

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

Interim Financial Report
30 April 2011

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S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2011

	(UNAUDITED)	(RESTATED)
	As At	As At
	30 April 2011	31 October 2010
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	72,706	108,248
Investment Properties	171,948	117,446
Land Held for Property Development	1,547,679	1,371,152
Investment in Associated Companies	2,264	2,249
Other Investments	337	337
Amount Owing by Former Joint Venture Partner	12,468	-
Amount Owing by Jointly Controlled Entities	43,764	30,213
Deferred Tax Assets	49,600	42,465
	<u>1,900,766</u>	<u>1,672,110</u>
Current Assets		
Property Development Costs	875,670	840,448
Gross Amount Due From Customers	57,416	69,775
Inventories	18,915	23,601
Trade And Other Receivables	709,231	669,179
Amount Owing By Jointly Controlled Entities	66,735	18,380
Current Tax Assets	19,662	34,045
Deposits	960,002	646,140
Cash and Bank Balances	533,974	412,384
	<u>3,241,605</u>	<u>2,713,952</u>
TOTAL ASSETS	<u>5,142,371</u>	<u>4,386,062</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	1,320,486	762,606
Reserves		
Share Premium	554,551	218,027
Option Reserve	40,177	24,482
Warrant Reserve	46,603	47,765
Exchange Translation Reserve	(6,312)	(3,808)
Retained Earnings	1,185,606	1,140,201
Equity Attributable to Equity Holders of the Company	<u>3,141,111</u>	<u>2,189,273</u>
Minority Interests	78	79
Total Equity	<u>3,141,189</u>	<u>2,189,352</u>
Non-current liabilities		
Long Term Borrowings	1,082,029	1,016,335
Other Long Term Liabilities	-	1,446
Deferred Tax Liabilities	2,354	979
	<u>1,084,383</u>	<u>1,018,760</u>
Current Liabilities		
Gross Amount Due To Customers	18,207	7,117
Trade And Other Payables	549,933	534,283
Short Term Borrowings	276,963	513,051
Bank Overdrafts	44,442	107,613
Current Tax Liabilities	27,254	15,886
	<u>916,799</u>	<u>1,177,950</u>
Total Liabilities	<u>2,001,182</u>	<u>2,196,710</u>
TOTAL EQUITY AND LIABILITIES	<u>5,142,371</u>	<u>4,386,062</u>
Net Assets Per Share (RM)	<u>1.78</u>	<u>2.15</u>

(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 30 APRIL 2011
(The figures have not been audited)

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 April 2011 RM'000	30 April 2010 RM'000	30 April 2011 RM'000	30 April 2010 RM'000
Revenue	496,753	409,074	1,015,638	772,970
Cost of sales	(369,221)	(314,176)	(757,853)	(595,362)
Gross profit	<u>127,532</u>	<u>94,898</u>	<u>257,785</u>	<u>177,608</u>
Other operating income	4,519	3,440	9,081	6,617
Selling and marketing expenses	(22,214)	(9,758)	(44,897)	(18,541)
Administrative and general expenses	(26,579)	(22,118)	(52,912)	(49,767)
Profit from operations	<u>83,258</u>	<u>66,462</u>	<u>169,057</u>	<u>115,917</u>
Net profit from investing activities	38,890	6,715	43,720	11,892
Share of profits less losses of associated companies	8	(3)	15	(1)
Finance costs	(3,822)	(2,170)	(7,059)	(4,452)
Profit before taxation	<u>118,334</u>	<u>71,004</u>	<u>205,733</u>	<u>123,356</u>
Taxation	(26,112)	(19,794)	(51,474)	(33,957)
Profit for the period	<u>92,222</u>	<u>51,210</u>	<u>154,259</u>	<u>89,399</u>
Other comprehensive income:				
Currency translation differences arising from consolidation	(1,693)	(3,006)	(2,504)	(3,803)
Total comprehensive income for the period	<u>90,529</u>	<u>48,204</u>	<u>151,755</u>	<u>85,596</u>
Profit attributable to:				
Equity holders of the Company	92,223	51,211	154,260	89,407
Minority interests	(1)	(1)	(1)	(8)
	<u>92,222</u>	<u>51,210</u>	<u>154,259</u>	<u>89,399</u>
Total comprehensive income attributable to:				
Equity holders of the Company	90,530	48,204	151,756	85,596
Minority interests	(1)	-	(1)	-
	<u>90,529</u>	<u>48,204</u>	<u>151,755</u>	<u>85,596</u>
Earnings per share attributable to equity holders of the Company				
- Basic earnings per share (sen)	<u>5.55</u>	<u>3.36 *</u>	<u>9.45</u>	<u>5.86 *</u>
- Diluted earnings per share (sen)	<u>5.15</u>	<u>3.30 *</u>	<u>8.80</u>	<u>5.76 *</u>

* Restated for the effects of 1 bonus share for every 2 shares held.

(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 30 APRIL 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	-	-	-	-	(2,504)	154,260	151,756	(1)	151,755
Transactions with owners in their capacity as owners:									
Dividend paid	-	-	-	-	-	(107,142)	(107,142)	-	(107,142)
Share issue expenses	-	(8,903)	-	-	-	-	(8,903)	-	(8,903)
Issuance of ordinary shares pursuant to:-									
- Private Placement	114,794	769,887	-	-	-	-	884,681	-	884,681
- Bonus Issue	440,162	(440,162)	-	-	-	-	-	-	-
- Exercise of Warrants	2,924	15,702	-	(1,162)	-	-	17,464	-	17,464
Options granted under ESOS	-	-	15,695	-	-	-	15,695	-	15,695
Balance at 30.04.2011	1,320,486	554,551	40,177	46,603	(6,312)	1,185,606	3,141,111	78	3,141,189
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	-	-	-	-	(3,803)	89,407	85,604	(8)	85,596
Transactions with owners in their capacity as owners:									
Dividend paid	-	-	-	-	-	(68,634)	(68,634)	-	(68,634)
Options granted under ESOS	-	-	7,060	-	-	-	7,060	-	7,060
Issuance of ordinary shares to minority interest	-	-	-	-	-	-	-	8	8
Balance at 30.04.2010	762,604	218,017	14,048	47,766	(4,736)	1,023,552	2,061,251	357	2,061,608

(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 FLOWS
FOR THE PERIOD ENDED 30 APRIL 2011
(The figures have not been audited)

	6 MONTHS ENDED 30 April 2011 RM'000	6 MONTHS ENDED 30 April 2010 RM'000
Profit before taxation	205,733	123,356
Adjustments for:-		
Non-cash items	(11,558)	13,939
Non-operating items	(9,727)	(10,491)
Operating profit before changes in working capital	184,448	126,804
Net Change in current assets	136,529	199,975
Net Change in current liabilities	(23,616)	(47,291)
Cash generated from operations	297,361	279,488
Interest received	4,347	2,585
Interest paid	(35,679)	(24,330)
Rental received	774	479
Tax paid	(33,058)	(34,543)
Net cash generated from operating activities	233,745	223,679
Investing Activities		
Other investments	(345,193)	(115,636)
Net cash used in investing activities	(345,193)	(115,636)
Financing Activities		
Transaction with shareholders	786,101	(68,634)
Bank borrowings	(176,790)	(66,244)
Transactions with minority shareholders	-	8
Net cash generated from/(used in) financing activities	609,311	(134,870)
Net changes in cash and cash equivalents	497,863	(26,827)
Effect of exchange rate changes	(354)	(131)
Cash and cash equivalents at 1 November 2010/2009	939,230	672,503
Cash and cash equivalents at 30 April 2011/2010	1,436,739	645,545

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

	30.4.2011 RM'000	30.4.2010 RM'000
Deposits	960,002	366,263
Cash and bank balances	533,974	324,820
Bank overdrafts	(44,442)	(15,738)
	1,449,534	675,345
Less: Deposits pledged and maintained in Sinking Fund	(6,756)	(28,417)
Sinking Fund, Debt Service Reserve and Escrow Accounts	(6,039)	(1,383)
	1,436,739	645,545

(The Condensed Consolidated Statements 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 had 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:

Financial assets

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.

Financial liabilities

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 30 April 2011.

4. **Changes in estimates**

There were no material changes in estimates for the financial period ended 30 April 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 3,898,270 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 period to-date amounted to RM17,464,250;
- (b) Redemption of 2.00% redeemable serial bond 1 of RM250 million upon its maturity on 23 November 2010;
- (c) Issuance of 153,059,000 new ordinary shares of RM0.75 each pursuant to the Private Placement at an issue price of RM5.78 per ordinary share; and
- (d) Issuance of 586,882,794 new ordinary shares of RM0.75 each and 78,176,263 new warrants pursuant to the Bonus Issue.

6. Dividends paid

A final dividend of 14 sen per share less 25% income tax amounting to RM107,141,600 was paid on 31 March 2011 in respect of the financial year ended 31 October 2010.

7. Segmental Reporting

The segmental analysis for the financial period ended 30 April 2011 is as follows:-

	Property Development	Construction	Other Operations	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>					
External sales	884,048	80,125	51,465	-	1,015,638
Inter-segment sales	45,412	28,554	50,061	(124,027)	-
Total revenue	929,460	108,679	101,526	(124,027)	1,015,638
<u>Results</u>					
Segment results	162,341	1,354	5,362	-	169,057
Net profit from investing activities					43,720
Share of net profits less losses of associated companies					15
Finance costs					(7,059)
Profit before taxation					205,733
Tax expense					(51,474)
Profit for the period					154,259

8. Material Events subsequent to the End of Period

There were no material transactions or events subsequent to the current quarter ended 30 April 2011 till 2 June 2011 (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) 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;
- (ii) On 2 March 2011, a wholly owned subsidiary of S P Setia Berhad, Setia Eco Glades Sdn Bhd (“Setia Eco Glades”) (formerly known as Setia Eco Villa Sdn Bhd), increased its issued and paid-up share capital from 2 ordinary shares of RM1 each to 10 ordinary shares of RM1 each. Following the increase in additional share capital, S P Setia Berhad only subscribed additional 5 ordinary shares of RM1 each, resulting in S P Setia Berhad’s equity interest in Setia Eco Glades being reduced from 100% to 70%;
- (iii) Acquisition of 2 ordinary shares of RM1.00 each in Kuasa Kasturi Sdn Bhd (“Kuasa Kasturi”) on 18 March 2011, resulting in Kuasa Kasturi becoming a wholly owned subsidiary of S P Setia Berhad; and
- (iv) Incorporation of a subsidiary, Setia Bac Ninh Limited (“Setia Bac Ninh”) with an issued and paid up capital of USD10.00 comprising of 10 ordinary share of USD1.00 each, through Setia International Limited on 27 April 2011, resulting in Setia Bac Ninh 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 financial year except for additional guarantees of RM233,000 given to a bank for performance bonds granted to a jointly controlled entity.

11. Capital Commitments

	As at 30/4/2011
	RM'000
Commitments to purchase development land	
- Contracted	641,816
- Approved but not Contracted	22,857
Contractual commitments for acquisition of investment properties	73,896
Contractual commitments for acquisition of property, plant and equipment	3,208
Commitment to subscribe for shares in a jointly controlled entity	<u>66,150</u>

12. Significant Related Party Transactions

	01/11/2010 To 30/04/2011
	RM'000
<i>Transactions with jointly controlled entities:</i>	
(i) Construction services rendered	15,206
(ii) Interest charged	1,544
(iii) Marketing expenses charged	327
(iv) Project management and administrative fee received and receivable	4,785
(v) Rental paid and payable	151
(vi) Rental received and receivable	17
(vii) Security services rendered	81
(viii) Sale of building material	3,074
(ix) Staff secondment	72
(x) Sale of Investment Property	50,000
<i>Transactions with directors of the Company and subsidiary companies, companies and trust bodies in which they have interests:</i>	
(i) Rental paid to a company in which a director has interest	27
(ii) Security services rendered to a director of the Company	40
(iii) Security services rendered to a trust body in which directors of subsidiary companies are the trustee	42
(iv) Rental charged to a trust body in which directors of subsidiary companies are the trustee	68
(v) Rental charged to a trust body in which a director of the Company is the trustee	15
(vi) Sale of development properties to directors of the Company	4,494
(vii) Sale of development properties to directors of the subsidiary companies	<u>7,791</u>

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

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

(a) Performance of the current quarter against the same quarter in the preceding year (Q2 FY 2011 vs. Q2 FY 2010)

The Group reported a profit after taxation of RM92.2 million for Q2 2011, which is 80% higher than RM51.2 million reported for Q2 2010. The higher profit includes gain from the disposal of an Investment Property of the Group.

(b) Performance of the current period to-date against the same period in the preceding year (Q2 PTD 2011 vs. Q2 PTD 2010)

For the current period to-date, the Group achieved a profit after taxation of RM154.3 million on the back of revenue totalling RM1,015.6 million, representing an increase of 73% and 31% respectively over the results for the preceding period to-date. The current period to-date profit after taxation was arrived at after expensing approximately RM16 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 RM25 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 RM118.3 million, which is RM30.9 million higher than the preceding quarter ended 31 January 2011. This is mainly due to the gain on disposal of an Investment Property in the current quarter.

3. Prospects for the Current Financial Year

The Board is pleased to report that the Group has continued to set new sales benchmarks, with second quarter sales of RM671 million and cumulative 6-months sales of RM1.408 billion. This represents the Group's strongest ever second quarter and 6-months sales – eclipsing the previous highs achieved in the second quarter of FY2010 and 6-months FY2009 by 12% and 17% respectively.

Total sales of RM1.66 billion for the 1st seven months of the financial year has surpassed the Group's full-year sales achieved in every year of the Group's history except for the RM2.315 billion recorded in FY2010. Based on the strong sales momentum for existing projects and the imminent launch of the Group's highly-anticipated KL EcoCity project, Management is very confident that, barring unforeseen external shocks, the Group's FY2011 sales target of RM3 billion will be met.

4. Variance of Actual Profit from Forecast Profit

Not applicable as no profit forecast was published.

5. Income Tax

Income Tax comprises: -

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/04/2011	30/04/2010	30/04/2011	30/04/2010
	RM'000	RM'000	RM'000	RM'000
- current taxation	29,694	21,804	57,150	38,240
- in respect of prior years	25	71	333	(302)
- deferred taxation	(4,170)	(2,527)	(6,519)	(3,958)
- in respect of prior years	563	446	510	(23)
	<u>26,112</u>	<u>19,794</u>	<u>51,474</u>	<u>33,957</u>

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

The Group does not hold investment in quoted securities as at 30 April 2011.

8. Status of Corporate Proposals

- (a) The following are the status of corporate proposals that have been announced by the Company but not completed as at 2 June 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 20 May 2011, KLEC and DBKL have agreed to extend the period for the execution of the Privatisation Agreement to expire on 20 August 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 26 April 2011, the parties have mutually agreed to extend the period for fulfilment of the conditions precedent to expire on 29 October 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 develop and operate a mixed real property development (“Project”) located in XiaoShan, Hangzhou in the province of Zhejiang, China, of which a piece of land measuring approximately 5 acres will be developed as the first phase of the Project.

As announced on 3 May 2011, the parties have mutually agreed to extend the period for fulfilment of the conditions precedent to expire on 27 July 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 (USD16,260,000) 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 INIH 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) 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 (“Placement”);
- (b) 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 (“Bonus Issue”); and
- (c) 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 (“Capital Increase”).

On 22 March 2011, the book-building exercise in relation to the Placement was completed and a total of 153,059,000 new placement shares were issued, which represented approximately 14.99% of S P Setia’s issued and paid-up share capital as at 21 March 2011.

The issue price was fixed at RM5.78 per placement share, which represented a discount of approximately 5.25% to the 5-day volume-weighted average market price of S P Setia shares up to and including 21 March 2011, being the market day immediately prior to the price-fixing date, of RM6.10. The total gross proceeds raised from the issuance of the placement shares amounted to about RM884.6 million.

8. Status of Corporate Proposals (continued)

Subsequently on 22 April 2011, the Bonus Issue exercise was completed with the listing of 586,882,794 new bonus shares (“Bonus Shares”) and 78,176,263 additional new warrants arising from the adjustment as a consequence of the Bonus Issue (“Consequential Warrants”) whilst the exercise price of the warrants was adjusted from RM4.48 to RM2.99 for each warrant.

The Bonus Shares and the Consequential Warrants were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 22 April 2011.

- (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;
- (x) On 2 March 2011, a wholly owned subsidiary of the S P Setia Berhad, Setia Eco Glades Sdn Bhd (previously known as 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; and
- (xi) On 13 April 2011, a wholly owned subsidiary of the S P Setia Berhad, S P Setia International (S) Pte Ltd, had entered into a conditional Sale and Purchase Agreement (“SPA”) with 27 strata units’ subsidiary proprietors to acquire a strata title development named Leong Bee Court at Woodsville Close Singapore 357769 comprising 27 strata units and common property on a land size measuring approximately 0.68 acres for a total cash consideration of SGD65,000,000 or approximately RM159,000,000. The SPA is expected to be completed during the financial year ending 31 October 2011.
- (b) As at 30 April 2011, the status of the utilisation of proceeds raised under the Placement mentioned in paragraph (a)(viii) above amounting to RM884.6 million are as set out below:

Purpose	Proposed utilisation RM’000	Actual utilisation RM’000	Balance unutilised RM’000	Intended timeframe for utilisation from 22 March 2011
Existing projects and general working capital requirements	762,000	168,516	593,484	Within 24 months
Future expansion plans	113,100	63,093	50,007	Within 24 months
Estimated expenses for the Corporate Exercise	9,581	8,903	678	Within 3 months
Total	884,681	240,512	644,169	

9. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 30 April 2011 were as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Bank Overdrafts	4,063	40,379	44,442
Short Term Bank Borrowings	155,750	55,588	211,338
Long Term Bank Borrowings	842,753	-	842,753
Redeemable Preference Shares	-	65,625	65,625
2% Redeemable Serial Bond	-	239,276	239,276
	<u>1,002,566</u>	<u>400,868</u>	<u>1,403,434</u>

Currency exposure profiles of borrowings were as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Ringgit Malaysia	940,911	400,868	1,341,779
Vietnamese Dong	3,591	-	3,591
Australian Dollar	58,064	-	58,064
	<u>1,002,566</u>	<u>400,868</u>	<u>1,403,434</u>

10. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 2 June 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 2 June 2011, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

12. Dividends

- (a) The Board of Directors has recommended an interim dividend in respect of the financial year ending 31 October 2011.
- (i) Amount per share : 5 sen per share less income tax of 25%
 - (ii) Previous corresponding period : 6 sen per share less income tax of 25%
 - (iii) Date payable : 28 July 2011
 - (iv) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 8 July 2011.
- (b) Total dividend for the current financial period : 5 sen per share less income tax of 25%

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

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

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/04/2011 '000	Restated 30/04/2010 '000	30/04/2011 '000	Restated 30/04/2010 '000
Profit for the period attributable to equity holders of the Company (RM)	92,223	51,211	154,260	89,407
Number of ordinary shares at beginning of the period	1,017,186	1,016,806	1,016,808	1,016,806
Effect of Bonus Issue	586,883	508,403	586,883	508,403
Effect of Private Placement	55,032	-	27,060	-
Effect of shares issued pursuant to Exercise of Warrants	2,718	-	1,527	-
Weighted average number of ordinary shares	1,661,819	1,525,209	1,632,278	1,525,209
Basic Earnings Per Share (sen)	5.55	3.36	9.45	5.86

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

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/04/2011 '000	Restated 30/04/2010 '000	30/04/2011 '000	Restated 30/04/2010 '000
Profit for the period attributable to equity holders of the Company (RM)	92,223	51,211	154,260	89,407
Weighted average number of ordinary shares as per basic EPS	1,661,819	1,525,209	1,632,278	1,525,209
Effect of potential exercise of ESOS/ Warrants (including effect of Bonus Issue)	129,375	28,528	120,016	26,042
Weighted average number of ordinary shares	1,791,194	1,553,737	1,752,294	1,551,251
Diluted Earnings Per Share (sen)	5.15	3.30	8.80	5.76

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:

	30/04/2011	31/01/2011
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	1,100,657	1,101,187
- Unrealised	23,583	20,366
	<u>1,124,240</u>	<u>1,121,553</u>
Total retained profits from jointly controlled entities:		
- Realised	129,924	114,699
- Unrealised	12,450	13,089
	<u>142,374</u>	<u>127,788</u>
Total share of retained profits from associated companies:		
- Realised	(758)	(766)
- Unrealised	-	-
	<u>(758)</u>	<u>(766)</u>
Less: Consolidation adjustments	<u>(80,250)</u>	<u>(48,050)</u>
Total Group retained profits as per consolidation accounts	<u>1,185,606</u>	<u>1,200,525</u>

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.