

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

Interim Financial Report
30 April 2010

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S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 APRIL 2010

	(UNAUDITED) As At 30 April 2010 RM'000	(AUDITED) As At 31 October 2009 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	133,911	146,014
Investment Properties	245,409	197,587
Land Held for Property Development	1,185,895	1,211,522
Prepaid Lease Payments	866	870
Investment in Associated Companies	2,282	2,282
Other Investments	337	337
Amount Owing by Joint Venture Partner	-	7,166
Amount Owing by Jointly Controlled Entities	17,400	15,900
Deferred Tax Assets	38,488	33,141
	1,624,588	1,614,819
Current Assets		
Property Development Costs	862,518	897,949
Gross Amount Due From Customers	39,461	39,464
Inventories	22,380	27,318
Trade And Other Receivables	447,843	437,137
Amount Owing by Associated Companies	2	-
Amount Owing By Jointly Controlled Entities	25,346	19,367
Current Tax Assets	32,780	30,656
Deposits	366,263	610,315
Cash and Bank Balances	324,820	275,226
	2,121,413	2,337,432
TOTAL ASSETS	3,746,001	3,952,251
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	762,604	762,604
Reserves		
Share Premium	218,017	218,017
Option Reserve	14,048	6,988
Warrant Reserve	47,766	47,766
Exchange Translation Reserve	(4,736)	(933)
Retained Earnings	1,023,552	1,002,779
Equity Attributable to Equity Holders of the Company	2,061,251	2,037,221
Minority Interests	357	357
Total Equity	2,061,608	2,037,578
Non-current liabilities		
Long Term Borrowings	804,132	1,107,291
Other Long Term Liabilities	1,446	1,446
Deferred Tax Liabilities	2,066	981
	807,644	1,109,718
Current Liabilities		
Gross Amount Due To Customers	6,556	7,537
Trade And Other Payables	451,525	457,225
Short Term Borrowings	387,141	144,353
Bank Overdrafts	15,738	186,167
Current Tax Liabilities	15,789	9,673
	876,749	804,955
Total Liabilities	1,684,393	1,914,673
TOTAL EQUITY AND LIABILITIES	3,746,001	3,952,251
Net Assets Per Share (RM)	2.03	2.00

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 October 2009)

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 APRIL 2010
(The figures have not been audited)

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 April 2010	(RESTATED) 30 April 2009	30 April 2010	(RESTATED) 30 April 2009
	RM'000	RM'000	RM'000	RM'000
Revenue	409,074	352,151	772,970	649,225
Cost of sales	(314,176)	(279,062)	(595,362)	(507,163)
Gross profit	<u>94,898</u>	<u>73,089</u>	<u>177,608</u>	<u>142,062</u>
Other operating income	3,440	3,423	6,617	6,487
Selling and marketing expenses	(9,758)	(6,817)	(18,541)	(9,888)
Administrative and general expenses	(22,118)	(17,430)	(49,767)	(43,470)
Profit from operations	<u>66,462</u>	<u>52,265</u>	<u>115,917</u>	<u>95,191</u>
Net profit from investing activities	6,715	5,321	11,892	11,113
Share of profits less losses of associated companies	(3)	(41)	(1)	(9)
Finance costs	(2,170)	(1,861)	(4,452)	(3,797)
Profit before taxation	<u>71,004</u>	<u>55,684</u>	<u>123,356</u>	<u>102,498</u>
Taxation	(19,794)	(15,166)	(33,957)	(30,805)
Profit for the period	<u>51,210</u>	<u>40,518</u>	<u>89,399</u>	<u>71,693</u>
Attributable to:				
Equity holders of the Company	51,211	40,518	89,407	71,693
Minority interests	(1)	-	(8)	-
	<u>51,210</u>	<u>40,518</u>	<u>89,399</u>	<u>71,693</u>
Earnings per share attributable to equity holders of the Company				
- Basic earnings per share (sen)	<u>5.04</u>	<u>3.98</u>	<u>8.79</u>	<u>7.05</u>
- Diluted earnings per share (sen)	<u>4.94</u>	<u>- *</u>	<u>8.65</u>	<u>- *</u>

* *Anti-dilutive*

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 October 2009)

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 APRIL 2010
(The figures have not been audited)

	Attributable to Equity Holders of the Company						Minority Interests	Total Equity	
	Non-Distributable		Option Reserve RM'000	Warrant Reserve RM'000	Exchange Translation Reserve RM'000	Unappropriated Profit RM'000			Total RM'000
Share Capital RM'000	Share Premium RM'000								
Balance at 1.11.2009	762,604	218,017	6,988	47,766	(933)	1,002,779	2,037,221	357	2,037,578
Translation differences for the period	-	-	-	-	(3,803)	-	(3,803)	-	(3,803)
Profit for the period	-	-	-	-	-	89,407	89,407	(8)	89,399
Net (expense)/income recognised directly in equity	-	-	-	-	(3,803)	89,407	85,604	(8)	85,596
Dividend paid	-	-	-	-	-	(68,634)	(68,634)	-	(68,634)
Options granted under ESOS	-	-	7,060	-	-	-	7,060	-	7,060
Issuance of ordinary shares to minority shareholder	-	-	-	-	-	-	-	8	8
Balance at 30.04.2010	762,604	218,017	14,048	47,766	(4,736)	1,023,552	2,061,251	357	2,061,608
Balance at 1.11.2008	762,524	217,584	-	47,798	1,500	945,936	1,975,342	358	1,975,700
Translation differences for the period	-	-	-	-	(1,473)	-	(1,473)	-	(1,473)
Profit for the period	-	-	-	-	-	71,693	71,693	-	71,693
Net (expense)/income recognised directly in equity	-	-	-	-	(1,473)	71,693	70,220	-	70,220
Dividend paid	-	-	-	-	-	(76,260)	(76,260)	-	(76,260)
Issue of ordinary shares pursuant to - Exercise of Warrants	80	433	-	(32)	-	-	481	-	481
Balance at 30.04.2009	762,604	218,017	-	47,766	27	941,369	1,969,783	358	1,970,141

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 October 2009)

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 APRIL 2010
(The figures have not been audited)

	6 MONTHS ENDED 30 April 2010 RM'000	6 MONTHS ENDED (RESTATED) 30 April 2009 RM'000
Profit before taxation	123,356	102,498
Adjustments for:-		
Non-cash items	13,939	9,022
Non-operating items	(10,491)	(10,091)
Operating profit before changes in working capital	<u>126,804</u>	<u>101,429</u>
Net Change in current assets	199,975	77,314
Net Change in current liabilities	(47,291)	(17,960)
Cash generated from operations	<u>279,488</u>	<u>160,783</u>
Interest received	2,585	2,500
Interest paid	(24,330)	(24,503)
Rental received	479	225
Tax paid	(34,543)	(35,977)
Net cash generated from operating activities	<u>223,679</u>	<u>103,028</u>
Investing Activities		
Other investments	(115,636)	(117,710)
Net cash used in investing activities	<u>(115,636)</u>	<u>(117,710)</u>
Financing Activities		
Transactions with shareholders	(68,634)	(75,779)
Bank borrowings	(66,244)	41,416
Transactions with minority shareholders	8	-
Net cash used in financing activities	<u>(134,870)</u>	<u>(34,363)</u>
Net changes in cash and cash equivalents	(26,827)	(49,045)
Effect of exchange rate changes	(131)	(284)
Cash and cash equivalents at 1 November 2009/2008	672,503	590,520
Cash and cash equivalents at 30 April 2010/2009	<u>645,545</u>	<u>541,191</u>

Cash and cash equivalents included in the cash flows comprise the following balance sheet amounts:-

	30.04.2010 RM'000	30.04.2009 RM'000
Deposits	366,263	347,904
Cash and bank balances	324,820	224,493
Bank overdrafts	(15,738)	(13,985)
	<u>675,345</u>	<u>558,412</u>
Less: Deposits pledged to licensed banks	(28,417)	(15,645)
Sinking Fund and Escrow Accounts	(1,383)	(1,576)
	<u>645,545</u>	<u>541,191</u>

(The Condensed Consolidated cash flow statement should be read in conjunction with the Annual Financial Report for the year ended 31 October 2009)

NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of preparation

The interim financial report has been prepared in accordance with Financial Reporting Standard 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 October 2009 and Note (a) below.

The accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 October 2009 except for the adoption of Financial Reporting Standard 8 - Operating Segments which became effective for the financial period beginning on or after 1 July 2009. The adoption of FRS 8 does not have any financial impact to the Group.

(a) Reclassification/ Restatement of comparative figures

In the last quarter of the preceding financial year, certain associated companies which were previously accounted for in the consolidated financial statements by the equity method of accounting were reclassified as jointly controlled entities. The Group had re-examined the shareholders agreements and taken into consideration the substance and economic reality of the relationship between the group vis-à-vis the other shareholders of these companies. Following such re-examination, it was determined that these companies should more fairly be classified as jointly-controlled entities to be accounted for in the consolidated financial statements using the proportionate consolidation method of accounting. The reclassification has been effected with retrospective effect and the comparative figures have been restated. The reclassification had no effect on the net results and retained earnings for the previous financial quarter.

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 April 2010.

4. Changes in estimates

There were no material changes in estimates for the financial period ended 30 April 2010.

5. Debts and equity securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current period-to-date.

6. Dividends paid

A final dividend of 9 sen per share less 25% income tax amounting to RM68,634,390 was paid on 31 March 2010 in respect of the financial year ended 31 October 2009.

7. Segmental Reporting

The segmental analysis for the period ended 30 April 2010 are as follow:-

	Property Development RM'000	Construction RM'000	Other Operations RM'000	Eliminations RM'000	Consolidated RM'000
<u>Revenue</u>					
External sales	666,468	81,811	24,691	-	772,970
Inter-segment sales	36,715	9,415	42,668	(88,798)	-
Total revenue	703,183	91,226	67,359	(88,798)	772,970
<u>Results</u>					
Segment results	112,177	651	3,089	-	115,917
Net profit from investing activities					11,892
Share of net profits less losses of associated companies	-	-	(1)	-	(1)
Finance costs					(4,452)
Profit before taxation					123,356
Tax expense					(33,957)
Profit for the period					89,399

8. Material Events subsequent to the End of Period

There were no material transactions or events subsequent to the current quarter ended 30 April 2010 till 10 June 2010 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

9. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter and financial period to-date except for the following:-

- (i) Cessation of Sentosa Jitra Sdn Bhd ("Sentosa") as a wholly owned subsidiary of S P Setia Berhad ("S P Setia") on 2 November 2009 due to allotment of additional 2 ordinary shares of RM1 each to a third party, resulting in S P Setia's equity interest in Sentosa being reduced from 100% to 50%;
- (ii) Acquisition of 40,002 ordinary shares for cash consideration of RM1,000,000 in Kay Pride Sdn Bhd ("Kay Pride"), through Kewira Jaya Sdn Bhd on 11 February 2010 resulting in Kay Pride becoming a wholly owned subsidiary of S P Setia Berhad;
- (iii) Subscription and acquisition of a total of 2 ordinary shares of RM1.00 each in Setia Eco Park Recreation Sdn Bhd ("Eco Park Recreation") through Bandar Eco-Setia Sdn Bhd on 9 March 2010 resulting in Eco Park Recreation becoming a 50% owned jointly controlled entity of S P Setia Berhad;
- (iv) Incorporation of a subsidiary, Setia Lai Thieu One Member Company Limited with a charter capital of USD6.5 million in Binh Duong Province, Vietnam, through Setia Lai Thieu Limited; and

- (v) Subscription of 10 ordinary shares for cash consideration of USD10 in Setia Australia Limited (“Setia Australia”), a company incorporated in the British Virgin Islands, through Setia International Limited on 13 April 2010, resulting in Setia Australia becoming a wholly owned subsidiary of S P Setia Berhad.

10. Contingent Liabilities

There were no changes in contingent liabilities in respect of the Group since the last annual balance sheet date except for additional guarantees of RM133,000 given to a bank for performance bonds granted to a jointly controlled entity.

11. Capital Commitments

	30/04/2010 RM'000
Commitments to purchase development land	
- Contracted	136,053
- Approved but not Contracted	22,857
Contractual commitments for acquisition of investment properties	6,870
Contractual commitments for acquisition of property, plant and equipment	6,217
Commitment to subscribe for shares in a jointly controlled entity	<u>68,237</u>

12. Significant Related Party Transactions

	01/11/2009 To 30/04/2010 RM'000
<i>Transactions with jointly controlled entities:</i>	
(i) Interest charged	849
(ii) Marketing expenses charged	300
(iii) Project management and administrative fee received and receivable	3,733
(iv) Rental paid and payable	144
(v) Rental received and receivable	11
(vi) Security services rendered	88
(vii) Sale of building material	4,300
<i>Transactions with directors of the Company and subsidiary companies, members of their family and companies, firms and trust bodies in which they have interests:</i>	
(i) Rental paid to a company in which a director has interest	27
(ii) Security services rendered to a director of the Company	40
(iii) Security services rendered to a trust body in which directors of subsidiary companies are the trustee	42
(iv) Rental charged to a trust body in which directors of subsidiary companies are the trustee	60
(v) Rental charged to a trust body in which a director of the Company is the trustee	15
(vi) Sale of development property to a trust body in which a director of the Company is the trustee	1,916
(vii) Disposal of motor vehicle to a trust body in which a director of the Company is the trustee	26
(viii) Sale of development properties to directors of the Company	6,170
(ix) Sale of development properties to directors of the subsidiary companies	3,514
(x) Sale of development property to a company in which a director of the subsidiary companies has financial interest	1,419
(xi) Sale of goods to directors of the subsidiary companies	<u>37</u>

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD**

1. Review of Performance of the Company and its Principal Subsidiaries and Associates

(a) Performance of the current quarter against preceding year's quarter (Q2 FY 2010 vs. Q2 FY 2009)

The Group reported a profit after taxation of RM51.2 million for Q2 2010, which is 26% higher than RM40.5 million reported for Q2 2009. The higher profit is mainly contributed from sales of residential and commercial properties in the Klang Valley and Johor Bahru.

(b) Performance of the current year against the preceding year (Q2 YTD 2010 vs. Q2 YTD 2009)

For the current year to date, the Group achieved a profit after taxation of RM89.4 million on the back of revenue totalling RM773 million, representing an increase of 25% and 19% respectively over the results for the preceding year to date. The current year profit after taxation was arrived at after expensing approximately RM7 million for employee share options granted pursuant to the Company's ESOS which was launched in May 2009.

The Group's profit and revenue were mainly derived from its property development activities carried out in the Klang Valley, Johor Bahru and Penang. Ongoing projects which contributed to the Group's profit and revenue include *Setia Alam* and *Setia Eco-Park* at Shah Alam, *Setia Walk* at Pusat Bandar Puchong, *Setia Sky Residences* at Jalan Tun Razak, *Bukit Indah*, *Setia Indah*, *Setia Tropika* and *Setia Eco Gardens* in Johor Bahru, *Setia Pearl Island* and *Setia Vista* in Penang. Apart from property development, the Group's construction and wood-based manufacturing activities also contributed to the earnings achieved.

2. Material changes in the Quarterly Results compared to the results of the Preceding Quarter

The Group's current quarter profit before tax is RM71 million, which is RM18.7 million higher than the preceding quarter ended 31 January 2010. This is mainly attributable to profit from residential and commercial properties in Klang Valley and Johor Bahru.

3. Prospects for the Current Financial Year

The Board is pleased to report that the Group has continued to set new sales benchmarks, with second quarter sales of RM598 million and cumulative 6-months sales of RM1.206 billion – both eclipsing the previous highs achieved in the second quarter of FY2009 and 6-months sale for FY2008 respectively by 42%.

As at 31 May 2010, the Group's sales for the 1st seven months of the financial year totalled RM1.438 billion, with sale and purchase agreements signed. Based on the strong sales momentum; upbeat consumer sentiments; prudent but ready availability of mortgage financing; and macroeconomic factors that continue to be supportive and conducive for the property market in Malaysia, Management is very confident that the Group's FY2010 sales target of RM2 billion is achievable.

Underpinned by the strength of its sales in established markets, the Group continues to strive to strengthen its positioning and standing in new market segments both internationally and locally. This will broaden the Group's earnings base and ensure continued dynamism and growth for the Group over the long-run.

4. Variance of Actual Profit from Forecast Profit

Not applicable as no profit forecast was published.

5. Income Tax

Income Tax comprises: -

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/04/2010	30/04/2009	30/04/2010	30/04/2009
	RM'000	RM'000	RM'000	RM'000
- current taxation	21,804	16,778	38,240	31,448
- deferred taxation	(2,527)	(1,196)	(3,958)	(649)
- in respect of prior years	517	(416)	(325)	6
	<u>19,794</u>	<u>15,166</u>	<u>33,957</u>	<u>30,805</u>

The group's effective tax rate for the current quarter and financial period to-date is higher compared to the statutory taxation rate mainly due to certain non-tax deductible expenses.

6. Profit on Sale of Unquoted Investments and/or Properties

There were no profits on sale of unquoted investments and/or properties outside the ordinary course of the Group's business for the current quarter and financial period to-date.

7. Quoted Securities

There were no purchases and disposals of quoted securities for the financial period.

The Group does not hold investment in quoted securities as at 30 April 2010.

8. Status of Corporate Proposals

The following are the status of corporate proposals that have been announced by the Company but not completed as at 10 June 2010, the latest practicable date which shall not be earlier than 7 days from the date of this announcement: -

- (i) Conditional Shareholders' Agreement entered into on 20 December 2000 between S P Setia Berhad and YGP Holdings Sdn. Bhd. ("YGP") to govern the relationship between S P Setia Berhad and YGP ("the Parties") as proposed shareholders in KL Eco City Sdn Bhd (formerly known as Pelita Dunia Sdn Bhd) ("KLEC") and to set out the respective rights, duties and obligations of the Parties in relation to the proposed mixed residential and commercial development project.

On 21 August 2007, a Memorandum of Understanding was entered into between Datuk Bandar Kuala Lumpur ("DBKL") and KLEC, currently a wholly owned subsidiary of S P Setia Berhad, pertaining to the proposed mixed residential and commercial development of the State Lands and Private Lands. Pending the signing of the Privatisation Agreement, both parties have on 23 April 2009 entered into an interim agreement to set out, amongst others, the Parties' respective rights and obligations and the steps to be taken in procuring the eventual issuance of the title to the said lands by the State Authority.

As announced on 25 February 2010, KLEC and DBKL have agreed to extend the period for the execution of the Privatisation Agreement to expire on 20 August 2010;

8. Status of Corporate Proposals (continued)

- (ii) Co-operation agreement entered into by Setia Saigon East Limited and Setia D-Nine Limited, both wholly owned subsidiaries of S P Setia Berhad and Saigon Hi-Tech Park Development Company to jointly develop a mixed real property development on a parcel of land measuring approximately 32 hectares or 79 acres located in District 9, Ho Chi Minh City, Vietnam as announced on 3 January 2008.

As announced on 4 January 2010, the parties have mutually agreed to extend the period for fulfilment of the conditions precedent to expire on 3 July 2010;

- (iii) Development agreement entered into by Aeropod Sdn Bhd, a 70% owned subsidiary of S P Setia Berhad and the State Government of Sabah for the proposed development of a piece of land measuring approximately 59.21 acres in Tanjung Aru, Kota Kinabalu, Sabah as announced on 29 January 2008.

As announced on 27 April 2010, the parties have mutually agreed to extend the period for fulfilment of the conditions precedent to expire on 29 October 2010;

- (iv) Proposed disposal by Bandar Setia Alam Sdn Bhd (“BSA”), a wholly owned subsidiary of S P Setia, of approximately 30.5 acres of freehold land (“Original Land”) located within Precinct 1 of the Setia Alam township (“Said Land”) to Greenhill Resources Sdn Bhd (“Greenhill”) for a total consideration of RM119,572,200.00 and proposed joint venture between BSA and Lend Lease Asian Retail Investment Fund 2 Limited (“ARIF”), a wholesale real estate development fund managed by Lend Lease Investment Management Pte Ltd, for the development of a retail mall on the Said Land, as announced on 2 July 2008.

Subsequently on 15 July 2009, BSA had entered into several agreements to reflect certain changes to the earlier Proposals announced on 2 July 2008. The agreements include the Sale and Purchase Agreement between BSA and Greenhill and GRI for the disposal by BSA to Greenhill of approximately 16.19 acres of the Original Land (“Stage 2 Land”) for a total consideration of approximately RM63.5 million;

- (v) Setia (Hangzhou) Development Company Limited, a subsidiary of S P Setia Berhad, had on 28 October 2009 entered into a Joint Venture Contract with Hangzhou Ju Shen to establish a limited liability joint-venture company (“JV Co”). The purpose of the JV Co is to undertake the Project on a piece of land measuring approximately 5 acres which will be developed as the first phase of the Project;

As announced on 3 May 2010, the parties have mutually agreed to extend the period for fulfilment of the conditions precedent to expire on 27 October 2010.

- (vi) On 26 October 2009, a subsidiary of S P Setia Berhad, Setia Lai Thieu Limited (“Setia LT”), had entered into an In-Principle Agreement with Investment and Industrial Development Corporation (Becamex IDC Corp) (“Becamex”) for the assignment of the implementation and development of an independent mixed-use real estate project on a piece of land measuring approximately 108,400 square metres / 26.79 acres located in Lai Thieu Town, Thuan An District, Binh Duong Province, Vietnam (“Land”) from Becamex to a company to be established by Setia LT in Vietnam for a total consideration of United States Dollars Sixteen Million Two Hundred and Sixty Thousand (US\$16,260,000) only.

As announced on 11 March 2010, the People’s Committee of Binh Duong Province has on 10 March 2010 issued the Investment Certificate for the establishment of Setia Lai Thieu One Member Company Limited to undertake the development of Eco-Xuan Lai Thieu on the Land for a term of 50 years from the date of issuance of the Investment Certificate; and

8. Status of Corporate Proposals (continued)

(vii) On 29 March 2010, a wholly owned subsidiary of S P Setia Berhad, Setia International Limited ("Setia International"), had formally exchanged a conditional contract of sale ("Contract of Sale") with S.L. Nominees Pty Ltd ACN 004 932 094 and Jonquil Pty Limited ACN 005 035 405 ABN 55 873 347 947 (collectively "Vendors") for Setia International or its nominee to purchase several pieces of land measuring approximately 4,340 square metres or 1.07 acres in the City of Melbourne, Parish of Melbourne North, Australia ("Land") for a total purchase consideration of Australian Dollars Thirty Million (AUD30,000,000) only.

As announced on 28 April 2010, Setia International has obtained the approval of the Australia's Foreign Investment Review Board for the purchase of the Land and with the said approval, the Contract of Sale has become unconditional.

9. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 30 April 2010 were as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Bank Overdrafts	4,252	11,486	15,738
Short Term Bank Borrowings	121,985	18,802	140,787
Long Term Bank Borrowings	505,734	-	505,734
Redeemable Preference Shares	-	65,625	65,625
2% Redeemable Serial Bonds	-	479,127	479,127
	631,971	575,040	1,207,011

Currency exposure profiles of borrowings were as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Ringgit Malaysia	626,186	574,238	1,200,424
Vietnamese Dong	5,785	802	6,587
	631,971	575,040	1,207,011

10. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 10 June 2010, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

11. Material Litigation

The Group is not engaged in any material litigation as at 10 June 2010, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

12. Dividends

- (a) The Board of Directors has recommended an interim dividend in respect of the financial year ending 31 October 2010.
- (i) Amount per share : 6 sen per share less income tax of 25%
- (ii) Previous corresponding period : 5 sen per share less income tax of 25%
- (iii) Date payable : 28 July 2010
- (iv) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 7 July 2010.
- (b) Total dividend for the current financial period : 6 sen per share less income tax of 25%

13. Earnings Per Share Attributable To Equity Holders of The Company

The basic earnings per share has been calculated by dividing the Group's profit for the period attributable to equity holders of the Company by the weighted average number of shares in issue. The weighted average number of shares in issue is calculated as follows:-

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/04/2010 '000	30/04/2009 '000	30/04/2010 '000	30/04/2009 '000
Profit for the period attributable to equity holders of the Company (RM)	51,211	40,518	89,407	71,693
Number of ordinary shares at beginning of the period	1,016,806	1,016,806	1,016,806	1,016,698
Effect of shares issued pursuant to Exercise of Warrants	-	-	-	69
Weighted average number of ordinary shares	1,016,806	1,016,806	1,016,806	1,016,767
Basic Earnings Per Share (sen)	5.04	3.98	8.79	7.05

13. Earnings Per Share Attributable To Equity Holders of The Company (continued)

The diluted earnings per share has been calculated by dividing the Group's profit for the period attributable to equity holders of the Company by the weighted average number of shares that would have been in issue upon full exercise of the remaining options under the Warrants and the ESOS granted, adjusted for the number of such shares that would have been issued at fair value, calculated as follows:

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/04/2010 '000	30/04/2009 '000	30/04/2010 '000	30/04/2009 '000
Profit for the period attributable to equity holders of the Company (RM)	51,211	-*	89,407	-*
Weighted average number of ordinary shares as per basic EPS	1,016,806	-*	1,016,806	-*
Effect of potential exercise of ESOS/ Warrants	19,018	-*	17,361	-*
Weighted average number of ordinary shares	1,035,824	-*	1,034,167	-*
Diluted Earnings Per Share (sen)	4.94	-*	8.65	-*

* *Anti-dilutive.*

14. Qualified audit report

The preceding audited financial statements for the year ended 31 October 2009 were not qualified.