

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

Interim Financial Report
30 April 2012

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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 2012

	(UNAUDITED)	(AUDITED)
	As At 30 April 2012 RM'000	As At 31 October 2011 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	76,605	74,062
Investment Properties	348,409	262,641
Land Held for Property Development	2,910,886	1,786,029
Investment in Associated Companies	1,882	2,279
Other Investments	337	337
Amount Owing by Former Joint Venture Partner	13,432	12,674
Amount Owing by Jointly Controlled Entities	53,937	48,357
Deferred Tax Assets	91,191	66,920
	<u>3,496,679</u>	<u>2,253,299</u>
Current Assets		
Property Development Costs	1,360,964	894,189
Gross Amount Due From Customers	51,068	49,575
Inventories	24,372	26,288
Trade and Other Receivables	928,953	872,859
Amount Owing By Jointly Controlled Entities	27,675	35,101
Current Tax Assets	14,400	17,936
Deposits	477,580	704,509
Cash and Bank Balances	746,447	731,901
	<u>3,631,459</u>	<u>3,332,358</u>
TOTAL ASSETS	<u><u>7,128,138</u></u>	<u><u>5,585,657</u></u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	1,440,150	1,374,554
Reserves		
Share Premium	905,049	696,575
Option Reserve	274	39,304
Warrant Reserve	45,887	46,036
Exchange Translation Reserve	(3,774)	(4,319)
Retained Earnings	1,376,854	1,294,292
Equity Attributable to Equity Holders of the Company	<u>3,764,440</u>	<u>3,446,442</u>
Minority Interests	<u>(2,493)</u>	<u>(6,956)</u>
Total Equity	<u><u>3,761,947</u></u>	<u><u>3,439,486</u></u>
Non-current liabilities		
Long Term Borrowings	1,636,499	1,117,142
Deferred Tax Liabilities	1,070	975
	<u>1,637,569</u>	<u>1,118,117</u>
Current Liabilities		
Gross Amount Due To Customers	7,108	6,205
Trade and Other Payables	868,700	768,312
Short Term Borrowings	736,853	199,736
Bank Overdrafts	72,285	36,435
Current Tax Liabilities	43,676	17,366
	<u>1,728,622</u>	<u>1,028,054</u>
Total Liabilities	<u>3,366,191</u>	<u>2,146,171</u>
TOTAL EQUITY AND LIABILITIES	<u><u>7,128,138</u></u>	<u><u>5,585,657</u></u>
Net Assets Per Share (RM)	<u>1.96</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 30 APRIL 2012
(The figures have not been audited)

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 April 2012	30 April 2011	30 April 2012	30 April 2011
	RM'000	RM'000	RM'000	RM'000
Revenue	617,199	496,753	1,108,780	1,015,638
Cost of sales	(420,269)	(369,221)	(763,939)	(757,853)
Gross profit	<u>196,930</u>	<u>127,532</u>	<u>344,841</u>	<u>257,785</u>
Other operating income	15,258	43,409	27,590	52,801
Selling and marketing expenses	(45,831)	(22,214)	(75,427)	(44,897)
Administrative and general expenses	(37,587)	(26,579)	(66,034)	(52,912)
Share of profits less losses of associated companies	(6)	8	4	15
Finance costs	(877)	(3,822)	(2,364)	(7,059)
Profit before taxation	<u>127,887</u>	<u>118,334</u>	<u>228,610</u>	<u>205,733</u>
Taxation	(36,959)	(26,112)	(65,845)	(51,474)
Profit for the period	<u>90,928</u>	<u>92,222</u>	<u>162,765</u>	<u>154,259</u>
Other comprehensive income:				
Exchange differences on translation of foreign operations	2,649	(1,693)	677	(2,504)
Total comprehensive income for the period	<u>93,577</u>	<u>90,529</u>	<u>163,442</u>	<u>151,755</u>
Profit attributable to:				
Equity holders of the Company	92,383	92,223	166,387	154,260
Non-controlling interests	(1,455)	(1)	(3,622)	(1)
	<u>90,928</u>	<u>92,222</u>	<u>162,765</u>	<u>154,259</u>
Total comprehensive income attributable to:				
Equity holders of the Company	94,964	90,530	166,998	151,756
Non-controlling interests	(1,387)	(1)	(3,556)	(1)
	<u>93,577</u>	<u>90,529</u>	<u>163,442</u>	<u>151,755</u>
Earnings per share attributable to equity holders of the Company				
- Basic earnings per share (sen)	<u>4.85</u>	<u>5.55</u>	<u>8.88</u>	<u>9.45</u>
- Diluted earnings per share (sen)	<u>4.70</u>	<u>5.15</u>	<u>8.57</u>	<u>8.80</u>

(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 30 APRIL 2012
(The figures have not been audited)

	Attributable to Equity Holders of the Company						Non-controlling interests	Total Equity
	Non-Distributable			Exchange				
	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	RM'000
Balance at 1.11.2011	1,374,554	696,575	39,304	46,036	(4,319)	1,294,292	3,446,442	3,439,486
Total comprehensive income for the period	-	-	-	-	-	166,387	166,387	162,765
Exchange differences on translation of foreign operations	-	-	-	-	611	-	611	677
Transactions with owners:								
Acquisition of additional shares in subsidiary companies	14,535	60,465	-	-	(66)	(83,964)	(9,030)	(1,511)
Issuance of ordinary shares:								
- Exercise of ESOS	50,496	146,174	(38,891)	-	-	-	157,779	157,779
- Exercise of Warrants	565	1,835	-	(149)	-	-	2,251	2,251
- To a non-controlling interest	-	-	-	-	-	-	-	500
ESOS lapsed	-	-	(139)	-	-	139	-	-
Balance at 30.04.2012	1,440,150	905,049	274	45,887	(3,774)	1,376,854	3,764,440	3,761,947
Balance at 1.11.2010	762,606	218,027	24,482	47,765	(3,808)	1,140,201	2,189,273	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	2,187,639
Total comprehensive income for the period	-	-	-	-	(2,504)	154,260	151,756	151,755
Transactions with owners:								
Dividend paid	-	-	-	-	-	(107,142)	(107,142)	(107,142)
Expenses incurred on issuance of ordinary shares	-	(8,903)	-	-	-	-	(8,903)	(8,903)
Issuance of ordinary shares:								
- Exercise of Warrants	2,924	15,702	-	(1,162)	-	-	17,464	17,464
- Private Placement	114,794	769,887	-	-	-	-	884,681	884,681
- Bonus Issue	440,162	(440,162)	-	-	-	-	-	-
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	3,141,189

(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 30 APRIL 2012
(The figures have not been audited)

	6 MONTHS ENDED 30 April 2012 RM'000	6 MONTHS ENDED 30 April 2011 RM'000
Profit before taxation	228,610	205,733
Adjustments for:-		
Non-cash items	4,900	(11,558)
Non-operating items	(18,694)	(9,727)
Operating profit before changes in working capital	<u>214,816</u>	<u>184,448</u>
Changes in property development costs	(28,528)	66,795
Changes in gross amount due from/to customers	(430)	23,624
Changes in inventories	2,049	4,686
Changes in receivables	(27,173)	41,424
Changes in payables	17,092	(23,616)
Cash generated from operations	<u>177,826</u>	<u>297,361</u>
Interest received	7,422	4,347
Interest paid	(27,899)	(35,679)
Rental received	578	774
Tax paid	(60,171)	(33,058)
Net cash generated from operating activities	<u>97,756</u>	<u>233,745</u>
Investing Activities		
Additions to land held for future development	(1,254,657)	(251,700)
Purchase of property, plant and equipment	(7,545)	(5,796)
Additions to investment properties	(65,809)	(34,530)
Proceeds from disposal of property, plant and equipment	10	90
Acquisition of additional shares in subsidiary companies	(1,511)	-
Proceeds from disposal of investment properties	-	73,040
Advances to jointly controlled entities	(792)	(14,028)
Development expenditure paid	(88,667)	(39,853)
Deposit and part consideration paid for acquisition of land	(140,365)	(81,706)
Other investments	12,385	9,290
Net cash used in investing activities	<u>(1,546,951)</u>	<u>(345,193)</u>

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 APRIL 2012
(The figures have not been audited)

	6 MONTHS ENDED 30 April 2012 RM'000	6 MONTHS ENDED 30 April 2011 RM'000
Financing Activities		
Proceeds from issue of shares		
- by the Company	152,263	902,145
- by a subsidiary company to a non-controlling interest	500	-
Payment of share issue expenses	-	(8,903)
Redemption of bond	-	(250,000)
Drawdown of bank borrowings	1,259,979	185,395
Repayment of bank borrowings	(209,437)	(112,184)
Interest paid	(3,040)	-
Dividends paid	-	(107,142)
Net cash generated from financing activities	<u>1,200,265</u>	<u>609,311</u>
Net changes in cash and cash equivalents	(248,930)	497,863
Effect of exchange rate changes	23	(354)
Cash and cash equivalents at 1 November 2011/2010	1,387,197	939,230
Cash and cash equivalents at 30 April 2012/2011	<u>1,138,290</u>	<u>1,436,739</u>

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

	30.4.2012 RM'000	30.4.2011 RM'000
Deposits	477,580	960,002
Cash and bank balances	746,447	533,974
Bank overdrafts	(72,285)	(44,442)
	<u>1,151,742</u>	<u>1,449,534</u>
Less: Deposits pledged and maintained in Sinking Fund	(1,151)	(6,756)
Sinking Fund, Debt Service Reserve and Escrow Accounts	(12,301)	(6,039)
	<u>1,138,290</u>	<u>1,436,739</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
IC Interpretation 12	Service Concession Arrangements
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 30 April 2012.

4. Changes in estimates

There were no material changes in estimates for the financial period ended 30 April 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 67,329,414 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)	45,535	3,400	3,432	8,185	6,778

The total cash proceeds arising from the exercise of ESOS during the current financial period to-date amounted to RM157,778,304.

- (b) Issuance of 752,900 new ordinary shares of RM0.75 each pursuant to the exercise of warrants at RM2.99 per share. The total cash proceeds arising from the exercise of warrants during the current financial period to-date amounted to RM2,251,171; and
- (c) Issuance of 19,379,845 new ordinary shares of RM0.75 each at an issue price of RM3.87 pursuant to the acquisition of the remaining 40% equity interest in KL Eco City Sdn Bhd at a total purchase consideration of RM75,000,000.

6. Dividends paid

A final dividend of 9 sen per share less 25% income tax amounting to RM129,598,809 was paid on 9 May 2012 in respect of the financial year ended 31 October 2011.

7. Segmental Reporting

The segmental analysis for the financial period ended 30 April 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	995,315	60,603	52,862	-	1,108,780
Inter-segment sales	57,049	14,081	33,489	(104,619)	-
Total revenue	1,052,364	74,684	86,351	(104,619)	1,108,780
Gross profit	324,791	10,829	9,221	-	344,841
Other operating income	15,299	3,265	9,026	-	27,590
Operating expenses	(128,757)	(4,413)	(8,291)	-	(141,461)
Share of net profits less losses of associated companies	3	-	1	-	4
Finance costs	(1,581)	(783)	-	-	(2,364)
Profit before taxation	209,755	8,898	9,957	-	228,610
Tax expense					(65,845)
Profit for the period					162,765

8. Material Events subsequent to the End of Financial Period

There were no material transactions or events subsequent to the current quarter ended 30 April 2012 till 14 June 2012 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) except as disclosed in page 16, Note 6 (xv) and (xvi) 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) 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;
- (ii) Acquisition of additional 1 ordinary share of RM1.00 in Setia Alam Recreation Sdn Bhd (“Setia Alam Recreation”) by Bandar Setia Alam Sdn Bhd (“Bandar Setia Alam”), a wholly owned subsidiary of S P Setia Berhad on 17 February 2012, resulting in Setia Alam Recreation becoming a wholly owned subsidiary of Bandar Setia Alam;
- (iii) Acquisition of additional 1 ordinary share of RM1.00 each in Setia Eco Green Sdn Bhd (“Setia Eco Green”), Setia Eco Land Sdn Bhd (“Setia Eco Land”) and Setia Eco Heights Sdn Bhd (“Setia Eco Heights”) respectively on 17 February 2012, resulting in these three companies becoming wholly owned subsidiaries of S P Setia Berhad; and
- (iv) Incorporation of a subsidiary, S P Setia Development Pte. Ltd. (“S P Setia Development”), with an issued and paid up capital of SGD2.00 comprising of 2 ordinary shares of SGD1.00 each, on 18 April 2012, resulting in S P Setia Development 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 30/04/2012 RM'000
Commitments to purchase development land	
- Contracted	636,673
- Approved but not Contracted	109,302
Contractual commitments for acquisition of investment properties	34,106
Contractual commitments for acquisition of property, plant and equipment	<u>3,403</u>

12. Significant Related Party Transactions

01/11/2011
To
30/04/2012
RM'000

Transactions with jointly controlled entities:-

(i) Construction services rendered	6,930
(ii) Interest charged	2,186
(iii) Marketing expenses charged	63
(iv) Project management and administrative fee received and receivable	4,932
(v) Rental paid and payable	157
(vi) Rental received and receivable	15
(vii) Security services rendered	93
(viii) Sale of building material	2,768
(ix) Staff secondment	123

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	27
(ii) Security services rendered to a director of the Company	41
(iii) Security services rendered to a trust body in which directors of subsidiary companies are the trustees	43
(iv) Rental charged to a trust body in which directors of subsidiary companies are the trustees	60
(v) Rental charged to a trust body in which a director of the Company is the trustee	15
(vi) Timber flooring work rendered to a director of the Company	27
(vii) Sale of development properties to directors of the Company	3,000
(viii) Sale of development property to a company in which a director of the Company has financial interest	3,394
(ix) Sale of development property to a director of the subsidiary companies	2,852
(x) Sale of development property to a company in which a director of subsidiary companies has financial interest	1,157
	<u>1,157</u>

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

1. Review of Group Performance

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

	2Q2012	2Q2011	PTD2012	PTD2011
	RM'000	RM'000	RM'000	RM'000
Revenue				
Property Development	559,546	433,189	995,315	884,048
Construction	30,722	35,596	60,603	80,125
Other Operations	26,931	27,968	52,862	51,465
	<u>617,199</u>	<u>496,753</u>	<u>1,108,780</u>	<u>1,015,638</u>
Profit before taxation				
Property Development	119,525	112,414	209,755	193,115
Construction	3,217	96	8,898	2,129
Other Operations	5,145	5,824	9,957	10,489
	<u>127,887</u>	<u>118,334</u>	<u>228,610</u>	<u>205,733</u>

(a) Performance of the current quarter against the same quarter in the preceding year (Q2 FY 2012 vs. Q2 FY 2011)

The Group reported a profit before taxation (“PBT”) of RM127.9 million for Q2 2012, which is 8% higher than RM118.3 million reported for Q2 2011. Revenue and PBT of the respective operating business segments for the current quarter are as analysed as follows:-

Property Development

Revenue increased by 29%, while the PBT increased by 6%. The increase in revenue is mainly contributed from higher revenue recognition from residential and commercial properties in the Klang Valley, Johor Bahru and Penang. The PBT during the same quarter in the preceding year includes the gain from disposal of an Investment Property of the Group – this accounts for the lower increase in PBT during the current quarter as compared to the increase in revenue.

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

For Q2 2012 and Q2 2011, revenue contributed approximately 5% and 7% respectively of the overall Group operations however PBT remains insignificant (approximately 3% and 0.1% respectively of Group PBT). Revenue decreased in the current quarter due to the completion of the Kementerian Dalam Negeri (“KDN”) contract in Setia Tropika, Johor Bahru in the previous financial year.

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.

(b) Performance of the current period to-date against the same period in the preceding year (Q2 PTD 2012 vs. Q2 PTD 2011)

For the current period to-date, the Group achieved a profit before taxation (“PBT”) of RM228.6 million on the back of revenue totalling RM1,108.8 million, representing a 11% increase in PBT and a 9% increase in revenue as compared to the preceding period. During the current period to-date, the Group also recorded an increase in gross profit margins from 25% to 31%.

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

Property Development

Revenue increased by 13%, however, the PBT increased by a smaller percentage of 9% for the reasons mentioned above under the analysis of the current quarter’s performance.

Construction

Revenue and PBT remain a small percentage of overall Group operations. Revenue decreased due to the completion of the KDN contract in Setia Tropika, Johor Bahru in the previous financial year. PBT increased slightly despite a reduction in revenue as a result of certain additional billings secured for contracts completed in prior years and higher other operating income.

Other Operations

There were no material changes for the revenue and profit from Other Operations in the current period to-date compared to the same period in the preceding year.

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

The Group’s current quarter profit before taxation is RM127.9 million, which is RM27.2 million higher than the preceding quarter ended 31 January 2012. This is mainly due to higher profit recognition from residential and commercial properties in Klang Valley and Penang.

3. Prospects for the Current Financial Year

The Board is pleased to report that the Group’s strong sales performance has not abated despite concerns about a possible slowdown in the global economy. The Group achieved second quarter sales of RM877 million, bringing cumulative 6-months sales to RM1.81 billion. This represents an increase of 29% over the RM1.408 billion achieved in the first half of FY2011.

As at 31 May 2012, the Group’s sales for the first seven months of the financial year totalled RM2.1 billion. Whilst annualised sales is slightly below the Group’s targeted full year sales of RM4 billion, Management remains confident that this can be achieved. The Group’s second half sales performance is expected to be stronger once newly launched projects such as *Aeropod* in Sabah; *KL Eco City*’s first residential tower; *18 Woodville*, the Group’s maiden project in Singapore; and *11 Brook Residences* in Penang all start contributing towards the sales target in a more significant manner.

The present uncertain global economy has also presented some outstanding opportunities for the Group which Management has been actively pursuing in line with the Group's ambitions to become an international property developer. S P Setia's recent joint-bid together with Sime Darby Property Berhad to secure the iconic Battersea Power Station site in central London ("BPS Site") is evidence of Management's continued focus to acquire choice assets on favourable terms to further strengthen the Group's growth prospects consistent with its long-term expansion plans. The joint-bid partners have until 4 July 2012 to formalise the acquisition of the BPS Site, and will make the necessary announcements in due course.

Barring unforeseen external shocks, the Board is optimistic that the prospects of the Group will continue to 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 ENDED		6 MONTHS ENDED	
	30/04/2012	30/04/2011	30/04/2012	30/04/2011
	RM'000	RM'000	RM'000	RM'000
- current taxation	49,508	29,694	90,410	57,150
- in respect of prior years	3	25	(393)	333
- deferred taxation	(12,552)	(4,170)	(24,201)	(6,519)
- in respect of prior years	-	563	29	510
	<u>36,959</u>	<u>26,112</u>	<u>65,845</u>	<u>51,474</u>

The Group's effective tax rate for the current quarter and financial period to-date 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 14 June 2012, 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 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 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 20 April 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 July 2012.

6. Status of Corporate Proposals (continued)

- (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;

- (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 27 April 2012, the parties have mutually agreed to extend the period for fulfilment of the conditions precedent to expire on 29 October 2012;

- (iv) 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 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;

6. Status of Corporate Proposals (continued)

- (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;

- (vii) 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 was completed on 25 April 2012;

- (viii) 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. In the interim, an injunction is in place 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;

- (ix) 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;

6. Status of Corporate Proposals (continued)

- (x) As announced by the Company, the mandatory general offer (“MGO”) by Permodalan Nasional Berhad and Tan Sri Dato’ Sri Liew Kee Sin (“Joint Offerors”) on S P Setia Berhad had concluded on 19 March 2012. Pursuant to the closing of the MGO, 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 to be in the hands of public shareholders. The Company had on 23 March 2012 wrote to Bursa Malaysia Securities Berhad (“Bursa Malaysia”) to seek an extension of time to comply with the minimum required public shareholding spread. Bursa Malaysia has granted the Company an extension of time of 6 months until 18 September 2012 to comply with the public shareholding spread requirement;
- (xi) On 3 October 2011, a wholly owned subsidiary of 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 was completed on 20 April 2012;

- (xii) 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.

The land tender has been completed on 25 April 2012;

- (xiii) 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.

On 9 April 2012, the Securities Commission had approved the CP/MTN Programme to be undertaken by Setia EcoHill. The CP/MTN are expected to be issued during the financial year ending 31 October 2012.

- (xiv) On 1 April 2012, S P Setia Berhad and Rimbunan Hijau Group had via Qinzhou Development (Malaysia) Consortium Sdn Bhd (“Qinzhou Malaysia”) entered into a Joint Venture Framework Agreement with Qinzhou Jingu Investment Co., Ltd (“Qinzhou Jingu”) to establish a Sino-foreign joint venture limited liability company to develop, construct and operate the China-Malaysia Qinzhou Industrial Park (“QIP”) on a parcel of land measuring approximately 55 square kilometres (or 13,590.5 acres) in total located next to the Guangxi Qinzhou Bonded Area and the national level Qinzhou Port Economic and Technological Development Zone in the Guangxi Zhuang Autonomous Region, The People’s Republic of China (“Proposed Development”).

Subject to Qinzhou Malaysia and Qinzhou Jingu (“the Parties”) being satisfied with the feasibility study in undertaking the Proposed Development and the execution of an Investment Agreement between Qinzhou Municipal Government and the Parties, the Parties will thereafter enter into a joint venture agreement for the purpose of the implementation and development of the QIP;

6. Status of Corporate Proposals (continued)

- (xv) On 15 May 2012, a wholly owned subsidiary of the S P Setia Berhad, Intra Hillside Sdn Bhd, had entered into a Sale and Purchase Agreement (“SPA”) with Penang Realty Sdn Bhd to purchase approximately 21.3092 acres of freehold land out of 23.69 acres held under GRN 16798 for Lot 1343, Mukim 18, Daerah Timor Laut, Negeri Pulau Pinang for a total cash consideration of RM185,645,750.40 or RM200 per square foot.

The SPA is expected to be completed during the financial year ending 31 October 2012; and

- (xvi) On 7 June 2012, S P Setia Berhad and Sime Darby Property Berhad (“SDPB”) entered into an Exclusivity Agreement with the Joint Administrators and Receivers, on behalf of the owners of the Battersea Power Station site in London, United Kingdom (“Property”), to acquire the Property for £400 million or approximately RM2 billion.

The joint bid by S P Setia Berhad and SDPB has been identified as the preferred bid for the Property by the Joint Administrators and Receivers, Alan Bloom and Alan Hudson of Ernst & Young LLP.

S P Setia Berhad and SDPB have a period of up to 28 days from the date of the Exclusivity Agreement to conduct further due diligence and investigations as may be deemed necessary, and to negotiate the contract for the acquisition of the Property on terms and conditions acceptable to the parties. S P Setia Berhad and SDPB were advised by RREEF.

S P Setia Berhad’s and SDPB’s plans involve the development of a sustainable multi use real estate regeneration project that will provide economic impetus for the creation of a new vibrant centre for south-west central London. The plans will preserve the facade of the historical power plant with its iconic chimney stacks. In addition, the companies have committed to the construction of a new underground station as part of the proposed extension of the Northern Line (part of the London Underground’s Tube network) which shall pass by the site. This is viewed as fundamental to the success of this regeneration project.

- (b) As at 30 April 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)	-	
Future expansion plans	113,100	(545,126)	535,684	103,658	Within 24 months
Estimated expenses for the Corporate Exercise	9,581	(9,394)	(187)	-	
Total	884,681	(781,023)	-	103,658	

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 30 April 2012 were as follows:-

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Bank Overdrafts	4,631	67,654	72,285
Short Term Bank Borrowings	480,785	10,000	490,785
Long Term Bank Borrowings	1,636,499	-	1,636,499
2% Redeemable Serial Bond	-	246,068	246,068
	<u>2,121,915</u>	<u>323,722</u>	<u>2,445,637</u>

Currency exposure profile of borrowings is as follows:-

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Ringgit Malaysia	1,716,792	316,691	2,033,483
Singapore Dollar	400,855	7,031	407,886
Vietnamese Dong	4,268	-	4,268
	<u>2,121,915</u>	<u>323,722</u>	<u>2,445,637</u>

8. Material Litigation

The Group is not engaged in any material litigation as at 14 June 2012, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report except as disclosed in page 14, Note 6 (viii) of the Status of Corporate Proposals.

9. Dividends Declared

- (a) The Board of Directors has recommended an interim dividend in respect of the financial year ending 31 October 2012.
- (i) Amount per share : 5 sen per share less income tax of 25%
 - (ii) Previous corresponding period : 5 sen per share less income tax of 25%
 - (iii) Date payable : To be determined later
 - (iv) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at a date to be determined later.
- (b) Total dividend for the current financial period : 5 sen per share less income tax of 25%

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 ENDED		6 MONTHS ENDED	
	30/04/2012	30/04/2011	30/04/2012	30/04/2011
	'000	'000	'000	'000
Profit for the period attributable to equity holders of the Company (RM)	92,383	92,223	166,387	154,260
Number of ordinary shares at beginning of the period	1,847,689	1,017,186	1,832,738	1,016,808
Effect of shares issued pursuant to:				
- Acquisition of additional shares in a subsidiary company	17,872	-	8,838	-
- Bonus Issue	-	586,883	-	586,883
- Private Placement	-	55,032	-	27,060
- Exercise of ESOS	38,066	-	32,078	-
- Exercise of Warrants	173	2,718	86	1,527
Weighted average number of ordinary shares	1,903,800	1,661,819	1,873,740	1,632,278
Basic Earnings Per Share (sen)	4.85	5.55	8.88	9.45

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	
	30/04/2012	30/04/2011	30/04/2012	30/04/2011
	'000	'000	'000	'000
Profit for the period attributable to equity holders of the Company (RM)	92,383	92,223	166,387	154,260
Weighted average number of ordinary shares as per basic Earnings Per Share	1,903,800	1,661,819	1,873,740	1,632,278
Effect of potential exercise of ESOS/ Warrants	61,272	129,375	68,266	120,016
Weighted average number of ordinary shares	1,965,072	1,791,194	1,942,006	1,752,294
Diluted Earnings Per Share (sen)	4.70	5.15	8.57	8.80

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:-

	30/04/2012	31/01/2012
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	1,269,005	1,205,909
- Unrealised	59,982	48,697
	<u>1,328,987</u>	<u>1,254,606</u>
Total retained profits from jointly controlled entities:		
- Realised	194,871	180,530
- Unrealised	18,760	17,346
	<u>213,631</u>	<u>197,876</u>
Total share of retained profits from associated companies:		
- Realised	(739)	(733)
- Unrealised	-	-
	<u>(739)</u>	<u>(733)</u>
Less: Consolidation adjustments	(165,025)	(83,364)
Total Group retained profits as per consolidated accounts	<u>1,376,854</u>	<u>1,368,385</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	6 MONTHS
	ENDED	ENDED
	30/04/2012	30/04/2012
	RM'000	RM'000
Interest income	10,170	18,600
Other income including investment income	5,088	8,990
Interest expense	(877)	(2,364)
Depreciation and amortisation	(3,318)	(6,142)
Provision for write off of receivables	N/A	N/A
Provision for and write off of inventories	N/A	N/A
Gain or loss on disposal of quoted or unquoted investments or properties	N/A	N/A
Impairment of assets	-	(400)
Foreign exchange loss	(78)	(2,654)
Gain or loss on derivatives	N/A	N/A
Exceptional items	N/A	N/A

13. Auditors' Report on Preceding Annual Financial Statements

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