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

Interim Financial Report
31 July 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 JULY 2011

	(UNAUDITED) As At 31 July 2011 RM'000	(RESTATED) (See Note 1 (ii)) As At 31 October 2010 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	72,050	108,248
Investment Properties	202,079	117,446
Land Held for Property Development	1,657,958	1,371,152
Investment in Associated Companies	2,273	2,249
Other Investments	337	337
Amount Owing by Former Joint Venture Partner	12,606	-
Amount Owing by Jointly Controlled Entities	44,182	30,213
Deferred Tax Assets	64,933	42,465
	2,056,418	1,672,110
Current Assets		
Property Development Costs	995,901	840,448
Gross Amount Due From Customers	46,882	69,775
Inventories	18,650	23,601
Trade And Other Receivables	727,633	669,179
Amount Owing By Jointly Controlled Entities	36,470	18,380
Current Tax Assets	15,594	34,045
Deposits	734,276	646,140
Cash and Bank Balances	617,616	412,384
	3,193,022	2,713,952
TOTAL ASSETS	5,249,440	4,386,062
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	1,334,682	762,606
Reserves		
Share Premium	589,991	218,027
Option Reserve	38,162	24,482
Warrant Reserve	46,072	47,765
Exchange Translation Reserve	(5,032)	(3,808)
Retained Earnings	1,211,332	1,140,201
Equity Attributable to Equity Holders of the Company	3,215,207	2,189,273
Minority Interests	(1,679)	79
Total Equity	3,213,528	2,189,352
Non-current liabilities		
Long Term Borrowings	1,096,002	1,016,335
Other Long Term Liabilities	-	1,446
Deferred Tax Liabilities	990	979
	1,096,992	1,018,760
Current Liabilities		
Gross Amount Due To Customers	11,714	7,117
Trade And Other Payables	612,561	534,283
Short Term Borrowings	246,013	513,051
Bank Overdrafts	30,895	107,613
Current Tax Liabilities	37,737	15,886
	938,920	1,177,950
Total Liabilities	2,035,912	2,196,710
TOTAL EQUITY AND LIABILITIES	5,249,440	4,386,062
Net Assets Per Share (RM)	1.81	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 JULY 2011
(The figures have not been audited)

	3 MONTHS ENDED		9 MONTHS ENDED	
	31 July 2011 RM'000	31 July 2010 RM'000	31 July 2011 RM'000	31 July 2010 RM'000
Revenue	583,469	414,902	1,599,107	1,187,872
Cost of sales	(404,767)	(325,906)	(1,162,620)	(921,268)
Gross profit	178,702	88,996	436,487	266,604
Other operating income	6,224	4,975	15,305	11,592
Selling and marketing expenses	(41,093)	(12,252)	(85,990)	(30,793)
Administrative and general expenses	(33,582)	(21,592)	(86,494)	(71,359)
Profit from operations	110,251	60,127	279,308	176,044
Net profit from investing activities	8,145	48,396	51,865	60,288
Share of profits less losses of associated companies	9	5	24	4
Finance costs	(2,589)	(2,287)	(9,648)	(6,739)
Profit before taxation	115,816	106,241	321,549	229,597
Taxation	(25,285)	(18,991)	(76,759)	(52,948)
Profit for the period	90,531	87,250	244,790	176,649
Other comprehensive income:				
Currency translation differences arising from consolidation	1,280	1,150	(1,224)	(2,653)
Total comprehensive income for the period	91,811	88,400	243,566	173,996
Profit attributable to:				
Equity holders of the Company	91,244	87,250	245,504	176,657
Minority interests	(713)	-	(714)	(8)
	90,531	87,250	244,790	176,649
Total comprehensive income attributable to:				
Equity holders of the Company	92,524	88,400	244,280	174,004
Minority interests	(713)	-	(714)	(8)
	91,811	88,400	243,566	173,996
Earnings per share attributable to equity holders of the Company				
- Basic earnings per share (sen)	5.15	5.72 *	14.62	11.58 *
- Diluted earnings per share (sen)	4.84	5.62 *	13.66	11.39 *

** 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 31 JULY 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	-	-	-	-	(1,224)	245,504	244,280	(714)	243,566
Transactions with owners in their capacity as owners:									
Dividends paid	-	-	-	-	-	(173,783)	(173,783)	-	(173,783)
Partial disposal of a subsidiary	-	-	-	-	-	1,084	1,084	(1,044)	40
Share issue expenses	-	(9,394)	-	-	-	-	(9,394)	-	(9,394)
Issuance of ordinary shares pursuant to:-									
- Bonus Issue	440,162	(440,162)	-	-	-	-	-	-	-
- Private Placement	114,794	769,887	-	-	-	-	884,681	-	884,681
- Exercise of ESOS	12,188	29,402	(7,913)				33,677	-	33,677
- Exercise of Warrants	4,932	22,231	-	(1,693)	-	-	25,470	-	25,470
Options granted under ESOS	-	-	21,632	-	-	-	21,632	-	21,632
ESOS lapsed	-	-	(39)	-	-	39	-	-	-
Balance at 31.07.2011	1,334,682	589,991	38,162	46,072	(5,032)	1,211,332	3,215,207	(1,679)	3,213,528
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	-	-	-	-	(2,653)	176,657	174,004	(8)	173,996
Transactions with owners in their capacity as owners:									
Dividends paid	-	-	-	-	-	(114,391)	(114,391)	-	(114,391)
Options granted under ESOS	-	-	12,526	-	-	-	12,526	-	12,526
Issuance of ordinary shares to minority interest	-	-	-	-	-	-	-	8	8
Acquisition of additional shares in an existing subsidiary company	-	-	-	-	-	-	-	(278)	(278)
Balance at 31.07.2010	762,604	218,017	19,514	47,766	(3,586)	1,065,045	2,109,360	79	2,109,439

(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 31 JULY 2011
(The figures have not been audited)

	9 MONTHS ENDED 31 July 2011 RM'000	**9 MONTHS ENDED 31 July 2010 RM'000**
Profit before taxation	321,549	229,597
Adjustments for:-		
Non-cash items	(4,012)	(22,259)
Non-operating items	(18,750)	(13,982)
Operating profit before changes in working capital	298,787	193,356
Net Change in current assets	172,299	243,436
Net Change in current liabilities	32,524	(42,284)
Cash generated from operations	503,610	394,508
Interest received	8,035	4,408
Interest paid	(50,419)	(37,185)
Rental received	1,149	625
Tax paid	(60,490)	(56,197)
Net cash generated from operating activities	401,885	306,159
Investing Activities		
Other investments	(598,063)	(241,535)
Net cash used in investing activities	(598,063)	(241,535)
Financing Activities		
Transaction with shareholders	760,650	(114,391)
Bank borrowings	(196,306)	12,455
Transactions with minority shareholders	-	7
Net cash generated from/(used in) financing activities	564,344	(101,929)
Net changes in cash and cash equivalents	368,166	(37,305)
Effect of exchange rate changes	(373)	(365)
Cash and cash equivalents at 1 November 2010/2009	939,230	672,503
Cash and cash equivalents at 31 July 2011/2010	1,307,023	634,833

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

	31.7.2011 RM'000	**31.7.2010** RM'000
Deposits	734,276	266,963
Cash and bank balances	617,616	418,268
Bank overdrafts	(30,895)	(16,143)
	1,320,997	669,088
Less: Deposits pledged and maintained in Sinking Fund	(8,197)	(29,006)
Sinking Fund, Debt Service Reserve and Escrow Accounts	(5,777)	(5,249)
	1,307,023	634,833

(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 (revised)
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 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 31 July 2011.

4. **Changes in estimates**

There were no material changes in estimates for the financial period ended 31 July 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 16,250,548 new ordinary shares of RM0.75 each pursuant to the exercise of Employees Share Option Scheme ("ESOS") at the following option prices:

Exercise price	(RM)	1.97	2.46	2.70	3.77
No. of shares issued	('000)	13,882	1,250	900	219

The total cash proceeds arising from the exercise of ESOS during the current financial period to-date amounted to RM33,677,286;

(b) Issuance of 6,575,670 new ordinary shares of RM0.75 each pursuant to the exercise of warrants at the following warrant prices:

Exercise price	(RM)	4.48	2.99
No. of warrants issued	('000)	3,898	2,677

The total cash proceeds arising from the exercise of warrants during the current financial period to-date amounted to RM25,469,676;

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

(d) 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

(e) 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.

An interim dividend of 5 sen less 25% income tax amounting to RM66,641,503 was paid on 28 July 2011 in respect of the financial year ending 31 October 2011.

7. **Segmental Reporting**

The segmental analysis for the financial period ended 31 July 2011 is as follows:-

	Property Development RM'000	Construction RM'000	Other Operations RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	1,382,100	139,096	77,911	-	1,599,107
Inter-segment sales	76,403	48,103	75,533	(200,039)	-
Total revenue	1,458,503	187,199	153,444	(200,039)	1,599,107
Results					
Segment results	259,456	14,117	5,735	-	279,308
Net profit from investing activities					51,865
Share of net profits less losses of associated companies					24
Finance costs					(9,648)
Profit before taxation					321,549
Tax expense					(76,759)
Profit for the period					244,790

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

There were no material transactions or events subsequent to the current quarter ended 31 July 2011 till 15 September 2011 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report), except for as disclosed in page 16, Note 8 (viii) and (xi) 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 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 pursuant to the terms of a Subscription and Shareholders' Agreement entered into on 28 March 2011 with Setia Haruman Sdn Bhd. Following the increase in additional share capital, S P Setia Berhad subscribed for an 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) On 3 March 2011, S P Setia Berhad transferred 40% of the equity interest in KL Eco City Sdn Bhd ("KLEC") to Yayasan Gerakbakti Kebangsaan ("YGK") following the novation by YGP Holdings Sdn Bhd ("YGP") to YGK of its rights, title, interests, obligations and liabilities in KLEC pursuant to a Conditional Shareholders Agreement entered into between S P Setia Berhad and YGP on 20 December 2000;

(iv) 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

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

(v) 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 RM194,000 given to a bank for performance bonds granted to a jointly controlled entity.

11. **Capital Commitments**

	As at 31/7/2011 RM'000
Commitments to purchase development land	
- Contracted	599,030
- Approved but not Contracted	22,857
Contractual commitments for acquisition of investment properties	78,606
Contractual commitments for acquisition of property, plant and equipment	3,614

12. **Significant Related Party Transactions**

	01/11/2010 To 31/07/2011 RM'000
Transactions with jointly controlled entities:	
(i) Construction services rendered	22,796
(ii) Interest charged	2,487
(iii) Marketing expenses charged	446
(iv) Project management and administrative fee received and receivable	7,438
(v) Rental paid and payable	231
(vi) Rental received and receivable	26
(vii) Security services rendered	125
(viii) Sale of building material	5,811
(ix) Staff secondment	132
(x) Sale of Investment Property	50,000
Transactions with directors of the Company and subsidiary companies, companies and trust bodies in which they have interests:	
(i) Rental paid to a company in which a director has interest	41
(ii) Security services rendered to a director of the Company	60
(iii) Security services rendered to a trust body in which directors of subsidiary companies are the trustee	64
(iv) Rental charged to a trust body in which directors of subsidiary companies are the trustee	103
(v) Rental charged to a trust body in which a director of the Company is the trustee	22
(vi) Membership subscription and facilities charges charged to directors of the Company	17
(vii) Sale of development properties to directors of the Company	11,580
(viii) Sale of development properties to directors of the subsidiary companies	13,251

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 (Q3 FY 2011 vs. Q3 FY 2010)**

The Group reported a profit after taxation of RM90.5 million for Q3 2011, which is 4% higher than RM87.2 million reported for Q3 2010. The profit after tax for Q3 2010 included a gain from the disposal of the Tesco Hypermarket in Setia Alam, an Investment Property of the Group. The higher profit for the current quarter is mainly contributed from sales of residential and commercial properties in the Klang Valley and Johor Bahru.

(b) **Performance of the current period to-date against the same period in the preceding year (Q3 PTD 2011 vs. Q3 PTD 2010)**

For the current period to-date, the Group achieved a profit after taxation of RM244.8 million on the back of revenue totalling RM1,599.1 million, representing an increase of 39% and 35% respectively over the results for the preceding period to-date. The current period to-date profit after taxation was arrived at after expensing approximately RM22 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 RM56 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**

There were no material changes in the Group's current quarter profit before tax compared to the preceding quarter ended 30 April 2011.

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

The Board is pleased to report that the Group has continued to experience strong sales momentum in the third quarter with total sales achieved of RM729 million and cumulative 9-months sales of RM2.137 billion. This represents the Group's strongest ever 9-months sales, surpassing the previous high achieved in FY2010 by 19%. As at 31 August 2011, the Group's sales for the 1st ten months of FY2011 of RM2.32 billion has already surpassed the Group's full-year sales achieved in every year of the Group's history. Management is therefore highly confident that the Group's FY2011 sales target of RM3 billion will be met.

The Group remains positive about the fundamental prospects of the Malaysian property market despite the anticipated head-winds stemming from the slowdown in the global economy. The Group's strong branding, breadth and depth of product range as well as geographical reach in all the key economic regions of Klang Valley, Johor Bahru and Penang place the Group in good stead to continue to capture the solid underlying demand for good properties in Malaysia. On the macroeconomic front, positive demographics; job stability; a structural decline in housing starts and a banking sector that continues to remain supportive of owner-occupiers are all factors that will continue to contribute to resilience in demand, particularly for fairly-priced landed-residential starter homes. With this in mind, the Group recently acquired a 1,011-acre parcel

3. **Prospects for the Current Financial Year (continued)**

in Mukim Beranang, Daerah Ulu Langat, Negeri Selangor, which will enable the Group to venture into a new and growing development corridor thereby further extending its core and anti-cyclical business of township development. Management intends to continue to actively deploy the Group's healthy cash flow and strong financial position to acquire choice assets which may become available during uncertain economic times, to further strengthen the Group's growth prospects in line with its long-term expansion plans.

4. **Variance of Actual Profit from Forecast Profit**

Not applicable as no profit forecast was published.

5. **Income Tax**

Income Tax comprises: -

	3 MONTHS ENDED		**9 MONTHS ENDED**	
	31/07/2011	**31/07/2010**	**31/07/2011**	**31/07/2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
- current taxation	42,246	25,372	99,396	63,612
- in respect of prior years	(689)	10,560	(356)	10,258
- deferred taxation	(15,077)	(6,902)	(21,596)	(10,860)
- in respect of prior years	(1,195)	(10,039)	(685)	(10,062)
	25,285	18,991	76,759	52,948

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 31 July 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 15 September 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") ("Shareholders' Agreement") to govern the relationship between S P Setia Berhad and YGP ("the Parties") as proposed shareholders in KL Eco City 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. Subsequent to the Shareholders' Agreement, YGP had, as earlier mentioned, novated all of its rights, title, interest, obligations and liabilities pursuant to the Shareholders' Agreement to Yayasan Gerakbakti Kebangsaan ("YGK").

On 21 August 2007, a Memorandum of Understanding was entered into between Datuk Bandar Kuala Lumpur ("DBKL") and KLEC, 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 19 August 2011, KLEC and DBKL have agreed to extend the period for the execution of the Privatisation Agreement to expire on 20 November 2011;

On 25 July 2011, S P Setia Berhad had entered into a conditional Share Sale Agreement ("SSA") with YGK to purchase the 40% equity interest in KLEC held by YGK for a total consideration of RM75,000,000 to be satisfied through the issuance of 19,379,845 new ordinary shares of RM0.75 each in S P Setia Berhad at an issue price of RM3.87 per S P Setia share.

The purchase consideration of RM75,000,000 was arrived at on a willing-buyer willing-seller basis and based on the equity valuation of KLEC using the discounted cash flow method of valuation after taking into account, amongst others, the following:

(a) the approved development order for the stratified mixed residential and commercial developments of the project known as "KL Eco City Project";

(b) the terms of the Privatisation Agreement to be entered into between KLEC and DBKL; and

(c) KLEC's cashflow forecasts and projections based on planned launches and sales by KLEC's management.

Barring unforeseen circumstances, the SSA is expected to be completed by 31 December 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 27 July 2011, the parties have mutually agreed to extend the period for fulfilment of the conditions precedent to expire on 3 July 2012;

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

(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;

(v) Setia (Hangzhou) Development Company Limited, a subsidiary of S P Setia Berhad, had on 28 October 2009 entered into a Joint Venture Contract ("JV 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.

The conditions precedent (CP) set out in the JV Contract have not been met as at 27 July 2011, being the expiry date of the extended CP fulfillment period. In view of this, the parties have decided to mutually terminate the JV Contract.

The termination of the JV Contract is not expected to materially affect the future earnings of S P Setia Berhad as it constitutes only a small part of S P Setia's overall business;

(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;

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

(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) 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 had been rendered unconditional on 22 August 2011;

(ix) On 2 March 2011, Setia Eco Glades Sdn Bhd (previously known as Setia Eco Villa Sdn Bhd), presently a 70% subsidiary of S P Setia Berhad 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;

(x) 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 was completed on 13 July 2011; and

(xi) On 12 August 2011, a wholly owned subsidiary of the S P Setia Berhad, Bukit Indah (Selangor) Sdn Bhd, had entered into a conditional Sale and Purchase Agreement ("SPA") with Ban Guan Hin Realty Sdn Bhd to purchase a piece of freehold land under Geran 45874 for Lot 39, Mukim Beranang, Daerah Ulu Langat, Negeri Selangor measuring approximately 1,010.5 acres for a total cash consideration of RM330,130,350 or RM7.50 per square foot. The SPA is expected to be completed during the financial year ending 31 October 2012.

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

(b) As at 31 July 2011, the status of the utilisation of proceeds raised under the Placement exercise which was completed on 22 March 2011, 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	226,503	535,497	Within 24 months
Future expansion plans	113,100	106,490	6,610	Within 24 months
Estimated expenses for the Corporate Exercise *	9,581	9,394	187	Within 3 months
Total	884,681	342,387	542,294	

* The balance of the estimated expenses will be allocated for the Group's general working capital requirements and future expansion plans.

9. **Group Borrowings and Debt Securities**

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

	Secured	**Unsecured**	**Total**
	RM'000	RM'000	RM'000
Bank Overdrafts	5,062	25,833	30,895
Short Term Bank Borrowings	123,588	56,800	180,388
Long Term Bank Borrowings	855,050	-	855,050
Redeemable Preference Shares	-	65,625	65,625
2% Redeemable Serial Bond	-	240,952	240,952
	983,700	389,210	1,372,910

Currency exposure profiles of borrowings were as follows:

	Secured	**Unsecured**	**Total**
	RM'000	RM'000	RM'000
Ringgit Malaysia	867,774	389,210	1,256,984
Singapore Dollar	112,153	-	112,153
Vietnamese Dong	3,773	-	3,773
	983,700	389,210	1,372,910

10. **Off Balance Sheet Financial Instruments**

The Group does not have any financial instruments with off balance sheet risk as at 15 September 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 15 September 2011, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

12. **Dividends Declared**

The Board of Directors declared an interim dividend of 5 sen less income tax 25% (2010: 6 sen less 25% income tax) in respect of the financial year ending 31 October 2011. The interim dividend was paid on 28 July 2011.

No dividend has been declared for the third quarter ended 31 July 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 ENDED		**9 MONTHS ENDED**	
		Restated		**Restated**
	31/07/2011 ’000	**31/07/2010 ’000**	**31/07/2011 ’000**	**31/07/2010 ’000**
Profit for the period attributable to equity holders of the Company (RM)	91,244	87,250	245,504	176,657
Number of ordinary shares at beginning of the period	1,760,648	1,016,806	1,016,808	1,016,806
Effect of shares issued pursuant to:				
- Bonus Issue	-	508,403	586,883	508,403
- Private Placement	-	-	69,521	-
- Exercise of ESOS	9,949	-	3,353	
- Exercise of Warrants	637	-	2,542	-
Weighted average number of ordinary shares	1,771,234	1,525,209	1,679,107	1,525,209
Basic Earnings Per Share (sen)	5.15	5.72	14.62	11.58

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

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

	3 MONTHS ENDED		**9 MONTHS ENDED**	
		Restated		**Restated**
	31/07/2011 '000	**31/07/2010 '000**	**31/07/2011 '000**	**31/07/2010 '000**
Profit for the period attributable to equity holders of the Company (RM)	91,244	87,250	245,504	176,657
Weighted average number of ordinary shares as per basic EPS	1,771,234	1,525,209	1,679,107	1,525,209
Effect of potential exercise of ESOS/ Warrants (including effect of Bonus Issue)	115,537	26,600	118,622	26,089
Weighted average number of ordinary shares	1,886,771	1,551,809	1,797,729	1,551,298
Diluted Earnings Per Share (sen)	4.84	5.62	13.66	11.39

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:

	31/07/2011 RM'000	**30/04/2011 RM'000**
Total retained profits of the Company and its subsidiaries:		
- Realised	1,095,689	1,100,657
- Unrealised	40,609	23,583
	1,136,298	1,124,240
Total retained profits from jointly controlled entities:		
- Realised	135,439	129,924
- Unrealised	16,180	12,450
	151,619	142,374
Total share of retained profits from associated companies:		
- Realised	(749)	(758)
- Unrealised	-	-
	(749)	(758)
Less: Consolidation adjustments	(75,836)	(80,250)
Total Group retained profits as per consolidation accounts	1,211,332	1,185,606

14. **Realised and Unrealised Profits (continued)**

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.