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

Interim Financial Report
31 January 2011

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S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2011

	(UNAUDITED)	(RESTATED) (See Note 1 (ii))
	As At 31 January 2011 RM'000	As At 31 October 2010 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	73,540	108,248
Investment Properties	173,800	117,446
Land Held for Property Development	1,542,379	1,371,152
Investment in Associated Companies	2,256	2,249
Other Investments	337	337
Amount Owing by Former Joint Venture Partner	12,308	-
Amount Owing by Jointly Controlled Entities	38,801	30,213
Deferred Tax Assets	44,904	42,465
	1,888,325	1,672,110
Current Assets		
Property Development Costs	842,256	840,448
Gross Amount Due From Customers	55,820	69,775
Inventories	22,783	23,601
Trade And Other Receivables	628,790	669,179
Amount Owing By Jointly Controlled Entities	18,454	18,380
Current Tax Assets	24,785	34,045
Deposits	153,410	646,140
Cash and Bank Balances	463,992	412,384
	2,210,290	2,713,952
TOTAL ASSETS	4,098,615	4,386,062
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	762,889	762,606
Reserves		
Share Premium	219,547	218,027
Option Reserve	30,460	24,482
Warrant Reserve	47,653	47,765
Exchange Translation Reserve	(4,619)	(3,808)
Retained Earnings	1,200,525	1,140,201
Equity Attributable to Equity Holders of the Company	2,256,455	2,189,273
Minority Interests	79	79
Total Equity	2,256,534	2,189,352
Non-current liabilities		
Long Term Borrowings	992,953	1,016,335
Other Long Term Liabilities	-	1,446
Deferred Tax Liabilities	1,069	979
	994,022	1,018,760
Current Liabilities		
Gross Amount Due To Customers	16,753	7,117
Trade And Other Payables	497,408	534,283
Short Term Borrowings	258,522	513,051
Bank Overdrafts	55,585	107,613
Current Tax Liabilities	19,791	15,886
	848,059	1,177,950
Total Liabilities	1,842,081	2,196,710
TOTAL EQUITY AND LIABILITIES	4,098,615	4,386,062
Net Assets Per Share (RM)	2.22	2.15

(The Condensed Consolidated Statement Of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 October 2010)

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 JANUARY 2011
(The figures have not been audited)

	3 MONTHS ENDED	
	31 January 2011 RM'000	31 January 2010 RM'000
Revenue	518,885	363,896
Cost of sales	(388,632)	(281,186)
Gross profit	130,253	82,710
Other operating income	4,562	3,177
Selling and marketing expenses	(22,683)	(8,783)
Administrative and general expenses	(26,333)	(27,649)
Profit from operations	85,799	49,455
Net profit from investing activities	4,830	5,177
Share of profits less losses of associated companies	7	2
Finance costs	(3,237)	(2,282)
Profit before taxation	87,399	52,352
Taxation	(25,362)	(14,163)
Profit for the period	62,037	38,189
Other comprehensive income:		
Currency translation differences arising from consolidation	(811)	(797)
Total comprehensive income for the period	61,226	37,392
Profit attributable to:		
Equity holders of the Company	62,037	38,196
Minority interests	-	(7)
	62,037	38,189
Total comprehensive income attributable to:		
Equity holders of the Company	61,226	37,399
Minority interests	-	(7)
	61,226	37,392
Earnings per share attributable to equity holders of the Company		
- Basic earnings per share (sen)	6.10	3.76
- Diluted earnings per share (sen)	5.68	3.70

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 October 2010)

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 JANUARY 2011
(The figures have not been audited)

	Attributable to Equity Holders of the Company							Minority Interests	Total Equity
		Non-Distributable							
	Share Capital RM'000	Share Premium RM'000	Option Reserve RM'000	Warrant Reserve RM'000	Exchange Translation Reserve RM'000	Unappropriated Profit RM'000	Total RM'000	RM'000	RM'000
Balance at 1.11.2010	762,606	218,027	24,482	47,765	(3,808)	1,140,201	2,189,273	79	2,189,352
Effect arising from adoption of FRS 139	-	-	-	-	-	(1,713)	(1,713)	-	(1,713)
Balance at 1.11.2010, as restated	762,606	218,027	24,482	47,765	(3,808)	1,138,488	2,187,560	79	2,187,639
Total comprehensive income for the period	-	-	-	-	(811)	62,037	61,226	-	61,226
Transactions with owners in their capacity as owners:									
Issue of ordinary shares pursuant to exercise of Warrants	283	1,520	-	(112)	-	-	1,691	-	1,691
Options granted under ESOS	-	-	5,978	-	-	-	5,978	-	5,978
Balance at 31.01.2011	762,889	219,547	30,460	47,653	(4,619)	1,200,525	2,256,455	79	2,256,534
Balance at 1.11.2009	762,604	218,017	6,988	47,766	(933)	1,002,779	2,037,221	357	2,037,578
Total comprehensive income for the period	-	-	-	-	(797)	38,196	37,399	(7)	37,392
Transactions with owners in their capacity as owners:									
Options granted under ESOS	-	-	3,494	-	-	-	3,494	-	3,494
Issuance of ordinary shares to minority interest	-	-	-	-	-	-	-	7	7
Balance at 31.01.2010	762,604	218,017	10,482	47,766	(1,730)	1,040,975	2,078,114	357	2,078,471

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 October 2010)

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 31 JANUARY 2011
(The figures have not been audited)

	3 MONTHS ENDED 31 January 2011 RM'000	3 MONTHS ENDED 31 January 2010 RM'000
Profit before taxation	87,399	52,352
Adjustments for:-		
Non-cash items	7,734	4,985
Non-operating items	(4,174)	(4,052)
Operating profit before changes in working capital	90,959	53,285
Net Change in current assets	52,525	86,322
Net Change in current liabilities	(41,497)	(47,907)
Cash generated from operations	101,987	91,700
Interest received	2,176	1,002
Interest paid	(23,413)	(13,570)
Rental received	515	168
Tax paid	(15,966)	(19,466)
Net cash generated from operating activities	65,299	59,834
Investing Activities		
Other investments	(180,290)	(76,901)
Net cash used in investing activities	(180,290)	(76,901)
Financing Activities		
Transaction with shareholders	1,691	-
Bank borrowings	(279,691)	(22,675)
Other financing activities	-	7
Net cash used in financing activities	(278,000)	(22,668)
Net changes in cash and cash equivalents	(392,991)	(39,735)
Effect of exchange rate changes	(237)	(34)
Cash and cash equivalents at 1 November 2010/2009	939,230	672,503
Cash and cash equivalents at 31 January 2011/2010	546,002	632,734

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

	31.1.2011 RM'000	**31.1.2010** RM'000
Deposits	153,410	381,379
Cash and bank balances	463,992	317,808
Bank overdrafts	(55,585)	(33,250)
	561,817	665,937
Less: Deposits pledged to licensed banks	(8,868)	(24,744)
Sinking Fund, Debt Service Reserve and Escrow Accounts	(6,947)	(8,459)
	546,002	632,734

(The Condensed Consolidated Statement Of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 October 2010)

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 2010.

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 2010 except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretation:

FRS 3	Business Combinations (revised)
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs
FRS 127	Consolidated and Separate Financial Statements (revised)
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRSs	Improvements to FRSs (2009)
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment Vesting Conditions and Cancellations
Amendments to FRS 2	Share-based payment
Amendments to FRS 132	Financial Instruments: Presentation
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

The following are the new/revised FRS and IC Interpretations which are effective but are not applicable to the Group:

FRS 1	First-time Adoption of Financial Reporting Standards (revised)
FRS 4	Insurance Contracts
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
TR *i* – 3	Presentation of Financial Statements of Islamic Financial Institutions

1. **Basis of preparation (continued)**

The adoption of the FRSs and ICs do not have any significant impact to the Group or the Group's significant accounting policies except as discussed below:

(i) FRS 101

The revised FRS 101 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of income and expense recognised directly in equity, either in one single statement, or in two linked statements.

The Group has elected to present the statement of comprehensive income in one statement.

(ii) Amendments to FRS 117 Leases (as part of the Improvements to FRSs (2009))

Prior to the adoption of the Amendment to FRS 117, leasehold land with title which had an indefinite economic life that was not expected to pass to the lessee at the end of the lease term was classified as operating lease. Upfront payments for the rights to use the leasehold land over a predetermined period were accounted for as prepaid lease payments and amortised on a straight-line basis over the remaining period of the lease.

Upon adoption of the Amendment to FRS 117, the Group reassessed the classification of leasehold land as a finance lease or an operating lease based on the extent of risks and rewards associated with the land. The Group has determined that all leasehold land of the Group are in substance finance leases and has reclassified its leasehold land from prepaid lease payments to investment properties.

The reclassification has been made retrospectively in the Condensed Consolidated Statement of Financial Position and the following comparative figures have been restated as follows:

	Audited as at 31 October 2010 RM'000	**Effect of adopting Amendments to FRS 117 RM'000**	**Restated as at 31 October 2010 RM'000**
Investment properties	116,586	860	117,446
Prepaid lease payments	860	(860)	-

(iii) Amendments to FRS 140 Investment Property (as part of the Improvements to FRSs (2009))

On 1 November 2010, the Group adopted the amendments to FRS 140 which arose from the Improvements to FRSs issued in 2009.

The Group has properties that are being constructed for future use classified as investment properties. Such investment properties under construction ("IPUC") were accounted as property, plant and equipment. Upon adoption of the amendments to FRS 140, these IPUC are reclassified as investment properties.

The Group applied the amendments prospectively. As a result of the adoption of the amendment to FRS 140, as at 1 November 2010, the Group has reclassified IPUC of RM36,953,000 from property, plant and equipment to investment properties.

1. **Basis of preparation (continued)**

(iv) FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group has adopted FRS 139 prospectively on 1 November 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 November 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

<u>Financial assets</u>

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, Held to Maturity investments or Available for Sale ("AFS") financial assets.

Investment in unquoted shares

Prior to 1 November 2010, other investment was recorded at cost adjusted for any diminution in value in the Group's financial statements.

As at 1 November 2010, the other investment is designated as AFS investment and since the fair value of the AFS investment cannot be reliably measured, it is measured at cost less impairment loss.

Loans and receivables

Prior to 1 November 2010, the Group granted interest bearing loans or advances to its jointly controlled entities with interest different from market rates which were recorded at cost in the Group's financial statements.

As at 1 November 2010, these interest bearing loans or advances are recorded at fair value. The difference between the fair value and cost of the loan or advances is recognised as a reduction in the amounts owing by the jointly controlled entity. Subsequent to initial recognition, the loans and advances are measured at amortised cost. As at 1 November 2010, the Group has remeasured such loans and advances at their amortised cost and the adjustments to their previous carrying amounts are recognised as adjustments to the opening balance of retained earnings as at that date.

<u>Financial liabilities</u>

Financial liabilities are classified as financial liabilities at fair value through profit or loss, financial liabilities at amortised cost or other financial liabilities.

The Group's financial liabilities are initially measured at fair value and subsequently measured at amortised cost.

The adoption of FRS 139 does not have any significant impact on the profit for the financial period-to-date.

1. **Basis of preparation (continued)**

(v) The following are effects arising from the changes in accounting policies in (iii) and (iv):

	Restated as at 31 October 2010 RM'000	**Reclassification[1] RM'000**	**Effect of adopting FRS 139 RM'000**	**Effect of adopting Amendments to FRS 140 RM'000**	**After adoption of FRSs as at 1 November 2010 RM'000**
Property, plant and equipment	108,248	-	-	(36,953)	71,295
Investment properties	117,446	-	-	36,953	154,399
Amounts owing by former joint venture partner	-	13,890	(1,694)	-	12,196
Amounts owing by jointly controlled entities	30,213	-	(19)	-	30,194
Trade and other Receivables	669,179	(13,890)	-	-	655,289
Retained earnings	1,140,201	-	(1,713)	-	1,138,488

[1] reclassification of amounts owing by former joint venture partner from short term to long term to better reflect the timing of recoverability of the amount owing.

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 January 2011.

4. **Changes in estimates**

There were no material changes in estimates for the financial period ended 31 January 2011.

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 period-to-date except for the following:

(a) Issuance of 377,300 new ordinary shares of RM0.75 each pursuant to the exercise of warrants at RM4.48 per share. The total cash proceeds arising from the exercise of warrants during the current financial year to-date amounted to RM1,690,304; and

(b) Redemption of 2.00% redeemable serial bond 1 of RM250 million upon its maturity on 23 November 2010.

6. **Dividends paid**

There were no payment of dividend during the current financial quarter and period-to-date ended 31 January 2011.

7. **Segmental Reporting**

The segmental analysis for the financial period ended 31 January 2011 are as follow:-

	Property Development	**Construction**	**Other Operations**	**Eliminations**	**Consolidated**
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External sales	450,859	44,529	23,497	-	518,885
Inter-segment sales	19,875	13,797	19,521	(53,193)	-
Total revenue	470,734	58,326	43,018	(53,193)	518,885
Results					
Segment results	80,762	2,683	2,354	-	85,799
Net profit from investing activities					4,830
Share of net profits less losses of associated companies					7
Finance costs					(3,237)
Profit before taxation					87,399
Tax expense					(25,362)
Profit for the period					62,037

8. **Material Events subsequent to the End of Period**

There were no material transactions or events subsequent to the current quarter ended 31 January 2011 till 10 March 2011 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report), except as disclosed in page 15, Note 8(x) of the Status of Corporate Proposals.

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 incorporation of a subsidiary, Setia Jersey Investment Holding Company Limited ("Setia Jersey") with an issued and paid up capital of GBP2.00 comprising of 2 ordinary share of GBP1.00 each, through Setia International Limited on 15 December 2010 resulting in Setia Jersey 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 reporting date except for additional guarantees of RM163,000 given to a bank for performance bonds granted to a jointly controlled entity.

11. **Capital Commitments**

	As at 31/1/2011 RM'000
Commitments to purchase development land	
- Contracted	162,433
- Approved but not Contracted	22,857
Contractual commitments for acquisition of investment properties	6,246
Contractual commitments for acquisition of property, plant and equipment	3,350
Commitment to subscribe for shares in a jointly controlled entity	67,379

12. **Significant Related Party Transactions**

	01/11/2010 To 31/01/2011 RM'000
Transactions with jointly controlled entities:	
(i) Construction services rendered	4,209
(ii) Interest charged	727
(iii) Marketing expenses charged	330
(iv) Project management and administrative fee received and receivable	2,252
(v) Rental paid and payable	73
(vi) Security services rendered	40
(vii) Sale of building material	1,369
(viii) Staff secondment	12
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	14
(ii) Security services rendered to a director of the Company	20
(iii) Security services rendered to a trust body in which directors of subsidiary companies are the trustee	21
(iv) Rental charged to a trust body in which directors of subsidiary companies are the trustee	30
(v) Sale of development properties to directors of the Company	4,494
(vi) Sale of development properties to directors of the subsidiary companies	5,861

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**

For the current period to date, the Group achieved a profit after taxation of RM62 million on the back of revenue totalling RM519 million, representing an increase of 62% and 43% respectively over the results for the preceding period to date. The current period profit after taxation was arrived at after expensing approximately RM6 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 RM16 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 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 RM87.4 million, which is RM14 million lower than the preceding quarter ended 31 October 2010. This is mainly due to the gain on disposal of an Investment Property in the preceding quarter.

3. **Prospects for the Current Financial Year**

The Board is pleased to report that the Group's strong performance has continued into the new financial year, with first quarter FY2011 sales of RM737 million. This represents the Group's highest ever sales recorded in a single quarter and is a 21% increase from its first quarter FY2010 sales. As at 28 February 2011, the Group's sales for the 1st four months of the financial year totalled RM953 million – another new record and a 25% increase from the corresponding period last year. The Group is therefore well on-target to achieve and deliver its FY2011 sales target of RM3 billion.

The Group's strong sales performance in FY2011 was achieved purely from contributions by its existing projects in the Klang Valley, Johor Bahru and Penang. The eagerly anticipated KL EcoCity project ("KLEC"), with an estimated gross development value of RM6 billion, when launched later this year is expected to further contribute to the Group's already strong sales. Management is confident that the meticulous planning and preparatory steps taken so far will enable KLEC to fulfil its potential as a showcase development and act as a key catalyst that will transform and enable the Group to sustain sales at a high level.

Management's focus in FY2011 will also go towards finalizing terms with the Government of Malaysia for the land-swap deal involving the exchange of 40.22 acres of land in Bangsar for a modern new integrated health and research complex to be located on 55.33 acres of land in the Group's flagship Setia Alam development; obtaining the necessary approvals in preparation for launch of the Group's recently secured landbank both locally and internationally; and looking out for further opportunities to grow the Group in a manner that is most efficient, effective and accretive towards shareholder value.

Barring unforeseen external shocks, the Board is optimistic that the prospects of the Group remain very positive in 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 AND FINANCIAL PERIOD-TO-DATE ENDED	
	31/01/2011	**31/01/2010**
	RM'000	**RM'000**
- current taxation	27,456	16,436
- in respect of prior years	308	(373)
- deferred taxation	(2,349)	(1,431)
- in respect of prior years	(53)	(469)
	25,362	14,163

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

The Group does not hold investment in quoted securities as at 31 January 2011.

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 March 2011, 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 18 February 2011, KLEC and DBKL have agreed to extend the period for the execution of the Privatisation Agreement to expire on 20 May 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;

(vii) S P Setia Berhad had proposed development of an integrated health and research complex to be known as the 1NIH Complex on approximately 55.33 acres of land at Setia Alam by way of land swap for approximately 40.22 acres of government land located along Jalan Bangsar, Wilayah Persekutuan Kuala Lumpur.

As announced on 17 January 2011, terms and conditions of the proposal are currently being negotiated between Sentosa Jitra Sdn Bhd ("Sentosa Jitra"), Unit Kerjasama Awam Swasta ("UKAS") and Ministry of Health, Malaysia ("MOH"), collectively known as the "Parties". Further details will be disclosed after definitive and conclusive terms have been agreed upon, and a development agreement entered into by the Parties.

(viii)(a)Proposed placement of new ordinary shares of RM0.75 each in S P Setia Berhad ("S P Setia Shares"), representing up to 15% of the issued and paid-up share capital of the Company ("Proposed Placement");

(b) Proposed bonus issue of new S P Setia shares ("Bonus Shares") on the basis of one (1) bonus share for every two (2) S P Setia shares held after the proposed placement ("Proposed Bonus Issue"); and

(c) Proposed increase in the authorised share capital of S P Setia Berhad from RM1,200,000,000 comprising 1,600,000,000 S P Setia shares to RM2,250,000,000 comprising 3,000,000,000 S P Setia shares ("Proposed Capital Increase").

(items (a) to (c) are collectively referred to as the "Proposals")

On 17 January 2011, S P Setia Berhad announced that the Proposed Placement will involve the placement of such number of new S P Setia Shares, representing up to 15% of the issued and paid-up share capital of the Company to placees to be identified via book-building. Based on the issued and paid-up share capital of the Company as at 14 January 2011 of RM762,606,613 comprising 1,016,808,818 S P Setia Shares, the Proposed Placement will involve the issuance of up to 152,521,322 new S P Setia Shares ("Placement Shares"). The precise terms and conditions such as the identity of the placees, number of Placement Shares allocated and the issue price for the Placement Shares can only be determined upon completion of the book-building exercise for the Placement Shares.

8. **Status of Corporate Proposals (continued)**

The Proposed Bonus Issue will involve the issuance of Bonus Shares which will be credited as fully paid-up, on the basis of one (1) Bonus Share for every two (2) S P Setia Shares held by the shareholders whose names appear in the Record of Depositors of the Company after the Proposed Placement on an entitlement date to be determined and announced later.

The Proposed Capital Increase will involve the increase in the authorised share capital of S P Setia from RM1,200,000,000 comprising 1,600,000,000 S P Setia Shares to RM2,250,000,000 comprising 3,000,000,000 S P Setia Shares through the creation of an additional 1,400,000,000 new S P Setia Shares. The Proposed Capital Increase is necessary for the implementation of the Proposed Placement and Proposed Bonus Issue, as the enlarged issued and paid-up share capital of S P Setia will exceed its existing authorised share capital and to cater for any future increase in share capital.

At the Extraordinary General Meeting of S P Setia Berhad held on 23 February 2011, the shareholders of S P Setia Berhad had approved and passed all the resolutions relating to the Proposals. Subsequently, on 7 March 2011, Bank Negara Malaysia had approved the application for the issuance of the additional new warrants to be issued pursuant to the adjustment consequent to the Proposed Bonus Issue to non-resident warrant holders of S P Setia Berhad;

(ix) On 28 January 2011, a wholly owned subsidiary of the S P Setia Berhad, Setia Indah Sdn Bhd, had entered into a conditional Sale and Purchase Agreement (“SPA”) with Kenyalang Property Development Sdn Bhd to purchase a piece of land held under H.S. (D) 368479 for PTD 117035 in the Mukim of Tebrau, District of Johor Bahru, state of Johor Darul Takzim measuring approximately 265.719 acres for a total cash consideration of RM125,788,604. The SPA is expected to be completed during the financial year ending 31 October 2011; and

(x) On 2 March 2011, a wholly owned subsidiary of the S P Setia Berhad, Setia Eco Villa Sdn Bhd, had entered into a conditional Sale and Purchase Agreement (“SPA”) with Cyberview Sdn Bhd and Setia Haruman Sdn Bhd to purchase a piece of freehold land within the Cyberjaya Flagship Zone measuring approximately 268.11 acres for a total cash consideration of RM420,439,378 or RM36 per square foot. The SPA is expected to be completed during the financial year ending 31 October 2012.

9. **Group Borrowings and Debt Securities**

Total group borrowings and debt securities as at 31 January 2011 were as follows:

	Secured	**Unsecured**	**Total**
	RM’000	RM’000	RM’000
Bank Overdrafts	4,732	50,853	55,585
Short Term Bank Borrowings	142,786	50,111	192,897
Long Term Bank Borrowings	755,298	-	755,298
Redeemable Preference Shares	-	65,625	65,625
2% Redeemable Serial Bond	-	237,655	237,655
	902,816	404,244	1,307,060

Currency exposure profiles of borrowings were as follows:

	Secured	**Unsecured**	**Total**
	RM’000	RM’000	RM’000
Ringgit Malaysia	841,138	404,244	1,245,382
Vietnamese Dong	6,978	-	6,978
Australian Dollar	54,700	-	54,700
	902,816	404,244	1,307,060

10. **Off Balance Sheet Financial Instruments**

The Group does not have any financial instruments with off balance sheet risk as at 10 March 2011, 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 March 2011, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

12. **Dividends**

No interim dividend has been recommended in respect of the financial period ended 31 January 2011.

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 AND FINANCIAL PERIOD TO-DATE ENDED	
	31/01/2011 '000	**31/01/2010 '000**
Profit for the period attributable to equity holders of the Company (RM)	62,037	38,196
Number of ordinary shares at beginning of the period	1,016,808	1,016,806
Effect of shares issued pursuant to Exercise of Warrants	13	-
Weighted average number of ordinary shares	1,016,821	1,016,806
Basic Earnings Per Share (sen)	6.10	3.76

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 AND FINANCIAL PERIOD TO-DATE ENDED	
	31/01/2011 '000	**31/01/2010 '000**
Profit for the period attributable to equity holders of the Company (RM)	62,037	38,196
Weighted average number of ordinary shares as per basic EPS	1,016,821	1,016,806
Effect of potential exercise of ESOS/ Warrants	75,834	15,717
Weighted average number of ordinary shares	1,092,655	1,032,523
Diluted Earnings Per Share (sen)	5.68	3.70

14. **Realised and Unrealised Profits**

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows:

	31/01/2011 RM'000	**31/10/2010 RM'000**
Total retained profits of the Company and its subsidiaries:		
- Realised	1,101,187	1,052,795
- Unrealised	20,366	17,534
	1,121,553	1,070,329
Total retained profits from jointly controlled entities:		
- Realised	114,699	106,635
- Unrealised	13,089	13,077
	127,788	119,712
Total share of retained profits from associated companies:		
- Realised	(766)	(773)
- Unrealised	-	-
	(766)	(773)
Less: Consolidation adjustments	(48,050)	(49,067)
Total Group retained profits as per consolidation accounts	1,200,525	1,140,201

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

15. **Auditors' Report on Preceding Annual Financial Statements**

The preceding audited financial statements for the year ended 31 October 2010 was unqualified.