

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

Interim Financial Report
31 January 2012

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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 2012

	(UNAUDITED)	(AUDITED)
	As At 31 January 2012 RM'000	As At 31 October 2011 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	74,306	74,062
Investment Properties	291,067	262,641
Land Held for Property Development	1,964,597	1,786,029
Investment in Associated Companies	1,889	2,279
Other Investments	337	337
Amount Owing by Former Joint Venture Partner	12,878	12,674
Amount Owing by Jointly Controlled Entities	51,372	48,357
Deferred Tax Assets	78,609	66,920
	<u>2,475,055</u>	<u>2,253,299</u>
Current Assets		
Property Development Costs	1,018,993	894,189
Gross Amount Due From Customers	45,081	49,575
Inventories	25,653	26,288
Trade and Other Receivables	1,036,685	872,859
Amount Owing By Jointly Controlled Entities	35,443	35,101
Current Tax Assets	14,708	17,936
Deposits	575,419	704,509
Cash and Bank Balances	692,661	731,901
	<u>3,444,643</u>	<u>3,332,358</u>
TOTAL ASSETS	<u><u>5,919,698</u></u>	<u><u>5,585,657</u></u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	1,385,767	1,374,554
Reserves		
Share Premium	732,958	696,575
Option Reserve	29,478	39,304
Warrant Reserve	46,036	46,036
Exchange Translation Reserve	(6,289)	(4,319)
Retained Earnings	1,368,385	1,294,292
Equity Attributable to Equity Holders of the Company	<u>3,556,335</u>	<u>3,446,442</u>
Minority Interests	<u>(9,125)</u>	<u>(6,956)</u>
Total Equity	<u>3,547,210</u>	<u>3,439,486</u>
Non-current liabilities		
Long Term Borrowings	1,089,923	1,117,142
Deferred Tax Liabilities	1,041	975
	<u>1,090,964</u>	<u>1,118,117</u>
Current Liabilities		
Gross Amount Due To Customers	8,171	6,205
Trade and Other Payables	774,615	768,312
Short Term Borrowings	412,388	199,736
Bank Overdrafts	64,012	36,435
Current Tax Liabilities	22,338	17,366
	<u>1,281,524</u>	<u>1,028,054</u>
Total Liabilities	<u>2,372,488</u>	<u>2,146,171</u>
TOTAL EQUITY AND LIABILITIES	<u><u>5,919,698</u></u>	<u><u>5,585,657</u></u>
Net Assets Per Share (RM)	<u>1.92</u>	<u>1.88</u>

(The Condensed Consolidated Statement Of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 October 2011)

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 JANUARY 2012
(The figures have not been audited)

	3 MONTHS ENDED	
	31 January 2012	31 January 2011
	RM'000	RM'000
Revenue	491,581	518,885
Cost of sales	(343,670)	(388,632)
Gross profit	<u>147,911</u>	<u>130,253</u>
Other operating income	12,332	9,392
Selling and marketing expenses	(29,596)	(22,683)
Administrative and general expenses	(28,447)	(26,333)
Share of profits less losses of associated companies	10	7
Finance costs	(1,487)	(3,237)
Profit before taxation	<u>100,723</u>	<u>87,399</u>
Taxation	(28,886)	(25,362)
Profit for the period	<u>71,837</u>	<u>62,037</u>
Other comprehensive income:		
Exchange differences on translation of foreign operations	(1,972)	(811)
Total comprehensive income for the period	<u>69,865</u>	<u>61,226</u>
Profit attributable to:		
Equity holders of the Company	74,004	62,037
Non-controlling interests	(2,167)	-
	<u>71,837</u>	<u>62,037</u>
Total comprehensive income attributable to:		
Equity holders of the Company	72,034	61,226
Non-controlling interests	(2,169)	-
	<u>69,865</u>	<u>61,226</u>
Earnings per share attributable to equity holders of the Company		
- Basic earnings per share (sen)	<u>4.01</u>	<u>4.07 *</u>
- Diluted earnings per share (sen)	<u>3.86</u>	<u>3.79 *</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 2011)

S P SETIA BERHAD
 (Company No.: 19698-X)
 (Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 JANUARY 2012
(The figures have not been audited)

	Attributable to Equity Holders of the Company					Non-controlling interests	Total Equity
	Non-Distributable						
	Share Capital	Share Premium	Option Reserve	Warrant Reserve	Exchange Translation Reserve	Unappropriated Profit	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1.11.2011	1,374,554	696,575	39,304	46,036	(4,319)	1,294,292	3,446,442
Total comprehensive income for the period	-	-	-	-	(1,970)	74,004	72,034
Transactions with owners:							
Issuance of ordinary shares:							
- exercise of ESOS	11,213	36,383	(9,737)	-	-	-	37,859
ESOS lapsed	-	-	(89)	-	-	89	-
Balance at 31.01.2012	1,385,767	732,958	29,478	46,036	(6,289)	1,368,385	3,556,335
Balance at 1.11.2010	762,606	218,027	24,482	47,765	(3,808)	1,140,201	2,189,273
Effect arising from adoption of FRS 139	-	-	-	-	-	(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
Total comprehensive income for the period	-	-	-	-	(811)	62,037	61,226
Transactions with owners:							
Issuance of ordinary shares:							
- exercise of Warrants	283	1,520	-	(112)	-	-	1,691
Options granted under ESOS	-	-	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

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 October 2011)

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 JANUARY 2012
(The figures have not been audited)

	3 MONTHS ENDED 31 January 2012 RM'000	3 MONTHS ENDED 31 January 2011 RM'000
Profit before taxation	100,723	87,399
Adjustments for:-		
Non-cash items	2,564	7,734
Non-operating items	(8,157)	(4,174)
Operating profit before changes in working capital	<u>95,130</u>	<u>90,959</u>
Changes in property development costs	(56,132)	36,185
Changes in gross amount due from/to customers	6,529	23,680
Changes in inventories	725	819
Changes in receivables	29,417	(8,159)
Changes in payables	(72,881)	(41,497)
Cash generated from operations	<u>2,788</u>	<u>101,987</u>
Interest received	3,402	2,176
Interest paid	(14,913)	(23,413)
Rental received	340	515
Tax paid	(32,306)	(15,966)
Net cash (used in)/generated from operating activities	<u>(40,689)</u>	<u>65,299</u>
Investing Activities		
Additions to land held for future development	(158,283)	(173,297)
Purchase of property, plant and equipment	(2,595)	(4,485)
Additions to investment properties	(26,768)	(19,758)
Proceeds from disposal of investment properties	-	68,040
Advances to jointly controlled entities	(3,982)	(14,784)
Development expenditure paid	(47,825)	(19,043)
Deposit and part consideration paid for acquisition of land	(135,788)	(17,549)
Other investments	2,090	586
Net cash used in investing activities	<u>(373,151)</u>	<u>(180,290)</u>
Financing Activities		
Proceeds from issue of shares	30,093	1,691
Redemption of bond	-	(250,000)
Drawdown of bank borrowings	349,478	22,303
Repayment of bank borrowings	(163,944)	(51,994)
Interest paid	(1,411)	-
Net cash generated from/(used in) financing activities	<u>214,216</u>	<u>(278,000)</u>
Net changes in cash and cash equivalents	(199,624)	(392,991)
Effect of exchange rate changes	(95)	(237)
Cash and cash equivalents at 1 November 2011/2010	1,387,197	939,230
Cash and cash equivalents at 31 January 2012/2011	<u>1,187,478</u>	<u>546,002</u>

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

	31.1.2012 RM'000	31.1.2011 RM'000
Deposits	575,419	153,410
Cash and bank balances	692,661	463,992
Bank overdrafts	(64,012)	(55,585)
	<u>1,204,068</u>	<u>561,817</u>
Less: Deposits pledged and maintained in Sinking Fund	(1,274)	(8,868)
Sinking Fund, Debt Service Reserve and Escrow Accounts	(15,316)	(6,947)
	<u>1,187,478</u>	<u>546,002</u>

(The Condensed Consolidated Statements Of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 October 2011)

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 (“Bursa Malaysia”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 October 2011.

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 2011 except for the adoption of the following Amendments to FRSs and IC Interpretations:-

Amendments to FRSs	Improvements to FRSs (2010)
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7	Improving Disclosures about Financial Instruments
TR - 3	Guidance on Disclosures of Transition to IFRSs

The adoption of the above amendments to FRSs and TR does not have any material impact on the financial statements of the Group.

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

Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
IC Interpretation 4	Determining Whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14	Prepayment of a Minimum Funding Requirement
TR i - 4	Shariah Compliant Sale Contracts

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 2012.

4. Changes in estimates

There were no material changes in estimates for the financial period ended 31 January 2012.

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 14,950,551 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	2.89
No. of shares issued	('000)	6,867	1,112	1,271	1,920	3,780

The total cash proceeds arising from the exercise of ESOS during the current financial period amounted to RM37,858,947.

6. Dividends paid

There were no payment of dividend during the current financial quarter and period-to-date ended 31 January 2012.

7. Segmental Reporting

The segmental analysis for the financial period ended 31 January 2012 are as follow:-

	Property Development	Construction	Other Operations	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>					
External sales	435,769	29,881	25,931	-	491,581
Inter-segment sales	26,714	9,481	17,156	(53,351)	-
Total revenue	462,483	39,362	43,087	(53,351)	491,581
Gross profit	137,086	6,233	4,592	-	147,911
Other operating income	6,491	2,005	3,836	-	12,332
Operating expenses	(52,629)	(1,797)	(3,617)	-	(58,043)
Share of net profits less losses of associated companies	9	-	1	-	10
Finance costs	(727)	(760)	-	-	(1,487)
Profit before taxation	90,230	5,681	4,812	-	100,723
Tax expense					(28,886)
Profit for the period					71,837

8. Material Events subsequent to the End of Financial Period

There were no material transactions or events subsequent to the current quarter ended 31 January 2012 till 19 March 2011 (the latest practicable date which is not earlier than 3 days from the date of issue of this quarterly report) except for as disclosed in page 11, Note 6 (i) and page 14, Note 6 (xi) and (xiv) 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 acquisition of 2 ordinary shares of RM1.00 each in Intra Hillside Sdn Bhd (“Intra Hillside”) on 10 November 2011, resulting in Intra Hillside 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.

11. Capital Commitments

	As at 31/1/2012 RM'000
Commitments to purchase development land	
- Contracted	1,612,225
- Approved but not Contracted	109,302
Contractual commitments for acquisition of investment properties	47,893
Contractual commitments for acquisition of property, plant and equipment	<u>3,797</u>

12. Significant Related Party Transactions

	01/11/2011 To 31/01/2012 RM'000
<i>Transactions with jointly controlled entities:-</i>	
(i) Construction services rendered	6,930
(ii) Interest charged	1,103
(iii) Marketing expenses charged	267
(iv) Project management and administrative fee received and receivable	2,641
(v) Rental paid and payable	79
(vi) Security services rendered	47
(vii) Sale of building material	1,150
(viii) Staff secondment	45

12. Significant Related Party Transactions (continued)

01/11/2011
To
31/01/2012
RM'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	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 trustees	22
(iv) Rental charged to a trust body in which directors of subsidiary companies are the trustees	30
(v) Sale of development properties to directors of the Company	3,000
(vi) Sale of development property to a company in which a director of the Company has financial interest	1,601
(vii) Sale of development property to a director of the subsidiary companies	1,194
(viii) Sale of development property to a company in which a director of subsidiary companies has financial interest	1,157
	1,157

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

1. Review of Group Performance

The Group achieved a profit after taxation of RM71.8 million on the back of revenue totalling RM491.6 million, representing a 16% increase in profit after taxation despite a 5% decrease in turnover as compared to the preceding period. The increased profit is mainly due to an increase in gross profit margins from 25% to 30% for the current financial period.

The performance of the respective operating business segments for the current period are analysed as follows:-

	1Q2012	1Q2011
	RM'000	RM'000
Revenue		
Property Development	435,769	450,859
Construction	29,881	44,529
Other Operations	25,931	23,497
	<hr/> 491,581	<hr/> 518,885
Profit before taxation		
Property Development	90,230	80,701
Construction	5,681	2,033
Other Operations	4,812	4,665
	<hr/> 100,723	<hr/> 87,399

Property Development

Profit before taxation (“PBT”) increased by 12% despite a decrease in revenue by 3% mainly due to the increase in PBT margin from 18% to 21% arising from Group’s success in steadily increasing the selling prices for its products through continuous value-creation. Ongoing projects which contributed to the profit and revenue achieved 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 and *Setia Pearl Island*, *Setia Vista* and *Setia Greens* in Penang.

Construction

Revenue and PBT remains a small percentage of overall Group operations (approximately 6%) and was mainly derived from Hospital Kuala Lumpur, Setia City Mall and Putrajaya construction projects. Revenue decreased in current quarter due to the completion of the Kementerian Dalam Negeri (“KDN”) contract in Setia Tropika, Johor Bahru in the previous financial year. PBT increased however as a result of certain additional billings secured for contracts completed in prior years and higher other operating income.

Other Operations

Revenue and profit from Other Operations mainly consist of wood-based manufacturing and trading activities and it also includes interest income from placement of funds.

2. Material changes in the Quarterly Results compared to the results of the Preceding Quarter

The Group’s current quarter profit before tax is RM100.7 million, which is RM8.3 million lower than the preceding quarter ended 31 October 2011. This is partly attributable to slower progress of works during the festive season. The profit before tax for current quarter is however 15% higher than previous year corresponding quarter of RM87.4 million for the reasons mentioned above.

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 FY2012 sales of RM933 million. This represents the Group's highest ever sales in a single quarter and is a 27% increase from its first quarter FY2011 sales. As at 29 February 2012, the Group's sales for the 1st four months of the financial year totalled RM1.23 billion – another new record and a 29% increase from the corresponding period last year. The Group is therefore well on-target to achieve and deliver its FY2012 sales target of RM4 billion.

The Group's strong sales performance in FY2012 was achieved through a combination of sustained sales contributions by its established projects in the Klang Valley, Johor Bahru and Penang augmented by sales from *KL Eco City* (“*KLEC*”), *Bangsar* and *Fulton Lane*, Melbourne which were launched towards the end of FY2011. The first quarter of FY2012 saw the launch of a new project namely *Setia Eco Cascadia* in Johor which also contributed to the sales achieved to date. The Group's maiden foray into East Malaysia through *Aeropod* in Sabah, has also registered strong take-up rates and is expected to further strengthen the Group's sales performance in FY2012. Other projects in the pipeline planned for launch in FY2012 include *Setia EcoGlades* in Cyberjaya, *KLEC*'s first residential tower, *18 Woodsville*, which will mark the Group's entry into Singapore as well as *11 Brook Residences* in Penang. All these projects should provide added impetus to the Group's sales for the rest of FY2012.

The Group's ability to register strong sales in an environment of global economic uncertainty is testament to the solid customer support the S P Setia brand commands even as the Group ventures to expand and diversify its product range across market segments and geographic regions. Coupled with the Group's strong financial position, Management will continue to actively seek opportunities which may arise during uncertain times to acquire more choice assets on favourable terms to further strengthen the Group's growth prospects in line with its long-term expansion plans.

Barring unforeseen external shocks, the Board is optimistic that the prospects of the Group remain positive in FY2012.

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	
	31/01/2012	31/01/2011
	RM'000	RM'000
- current taxation	40,902	27,456
- in respect of prior years	(396)	308
- deferred taxation	(11,649)	(2,349)
- in respect of prior years	29	(53)
	28,886	25,362

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. Status of Corporate Proposals

- (a) The following are the status of corporate proposals that have been announced by the Company which had been completed since the preceding quarter report and those which are not completed as at 19 March 2012, the latest practicable date which shall not be earlier than 3 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").

As announced on 24 October 2011, KLEC and DBKL had entered into the Privatisation Agreement. The Privatisation Agreement is currently pending the fulfilment of the conditions precedent therein.

As announced on 18 January 2012, KLEC and DBKL have mutually agreed to extend the period for fulfillment of the conditions precedent set out in Privatisation Agreement, in particular, the execution of an agreement with Railway Asset Corporation and the delivery of a land bond for the purpose of constructing of a new KTMB Commuter Station, for a period of three (3) months to expire on 23 April 2012.

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 ("Proposed Share Issuance").

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.

Bursa Malaysia has approved the listing application in relation to the Proposed Share Issuance on 23 November 2011. The Circular to shareholders has been issued on 30 November 2011 and the Proposed Share Issuance has been approved by the shareholders at the Extraordinary General Meeting held on 15 December 2011.

As announced on 10 February 2012, the Proposed Share Issuance had been completed;

- (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;

6. 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 2 November 2011, the parties have mutually agreed to extend the period for fulfilment of the conditions precedent to expire on 28 April 2012;

- (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 (“Retail Mall”), 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.

The disposal of the Stage 2 Land is expected to be completed approximately 2 years after completion of construction of the Retail Mall;

- (v) 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.

The balance of the consideration is payable upon the issuance of the land use right certificate in the name of Setia LT, which is still pending as at the date hereof;

- (vi) 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;

6. Status of Corporate Proposals (continued)

- (vii) 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 and was completed on 9 January 2012;

- (viii) 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 had been rendered unconditional on 30 January 2012 and is expected to be completed during the financial year ending 31 October 2012;

- (ix) On 12 August 2011, a wholly owned subsidiary of the S P Setia Berhad, Bukit Indah (Selangor) Sdn Bhd (“Purchaser”), had entered into a conditional Sale and Purchase Agreement (“SPA”) with Ban Guan Hin Realty Sdn Bhd (“Vendor”) 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 (“Said Land”) for a total cash consideration of RM330,130,350 or RM7.50 per square foot.

As announced on 13 December 2011, the Vendor has not agreed to an extension of the period for the fulfillment of the conditions precedent which includes the requirement for the approval of the Estate Land Board to be obtained for the sale and transfer of the Said Land to the Purchaser.

On 31 January 2012, the Purchaser has filed and served a writ of summons and statement of claim against the Vendor for, amongst other remedies, specific performance of the SPA. The Purchaser has also filed an application for interlocutory injunction to, inter-alia, restrain the Vendor from disposing, transferring, selling, letting, charging or howsoever dealing with and/or encumbering the Said Land until the disposal of the action or until further order is made by the court.

The present action is not expected to have an adverse material impact on the earnings and the Net Assets of the Group;

- (x) On 23 September 2011, a wholly owned subsidiary of the S P Setia Berhad, Setia International Limited, had entered into a conditional contract of sale (“Contract of Sale”) with Portbridge Pty Ltd ACN 141 880 177 to purchase a piece of freehold land under certificate of title volume 11261 folio 962, being Lot 1 on Plan of Subdivision 623249L, in the City of Melbourne, Parish of Melbourne South at South Yarra, Australia and is located at the intersection of 557-563 St. Kilda Road and 1-23 Moubay Street, Melbourne, Victoria measuring approximately 2.23 acres for a total cash consideration of AUD25,250,000 or AUD260 per square foot.

The Contract of Sale had been rendered unconditional on 8 November 2011 and is expected to be completed during the financial year ending 31 October 2012;

- (xi) On 28 September 2011, S P Setia Berhad (“S P Setia”) had received a Notice of Take-Over Offer from Maybank Investment Bank Berhad (“Maybank IB”), on behalf of Permodalan Nasional Berhad (“PNB”), in respect of PNB’s obligation to extend a take-over offer (“Original Offer”). On the same day, the Board, save for the PNB Directors, had decided to seek a competing offer from other interested parties to make an offer to purchase S P Setia Berhad’s shares and warrants.

6. Status of Corporate Proposals (continued)

Subsequently on 10 October 2011, PNB and S P Setia made a joint statement in relation to the Original Offer, whereby it was announced, amongst others, that Tan Sri Dato' Sri Liew Kee Sin ("TSL") will continue to lead S P Setia as its Group President and Chief Executive Officer ("CEO") and the existing management team of S P Setia Group will continue to manage the day-to-day operations of S P Setia.

Pursuant thereto, on 20 January 2012, PNB, TSL and S P Setia have entered into a Management Agreement which provided that TSL shall participate in the revised offer as a joint offeror with PNB at a revised offer price of RM3.95 per Offer Share and RM0.96 per Offer Warrant ("Revised Offer") and that TSL, as the Group President and CEO of S P Setia for a term of three (3) years (unless his appointment is earlier terminated), has the responsibility and the sole and exclusive power and authority for the management and general conduct of the business of S P Setia Group, subject to the powers of the Board of Directors of S P Setia.

The Offer Document together with the Form of Acceptance and Transfer in relation to the Revised Offer were despatched to the shareholders, warrant holders and ESOS Option holders of S P Setia on 22 February 2012. On 2 March 2012, the Revised Offer went unconditional. The Independent Advice Circular was subsequently issued on 5 March 2012 and the Revised Offer closed on 19 March 2012 ("Closing Date"). On the Closing Date, the Joint Offerors and the persons acting in concert with them held 1,515,298,373 S P Setia Shares which represented 78.95% of S P Setia's issued and paid-up share capital. Accordingly, S P Setia does not comply with the public shareholding spread requirement of at least 25% of its total listed shares are in the hands of public shareholders. Per the Offer Document, the Joint Offerors intend to maintain the listing status of S P Setia and will apply to Bursa Malaysia for acceptance of a lower public shareholding spread or for an extension of time to enable the Joint Offerors to explore various options or proposals to rectify the public spread within 3 months from the Closing Date of the Revised Offer;

- (xii) On 3 October 2011, a wholly owned subsidiary of the S P Setia Berhad, Setia Hicon Sdn Bhd, had entered into a conditional Sale and Purchase Agreement ("SPA") with Spektrum Megah (M) Sdn Bhd to purchase a piece of freehold land under Geran 30905 for Lot 1812 and Geran 50544 for Lot 650, Mukim Semenyih, Daerah Ulu Langat, Negeri Selangor measuring approximately 673.27 acres for a total cash consideration of RM381,259,333 or RM13 per square foot.

On 29 November 2011, a Novation Agreement was entered into between Spektrum Megah (M) Sdn Bhd, Setia Hicon Sdn Bhd ("Setia Hicon") and Setia Ecohill Sdn Bhd ("Setia Ecohill"). Setia Hicon had novated and transferred all of its rights, title, interest, liabilities and obligations in and under the Sale and Purchase Agreement and Setia Ecohill had agreed to accept such novation and transfer. Both Setia Hicon and Setia Ecohill are both wholly-owned subsidiaries of S P Setia Berhad.

The SPA had been rendered unconditional on 30 January 2012 and is expected to be completed during the financial year ending 31 October 2012;

- (xiii) On 30 November 2011, S P Setia International (S) Pte Ltd, a wholly owned subsidiary of the S P Setia Berhad had been notified by the Urban Redevelopment Authority of Singapore of its successful tender bid of a parcel of land at Chestnut Avenue, Singapore measuring approximately 4.62 acres for a total tender sum of SGD180,000,000. Barring unforeseen circumstances, the land tender is expected to be completed during the financial year ending 31 October 2012; and
- (xiv) On 5 March 2012, Setia EcoHill Sdn Bhd ("Setia EcoHill"), a wholly owned subsidiary company of S P Setia Berhad, proposes to issue commercial papers ("CP") and/or medium term notes ("MTN") (collectively referred to as the "Notes") of up to RM505.0 million in nominal value pursuant to a CP/MTN Programme. The CP/MTN Programme is subject to the approval of the Securities Commission ("SC") and the application to the SC has been submitted on the same day.

6. Status of Corporate Proposals (continued)

- (b) As at 31 January 2012, the status of the utilisation of proceeds raised under the Placement exercise which was completed on 22 March 2011, amounting to RM884.6 million is as set out below:-

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Reallocation 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	(250,034)	535,684	398,750	Within 24 months
Estimated expenses for the Corporate Exercise	9,581	(9,394)	(187)	-	Within 3 months
Total	884,681	(485,931)	-	398,750	

Management had decided to reallocate the balance of the unutilised proceeds for Existing projects/general working capital requirements and Estimated expenses for Corporate Exercise amounting to RM535,497,000 and RM187,000 respectively to Future expansion plans. The purpose is to finance the acquisition and development of several parcels of development lands acquired after the completion of the Placement exercise and other future expansion plans.

7. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 31 January 2012 were as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Bank Overdrafts	5,116	58,896	64,012
Short Term Bank Borrowings	163,021	5,000	168,021
Long Term Bank Borrowings	1,089,923	-	1,089,923
2% Redeemable Serial Bond	-	244,367	244,367
	1,258,060	308,263	1,566,323

Currency exposure profile of borrowings is as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Ringgit Malaysia	1,137,736	307,368	1,445,104
Singapore Dollar	110,615	895	111,510
Vietnamese Dong	9,709	-	9,709
	1,258,060	308,263	1,566,323

8. Material Litigation

The Group is not engaged in any material litigation as at 19 March 2012, the latest practicable date which is not earlier than 3 days from the date of issue of this quarterly report.

9. Dividends Declared

No interim dividend has been recommended in respect of the financial period ended 31 January 2012.

10. 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	
	31/01/2012	31/01/2011
	'000	'000
Profit for the period attributable to equity holders of the Company (RM)	74,004	62,037
Number of ordinary shares at beginning of the period	1,832,738	1,016,808
Effect of shares issued pursuant to:		
- Bonus Issue	-	508,411
- Exercise of ESOS	11,596	-
- Exercise of Warrants	-	13
Weighted average number of ordinary shares	1,844,334	1,525,232
Basic Earnings Per Share (sen)	4.01	4.07

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	
	31/01/2012	31/01/2011
	'000	'000
Profit for the period attributable to equity holders of the Company (RM)	74,004	62,037
Weighted average number of ordinary shares as per basic Earnings Per Share	1,844,334	1,525,232
Effect of potential exercise of ESOS/ Warrants (adjusted for the effect of Bonus Issue)	74,307	113,751
Weighted average number of ordinary shares	1,918,641	1,638,983
Diluted Earnings Per Share (sen)	3.86	3.79

11. Realised and Unrealised Profits

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:-

	31/01/2012	31/10/2011
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	1,205,909	1,153,857
- Unrealised	48,697	41,296
	<u>1,254,606</u>	<u>1,195,153</u>
Total retained profits from jointly controlled entities:		
- Realised	180,530	168,941
- Unrealised	17,346	15,584
	<u>197,876</u>	<u>184,525</u>
Total share of retained profits from associated companies:		
- Realised	(733)	(743)
- Unrealised	-	-
	<u>(733)</u>	<u>(743)</u>
Less: Consolidation adjustments	(83,364)	(84,643)
Total Group retained profits as per consolidated accounts	<u>1,368,385</u>	<u>1,294,292</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.

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.

12. Notes to the Statement of Comprehensive Income

Notes to the Statement of Comprehensive Income comprises:-

	3 MONTHS AND FINANCIAL PERIOD-TO-DATE ENDED 31/01/2012 RM'000
Interest income	8,430
Other income including investment income	3,902
Interest expense	(1,487)
Depreciation and amortisation	(2,824)
Provision for write off of receivables	N/A
Provision for and write off of inventories	N/A
Gain or loss on disposal of quoted or unquoted investments or properties	N/A
Impairment of assets	(400)
Foreign exchange loss	(2,576)
Gain or loss on derivatives	N/A
Exceptional items	N/A

13. Auditors' Report on Preceding Annual Financial Statements

The preceding audited financial statements for the year ended 31 October 2011 was unqualified.