

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

Interim Financial Report
31 July 2010

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

Interim Financial Report - 31 July 2010

	Page No.
Condensed Consolidated Balance Sheet	1
Condensed Consolidated Income Statement	2
Condensed Consolidated Statement Of Changes In Equity	3
Condensed Consolidated Cash Flow Statement	4
Notes to the Interim Financial Report	5-8
Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad	9-14

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 JULY 2010

	(UNAUDITED) As At 31 July 2010 RM'000	(AUDITED) As At 31 October 2009 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	109,164	146,014
Investment Properties	158,636	197,587
Land Held for Property Development	1,294,645	1,211,522
Prepaid Lease Payments	863	870
Investment in Associated Companies	2,286	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	54,233	33,141
	1,637,564	1,614,819
Current Assets		
Property Development Costs	892,627	897,949
Gross Amount Due From Customers	45,822	39,464
Inventories	22,402	27,318
Trade And Other Receivables	548,048	437,137
Amount Owing by Associated Companies	2	-
Amount Owing By Jointly Controlled Entities	26,302	19,367
Current Tax Assets	31,770	30,656
Deposits	266,963	610,315
Cash and Bank Balances	418,268	275,226
	2,252,204	2,337,432
TOTAL ASSETS	3,889,768	3,952,251
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	762,604	762,604
Reserves		
Share Premium	218,017	218,017
Option Reserve	19,514	6,988
Warrant Reserve	47,766	47,766
Exchange Translation Reserve	(3,586)	(933)
Retained Earnings	1,065,045	1,002,779
Equity Attributable to Equity Holders of the Company	2,109,360	2,037,221
Minority Interests	79	357
Total Equity	2,109,439	2,037,578
Non-current liabilities		
Long Term Borrowings	888,477	1,107,291
Other Long Term Liabilities	1,446	1,446
Deferred Tax Liabilities	895	981
	890,818	1,109,718
Current Liabilities		
Gross Amount Due To Customers	5,013	7,537
Trade And Other Payables	453,990	457,225
Short Term Borrowings	385,216	144,353
Bank Overdrafts	16,143	186,167
Current Tax Liabilities	29,149	9,673
	889,511	804,955
Total Liabilities	1,780,329	1,914,673
TOTAL EQUITY AND LIABILITIES	3,889,768	3,952,251
Net Assets Per Share (RM)	2.07	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 31 JULY 2010
(The figures have not been audited)

	3 MONTHS ENDED		9 MONTHS ENDED	
	31 July 2010	(RESTATED) 31 July 2009	31 July 2010	(RESTATED) 31 July 2009
	RM'000	RM'000	RM'000	RM'000
Revenue	414,902	365,575	1,187,872	1,014,800
Cost of sales	(325,906)	(285,417)	(921,268)	(792,580)
Gross profit	<u>88,996</u>	<u>80,158</u>	<u>266,604</u>	<u>222,220</u>
Other operating income	4,975	3,176	11,592	9,663
Selling and marketing expenses	(12,252)	(5,637)	(30,793)	(15,525)
Administrative and general expenses	(21,592)	(20,585)	(71,359)	(64,055)
Profit from operations	<u>60,127</u>	<u>57,112</u>	<u>176,044</u>	<u>152,303</u>
Net profit from investing activities	48,396	4,222	60,288	15,335
Share of profits less losses of associated companies	5	(418)	4	(427)
Finance costs	(2,287)	(1,975)	(6,739)	(5,772)
Profit before taxation	<u>106,241</u>	<u>58,941</u>	<u>229,597</u>	<u>161,439</u>
Taxation	(18,991)	(16,260)	(52,948)	(47,065)
Profit for the period	<u>87,250</u>	<u>42,681</u>	<u>176,649</u>	<u>114,374</u>
Attributable to:				
Equity holders of the Company	87,250	42,681	176,657	114,374
Minority interests	-	-	(8)	-
	<u>87,250</u>	<u>42,681</u>	<u>176,649</u>	<u>114,374</u>
Earnings per share attributable to equity holders of the Company				
- Basic earnings per share (sen)	<u>8.58</u>	<u>4.20</u>	<u>17.37</u>	<u>11.25</u>
- Diluted earnings per share (sen)	<u>8.43</u>	<u>4.13</u>	<u>17.08</u>	<u>11.22</u>

(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 31 JULY 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	RM'000					RM'000	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	-	-	-	-	(2,653)	-	(2,653)	-	(2,653)
Profit for the period	-	-	-	-	-	176,657	176,657	(8)	176,649
Net (expense)/income recognised directly in equity	-	-	-	-	(2,653)	176,657	174,004	(8)	173,996
Dividends paid	-	-	-	-	-	(114,391)	(114,391)	-	(114,391)
Options granted under ESOS	-	-	12,526	-	-	-	12,526	-	12,526
Issuance of ordinary shares to minority shareholder	-	-	-	-	-	-	-	8	8
Acquisition of additional shares in an existing subsidiary company	-	-	-	-	-	-	-	(278)	(278)
Balance at 31.07.2010	762,604	218,017	19,514	47,766	(3,586)	1,065,045	2,109,360	79	2,109,439
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	-	-	-	-	(1,458)	-	(1,458)	-	(1,458)
Profit for the period	-	-	-	-	-	114,374	114,374	-	114,374
Net (expense)/income recognised directly in equity	-	-	-	-	(1,458)	114,374	112,916	-	112,916
Dividend paid	-	-	-	-	-	(76,260)	(76,260)	-	(76,260)
Options granted under ESOS	-	-	3,931	-	-	-	3,931	-	3,931
Issue of ordinary shares pursuant to exercise of Warrants	80	433	-	(32)	-	-	481	-	481
Balance at 31.07.2009	762,604	218,017	3,931	47,766	42	984,050	2,016,410	358	2,016,768

(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 31 JULY 2010
(The figures have not been audited)

	9 MONTHS ENDED 31 July 2010 RM'000	9 MONTHS ENDED (RESTATED) 31 July 2009 RM'000
Profit before taxation	229,597	161,439
Adjustments for:-		
Non-cash items	(22,259)	14,952
Non-operating items	(13,982)	(13,516)
Operating profit before changes in working capital	<u>193,356</u>	<u>162,875</u>
Net Change in current assets	243,436	115,709
Net Change in current liabilities	(42,284)	(17,004)
Cash generated from operations	<u>394,508</u>	<u>261,580</u>
Interest received	4,408	3,233
Interest paid	(37,185)	(34,984)
Rental received	625	506
Tax paid	(56,197)	(51,568)
Net cash generated from operating activities	<u>306,159</u>	<u>178,767</u>
Investing Activities		
Other investments	(241,535)	(113,636)
Net cash used in investing activities	<u>(241,535)</u>	<u>(113,636)</u>
Financing Activities		
Transactions with shareholders	(114,391)	(75,779)
Bank borrowings	12,455	57,557
Transactions with minority shareholders	7	-
Net cash used in financing activities	<u>(101,929)</u>	<u>(18,222)</u>
Net changes in cash and cash equivalents	(37,305)	46,909
Effect of exchange rate changes	(365)	(259)
Cash and cash equivalents at 1 November 2009/2008	672,503	590,520
Cash and cash equivalents at 31 July 2010/2009	<u>634,833</u>	<u>637,170</u>

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

	31.07.2010 RM'000	31.07.2009 RM'000
Deposits	266,963	360,261
Cash and bank balances	418,268	312,692
Bank overdrafts	(16,143)	(20,206)
	<u>669,088</u>	<u>652,747</u>
Less: Deposits pledged to licensed banks	(29,006)	(13,403)
Sinking Fund and Escrow Accounts	(5,249)	(2,174)
	<u>634,833</u>	<u>637,170</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 31 July 2010.

4. **Changes in estimates**

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

An interim dividend of 6 sen less 25% income tax amounting to RM45,756,259 was paid on 28 July 2010 in respect of the financial year ending 31 October 2010.

7. Segmental Reporting

The segmental analysis for the period ended 31 July 2010 are as follow:-

	Property Development	Construction	Other Operations	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>					
External sales	1,019,692	121,643	46,537	-	1,187,872
Inter-segment sales	53,329	17,225	65,799	(136,353)	-
Total revenue	<u>1,073,021</u>	<u>138,868</u>	<u>112,336</u>	<u>(136,353)</u>	<u>1,187,872</u>
<u>Results</u>					
Segment results	169,283	1,327	5,434	-	176,044
Net profit from investing activities					60,288
Share of net profits less losses of associated companies	5	-	(1)	-	4
Finance costs					<u>(6,739)</u>
Profit before taxation					229,597
Tax expense					<u>(52,948)</u>
Profit for the period					<u><u>176,649</u></u>

8. Material Events subsequent to the End of Period

There were no material transactions or events subsequent to the current quarter ended 31 July 2010 till 16 September 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;
- (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; and
- (vi) Incorporation of a subsidiary, Setia (Melbourne) Development Company Pty Ltd (“Setia (Melbourne)”) with an issued and paid up capital of AUD1.00 comprising of 1 ordinary share of AUD1.00 in the state of Victoria, Australia, through Setia Australia Limited on 4 May 2010 resulting in Setia (Melbourne) 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

	31/07/2010
	RM'000
Commitments to purchase development land	
- Contracted	56,014
- Approved but not Contracted	22,857
Contractual commitments for acquisition of investment properties	6,447
Contractual commitments for acquisition of property, plant and equipment	5,892
Commitment to subscribe for shares in a jointly controlled entity	<u>68,159</u>

12. Significant Related Party Transactions

01/11/2009
To
31/07/2010
RM'000

Transactions with jointly controlled entities:

(i) Construction services rendered	223
(ii) Interest charged	1,339
(iii) Marketing expenses charged	583
(iv) Project management and administrative fee received and receivable	5,433
(v) Rental paid and payable	216
(vi) Rental received and receivable	20
(vii) Security services rendered	137
(viii) Sale of building material	6,770

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) Rental paid to a company in which a director has interest	41
(ii) Security services rendered to a director of the Company	60
(iii) Security services rendered to a trust body in which directors of subsidiary companies are the trustee	64
(iv) Rental charged to a trust body in which directors of subsidiary companies are the trustee	90
(v) Rental charged to a trust body in which a director of the Company is the trustee	22
(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	7,335
(ix) Sale of development properties to directors of the subsidiary companies	6,550
(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	45
	45

**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 (Q3 FY 2010 vs. Q3 FY 2009)

The Group reported a profit after taxation of RM87.3 million for Q3 2010, which is 104% higher than RM42.7 million reported for Q3 2009. The higher profit includes gain from the disposal of the Tesco Hypermarket in Setia Alam, an Investment Property of the Group.

(b) Performance of the current year against the preceding year (Q3 YTD 2010 vs. Q3 YTD 2009)

For the current year to date, the Group achieved a profit after taxation of RM176.7 million on the back of revenue totalling RM1.2 billion, representing an increase of 54% and 17% respectively over the results for the preceding year to date. The current year profit after taxation was arrived at after expensing approximately RM12 million for employee share options granted pursuant to the Company's ESOS which was launched in May 2009. Selling and marketing expenses include RM14 million relating to the cost of financial incentives borne by the Group pursuant to its successful 5/95, Best for the Best and Invest Setiahomes campaigns.

The Group's profit and revenue were principally 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 taxation is RM106.2 million, which is RM35.2 million higher than the preceding quarter ended 30 April 2010. This includes profit recognised on the disposal of an Investment Property by the Group as mentioned above.

3. Prospects for the Current Financial Year

The Board is pleased to report that the Group's strong sales has continued into the third quarter with total sales achieved of RM590 million and cumulative 9-months sales of RM1.8 billion. As at 31 August 2010, the Group's 10-months sales value for FY2010 of RM1.95 billion has already exceeded the Group's highest ever sales value over one financial year of RM1.65 billion recorded in FY2009 by 18%. The Group has therefore essentially achieved its FY2010 sales target of RM2 billion, with 2 months to spare before the financial year-end.

The Board is pleased to note that Group's proactive moves in 2009, aimed at capturing market share in the luxury high rise and integrated commercial sector and further consolidating its lead in the landed residential segment, has borne much fruit. The significant price increases on the Group's properties sold in FY2010 following the expiration of the 5/95 campaign, has not only restored product margins to normalised levels, the effects of which will be seen from FY2011 onwards, but will also generate higher absolute returns per sq foot of land.

3. Prospects for the Current Financial Year (continued)

The disposal of non-core Investment Properties such as the Tesco Hypermarket mentioned above will also enable the Group to expedite development of its core Setia City precinct in *Setia Alam* to include not just the Setia City Mall but also office and other commercial offerings. This exciting new chapter in the growth of the Group's flagship Setia Alam project has a dual purpose effect. Firstly the Group will derive future development profits from the sale of commercial lands and/or buildings within Setia City. Secondly, it amply demonstrates the Group's unwavering commitment to ongoing value creation for the benefit of its customers, which will in turn enable the Group to sustain the premium pricing of its products.

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		9 MONTHS ENDED	
	31/07/2010 RM'000	31/07/2009 RM'000	31/07/2010 RM'000	31/07/2009 RM'000
- current taxation	25,372	30,173	63,612	61,621
- deferred taxation	(6,902)	(12,780)	(10,860)	(13,429)
- in respect of prior years	521	(1,133)	196	(1,127)
	<u>18,991</u>	<u>16,260</u>	<u>52,948</u>	<u>47,065</u>

The Group's effective taxation rate for the current quarter and financial period-to-date is lower compared to the statutory taxation rate mainly due to certain income which is not subject to income tax.

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 31 July 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 16 September 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 12 August 2010, KLEC and DBKL have agreed to extend the period for the execution of the Privatisation Agreement to expire on 20 February 2011;

- (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 5 July 2010, the parties have mutually agreed to extend the period for fulfilment of the conditions precedent to expire on 3 July 2011;

- (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;

8. Status of Corporate Proposals (continued)

- (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;

- (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. The Contract of Sale was completed on 19 July 2010; and

- (viii) Proposed acquisition by Setia Indah Sdn Bhd, a wholly owned subsidiary of S P Setia Berhad, of a piece of land held under H.S. (D) 371066 for PTD 117031 in the Mukim of Tebrau, District of Johor Bahru, state of Johor Darul Takzim measuring approximately 259.10 acres from Kelana Ventures Sdn Bhd for a total cash consideration of RM169,295,940, as announced on 9 September 2010.

9. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 31 July 2010 were as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Bank Overdrafts	4,988	11,155	16,143
Short Term Bank Borrowings	119,218	18,000	137,218
Long Term Bank Borrowings	588,484	-	588,484
Redeemable Preference Shares	-	65,625	65,625
2% Redeemable Serial Bonds	-	482,366	482,366
	<u>712,690</u>	<u>577,146</u>	<u>1,289,836</u>

Currency exposure profiles of borrowings were as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Ringgit Malaysia	654,616	577,146	1,231,762
Vietnamese Dong	6,391	-	6,391
Australian Dollar	51,683	-	51,683
	<u>712,690</u>	<u>577,146</u>	<u>1,289,836</u>

10. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 16 September 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 16 September 2010, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

12. Dividends

The board of Directors declared an interim dividend of 6 sen less income tax 25% (2009: 5 sen less 25% income tax) in respect of the financial year ending 31 October 2010. The interim dividend was paid on 28 July 2010.

No dividend has been declared for the third quarter ended 31 July 2010.

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		9 MONTHS ENDED	
	31/07/2010 '000	31/07/2009 '000	31/07/2010 '000	31/07/2009 '000
Profit for the period attributable to equity holders of the Company (RM)	87,250	42,681	176,657	114,374
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	-	-	-	82
Weighted average number of ordinary shares	1,016,806	1,016,806	1,016,806	1,016,780
Basic Earnings Per Share (sen)	8.58	4.20	17.37	11.25

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		9 MONTHS ENDED	
	31/07/2010 '000	31/07/2009 '000	31/07/2010 '000	31/07/2009 '000
Profit for the period attributable to equity holders of the Company (RM)	87,250	42,681	176,657	114,374
Weighted average number of ordinary shares as per basic EPS	1,016,806	1,016,806	1,016,806	1,016,780
Effect of potential exercise of ESOS/ Warrants	17,733	17,440	17,393	2,617
Weighted average number of ordinary shares	1,034,539	1,034,246	1,034,199	1,019,397
Diluted Earnings Per Share (sen)	8.43	4.13	17.08	11.22

14. Qualified audit report

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