



TELADAN SETIA GROUP BERHAD

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

Incorporated in Malaysia

**INTERIM FINANCIAL REPORT
FOR THE FOURTH (4TH) QUARTER ENDED
31 DECEMBER 2021**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2021⁽¹⁾

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter 31.12.2021 RM'000	Preceding Year Corresponding Quarter 31.12.2020 RM'000 Restated	Current Year-To- Date 31.12.2021 RM'000	Preceding Year Corresponding Period 31.12.2020 RM'000 Restated
Revenue		68,595	49,538	196,905	149,566
Cost of sales		(47,922)	(31,742)	(132,134)	(95,370)
Gross profit ("GP")		20,673	17,796	64,771	54,196
Other operating income		881	436	2,466	2,754
Other operating expenses		(2,450)	(1,923)	(6,285)	(8,422)
Administrative expenses		(6,454)	(5,030)	(16,351)	(13,068)
Finance costs		(37)	(150)	(335)	(616)
Profit before tax ("PBT")	B13	12,613	11,129	44,266	34,844
Taxation	B5	(3,346)	(2,720)	(11,529)	(9,197)
Profit after tax ("PAT")		9,267	8,409	32,737	25,647
Profit/Total comprehensive income for the financial year attributable to:					
- Owners of the Company		9,267	8,409	32,737	25,647
Earnings per share attributable to owners of the Company					
• Basic EPS (sen) ⁽²⁾	B11	1.15	1.31	4.07	3.98
• Diluted EPS (sen) ⁽³⁾	B12	1.09	1.04	3.86	3.18

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2021⁽¹⁾ (CONT'D)

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the audited report and combined financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.
- (2) Basic earnings per share (“EPS”) is calculated based on the Company’s share capital of 805,298,002 ordinary shares (31 December 2020: 644,238,002 shares).
- (3) The calculation of diluted EPS has taken into consideration of the adjustment of weighted average number of ordinary shares in issue during the year for the dilutive effect of all potential ordinary shares.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021⁽¹⁾

	<u>UNAUDITED</u>	<u>AUDITED</u>	<u>AUDITED</u>
	As at 31.12.2021 RM'000	As at 31.12.2020 RM'000 Restated	As at 1.1.2020 RM'000 Restated
ASSETS			
Non-current assets			
Property, plant and equipment	8,744	4,323	5,348
Right-of-use asset	466	242	408
Inventories	242,313	112,401	186,263
Total non-current assets	<u>251,523</u>	<u>116,966</u>	<u>192,019</u>
Current Assets			
Inventories	285,164	264,648	168,109
Trade and other receivables	45,291	33,657	27,742
Contract assets	80,053	49,962	61,052
Current tax assets	391	265	1,467
Cash and cash equivalents	83,461	76,324	92,297
Total current assets	<u>494,360</u>	<u>424,856</u>	<u>350,667</u>
TOTAL ASSETS	<u>745,883</u>	<u>541,822</u>	<u>542,686</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	397,045	3,750	3,750
Merger deficit	(318,369)	-	-
Retained profits	390,781	366,097	340,450
Total Equity	<u>469,457</u>	<u>369,847</u>	<u>344,200</u>
Liabilities			
Non-current liabilities			
Bank borrowings	209,270	110,576	105,913
Lease liabilities	326	176	270
Finance lease liabilities	153	223	369
Deferred tax liabilities	46	46	46
Total non-current liabilities	<u>209,795</u>	<u>111,021</u>	<u>106,598</u>
Current liabilities			
Trade and other payables	40,082	37,160	68,858
Bank borrowings	23,606	22,474	22,462
Lease liabilities	176	94	179
Finance lease liabilities	189	174	216
Current tax liabilities	2,578	1,052	173
Total current liabilities	<u>66,631</u>	<u>60,954</u>	<u>91,888</u>
TOTAL LIABILITIES	<u>276,426</u>	<u>171,975</u>	<u>198,486</u>
TOTAL EQUITY AND LIABILITIES	<u>745,883</u>	<u>541,822</u>	<u>542,686</u>
NET ASSETS PER SHARE (RM)⁽²⁾	<u>0.58</u>	<u>0.57</u>	<u>0.53</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021⁽¹⁾ (CONT'D)

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the audited report and combined financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per ordinary share is calculated based on the Company's number of ordinary shares as at 31 December 2021 of 805,298,002 shares (31 December 2020: 644,238,002 shares).

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2021 ⁽¹⁾

	Share capital RM'000	Merger deficit RM'000	Retained profits RM'000	Total equity RM'000
<u>Unaudited</u>				
Balance as at 1 January 2021	3,750	-	365,935	369,685
Effects of adoption of the Agenda Decision	-	-	162	162
At 1 January 2021 (restated)	3,750	-	366,097	369,847
Contributions by and distribution to				
- Issuance of shares pursuant to acquisition of subsidiary company	318,369	(318,369)	-	-
- Issuance of shares	77,309	-	-	77,309
- Listing expenses	(2,383)	-	-	(2,383)
	397,045	(318,369)	366,097	444,773
Dividend	-	-	(8,053)	(8,053)
Net profit and total comprehensive income for the financial year	-	-	32,737	32,737
Balance as at 31 December 2021	397,045	(318,369)	390,781	469,457
<u>Audited</u>				
Balance as at 1 January 2020	3,750	-	340,656	344,406
Effects of adoption of the Agenda Decision	-	-	(206)	(206)
At 1 January 2020 (restated)	3,750	-	340,450	344,200
Net profit and total comprehensive income for the financial year	-	-	25,647	25,647
Balance as at 31 December 2020	3,750	-	366,097	369,847

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 audited report and combined financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2021⁽¹⁾**

	UNAUDITED Current Year- To-Date 31.12.2021 RM'000	AUDITED Preceding Corresponding Period 31.12.2020 RM'000 Restated
Cash Flows from Operating Activities		
Profit before taxation	44,266	34,844
Adjustments for:		
Depreciation of property, plant and equipment	1,012	1,019
Depreciation of right-of-use assets	171	166
Interest expense	284	581
Interest expenses on lease liabilities	51	35
Interest income	(1,380)	(1,721)
Loss/(Gain) on disposal of property, plant and equipment	1	(277)
Operating profit before working capital changes	44,405	34,647
Change in working capital		
Inventories	2,869	(1,956)
Trade and other receivables	(15,388)	(5,334)
Contract assets	(30,091)	11,089
Trade and other payables	2,922	(17,999)
	(39,688)	(14,200)
Cash generated from operations	4,717	20,447
Interest paid	(284)	(581)
Interest received	1,380	1,721
Tax paid	(10,130)	(10,552)
Tax refund	-	3,436
Net cash (used in)/generated from operating activities	(4,317)	14,471
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(2,185)	(62)
Placement of fixed deposits	(4,261)	(694)
Purchase of land held for property development	(35,769)	(5,211)
Proceeds from disposal of property, plant and equipment	2	345
Net cash used in investing activities	(42,213)	(5,622)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2021⁽¹⁾ (CONT'D)**

	UNAUDITED Current Year- To-Date 31.12.2021 RM'000	AUDITED Preceding Corresponding Period 31.12.2020 RM'000 Restated
Cash Flows from Financing Activities		
Dividend paid	(8,053)	(13,700)
Interest paid	(6,182)	(6,889)
Interest paid on lease liabilities	(51)	(35)
Issuance of share capital	74,926	-
Proceeds from borrowings	14,339	35,398
Repayment of		
- borrowings	(20,066)	(40,317)
- finance lease liabilities	(204)	(189)
- lease liabilities	(163)	(179)
Net cash generated from/(used in) financing activities	<u>54,546</u>	<u>(25,911)</u>
Net increase/(decrease) in cash and cash equivalents	8,016	(17,062)
Cash and cash equivalents at the beginning of the financial year	<u>56,901</u>	<u>73,963</u>
Cash and cash equivalents at the end of the financial year	<u><u>64,917</u></u>	<u><u>56,901</u></u>
Cash and cash equivalents at the end of the financial year comprise the followings:		
Cash and bank balances	20,347	20,638
Fixed deposits placed with licensed banks	21,602	18,226
Short term investment	41,512	37,460
Balance as stated in the Statement of Financial Position	<u>83,461</u>	<u>76,324</u>
Less: Bank overdrafts	-	(5,140)
Less: Fixed deposits pledged with licensed banks	(18,409)	(14,151)
Less: Fixed deposits mature in more than three months	(135)	(132)
Balance for Statement of Cash Flows purposes	<u><u>64,917</u></u>	<u><u>56,901</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 audited report and combined financial statements for the financial year ended 31 December 2020 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 audited report and combined financial statements for the financial year ended 31 December 2020 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 2020, except for the adoption of the following new amendments to MFRSs relevant to the current operations of the Group:

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

- Amendments to MFRS 3 Definition of Business
- Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform
- Amendments to MFRS 101 and MFRS 108 Definition of Material
- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 16 Covid-19-Related Rent Concessions
- IFRS Interpretations Committee (“IFRIC”)’s Agenda Decision on IAS 23 Borrowing Costs (“Agenda Decision”)

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. The financial impact arising from the adoption of the Agenda Decision is discussed below.

In the current financial year, the Group has recorded the following prior year adjustments:

- a) On 18 December 2018, the Malaysian Accounting Standards Board (“MASB”) has issued for public comment six Tentative Agenda Decisions (“TAD”) published by the IFRS Interpretations Committee, including the TAD on International Accounting Standards 23 Borrowing Costs (“IAS 23”) relating to over time transfer of constructed good.

The MASB observed that non-private entities in the real estate industry might need to change their accounting policy as a result of the Agenda Decision on IAS 23. In ensuring consistent application of the MFRSs, which are word for word the IFRS Standards, the MASB has decided that an entity shall apply the change in accounting policy as a result of the Agenda Decision on IAS 23 to financial statements of annual periods beginning on or after 1 July 2020.

Effective 1 January 2021, the Group had retrospectively applied the Agenda Decision and comparative figures have been restated as a result of transition requirement under Agenda Decision.

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

A2. Summary of Significant Accounting Policies (continued)

- b) In the current financial year, the Group had assessed that in the prior financial years, it had not classified certain cost of development related to land held for property development from property development costs. As a result of which, the non-current assets of inventories of the Group was understated by RM13.3 million and the current assets of inventories of the Group was overstated by RM13.3 million for the previous financial year ended 31 December 2020. The non-current assets of inventories of the Group was understated by RM14.5 million and the current assets of inventories of the Group was overstated by RM14.5 million for the beginning of previous financial year as of 1 January 2020.

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

	(a) Effects of the Agenda Decision	(b) Prior year reclassification	As restated	
As per previously reported	RM’000	RM’000	RM’000	
COMBINED STATEMENT OF FINANCIAL POSITION (EXTRACT)				
AT 31 DECEMBER 2020				
ASSETS				
Non-current assets				
Inventories	99,127	-	13,274	112,401
Current assets				
Inventories	277,760	162	(13,274)	264,648
EQUITY				
Retained earnings	(365,935)	(162)	-	(366,097)

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

A2. Summary of Significant Accounting Policies (continued)

	As per previously reported RM’000	(a) Effects of the Agenda Decision RM’000	(b) Prior year reclassification RM’000	As restated RM’000
COMBINED STATEMENT OF FINANCIAL POSITION (EXTRACT)				
AT 1 JANUARY 2020				
ASSETS				
Non-current assets				
Inventories	171,748	-	14,515	186,263
Current assets				
Inventories	182,830	(206)	(14,515)	168,109
EQUITY				
Retained earnings	(340,656)	206	-	(340,450)

COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2020 (EXTRACT)

INDIVIDUAL QUARTER

Cost of sales	(32,174)	432	-	(31,742)
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CUMULATIVE QUARTER

Cost of sales	(95,738)	368	-	(95,370)
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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 2020 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

(a) Public Issue and Listing

The Company has successfully undertaken a public issue of 161,060,000 new Shares at an issue price of RM0.48 per Share, representing approximately 20.00% of the enlarged issued share capital of RM399,427,802 comprising 850,298,002 Shares, payable in full upon application in conjunction with the listing and quotation of the entire and enlarged issued and paid-up share capital on the ACE Market of Bursa Securities. The Public Issue Shares have been fully allotted to the new shareholders of the Company on 16 March 2021.

(b) Listing

The effects on the results of the Group arising from (a) above have been reflected in the Unaudited Consolidated Statements of Financial Position of the Group included in this interim financial report. The Company’s issued and paid-up capital comprising 161,060,000 Shares have been listed and quoted on the ACE Market of Bursa Securities on 16 March 2021.

(c) Bonus Issue of Warrants

On 27 August 2021, the shareholders of the Company had approved the bonus issue of warrants during the extraordinary general meeting. The bonus issue of 241,589,397 warrants on the basis of 3 warrants for every 10 existing ordinary shares held in the Company were issued and allotted on 21 September 2021. The exercise price of the warrants was fixed at RM0.50 per warrant.

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

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

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.

A10. Capital commitments

	UNAUDITED	AUDITED
	As at	As at
	31.12.2021	31.12.2020
	RM’000	RM’000
Authorised and contracted for:		
- Purchase of land held for property development	106,108	33,784
- Freehold land	-	4,010
- Acquisition of Polyintan Sdn. Bhd. (“Polyintan”) ⁽¹⁾	11,468	11,468
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Notes

(1) On 11 November 2020, the Group entered into a conditional share sale agreement with Polywell Enterprise Sdn. Bhd. to acquire the entire equity interest of Polyintan for a total purchase consideration of RM1,825,954. This acquisition is conditional upon Polyintan obtaining a development order for the land that it owns.

A11. Material Subsequent Events

There were no other material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report, except as disclosed in Note B6.

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:

On 11 November 2021, the Group via its subsidiary, Teladan Setia Sdn Bhd (“TSSB”), had acquired the entire issued and paid-up share capital of TS Power Sdn Bhd (“TPSB”) at a purchase consideration of RM2.00. TPSB became a wholly-owned subsidiary of the TSSB and currently is dormant.

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

A13. Contingent assets and contingent liabilities

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

	UNAUDITED	AUDITED
	As at	As at
	31.12.2021	31.12.2020
	RM’000	RM’000
Bank guarantee for deposits with the housing and local authorities as well as utilities provider	13,726	18,138

A14. Related party transactions

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

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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 31.12.2021 RM'000	UNAUDITED 3 months ended 31.12.2020 RM'000	RM'000	%
Revenue	68,595	49,538	19,057	38.47
PBT	12,613	11,129	1,484	13.33

The Group recorded a revenue of RM68.60 million for the current financial quarter ended 31 December 2021 (Q4 2021) as compared to RM49.54 million in the same quarter ended 31 December 2020 (Q4 2020), an increase of RM19.06 million. This quarter's revenue was mainly derived from Bali Residences and Taman Desa Bertam Phase 2 and 3A. The higher revenue is due to better sales and progress in terms of revenue recognition. Besides, there is a new launching of Taman Desa Bertam Phase 3B1 in current quarter.

The Group registered a PBT of RM12.61 million in Q4 2021 as compared to PBT of RM11.13 million in Q4 2020, which represents an increase of RM1.48 million. The improvement in PBT was mainly due to higher revenue generated in Q4 2021.

(b) Results for financial year-to-date

	CUMULATIVE QUARTER		VARIANCE	
	UNAUDITED 12 months ended 31.12.2021 RM'000	AUDITED 12 months ended 31.12.2020 RM'000	RM'000	%
Revenue	196,905	149,566	47,339	31.65
PBT	44,266	34,844	9,422	27.04

The Group recorded a revenue of RM196.91 million for 12 months ended 31 December 2021 (Q4 YTD 2021), an increase of RM47.34 million from RM149.57 million for the 12 months ended 31 December 2020 (Q4 YTD 2020). This is mainly attributable to the recovery of the market and economic activities followed by the rollout of the Covid 19 Immunisation Programme. In addition, the revenue recognition was boosted by the higher sales of our ongoing projects after reopening of all the economic sectors.

The Group registered a PBT of RM44.27 million in Q4 YTD 2021 as compared to PBT of RM34.84 million in Q4 YTD 2020, which represents an increase of RM9.42 million. This increase is in line with the higher revenue generated in Q4 YTD 2021.

PART B – EXPLANATORY NOTES PERSUANT 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 31.12.2021 RM'000	UNAUDITED Preceding Quarter 30.09.2021 RM'000	RM'000	%
Revenue	68,595	46,441	22,154	47.70
PBT	12,613	11,684	929	7.95

The Group recorded revenue of RM68.60 million for the current financial quarter ended 31 December 2021 as compared to RM46.44 million in the preceding quarter ended 30 September 2021, an increase of RM22.15 million during current financial quarter. The increase in revenue is contributed by Bali Residences which achieve a higher percentage of completion of 82.39% in the current financial quarter as compared to 74.49% in preceding quarter. In addition, Taman Desa Bertam Phase 2 and 3A also have achieved a higher percentage of completion of 74.44% and 28.35% respectively in current financial quarter as compared to 62.16% and 22.38% respectively in preceding quarter. In addition, Taman Desa Bertam Phase 3B1 which was launched in current quarter has achieved a percentage of completion of 14.11%.

The Group registered a PBT of RM12.61 million in the current financial quarter under review, an increase of RM0.93 million from PBT of RM11.68 million in the preceding quarter. This is mainly due to higher revenue and gross profit after deducting year end bonus declaration.

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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

Despite the Full Movement Control Order (FMCO) impact from June to August 2021, the Group manage to achieve RM162.74 million property sales in year 2021. With the successful national vaccination programme, the Board believes that this will provide a strong boost to both consumer and business confidence going forward, thus setting the stage for an economic rebound in 2022 which the Group is well positioned to take advantage of.

Looking at Melaka in particular, the prospect of the state's property sector is closely linked to economic activities such as tourism. With the reopening of borders for interstate travels, we are anticipating a steep recovery in the tourism sector due to pent-up demand. As the purchase power of locals increases, so does the demand for properties.

The Group's property development segment is expected to continue to be driven by on-going projects with an estimated gross development value ("GDV") of about RM641.3 million, subject to the market and economic conditions as well as approval from the relevant authorities.

Our major projects are as follows:

- (a) Bali Residences, Melaka – This mixed development project consists of 18 shoplots and 2 towers of service apartments with an estimated GDV of RM319.6 million;
- (b) Taman Desa Bertam (Phase 2), Melaka – This project consists of 2-storey landed terrace and 2-storey semi-detached houses on a 40.2-acres piece of land with an estimated GDV of RM143.1 million; and
- (c) Taman Desa Bertam (Phase 3A), Melaka – This project consists of 2-storey semi-detached houses with an estimated GDV of RM134.4 million. Further to Phase 3A of the project launched by our Group in September 2020, we had launched Phase 3B1 of Taman Desa Bertam in September 2021 with an estimated GDV of approximately RM44.2 million.

The Group planned to launch RM1.04 billion worth of residential projects in year 2022, which including, among others:

- (a) Taman Bertam Heights Phase 1A and 1B, a gated and guarded township and affordable homes with a GDV of RM242.7 million;
- (b) Lakeshore Residences, the Group maiden project in the Klang Valley with two blocks of serviced apartments valued at GDV of RM574.5 million;
- (c) Taman Desa Bertam Phase 3B2 and 4 which has a GDV of RM152.8 million; and
- (d) Taman Impiana Kesang Phase 1, an affordable homes project with a GDV of RM72.7 million.

In order to ensure sustainability in earnings and enhance shareholders' value, the Group continue to expand Teladan's business through the acquisition of landbank for future projects in Melaka. The Group has announced acquisitions of landbanks totalling 890 acres in year 2021 and this brings the Group's undeveloped landbank to 1,109 acres.

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	Audited	Unaudited	Audited
	Current Year-Quarter 31.12.2021 RM'000	Preceding Year Corresponding Quarter 31.12.2020 RM'000	Current Year-To-Date 31.12.2021 RM'000	Preceding Year Corresponding Period 31.12.2020 RM'000
Income tax expense:				
- Current year	3,239	2,720	11,378	9,341
- Prior years	151	-	151	(144)
Deferred tax expense:				
- Current year	(6)	-	-	77
- Prior years	(38)	-	-	(77)
Total tax expense	3,346	2,720	11,529	9,197
Effective tax rate (%)	26.53	25.43	26.04	26.68

Notes:

- (1) The applicable Malaysian income tax rate is 24% for the financial period ended 31 December 2021. The Company's effective tax rate for the current quarter and financial year under review is higher than the statutory tax rate primarily due to non-allowable expenses.
- (2) Income tax expenses are recognised based on management's estimate.

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, except for the following:

(i) Proposed Acquisition

- (a) On 14 April 2021, the Company announced that Asal Harta Sdn. Bhd, a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement (“SPA”) with Eramaju Tegas Sdn Bhd for the proposed acquisition of 3 pieces of leasehold lands, all situated in Mukim Ayer Panas, District of Jasin, State of Malacca, measuring in aggregate area of approximately 210.4 hectares for a total purchase consideration of RM95.10 million. The proposed acquisition is completed in December 2021.
- (b) On 6 September 2021, the Company announced that Riverwell Resources Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a conditional SPA with Bakat Muhibbah Sdn Bhd for the proposed acquisition of 5 pieces of leasehold lands, all situated in Mukim of Ayer Panas, District of Jasin, State of Melaka, measuring in aggregate area of approximately 136.9 hectares for a total purchase consideration of RM117.90 million. The said proposal had obtained shareholders’ approval at the extraordinary general meeting held on 26 November 2021. The proposed acquisition is expected to be completed in the first half of year 2022.

B7. Utilisation of proceeds from the IPO

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

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

Note:

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

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

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

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

B8. Bank borrowings

	<u>UNAUDITED</u>	<u>AUDITED</u>	<u>AUDITED</u>
	As at 31.12.2021 RM'000	As at 31.12.2020 RM'000	As at 1.1.2020 RM'000
Non-current:			
Term loan	209,270	110,576	105,913
Hire purchase payables	153	223	369
	<u>209,423</u>	<u>110,799</u>	<u>106,282</u>
Current:			
Term loan	23,606	12,981	17,717
Bank overdrafts	-	5,140	4,745
Bridging loan	-	4,353	-
Hire purchase payables	189	174	216
	<u>23,795</u>	<u>22,648</u>	<u>22,678</u>
Total bank borrowings	<u>233,218</u>	<u>133,447</u>	<u>128,960</u>

The borrowings are denominated in Ringgit Malaysia.

B9. Material litigation

There were no material litigation involving the group as at 31 December 2021.

B10. Dividend proposed

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

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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. Earnings per share

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current Year- Quarter 31.12.2021	Audited Preceding Year Corresponding Quarter 31.12.2020	Unaudited Current Year- To-Date 31.12.2021	Audited Preceding Year Corresponding Period 31.12.2020
Profit attributable to ordinary owners of the Company (RM'000)	9,267	8,409	32,737	25,647
Number of ordinary shares ('000)	805,298	644,238	805,298	644,238
Basic EPS (sen) ⁽¹⁾	1.15	1.31	4.07	3.98

Notes:

- (1) Basic earnings per share (“EPS”) is calculated based on the Company’s share capital of 805,298,002 ordinary shares (31 December 2020: 644,238,002 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. Diluted EPS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current Year- Quarter 31.12.2021	Audited Preceding Year Corresponding Quarter 31.12.2020	Unaudited Current Year- To-Date 31.12.2021	Audited Preceding Year Corresponding Period 31.12.2020
Net profit for the year (RM'000)	9,267	8,409	32,737	25,647
Weighted average number of shares used in the calculation of basic earnings per share ('000)	805,298	644,238	805,298	644,238
Adjustment for shares from assumed exercise of warrant ('000)	43,233	-	43,233	-
Adjustment for shares from public issue for IPO ('000)	-	161,060	-	161,060
Weighted average number of ordinary shares at 31 December ('000)	848,531	805,298	848,531	805,298
Diluted EPS (sen) ⁽¹⁾	1.09	1.04	3.86	3.18

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 year 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)

B13. Notes to the Statement of Comprehensive Income

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current Year- Quarter 31.12.2021 RM'000	Audited Preceding Year Corresponding Quarter 31.12.2020 RM'000	Unaudited Current Year- To-Date 31.12.2021 RM'000	Audited Preceding Year Corresponding Period 31.12.2020 RM'000
Depreciation of property, plant and equipment	251	251	1,012	1,019
Depreciation of right-of-use asset	43	41	171	166
Interest expense	23	141	284	581
Interest expense on lease liabilities	14	9	51	35
Interest income	(305)	(293)	(1,380)	(1,721)
Loss/(Gain) on disposal of property, plant and equipment	-	-	1	(277)

BY ORDER OF THE BOARD

TELADAN SETIA GROUP BERHAD

28 FEBRUARY 2022