

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

Interim Financial Report
31 October 2010

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S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 OCTOBER 2010
(The figures have been audited)

	As At 31 October 2010 RM'000	As At 31 October 2009 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	108,248	146,014
Investment Properties	116,586	197,587
Land Held for Property Development	1,371,152	1,211,522
Prepaid Lease Payments	860	870
Investment in Associated Companies	2,249	2,282
Other Investments	337	337
Amount Owing by Joint Venture Partner	-	7,166
Amount Owing by Jointly Controlled Entities	30,213	15,900
Deferred Tax Assets	42,465	33,141
	<u>1,672,110</u>	<u>1,614,819</u>
Current Assets		
Property Development Costs	840,448	897,949
Gross Amount Due From Customers	69,775	39,464
Inventories	23,601	27,318
Trade And Other Receivables	669,179	437,137
Amount Owing By Jointly Controlled Entities	18,380	19,367
Current Tax Assets	34,045	30,656
Deposits	646,140	610,315
Cash and Bank Balances	412,384	275,226
	<u>2,713,952</u>	<u>2,337,432</u>
TOTAL ASSETS	<u><u>4,386,062</u></u>	<u><u>3,952,251</u></u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	762,606	762,604
Reserves		
Share Premium	218,027	218,017
Option Reserve	24,482	6,988
Warrant Reserve	47,765	47,766
Exchange Translation Reserve	(3,808)	(933)
Retained Earnings	1,140,201	1,002,779
Equity Attributable to Equity Holders of the Company	<u>2,189,273</u>	<u>2,037,221</u>
Minority Interests	<u>79</u>	<u>357</u>
Total Equity	<u><u>2,189,352</u></u>	<u><u>2,037,578</u></u>
Non-current liabilities		
Long Term Borrowings	1,016,335	1,107,291
Other Long Term Liabilities	1,446	1,446
Deferred Tax Liabilities	979	981
	<u>1,018,760</u>	<u>1,109,718</u>
Current Liabilities		
Gross Amount Due To Customers	7,117	7,537
Trade And Other Payables	534,283	457,225
Short Term Borrowings	513,051	144,353
Bank Overdrafts	107,613	186,167
Current Tax Liabilities	15,886	9,673
	<u>1,177,950</u>	<u>804,955</u>
Total Liabilities	<u><u>2,196,710</u></u>	<u><u>1,914,673</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>4,386,062</u></u>	<u><u>3,952,251</u></u>
Net Assets Per Share (RM)	<u><u>2.15</u></u>	<u><u>2.00</u></u>

(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 YEAR ENDED 31 OCTOBER 2010
(The figures have been audited)

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 October 2010 RM'000	31 October 2009 RM'000	31 October 2010 RM'000	31 October 2009 RM'000
Revenue	557,998	393,615	1,745,870	1,408,415
Cost of sales	(398,790)	(311,573)	(1,320,058)	(1,104,153)
Gross profit	<u>159,208</u>	<u>82,042</u>	<u>425,812</u>	<u>304,262</u>
Other operating income	5,066	7,710	16,658	17,373
Selling and marketing expenses	(31,413)	(16,646)	(62,206)	(32,171)
Administrative and general expenses	(60,750)	(22,406)	(132,109)	(86,461)
Profit from operations	<u>72,111</u>	<u>50,700</u>	<u>248,155</u>	<u>203,003</u>
Net profit from investing activities	31,757	21,274	92,045	36,609
Share of profits less losses of associated companies	(37)	(21)	(33)	(448)
Finance costs	(2,461)	(2,280)	(9,200)	(8,052)
Profit before taxation	<u>101,370</u>	<u>69,673</u>	<u>330,967</u>	<u>231,112</u>
Taxation	(26,214)	(12,815)	(79,162)	(59,880)
Profit for the period/year	<u>75,156</u>	<u>56,858</u>	<u>251,805</u>	<u>171,232</u>
Attributable to:				
Equity holders of the Company	75,156	56,859	251,813	171,233
Minority interests	-	(1)	(8)	(1)
	<u>75,156</u>	<u>56,858</u>	<u>251,805</u>	<u>171,232</u>
Earnings per share attributable to equity holders of the Company				
- Basic earnings per share (sen)	<u>7.39</u>	<u>5.59</u>	<u>24.77</u>	<u>16.84</u>
- Diluted earnings per share (sen)	<u>7.19</u>	<u>5.48</u>	<u>24.29</u>	<u>16.74</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 YEAR ENDED 31 OCTOBER 2010
(The figures have 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 year	-	-	-	-	(2,875)	-	(2,875)	-	(2,875)
Profit for the year	-	-	-	-	-	251,813	251,813	(8)	251,805
Net (expense)/income recognised directly in equity	-	-	-	-	(2,875)	251,813	248,938	(8)	248,930
Dividends paid	-	-	-	-	-	(114,391)	(114,391)	-	(114,391)
Issue of ordinary shares pursuant to exercise of Warrants	2	10	-	(1)	-	-	11	-	11
Options granted under ESOS	-	-	17,494	-	-	-	17,494	-	17,494
Issuance of ordinary shares to minority interest	-	-	-	-	-	-	-	8	8
Acquisition of additional shares in a subsidiary company	-	-	-	-	-	-	-	(278)	(278)
Balance at 31.10.2010	762,606	218,027	24,482	47,765	(3,808)	1,140,201	2,189,273	79	2,189,352
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 year	-	-	-	-	(2,433)	-	(2,433)	-	(2,433)
Profit for the year	-	-	-	-	-	171,233	171,233	(1)	171,232
Net (expense)/income recognised directly in equity	-	-	-	-	(2,433)	171,233	168,800	(1)	168,799
Dividend paid	-	-	-	-	-	(114,390)	(114,390)	-	(114,390)
Issue of ordinary shares pursuant to exercise of Warrants	80	433	-	(32)	-	-	481	-	481
Options granted under ESOS	-	-	6,988	-	-	-	6,988	-	6,988
Balance at 31.10.2009	762,604	218,017	6,988	47,766	(933)	1,002,779	2,037,221	357	2,037,578

(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 YEAR ENDED 31 OCTOBER 2010
(The figures have been audited)

	12 MONTHS ENDED 31 October 2010 RM'000	12 MONTHS ENDED 31 October 2009 RM'000
Profit before taxation	330,967	231,112
Adjustments for:-		
Non-cash items	(18,053)	4,766
Non-operating items	(20,866)	(19,346)
Operating profit before changes in working capital	<u>292,048</u>	<u>216,532</u>
Net Change in current assets	100,554	179,894
Net Change in current liabilities	83,703	33,173
Cash generated from operations	<u>476,305</u>	<u>429,599</u>
Interest received	6,180	4,932
Interest paid	(48,786)	(50,019)
Rental received	800	593
Tax paid	(86,257)	(71,552)
Net cash generated from operating activities	<u>348,242</u>	<u>313,553</u>
Investing Activities		
Other investments	(230,970)	(246,091)
Net cash used in investing activities	<u>(230,970)</u>	<u>(246,091)</u>
Financing Activities		
Transactions with shareholders	(114,372)	(113,909)
Bank borrowings	263,057	128,740
Net cash from financing activities	<u>148,685</u>	<u>14,831</u>
Net changes in cash and cash equivalents	265,957	82,293
Effect of exchange rate changes	770	(310)
Cash and cash equivalents at 1 November 2009/2008	<u>672,503</u>	<u>590,520</u>
Cash and cash equivalents at 31 October 2010/2009	<u>939,230</u>	<u>672,503</u>

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

	31.10.2010 RM'000	31.10.2009 RM'000
Deposits	646,140	610,315
Cash and bank balances	412,384	275,226
Bank overdrafts	(107,613)	(186,167)
	<u>950,911</u>	<u>699,374</u>
Less: Deposits pledged to licensed banks	(1,726)	(1,689)
Sinking Fund, Debt Service Reserve and Escrow Accounts	(9,955)	(25,182)
	<u>939,230</u>	<u>672,503</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 financial year ended 31 October 2009.

The accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the financial year ended 31 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.

2. **Seasonal or cyclical factors**

The business operations of the Group during the financial year 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 year ended 31 October 2010.

4. **Changes in estimates**

There were no material changes in estimates for the financial year ended 31 October 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 financial year-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 ended 31 October 2010.

7. Segmental Reporting

The segmental analysis for the financial year ended 31 October 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	1,486,779	193,007	66,084	-	1,745,870
Inter-segment sales	94,585	27,291	85,446	(207,322)	-
Total revenue	1,581,364	220,298	151,530	(207,322)	1,745,870
<u>Results</u>					
Segment results	250,760	(7,231)	4,626	-	248,155
Net profit from investing activities					92,045
Share of net profits less losses of associated companies					(33)
Finance costs					(9,200)
Profit before taxation					330,967
Tax expense					(79,162)
Profit for the year					251,805

8. Material Events subsequent to the End of Financial Year

There were no material transactions or events subsequent to the current quarter ended 31 October 2010 till 3 December 2010 (the latest practicable date which is not earlier than 6 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 year 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 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;

9. Changes in the Composition of the Group (continued)

- (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;
- (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;
- (vii) Acquisition of 210,000 ordinary shares of RM1.00 each for total consideration of RM189,000 from a minority shareholder of Tenaga Raya Sdn Bhd (“Tenaga Raya”) on 1 July 2010 resulting Tenaga Raya becoming a wholly owned subsidiary of S P Setia Berhad;
- (viii) Acquisition of 2 ordinary shares of RM1.00 each in Eco Meridian Sdn Bhd (“Eco Meridian”) on 3 September 2010, resulting in Eco Meridian becoming a wholly owned subsidiary of S P Setia Berhad;
- (ix) Acquisition of 2 ordinary shares of RM1.00 each in Setia EcoHill Sdn Bhd (formerly known as Symbol Splendid Sdn Bhd) (“Setia EcoHill”) on 20 September 2010, resulting in Setia EcoHill becoming a wholly owned subsidiary of S P Setia Berhad;
- (x) Acquisition of 2 ordinary shares of RM1.00 each in Classic Euphoria Sdn Bhd (“Classic Euphoria”) on 20 September 2010, resulting in Classic Euphoria becoming a wholly owned subsidiary of S P Setia Berhad; and
- (xi) Acquisition of 2 ordinary shares of RM1.00 each in Retro Highland Sdn Bhd (“Retro Highland”) on 20 September 2010, resulting in Retro Highland 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 RM145,000 given to a bank for performance bonds granted to a jointly controlled entity.

11. Capital Commitments

	As at 31/10/2010 RM'000
Commitments to purchase development land	
- Contracted	207,156
- Approved but not Contracted	22,857
Contractual commitments for acquisition of investment properties	1,152
Contractual commitments for acquisition of property, plant and equipment	5,945
Commitment to subscribe for shares in a jointly controlled entity	<u>67,488</u>

12. Significant Related Party Transactions

01/11/2009
To
31/10/2010
RM'000

Transactions with jointly controlled entities:

(i) Construction services rendered	1,769
(ii) Interest charged	1,886
(iii) Marketing expenses charged	809
(iv) Project management and administrative fee received and receivable	7,316
(v) Rental paid and payable	289
(vi) Rental received and receivable	28
(vii) Security services rendered	183
(viii) Sale of building material	8,502
(ix) Staff secondment	171

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	54
(ii) Security services rendered to a director of the Company	81
(iii) Security services rendered to a trust body in which directors of subsidiary companies are the trustee	86
(iv) Rental charged to a trust body in which directors of subsidiary companies are the trustee	120
(v) Rental charged to a trust body in which a director of the Company is the trustee	30
(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	7,336
(ix) Sale of development property to a company in which a director of the Company has financial interest	9,100
(x) Sale of development properties to directors of the subsidiary companies	6,506
(xi) Sale of development property to a company in which a director of the subsidiary companies has financial interest	1,419
(xii) Sale of goods to directors of the subsidiary companies	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 (Q4 FY 2010 vs. Q4 FY 2009)

The Group reported a profit after taxation of RM75.2 million for Q4 2010, which is 32% higher than RM56.9 million reported for Q4 2009. The higher profit includes gain from the disposal of Tesco Hypermarket in Bukit Indah Johor, an Investment Property of the Group.

(b) Performance of the current year against the preceding year (Q4 YTD 2010 vs. Q4 YTD 2009)

For the current year to date, the Group achieved a profit after taxation of RM251.8 million on the back of revenue totalling RM1.7 billion, representing an increase of 47% and 24% respectively over the results for the preceding year to date. The current year profit after taxation was arrived at after expensing approximately RM17 million for employee share options granted pursuant to the Company's ESOS which was launched in May 2009. Selling and marketing expenses include the cost of financial incentives of RM33 million 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 wood-based manufacturing activities and disposal of investment properties 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 RM101.4 million, which is RM4.8 million lower than the preceding quarter ended 31 July 2010. This was due to higher profit recognised on the disposal of an Investment Property by the Group in Setia Alam in the preceding quarter.

3. Prospects for the Next Financial Year

The Board is pleased to report that the Group has set a new full-year sales record in FY2010 of RM2.31 billion, which represents a 40% increase from the previous record of RM1.65 billion set in FY2009. This has been the third consecutive year of increase in the Group's new sales record; and represents the seventh consecutive year, since FY2004, that total Group sales have exceeded the RM1 billion mark. The Board is confident that the Group has the capability and capacity to grow the value of its new sales even further. In this regard, the Group targets to achieve total new sales of RM3 billion in FY2011.

The Group's performance in FY2011 is expected to be underpinned by its existing projects in the Klang Valley, Johor Bahru and Penang. In addition, the upcoming launch of *KL EcoCity*, the Group's exciting new integrated green commercial development, is expected to contribute strongly to Group sales.

3. Prospects for the Next Financial Year (continued)

The Board expects FY2011 to be an exciting and busy period for the Group and the general property sector in Malaysia. Whilst competition in the sector is expected to be keen, the Board is confident that the Group's market leadership position, as attested by its No. 1 ranking in The Edge Malaysia's Top Property Developer Awards, which it won for the 5th time in 2010, will enable it to stand out amongst its peers. At the project level, the Group's Setia Eco Park project also won the Best Low-Rise Development in the 2010 FIABCI Malaysia Property Awards, making it the 6th time the Group has been conferred the prestigious FIABCI Malaysia / Prix d'Excellence Award.

Apart from awards, the Group's consistent execution track record and commitment to ongoing value creation, which has enabled it to both sustain and augment growth will continue to place the Group in good stead to achieve the targets set.

Barring unforeseen external shocks, the Board is therefore optimistic that the supportive policy environment, positive domestic business and consumer sentiments coupled with renewed foreign interest in selected property segments will continue to boost the Group's positive property sales momentum into FY2011.

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		12 MONTHS ENDED	
	31/10/2010 RM'000	31/10/2009 RM'000	31/10/2010 RM'000	31/10/2009 RM'000
- current taxation	14,901	5,943	78,513	67,564
- deferred taxation	9,948	7,171	(912)	(6,258)
- in respect of prior years	1,365	(299)	1,561	(1,426)
	<u>26,214</u>	<u>12,815</u>	<u>79,162</u>	<u>59,880</u>

The Group's effective taxation rate for the current quarter and financial year-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 year to-date.

7. Quoted Securities

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

The Group does not hold investment in quoted securities as at 31 October 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 3 December 2010 (except for item (vii) which had been completed on 3 December 2010), the latest practicable date which shall not be earlier than 6 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 28 October 2010, the parties have mutually agreed to extend the period for fulfilment of the conditions precedent to expire on 29 April 2011;

- (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 GR Investments Ltd ("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 26 October 2010, the parties have mutually agreed to extend the period for fulfilment of the conditions precedent to expire on 27 April 2011.

- (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

- (vii) 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. The acquisition had been completed on 3 December 2010.

9. Group Borrowings and Debt Securities

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

	Secured	Unsecured	Total
	RM’000	RM’000	RM’000
Bank Overdrafts	6,525	101,088	107,613
Short Term Bank Borrowings	147,806	50,000	197,806
Long Term Bank Borrowings	780,350	-	780,350
Redeemable Preference Shares	-	65,625	65,625
2% Redeemable Serial Bonds	-	485,605	485,605
	934,681	702,318	1,636,999

Currency exposure profiles of borrowings were as follows:

	Secured	Unsecured	Total
	RM’000	RM’000	RM’000
Ringgit Malaysia	872,605	702,318	1,574,923
Vietnamese Dong	7,120	-	7,120
Australian Dollar	54,956	-	54,956
	934,681	702,318	1,636,999

10. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 3 December 2010, the latest practicable date which is not earlier than 6 days from the date of issue of this quarterly report.

11. Material Litigation

The Group is not engaged in any material litigation as at 3 December 2010, the latest practicable date which is not earlier than 6 days from the date of issue of this quarterly report.

12. Dividends

- (a) (i) The board of Directors has recommended a final dividend in respect of the financial year ended 31 October 2010.
- (ii) Amount per share : 14 sen less income tax of 25%
- (iii) Previous corresponding period : 9 sen less income tax of 25%
- (iv) Date payable : To be determined later
- (v) In respect of deposited securities, entitlement to dividends will be determined on the basis of record of depositors as at a date to be determined later.
- (b) Total dividend for the current financial year : 20 sen 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 year 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		12 MONTHS ENDED	
	31/10/2010 '000	31/10/2009 '000	31/10/2010 '000	31/10/2009 '000
Profit for the period/year attributable to equity holders of the Company (RM)	75,156	56,859	251,813	171,233
Number of ordinary shares at beginning of the period/year	1,016,805	1,016,806	1,016,805	1,016,698
Effect of shares issued pursuant to Exercise of Warrants	1	-	1	88
Weighted average number of ordinary shares	1,016,806	1,016,806	1,016,806	1,016,786
Basic Earnings Per Share (sen)	7.39	5.59	24.77	16.84

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 year 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		12 MONTHS ENDED	
	31/10/2010 '000	31/10/2009 '000	31/10/2010 '000	31/10/2009 '000
Profit for the period/year attributable to equity holders of the Company (RM)	75,156	56,859	251,813	171,233
Weighted average number of ordinary shares as per basic EPS	1,016,806	1,016,806	1,016,806	1,016,786
Effect of potential exercise of ESOS/ Warrants	28,727	21,053	20,065	5,938
Weighted average number of ordinary shares	1,045,533	1,037,859	1,036,871	1,022,724
Diluted Earnings Per Share (sen)	7.19	5.48	24.29	16.74

14. Qualified audit report

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