<hr/>	<hr/>
	106,319	(30,653)
Cash generated from operations	157,225	13,752
Interest paid	(3,210)	(284)
Interest received	1,081	1,380
Tax paid	(16,384)	(10,130)
Tax refunded	712	-
	<hr/>	<hr/>
Net cash generated from operating activities	139,424	4,718
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(10,869)	(2,185)
Placement of fixed deposits	(983)	(4,262)
Additions to inventories - land held for property development	(33,601)	(32,996)
Deposit paid for acquisition of development land	(1,882)	(11,790)
Proceeds from disposal of property, plant and equipment	525	2
Acquisition of subsidiary	(890)	-
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Net cash used in investing activities	(47,700)	(51,231)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2022⁽¹⁾ (CONT'D)**

	UNAUDITED Current Year- To-Date 31.12.2022 RM'000	AUDITED Preceding Corresponding Period 31.12.2021 RM'000 Reclassified
Cash Flows from Financing Activities		
Dividend paid	(10,470)	(8,053)
Interest paid	(9,314)	(6,199)
Interest paid on lease liabilities	(93)	(51)
Issuance of shares	1,198	74,926
Drawdown from borrowings	3,521	14,339
Repayment of		
- borrowings	(27,892)	(20,066)
- finance lease liabilities	(253)	(204)
- lease liabilities	(192)	(163)
Net cash (used in)/generated from financing activities	<u>(43,495)</u>	<u>54,529</u>
Net increase in cash and cash equivalents	48,229	8,016
Cash and cash equivalents at the beginning of the financial year	<u>64,917</u>	<u>56,901</u>
Cash and cash equivalents at the end of the financial year	<u><u>113,146</u></u>	<u><u>64,917</u></u>
Cash and cash equivalents at the end of the financial year comprise the followings:		
Cash and bank balances	102,916	20,347
Fixed deposits placed with licensed banks	22,651	21,602
Short term investment	7,107	41,512
Balance as stated in the Statement of Financial Position	<u>132,674</u>	<u>83,461</u>
Less: Bank overdrafts	(2)	-
Less: Fixed deposits pledged with licensed banks	<u>(19,526)</u>	<u>(18,544)</u>
Balance for Statement of Cash Flows purposes	<u><u>113,146</u></u>	<u><u>64,917</u></u>

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 Group's audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

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 interim financial report should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 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 audited report and combined financial statements for the financial year ended 31 December 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 *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 116 *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts–Cost of Fulfilling a Contract*
- Annual Improvements to MFRS Standards 2018–2020

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.

In the current financial year, the Group had assessed that in the prior financial years, certain costs to fulfil contracts with customers are to be reclassified from property development costs. As a result of which, the reclassification of RM19.7 million were to made as of 31 December 2021 in the Group’s statements of financial position.

In addition, costs to obtain contracts with customers are to be reclassified from contract assets to contract costs assets. As a result of which, the reclassification of RM2.1 million were to made as of 31 December 2021 in the Group’s statements of financial position.

Besides, sales commission which related to sales of properties are to be reclassified from other operating expenses to cost of sales. As a result of which, the reclassification of RM2.9 million were to made in Group’s statement of profit or loss and other comprehensive income for year ended 31 December 2021.

An amount of RM11,789,775, which pertains to deposit paid for acquisition of development land, has been reclassified to cash flows from investing activities to conform with the current year’s financial statements presentation of the Group. This deposit paid is related to the acquisition of a long-term asset and presenting it as cash flows from investing activity is the most appropriate to its business.

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 financial effects of the abovementioned prior year reclassification in certain comparative amounts to conform with the current year’s financial statements presentation of the Group are as follows:

(i) Impact on the Group’s statements of financial position as at 31 December 2021

	As per previously reported RM’000	Reclassification RM’000	As reclassified RM’000
ASSETS			
Current assets			
Inventories	285,164	(19,702)	265,462
Contract assets	80,053	(2,093)	77,960
Contract cost assets	-	21,795	21,795

(ii) Impact on the Group’s statements of cash flow as at 31 December 2021

	As per previously reported RM’000	Reclassification RM’000	As reclassified RM’000
Change in working capital			
Inventories	(2,180)	2,300	120
Trade and other receivables	(13,199)	11,790	(1,409)
Contract cost assets	-	(1,553)	(1,553)
Contract assets	(30,091)	(747)	(30,838)
Cash Flow from Investing Activities			
Deposit paid for acquisition of development land	-	(11,790)	(11,790)

(iii) Impact on the Group’s statements of profit or loss and other comprehensive income for the financial year ended 31 December 2021

	As per previously reported RM’000	Reclassification RM’000	As reclassified RM’000
<u>Cumulative quarter</u>			
Cost of sales	(47,922)	(1,003)	(48,925)
Other operating expenses	(2,450)	1,003	(1,447)
<u>Individual quarter</u>			
Cost of sales	(132,134)	(2,961)	(135,095)
Other operating expenses	(6,285)	2,961	(3,324)

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

A3. Auditors’ report on preceding annual financial statements

The audited report and financial statements of TSG for the financial year ended 31 December 2021 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.

A7. Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter except for the following:

Warrants

During the current financial period, the Company issued 1,888,400 new ordinary shares for cash at RM944,200 pursuant to the exercise of warrants. As at 31 December 2022, the outstanding unexercised number of warrants was 239,193,497.

A8. Dividends paid

There were no dividends 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.

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

A10. Capital commitments

	UNAUDITED
	As at
	31.12.2022
	RM’000
Authorised and not contracted for:	
- Land held for property development	<u>46,038</u>
Authorised and contracted for:	
- Land held for property development	50,713
- Capital Work in Progress	<u>16,646</u>

A11. Material Subsequent Events

On 31 January 2023, the Group via its subsidiary, Asal Harta Sdn Bhd (“AHSB”), entered into a sale and purchase agreement with a third party to purchase a piece of leasehold land forming part of the Master Land held under PN56725, Lot 11357, Kawasan Bandar XLII, Daerah Melaka for a purchase consideration of RM48,543,786.72.

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, other than as stated below:

- (i) On 8 December 2022, the Group via its subsidiary, Teladan Setia Sdn Bhd (“TSSB”), had acquired the entire issued and paid-up capital of Pavilion Link Sdn Bhd (“PLSB”) at a purchase consideration of RM100,000. PLSB became a wholly owned subsidiary of the TSSB and currently is dormant.
- (ii) On 22 December 2022, the Group via its subsidiary, TSSB, had acquired the entire issued and paid-up capital of Polyintan Sdn Bhd (“PSB”) at a purchase consideration of RM1,825,954. PSB became a wholly owned subsidiary of TSSB.

A13. Contingent assets and contingent liabilities

There were no contingent assets and contingent liabilities as at the date of this interim report.

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

A14. Related party transactions

	UNAUDITED
	As at
	31.12.2022
	RM
Transactions with director’s spouse:-	
- Progress billing on sales of properties	<u>345,720</u>
Transactions with a company in which a director has interest:-	
- Progress billing on sales of properties	313,695
- Provision of online investor relations services	<u>12,000</u>
Transactions with director:-	
- Progress billing on sales of properties	<u>245,000</u>

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

B1. Review of Performance

(a) Results for current quarter

	INDIVIDUAL QUARTER		VARIANCE	
	UNAUDITED 3 months ended 31.12.2022 RM'000	UNAUDITED 3 months ended 31.12.2021 RM'000	RM'000	%
Revenue	46,038	68,595	(22,557)	(32.88)
PBT	840	12,613	(11,773)	(93.34)

The Group recorded a revenue of RM46.04 million for the current financial quarter ended 31 December 2022 (Q4 2022) as compared to RM68.60 million in the same quarter ended 31 December 2021 (Q4 2021), a decrease of RM22.56 million. This quarter's revenue was mainly derived from Taman Desa Bertam Phase 3A and 3B and Taman Bertam Heights Phase 1B. The lower revenue is due to completion of Bali Residences and Taman Desa Bertam Phase 2 in last quarter.

The Group registered a PBT of RM0.84 million in Q4 2022 as compared to PBT of RM12.61 million in Q4 2021, which represents a decrease of RM11.77 million. The decrease in PBT was mainly due to lower revenue generated in Q4 2022 and increase in administrative expenses in Q4 2022.

(b) Results for financial year-to-date

	CUMULATIVE QUARTER		VARIANCE	
	UNAUDITED 12 months ended 31.12.2022 RM'000	UNAUDITED 12 months ended 31.12.2021 RM'000	RM'000	%
Revenue	256,419	196,905	59,514	30.22
PBT	48,035	44,266	3,769	8.51

The Group recorded a revenue of RM256.42 million for 12 months ended 31 December 2022 (Q4 YTD 2022), an increase of RM59.51 million from RM196.91 million for the 12 months ended 31 December 2021 (Q4 YTD 2021). This is mainly attributable to the recovery of the market and economic activities. In addition, the revenue recognition was boosted by the higher sales of our ongoing projects and newly launched projects after reopening of all the economic sectors.

The Group registered a PBT of RM48.04 million in Q4 YTD 2022 as compared to PBT of RM44.27 million in Q4 YTD 2021, which represents an increase of RM3.77 million. This increase is in line with the higher revenue generated in Q4 YTD 2022.

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

B2. Comparison with immediate preceding quarter's results

	INDIVIDUAL QUARTER		VARIANCE	
	UNAUDITED Current Quarter 31.12.2022 RM'000	UNAUDITED Preceding Quarter 30.09.2022 RM'000	RM'000	%
Revenue	46,038	75,875	(29,837)	(39.32)
PBT	840	15,508	(14,668)	(94.58)

The Group recorded revenue of RM46.04 million for the current financial quarter ended 31 December 2022 as compared to RM75.88 million in the preceding quarter ended 30 September 2022, an decrease of RM29.84 million during the current financial quarter. The decrease in revenue is mainly due to a decrease in revenue recognised from the completed project of Bali Residences and Taman Desa Bertam Phase 2.

The decrease in revenue was partially offset by:-

- (a) Ongoing development of Taman Desa Bertam Phase 3A which achieved higher percentage of completion of 83.55% in current financial quarter.
- (b) Ongoing development of Taman Desa Bertam Phase 3B2 & Phase 3B1 which achieved higher percentage of completion of 39.77% and 38.79% respectively in current financial quarter.
- (c) Ongoing development of Taman Bertam Heights Phase 1B which achieved higher percentage of completion of 15.51% in current financial quarter.

The Group registered a PBT of RM0.84 million in the current financial quarter under review, a decrease of RM14.67 million from PBT of RM15.51 million in the preceding quarter. This decrease is due to an increase in administrative expenses in the current quarter.

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PART 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 Next Financial Year

Against the backdrop of normalising economic activities, the property development market in Malaysia is regaining its momentum with the pent-up demand for residential properties as well as the recovery in the tourism industry.

In FY2022, Teladan Setia Group Berhad (“Teladan” or “Group”) launched properties with an accumulated Gross Development Value (“GDV”) of RM307.2 million. With that, the Group has reported a 2-fold increase in property sales to RM278.6 million in FY2022, from RM115.9 million recorded last year.

The stronger performance was attributed to a higher number of new developments introduced this year, including Taman Bertam Heights Phase 1B, Taman Desa Bertam Phases 3B1 and 4A, as well as Taman Impiana Kesang Phase 1A.

Despite positive consumer sentiments, the demand for properties nationwide may be moderated by the headwinds of inflationary pressures, interest rate hikes, and supply chain constraints. Nonetheless, Teladan is proactively managing the expected challenges with well-strategized property rollouts in suiting market needs.

In addition, the Group is actively accumulating strategic land parcels that yield potential commercial value for future development. As at 31 December 2022, Teladan has accumulated a total undeveloped landbank of 983.4 acres.

In FY2023, Teladan is planning to launch its maiden development outside of Melaka. Located in Seri Kembangan, Selangor, the high-rise serviced apartment project is in close proximity to a train station and a shopping mall and is slated to have a GDV of RM574.5 million.

Leveraging on Teladan’s sufficient landbank inventory, prudent management, and strategic rollouts of property development, the Group is optimistic about maintaining a healthy financial performance under the current business landscape.

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

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 Current Year- Quarter 31.12.2022 RM'000	Audited Preceding Year Corresponding Quarter 31.12.2021 RM'000	Unaudited Current Year- To-Date 31.12.2022 RM'000	Audited Preceding Year Corresponding Period 31.12.2021 RM'000
Income tax expense:				
- Current year	1,767	3,239	13,608	11,378
- Prior years	-	151	(10)	151
Deferred tax expense:				
- Current year	(1,011)	(6)	(1,011)	-
- Prior years	232	(38)	232	-
Total tax expense	988	3,346	12,819	11,529
Effective tax rate (%)	117.62	26.53	26.69	26.04

Notes:

- (1) The applicable Malaysian income tax rate is 24% for the financial period ended 31 December 2022. 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.
- (2) Income tax expenses are recognised based on management's estimate.

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PART 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

There were no material corporate proposals announced and not completed as at the date of this report.

B7. Bank borrowings

	<u>UNAUDITED</u>	<u>AUDITED</u>
	As at	As at
	31.12.2022	31.12.2021
	RM'000	RM'000
Non-current:		
Term loans	269,588	209,270
Finance lease liabilities	616	153
	<u>270,204</u>	<u>209,423</u>
Current:		
Term loans	33,218	23,606
Bank overdraft	2	-
Finance lease liabilities	339	189
	<u>33,559</u>	<u>23,795</u>
Total bank borrowings	<u>303,763</u>	<u>233,218</u>

The borrowings are denominated in Ringgit Malaysia.

B8. Material litigation

There were no material litigation involving the Group as at 31 December 2022.

B9. Dividend proposed

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

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

B10. 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	
	Current Year-Quarter 31.12.2022	Preceding Year Corresponding Quarter 31.12.2021	Current Year-To-Date 31.12.2022	Preceding Year Corresponding Period 31.12.2021
Net (loss)/profit for the period (RM'000)	(148)	9,267	35,216	32,727
Share capital after acquisition of subsidiary via merger ('000)	644,238	644,238	644,238	644,238
Issuance of ordinary shares for the Public Issue ('000)	161,060	127,965	161,060	127,965
Conversion of warrants to ordinary shares ('000)	1,453	-	1,453	-
Weighted average number of ordinary shares ('000)	806,751	772,203	806,751	772,203
Basic EPS (sen) ⁽¹⁾	(0.02)	1.20	4.37	4.24

Notes:

- (1) Basic earnings per share ("EPS") is calculated based on the Company's weighted average number of ordinary shares of 806,750,820 (31 December 2021: 772,203,481).

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

B11. Diluted EPS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year-Quarter 31.12.2022	Preceding Year Corresponding Quarter 31.12.2021	Current Year-To-Date 31.12.2022	Preceding Year Corresponding Period 31.12.2021
Net (loss)/profit for the period (RM'000)	(148)	9,267	35,216	32,737
Weighted average number of shares used in the calculation of basic earnings per share ('000)	806,751	772,203	806,751	772,203
Adjustment for shares from assumed exercise of warrants ('000)	141,604	65,527	141,604	65,527
Weighted average number of ordinary shares at 30 December ('000)	948,355	837,730	948,355	837,730
Diluted EPS (sen) ⁽¹⁾	(0.02)	1.11	3.71	3.91

Notes:

- (1) The calculation of diluted EPS has taken into consideration of the adjustment of weighted average number of ordinary shares in issue during the period for the dilutive effect of all potential ordinary shares.

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PART 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 Profit or Loss and Other Comprehensive Income

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year-Quarter 31.12.2022 RM'000	Preceding Year Corresponding Quarter 31.12.2021 RM'000	Current Year-To-Date 31.12.2022 RM'000	Preceding Year Corresponding Period 31.12.2021 RM'000
Depreciation of property, plant and equipment	278	251	965	1,012
Depreciation of right-of-use asset	101	43	231	171
Interest expense	845	23	3,210	284
Interest expense on lease liabilities	63	14	93	51
Interest income	(452)	(305)	(1,081)	(1,380)
Gain on lease modification	(8)	-	(8)	-
Gain on bargain purchase	(44)	-	(44)	-
Property, plant and equipment written off	8	-	8	-
(Gain)/Loss on disposal of property, plant and equipment	(421)	-	(503)	1

BY ORDER OF THE BOARD

TELADAN SETIA GROUP BERHAD

24 FEBRUARY 2023