

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

**Interim Financial Report**  
**31 January 2013**

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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 2013**

	(UNAUDITED) As At 31 January 2013 RM'000	(AUDITED) As At 31 October 2012 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	81,210	77,315
Investment Properties	630,696	602,310
Land Held for Property Development	3,967,379	4,514,037
Concession Assets	19,477	11,708
Investment in Associated Companies	1,893	1,891
Other Investments	337	337
Amount Owing by Former Joint Venture Partner	13,714	13,714
Amount Owing by Jointly Controlled Entities	58,398	57,772
Deferred Tax Assets	117,861	93,779
	<u>4,890,965</u>	<u>5,372,863</u>
<b>Current Assets</b>		
Property Development Costs	2,298,164	1,606,654
Gross Amount Due from Customers	14,355	25,741
Inventories	23,365	23,552
Trade and Other Receivables	895,293	743,998
Amount Owing by Jointly Controlled Entities	20,204	18,174
Current Tax Assets	20,851	18,759
Deposits	228,209	594,206
Cash and Bank Balances	1,334,080	949,357
	<u>4,834,521</u>	<u>3,980,441</u>
<b>TOTAL ASSETS</b>	<u>9,725,486</u>	<u>9,353,304</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share Capital	1,603,509	1,504,250
Reserves		
Share Premium	1,436,230	1,113,480
Option Reserve	242	242
Warrant Reserve	-	28,904
Exchange Translation Reserve	(5,502)	(2,686)
Retained Earnings	1,495,202	1,399,684
<b>Equity Attributable to Equity Holders of the Company</b>	<u>4,529,681</u>	<u>4,043,874</u>
<b>Non-controlling interests</b>	<u>(4,453)</u>	<u>(4,754)</u>
<b>Total Equity</b>	<u>4,525,228</u>	<u>4,039,120</u>
<b>Non-current liabilities</b>		
Long Term Borrowings	2,414,900	2,361,745
Deferred Tax Liabilities	2,010	2,195
	<u>2,416,910</u>	<u>2,363,940</u>
<b>Current liabilities</b>		
Gross Amount Due to Customers	4,629	6,022
Trade and Other Payables	1,440,594	1,375,471
Short Term Borrowings	1,166,654	1,415,988
Bank Overdrafts	126,806	104,847
Current Tax Liabilities	44,665	47,916
	<u>2,783,348</u>	<u>2,950,244</u>
<b>Total liabilities</b>	<u>5,200,258</u>	<u>5,314,184</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>9,725,486</u>	<u>9,353,304</u>
Net Assets Per Share (RM)	<u>2.12</u>	<u>2.01</u>

(The Condensed Consolidated Statement Of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 October 2012)

**S P SETIA BERHAD**  
**(Company No.: 19698-X)**  
**(Incorporated in Malaysia)**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 JANUARY 2013**  
*(The figures have not been audited)*

	<b>3 MONTHS ENDED</b>	
	<b>31 January 2013</b>	<b>31 January 2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	687,550	491,581
Cost of sales	(491,537)	(343,670)
Gross profit	<u>196,013</u>	<u>147,911</u>
Other operating income	15,147	12,332
Selling and marketing expenses	(34,581)	(29,596)
Administrative and general expenses	(47,917)	(28,447)
Share of profits less losses of associated companies	2	10
Finance costs	(12,495)	(1,487)
Profit before taxation	<u>116,169</u>	<u>100,723</u>
Taxation	(22,959)	(28,886)
Profit for the period	<u>93,210</u>	<u>71,837</u>
Other comprehensive income:		
Exchange differences on translation of foreign operations	(2,812)	(1,972)
Total comprehensive income for the period	<u>90,398</u>	<u>69,865</u>
Profit attributable to:		
Equity holders of the Company	92,913	74,004
Non-controlling interests	297	(2,167)
	<u>93,210</u>	<u>71,837</u>
Total comprehensive income attributable to:		
Equity holders of the Company	90,097	72,034
Non-controlling interests	301	(2,169)
	<u>90,398</u>	<u>69,865</u>
Earnings per share attributable to equity holders of the Company		
- Basic earnings per share (sen)	<u>4.59</u>	<u>4.01</u>
- Diluted earnings per share (sen)	<u>4.59</u>	<u>3.86</u>

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 October 2012)

**S P SETIA BERHAD**  
**(Company No.: 19698-X)**  
**(Incorporated in Malaysia)**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 JANUARY 2013**  
*(The figures have not been audited)*

	Attributable to Equity Holders of the Company					Unappropriated Profit RM'000	Total RM'000	Non-controlling interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Option Reserve RM'000	Warrant Reserve RM'000	Exchange Translation Reserve RM'000				
<b>Balance at 1.11.2012</b>	1,504,250	1,113,480	242	28,904	(2,686)	1,399,684	4,043,874	(4,754)	4,039,120
Total other comprehensive income for the period represented by exchange differences on translation of foreign operations	-	-	-	-	(2,816)	-	(2,816)	4	(2,812)
Profit for the period	-	-	-	-	-	92,913	92,913	297	93,210
<b>Transactions with owners:</b>									
Issuance of ordinary shares:									
- Exercise of Warrants	99,259	322,750	-	(26,299)	-	-	395,710	-	395,710
Warrants lapsed	-	-	-	(2,605)	-	2,605	-	-	-
<b>Balance at 31.01.2013</b>	1,603,509	1,436,230	242	-	(5,502)	1,495,202	4,529,681	(4,453)	4,525,228
<b>Balance at 1.11.2011</b>	1,374,554	696,575	39,304	46,036	(4,319)	1,294,292	3,446,442	(6,956)	3,439,486
Total other comprehensive income for the period, represented by exchange differences on translation of foreign operations	-	-	-	-	(1,970)	-	(1,970)	(2)	(1,972)
Profit for the period	-	-	-	-	-	74,004	74,004	(2,167)	71,837
<b>Transactions with owners:</b>									
Issuance of ordinary shares:									
- Exercise of ESOS	11,213	36,383	(9,737)	-	-	-	37,859	-	37,859
ESOS lapsed/forfeited	-	-	(89)	-	-	89	-	-	-
<b>Balance at 31.01.2012</b>	1,385,767	732,958	29,478	46,036	(6,289)	1,368,385	3,556,335	(9,125)	3,547,210

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 October 2012)

**S P SETIA BERHAD**  
**(Company No.: 19698-X)**  
**(Incorporated in Malaysia)**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 JANUARY 2013**  
*(The figures have not been audited)*

	<b>3 MONTHS ENDED 31 January 2013 RM'000</b>	<b>3 MONTHS ENDED 31 January 2012 RM'000</b>
Profit before taxation	116,169	100,723
Adjustments for:-		
Non-cash items	4,085	2,564
Non-operating items	2,043	(8,157)
Operating profit before changes in working capital	<u>122,297</u>	<u>95,130</u>
Changes in property development costs	39,050	(56,132)
Changes in gross amount due from/to customers	10,104	6,529
Changes in inventories	187	725
Changes in receivables	48,238	29,417
Changes in payables	(81,294)	(72,881)
Cash generated from operations	<u>138,582</u>	<u>2,788</u>
Interest received	4,722	3,402
Interest paid	(35,312)	(14,913)
Rental received	699	340
Tax paid	(52,567)	(32,306)
Net cash generated from/(used in) operating activities	<u>56,124</u>	<u>(40,689)</u>
<b>Investing Activities</b>		
Additions to land held for future development	(182,833)	(158,283)
Purchase of property, plant and equipment	(5,608)	(2,595)
Additions to investment properties	(10,150)	(26,768)
Additions to concession assets	(7,769)	-
Proceeds from disposal of property, plant and equipment	56	-
Deposit paid for acquisition of additional investment in a subsidiary company	(1,500)	-
Deposit paid for acquisition of additional investment in jointly controlled entities	(4,425)	-
Advances to jointly controlled entities	(3,286)	(3,982)
Development expenditure paid	(13,988)	(47,825)
Deposit and part consideration paid for acquisition of land	(34,099)	(135,788)
Other investments	37,975	2,090
Net cash used in investing activities	<u>(225,627)</u>	<u>(373,151)</u>

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 JANUARY 2013**  
*(The figures have not been audited)*

	<b>3 MONTHS ENDED 31 January 2013 RM'000</b>	<b>3 MONTHS ENDED 31 January 2012 RM'000</b>
<b>Financing Activities</b>		
Proceeds from issue of shares by the Company	395,710	30,093
Redemption of bonds	(250,000)	-
Drawdown of bank borrowings	143,339	349,478
Repayment of bank borrowings	(84,711)	(163,944)
Interest paid	(3,612)	(1,411)
Net cash generated from financing activities	<u>200,726</u>	<u>214,216</u>
Net changes in cash and cash equivalents	31,223	(199,624)
<b>Effect of exchange rate changes</b>	(1,511)	(95)
<b>Cash and cash equivalents at 1 November 2012/2011</b>	1,350,661	1,387,197
<b>Cash and cash equivalents at 31 January 2013/2012</b>	<u>1,380,373</u>	<u>1,187,478</u>

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

	<b>31.1.2013 RM'000</b>	<b>31.1.2012 RM'000</b>
Deposits	228,209	575,419
Cash and bank balances	1,334,080	692,661
Bank overdrafts	(126,806)	(64,012)
	<u>1,435,483</u>	<u>1,204,068</u>
Less: Deposits pledged and maintained in Sinking Fund	(1,212)	(1,274)
Sinking Fund, Debt Service Reserve and Escrow Accounts	(53,898)	(15,316)
	<u>1,380,373</u>	<u>1,187,478</u>

(The Condensed Consolidated Statements Of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 October 2012)

## 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 2012.

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 2012 except for the adoption of the following new/revised FRS and Amendments to FRS:-

FRS 124	Related Party Disclosures (revised)
Amendments to FRS 7	Disclosures – Transfer of Financial Assets

The following are the Amendments to FRSs which are effective but are not applicable to the Group:-

Amendments to FRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 101	Presentation of Items of Other Comprehensive Income
Amendments to FRS 112	Deferred tax: Recovery of Underlying Assets

### 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 2013.

### 4. Changes in estimates

There were no material changes in estimates for the financial period ended 31 January 2013.

### 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 132,344,335 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 amounted to RM395,709,561; and
- (b) Redemption of 2.00% redeemable serial bond 2 of RM250 million upon its maturity on 23 November 2012.

### 6. Dividends paid

There were no payment of dividend during the current financial quarter and period-to-date ended 31 January 2013.



## 7. Segmental Reporting

The segmental analysis for the financial period ended 31 January 2013 are as follows:-

	<b>Property Development</b>	<b>Construction</b>	<b>Other Operations</b>	<b>Eliminations</b>	<b>Consolidated</b>
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>					
External sales	630,837	28,838	27,875	-	687,550
Inter-segment sales	16,594	44,431	17,436	(78,461)	-
Total revenue	<u>647,431</u>	<u>73,269</u>	<u>45,311</u>	<u>(78,461)</u>	<u>687,550</u>
Gross profit	187,573	792	7,648	-	196,013
Other operating income	9,443	2,168	3,536	-	15,147
Operating expenses	(74,743)	(1,703)	(6,052)	-	(82,498)
Share of net profits less losses of associated companies	3	-	(1)	-	2
Finance costs	(10,105)	(714)	(1,676)	-	(12,495)
Profit before taxation	<u>112,171</u>	<u>543</u>	<u>3,455</u>	<u>-</u>	<u>116,169</u>
Tax expense					<u>(22,959)</u>
Profit for the period					<u><u>93,210</u></u>

## 8. Material Events subsequent to the End of Financial Year

There were no material transactions or events subsequent to the current quarter ended 31 January 2013 till 7 March 2013 (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 12, Note 6 (i), page 13, Note 6 (v) and (vi), page 14, Note 6 (viii) and (ix) and page 15, Note 6 (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) Acquisition of 2 ordinary shares of RM1.00 each in Rockbay Streams Sdn Bhd ("Rockbay Streams") on 30 November 2012, resulting in Rockbay Streams becoming a wholly owned subsidiary of S P Setia Berhad;
- (ii) Acquisition of 2 ordinary shares of RM1.00 each in Ivory Streams Sdn Bhd ("Ivory Streams") by Bandar Setia Alam Sdn Bhd ("Bandar Setia Alam"), a wholly owned subsidiary of S P Setia Berhad on 18 December 2012, resulting in Ivory Streams becoming a wholly owned subsidiary of Bandar Setia Alam;
- (iii) Incorporation of Malaysia-China Kuantan Industrial Park Sdn Bhd ("MCKIP") on 23 January 2013, with an issued and paid up share capital of RM2.00 comprising of 2 ordinary shares of RM1.00 each ("the shares"), which subsequently the shares will be transferred to a 40% jointly controlled entity of S P Setia Berhad, resulting in MCKIP becoming a 40% jointly controlled entity of S P Setia Berhad; and
- (iv) Acquisition of 2 ordinary shares of RM1.00 each in Pavilion Ahead Sdn Bhd ("Pavilion Ahead") on 30 January 2013, resulting in Pavilion Ahead becoming a wholly owned subsidiary of S P Setia Berhad.

## 10. Contingent Liabilities

Changes in contingent liabilities in respect of the Group since the last annual reporting date are as follow:-

	<b>31/01/2013</b>	<b>31/10/2012</b>
	RM'000	RM'000
Guarantees given to banks for performance bonds granted to jointly controlled entities	540	561
Guarantees given to banks to secure banking facilities granted to jointly controlled entities	31,875	31,875
	<u>32,415</u>	<u>32,436</u>

## 11. Capital Commitments

	<b>As at</b>
	<b>31/01/2013</b>
	RM'000
Commitments to purchase development land	
- Contracted	833,041
- Approved but not Contracted	22,857
Contractual commitments for construction of investment properties	57,817
Contractual commitments for acquisition of property, plant and equipment	1,595
Contractual commitments for acquisition of additional investment in a subsidiary company	13,500
Contractual commitments for acquisition of additional investment in jointly controlled companies	<u>39,825</u>

## 12. Significant Related Party Transactions

	<b>01/11/2012</b>
	<b>To</b>
	<b>31/01/2013</b>
	RM'000
<i>Transactions with jointly controlled entities:-</i>	
(i) Construction services rendered	368
(ii) Interest charged	1,251
(iii) Marketing expenses charged	64
(iv) Project management and administrative fee received and receivable	2,610
(v) Rental paid and payable	78
(vi) Rental received and receivable	35
(vii) Security services rendered	65
(viii) Sale of building material	1,170
(ix) Staff secondment	73

**12. Significant Related Party Transactions (continued)**

**01/11/2012**  
**To**  
**31/01/2013**  
 RM'000

*Transactions with directors of the Company and subsidiary companies, companies and trust bodies in which they have interests:-*

(i) Security services rendered to a trust body in which directors of subsidiary companies are the trustees	23
(ii) Rental charged to a trust body in which directors of subsidiary companies are the trustees	30
(iii) Rental charged to a trust body in which a director of the Company is the trustee	7
(iv) Event fees charged to a trust body in which a director of the Company is the trustee	215
(v) Sale of development properties to directors of the Company	27,577
(vi) Sale of development properties to directors of the subsidiary companies	28,757
(vii) Sale of development property to a immediate family member of the director of the subsidiary companies	509
	509

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

**1. Review of Group Performance**

The Group reported a profit before taxation (“PBT”) of RM116.2 million, which is 15% higher than RM100.7 million reported for 1Q2012.

Revenue and PBT of the respective operating business segments for the current quarter are analysed as follows:-

	<b>1Q2013</b>	<b>1Q2012</b>
	<b>RM’000</b>	<b>RM’000</b>
<b>Revenue</b>		
Property Development	630,837	435,769
Construction	28,838	29,881
Other Operations	27,875	25,931
	<u>687,550</u>	<u>491,581</u>
<b>Profit before taxation</b>		
Property Development	112,171	90,230
Construction	543	5,681
Other Operations	3,455	4,812
	<u>116,169</u>	<u>100,723</u>

**Property Development**

Revenue increased by 45%, while the PBT increased by 24%. The increase in revenue is mainly contributed from higher revenue recognition from residential and commercial properties in the Klang Valley and Johor Bahru as a result of higher overall Group sales achieved since FY2011. PBT margins are, however lower than that recorded in 1Q2012. This is due to a gradual change in product mix with a higher percentage of profit now contributed through sales of high rise developments in the current quarter as opposed to landed properties during the same quarter in the preceding year.

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, *KL Eco City* at Jalan Bangsar, *Bukit Indah*, *Setia Indah*, *Setia Tropika*, *Setia Eco Cascadia*, *Setia Business Park II* and *Setia Eco Gardens* in Johor Bahru and *Setia Pearl Island*, *Setia Vista* and *Setia Greens* in Penang.

**Construction**

Revenue and PBT decreased by 3% and 90% respectively. Revenue for the current quarter is mainly derived from the construction of a concession asset in Penang and also the Jabatan Keretapi Negeri Sabah building in Sabah. These projects are undertaken pursuant to a Build-Operate-Transfer Agreement with the Majlis Perbandaran Pulau Pinang and a Development Agreement with the Sabah State Government respectively in exchange for development rights in Penang and land in Sabah for the Aeropod project. As such, the construction profit to be recognised on these projects will not be significant as the Group expects to derive most of the benefits from subsequent development activities to be undertaken in both states.

**Other Operations**

Revenue and profit from Other Operations mainly consist of wood-based manufacturing, trading activities, shopping mall operations and interest income from placement of funds. There was more interest income earned from placement of funds in the same quarter in the preceding year, hence, PBT for 1Q 2012 is higher than 1Q 2013.

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

The Group's current quarter PBT is RM116.2 million, which is RM77.1 million lower than the preceding quarter ended 31 October 2012. This is mainly due to the changing product mix noted in the preceding paragraph with a higher percentage of profits now contributed from sales of non-landed properties. The profit in the preceding quarter was also higher due to the inclusion of a gain from the sale of commercial land in Setia Alam and generally higher profit recognition from various handovers of residential and commercial properties in Klang Valley and Johor Bahru.

## 3. Prospects for the Current Financial Year

The Board is pleased to report that the Group achieved RM1.22 billion in sales during the first quarter of FY2013 which is a 31% increase from the RM933 million recorded for the first quarter of FY2012. As at 28 February 2013, total Group Sales for the first four months of the current financial year has hit RM2.02 billion - this represents a 64% increase from the quantum achieved in the same period of the previous financial year.

FY2013 began very strongly for the Group with the launch of its iconic *Battersea Power Station* joint-venture (JV) development on 10 January in London, followed by Kuala Lumpur, Singapore and Hong Kong. The project received an overwhelming response in every city resulting in a 95% take-up rate for the Phase 1 residential apartments being achieved to date. The JV targets to conclude the signing of the relevant sale and purchase agreements with purchasers of the apartment units by April 2013. Accordingly, this project, which is 40% owned by the Group, is expected to contribute strongly to the Group's sales for the current financial year.

Apart from Battersea Power Station, the Group has also launched three other projects during the first four months of the current financial year. These are *Setia Eco Glades* in Cyberjaya, *Setia EcoHill* in Semenyih and *Eco Sanctuary* in Singapore.

All these new projects will further increase the already strong pipeline of projects which the Group has in the Klang Valley, Johor Bahru, Penang, Kota Kinabalu, Singapore, Australia and Vietnam.

As such, barring unforeseen external shocks, the Board is optimistic that the Group is well-positioned to be able to achieve its RM5.5 billion sales target for FY2013.

## 4. Variance of Actual Profit from Forecast Profit

Not applicable as no profit forecast was published.

## 5. Income Tax

Income Tax comprises:-

	<b>3 MONTHS AND FINANCIAL PERIOD-TO-DATE ENDED</b>	
	<b>31/01/2013</b>	<b>31/01/2012</b>
	<b>RM'000</b>	<b>RM'000</b>
- current taxation	46,449	40,902
- in respect of prior years	777	(396)
- deferred taxation	(28,003)	(11,649)
- in respect of prior years	3,736	29
	22,959	28,886

The Group's effective tax rate for the current quarter is lower compared to the statutory taxation rate mainly due to recognition of deferred tax assets arising from tax losses of certain subsidiaries, previously not recognised.

## 6. Status of Corporate Proposals

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 7 March 2013, the latest practicable date which shall not be earlier than 7 days from the date of this announcement:-

- (i) As announced on 24 October 2011, KL Eco City Sdn Bhd (“KLEC”) and Datuk Bandar Kuala Lumpur (“DBKL”) had entered into the Privatisation Agreement. The Privatisation Agreement is currently pending the fulfilment of the conditions precedent therein.

As announced on 23 January 2013, KLEC and DBKL have mutually agreed to extend the period for fulfilment 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 a new KTM Commuter Station, for a period of two (2) months to expire on 23 March 2013;

- (ii) Disposal by Bandar Setia Alam Sdn Bhd (“Bandar Setia Alam”), 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 Bandar Setia Alam 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, Bandar Setia Alam had entered into several agreements to reflect certain changes to the earlier Proposals announced on 2 July 2008. The agreements include the entry into two separate Sale and Purchase Agreements between Bandar Setia Alam, Greenhill and GR Investments Ltd (“GRI”) for the disposal by Bandar Setia Alam to Greenhill of approximately 14.31 acres (“Stage 1 Land”) of the Original Land on which the Retail Mall was to be constructed, and the remaining 16.19 acres (“Stage 2 Land”), for approximately RM56.1 million and RM63.5 million respectively;

- (iii) 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 or 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 USD16,260,000.

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 (“NewCo”) 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.

On approval of the masterplan in the scale of 1/500 for EcoXuan Lai Thieu, the area of the Land was increased from 108,400 square metres to 109,685 square metres (27.10 acres) and by the increase in land area, the total consideration payable to Becamex was adjusted to USD16,452,750 based on the rate of USD150 per square metre.

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)

- (iv) On 29 November 2012, Sentosa Jitra Sdn Bhd (“Sentosa Jitra”), a 50% jointly controlled entity of S P Setia Berhad, entered into a Privatisation Agreement with the Government of Malaysia (“Government”) and Syarikat Tanah dan Harta Sdn Bhd to undertake the development and construction of a new integrated health and research complex to be known as the INIH Complex for the Government on a piece of land in Setia Alam, Selangor measuring approximately 41.115 acres (“Project Land”) by way of land swap for another piece of land measuring approximately 51.568 acres along Jalan Bangsar, Kuala Lumpur.

As announced, the Privatisation Agreement is conditional upon, inter-alia, the transfer of the Project Land to the Government and the submission of a letter of offer that Sentosa Jitra has secure the project financing in respect of the INIH Project within 9 months from the date of the Privatisation Agreement;

- (v) 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 did not agree 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 filed a civil action against the Vendor for amongst other remedies, specific performance of the SPA at the Kuala Lumpur High Court vide Suit No. 22NCvC-71-01/2012 (“**Civil Suit**”).

As announced, on 28 November 2012, the Purchaser and the Vendor have agreed to settle the Civil Suit amicably and have entered into an agreement (“**Settlement Agreement**”) to proceed with the sale and purchase of the Said Land on the terms and conditions of the SPA subject to the variations, amendments and modification set out in the Settlement Agreement, including the revision of the total consideration from RM330,130,350 or RM7.50 per square foot to RM396,156,420 (“New Price”) or RM9.00 per square foot.

On execution of the Settlement Agreement, the Purchaser paid the shortfall in the deposit in the sum of RM6,602,607.00, which together with the sum of RM33,013,035.00 paid earlier under the SPA represent 10% of the New Price. The balance 90% of the New Price in the sum of RM356,540,778.00 will be paid within 3 months from the date of the Settlement Agreement;

As announced on 22 February 2013, the purchase of the Said Land by the Purchaser has been completed.

- (vi) 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 sought further extension up to 18 June 2013 to comply with the minimum required public shareholding spread.

Upon completion of the Placement exercise as disclosed in note 6 (viii) below, the Company has complied with the minimum required public shareholding spread which stood at 30.4% based on the Record of Depositors as at 22 February 2013.

## 6. Status of Corporate Proposals (continued)

(vii) 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 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”).

Negotiation between Qinzhou Malaysia and Qinzhou Jingu on the joint venture agreement for the Proposed Development is still ongoing;

(viii) On 13 August 2012, S P Setia Berhad (“the Company”) announced that the Proposed Placement will involve the placement of such number of new S P Setia Berhad shares, representing up to 15% of the issued and paid-up share capital of the Company to be identified via book-building. Based on the issued and paid-up share capital of the Company as at 25 October 2012 of RM1,504,038,838 comprising 2,005,385,117 S P Setia Berhad shares, the Proposed Placement will involve the issuance of up to 322,690,587 new S P Setia Shares (“Placement Shares”). The precise terms and conditions such as the identity of the placees, number of Placement Shares allocated and the issue price for the Placement Shares can only be determined upon completion of the book-building exercise for the Placement Shares. The resolution on the Proposed Placement has been approved by the shareholders at the Extraordinary General Meeting held on 23 November 2012 (“EGM”).

Subsequently on 8 February 2013, the Company announced that the book-building process in relation to the Placement exercise has been completed. The total number of Placement Shares issued was 320,700,000 representing approximately 15% of the issued and paid-up share capital of S P Setia as at 7 February 2013. The issue price was fixed at RM2.94 per Placement Share which represented a discount of approximately 6.87% to the 5-day volume weighted average market price of S P Setia Shares up to and including 6 February 2013 of RM3.10. The total gross proceeds raised from the Placement amounted to approximately RM942.86 million. The Placement exercise was completed on 25 February 2013 following the listing and quotation of the Placement Shares.

(ix) On 13 August 2012, Maybank Investment Bank Berhad had, on behalf of the Board announced that the Company intended to terminate the Existing ESOS (“Proposed ESOS Termination”) and establish a new employees’ share option scheme of up to fifteen percent (15%) of the issued and paid-up share capital of S P Setia (“Initial Scheme”).

Subsequently, on 7 November 2012, the Company announced that it will not be tabling the resolutions on the Proposed ESOS Termination and the Initial Scheme at the Company’s EGM held on 23 November 2012, as the Company was evaluating alternative incentive schemes before deciding on the eventual scheme to be implemented.

On 15 January 2013, the Company announced that it had decided to amend the Initial Scheme to a long term incentive plan of up to fifteen percent (15%) of the issued and paid-up share capital of S P Setia at any time (“Proposed LTIP”), for the eligible employees and executive directors of the S P Setia Group who fulfill the eligibility criteria. The Proposed LTIP was approved by the shareholders at the Company’s EGM held on 28 February 2013.



## 6. Status of Corporate Proposals (continued)

- (x) On 5 December 2012, Setia Hicon Sdn Bhd (“Setia Hicon”), a wholly owned subsidiary of S P Setia Berhad successfully bid for the tender to purchase a piece of land held under Geran 10567, Lot 258, Seksyen 089A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan measuring approximately 12,456 square metres together with the buildings and amenities erected thereon (“Property”) for a total price of RM294,965,304.00 (“Purchase Consideration”). The tender bid had been accepted by The Secretary of State for Foreign and Commonwealth Affairs of the United Kingdom of Great Britain and Northern Ireland (“Vendor”). In this connection, the Vendor and Setia Hicon have on 5 December 2012 entered into a Sale and Purchase Agreement (“SPA”) for the sale and purchase of the Property.

Barring unforeseen circumstances, the SPA is expected to be completed by financial year 2013; and

- (xi) On 6 February 2013, Rockbay Streams Sdn Bhd (“Rockbay Streams”), a wholly owned subsidiary of S P Setia Berhad has entered into an agreement with Cash Band (M) Berhad (“CBB”), for the proposed development of a mixed residential and commercial project on various parcels of leasehold land measuring approximately 194.65 acres in the District of Gombak (“Proposed JV”).

The Proposed JV is conditional upon, *inter-alia*, the fulfillment of the following conditions precedent within a period of twelve (12) months from the date of the agreement:

- (a) the approval of the relevant authority for the re-zoning and conversion of land use of Lot 614 and Lot 11 to allow the Proposed Development;
- (b) the termination of all memberships of the golf club held by the club members and (ii) the cessation of operation of the golf club completely; and
- (c) the layout approval from the relevant authorities for the Proposed Development.

The period for the fulfillment of the conditions precedent is subject to an automatic extension of a further period of twelve (12) months.

## 7. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 31 January 2013 were as follows:-

	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	RM'000	RM'000	RM'000
Bank Overdrafts	4,626	122,180	126,806
Short Term Bank Borrowings	316,654	850,000	1,166,654
Long Term Bank Borrowings	2,414,900	-	2,414,900
	<u>2,736,180</u>	<u>972,180</u>	<u>3,708,360</u>

Currency exposure profile of borrowings is as follows:-

	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	RM'000	RM'000	RM'000
Ringgit Malaysia	1,769,486	959,456	2,728,942
Pound Sterling	468,857	-	468,857
Singapore Dollar	424,633	12,724	437,357
Australian Dollar	48,795	-	48,795
Vietnamese Dong	24,409	-	24,409
	<u>2,736,180</u>	<u>972,180</u>	<u>3,708,360</u>

## 8. Material Litigation

The Group is not engaged in any material litigation as at 7 March 2013, the latest practicable date which is not earlier than 7 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 2013.

## 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 year 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:-

	<b>3 MONTHS AND FINANCIAL PERIOD TO- DATE ENDED</b>	
	<b>31/01/2013</b>	<b>31/01/2012</b>
	<b>'000</b>	<b>'000</b>
Profit for the period attributable to equity holders of the Company (RM)	92,913	74,004
Number of ordinary shares at beginning of the year	2,005,668	1,832,738
Effect of shares issued pursuant to:		
- Exercise of ESOS	-	11,596
- Exercise of Warrants	17,024	-
Weighted average number of ordinary shares	<u>2,022,692</u>	<u>1,844,334</u>
Basic Earnings Per Share (sen)	<u>4.59</u>	<u>4.01</u>

The diluted earnings per share has been calculated by dividing the Group's profit for the year 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:

	<b>3 MONTHS AND FINANCIAL PERIOD TO-DATE ENDED</b>	
	<b>31/01/2013</b>	<b>31/01/2012</b>
	<b>'000</b>	<b>'000</b>
Profit for the period attributable to equity holders of the Company (RM)	92,913	74,004
Weighted average number of ordinary shares as per basic Earnings Per Share	2,022,692	1,844,334
Effect of potential exercise of ESOS/ Warrants	-	74,307
Weighted average number of ordinary shares	<u>2,022,692</u>	<u>1,918,641</u>
Diluted Earnings Per Share (sen)	<u>4.59</u>	<u>3.86</u>

## 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:-

	<b>31/01/2013</b> <b>RM'000</b>	<b>31/10/2012</b> <b>RM'000</b>
Total retained profits of the Company and its subsidiaries:		
- Realised	1,290,181	1,240,674
- Unrealised	88,425	61,485
	<u>1,378,606</u>	<u>1,302,159</u>
Total retained profits from jointly controlled entities:		
- Realised	249,671	229,191
- Unrealised	19,049	21,501
	<u>268,720</u>	<u>250,692</u>
Total share of retained profits from associated companies:		
- Realised	(729)	(731)
- Unrealised	-	-
	<u>(729)</u>	<u>(731)</u>
Less: Consolidation adjustments	(151,395)	(152,436)
Total Group retained profits as per consolidated accounts	<u>1,495,202</u>	<u>1,399,684</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:-

	<b>3 MONTHS AND</b> <b>FINANCIAL</b> <b>PERIOD-TO-DATE</b> <b>ENDED</b> <b>31/01/2013</b> <b>RM'000</b>
Interest income	8,055
Other income including investment income	7,092
Interest expense	(12,495)
Depreciation and amortisation	(4,751)
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	N/A
Foreign exchange gain	253
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 2012 was unqualified.