

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

Interim Financial Report
30 April 2013

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	Page No.
Condensed Consolidated Statement Of Financial Position	1
Condensed Consolidated Statement Of Comprehensive Income	2
Condensed Consolidated Statement Of Changes In Equity	3
Condensed Consolidated Statement Of Cash Flows	4-5
Notes to the Interim Financial Report	6-9
Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad	10-18

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2013

	(UNAUDITED) As At 30 April 2013 RM'000	(AUDITED) As At 31 October 2012 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	83,896	77,315
Investment Properties	687,249	602,310
Land Held for Property Development	4,897,089	4,514,037
Concession Assets	30,318	11,708
Investment in Associated Companies	1,908	1,891
Other Investments	337	337
Amount Owing by Former Joint Venture Partner	13,714	13,714
Amount Owing by Jointly Controlled Entities	44,106	57,772
Deferred Tax Assets	130,155	93,779
	<u>5,888,772</u>	<u>5,372,863</u>
Current Assets		
Property Development Costs	2,415,215	1,606,654
Gross Amount Due from Customers	15,471	25,741
Inventories	23,026	23,552
Trade and Other Receivables	984,830	743,998
Amount Owing by Jointly Controlled Entities	19,916	18,174
Current Tax Assets	29,319	18,759
Deposits	1,079,206	594,206
Cash and Bank Balances	1,178,732	949,357
	<u>5,745,715</u>	<u>3,980,441</u>
TOTAL ASSETS	<u>11,634,487</u>	<u>9,353,304</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	1,844,034	1,504,250
Reserves		
Share Premium	2,129,134	1,113,480
Option Reserve	-	242
Warrant Reserve	-	28,904
Exchange Translation Reserve	(29,283)	(2,686)
Retained Earnings	1,555,573	1,399,684
Equity Attributable to Equity Holders of the Company	<u>5,499,458</u>	<u>4,043,874</u>
Non-controlling interests	<u>(3,217)</u>	<u>(4,754)</u>
Total Equity	<u>5,496,241</u>	<u>4,039,120</u>
Non-current liabilities		
Long Term Borrowings	3,341,209	2,361,745
Deferred Tax Liabilities	1,425	2,195
	<u>3,342,634</u>	<u>2,363,940</u>
Current liabilities		
Gross Amount Due to Customers	3,280	6,022
Trade and Other Payables	2,007,103	1,375,471
Short Term Borrowings	603,742	1,415,988
Bank Overdrafts	123,008	104,847
Current Tax Liabilities	58,479	47,916
	<u>2,795,612</u>	<u>2,950,244</u>
Total liabilities	<u>6,138,246</u>	<u>5,314,184</u>
TOTAL EQUITY AND LIABILITIES	<u>11,634,487</u>	<u>9,353,304</u>
Net Assets Per Share (RM)	<u>2.24</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 30 APRIL 2013
(The figures have not been audited)

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 April 2013	30 April 2012	30 April 2013	30 April 2012
	RM'000	RM'000	RM'000	RM'000
Revenue	711,304	617,199	1,398,854	1,108,780
Cost of sales	(494,384)	(420,269)	(985,921)	(763,939)
Gross profit	<u>216,920</u>	<u>196,930</u>	<u>412,933</u>	<u>344,841</u>
Other operating income	25,905	15,258	41,052	27,590
Selling and marketing expenses	(44,277)	(45,831)	(78,858)	(75,427)
Administrative and general expenses	(55,137)	(37,587)	(103,054)	(66,034)
Share of profits less losses of associated companies	15	(6)	17	4
Finance costs	(13,296)	(877)	(25,791)	(2,364)
Profit before taxation	<u>130,130</u>	<u>127,887</u>	<u>246,299</u>	<u>228,610</u>
Taxation	(35,620)	(36,959)	(58,579)	(65,845)
Profit for the period	<u>94,510</u>	<u>90,928</u>	<u>187,720</u>	<u>162,765</u>
Other comprehensive income:				
Exchange differences on translation of foreign operations	(23,774)	2,649	(26,586)	677
Total comprehensive income for the period	<u>70,736</u>	<u>93,577</u>	<u>161,134</u>	<u>163,442</u>
Profit attributable to:				
Equity holders of the Company	95,770	92,383	188,683	166,387
Non-controlling interests	(1,260)	(1,455)	(963)	(3,622)
	<u>94,510</u>	<u>90,928</u>	<u>187,720</u>	<u>162,765</u>
Total comprehensive income attributable to:				
Equity holders of the Company	71,989	94,964	162,086	166,998
Non-controlling interests	(1,253)	(1,387)	(952)	(3,556)
	<u>70,736</u>	<u>93,577</u>	<u>161,134</u>	<u>163,442</u>
Earnings per share attributable to equity holders of the Company				
- Basic earnings per share (sen)	<u>4.02</u>	<u>4.85</u>	<u>8.58</u>	<u>8.88</u>
- Diluted earnings per share (sen)	<u>4.02</u>	<u>4.70</u>	<u>8.58</u>	<u>8.57</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 30 APRIL 2013
(The figures have not been audited)

	Attributable to Equity Holders of the Company					Retained Earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total Equity RM'000
	Non-Distributable		Option Reserve RM'000	Warrant Reserve RM'000	Exchange Translation Reserve RM'000				
	Share Capital RM'000	Share Premium RM'000							
Balance at 1.11.2012	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	-	-	-	-	(26,597)	-	(26,597)	11	(26,586)
Profit for the period	-	-	-	-	-	188,683	188,683	(963)	187,720
Transactions with owners:									
Acquisition of additional shares in subsidiary companies	-	-	-	-	-	(35,641)	(35,641)	2,489	(33,152)
Issuance of ordinary shares:									
- Exercise of Warrants	99,259	322,750	-	(26,299)	-	-	395,710	-	395,710
- Placement	240,525	702,333	-	-	-	-	942,858	-	942,858
Share issue expenses	-	(9,429)	-	-	-	-	(9,429)	-	(9,429)
ESOS lapsed	-	-	(242)	-	-	242	-	-	-
Warrants lapsed	-	-	-	(2,605)	-	2,605	-	-	-
Balance at 30.04.2013	1,844,034	2,129,134	-	-	(29,283)	1,555,573	5,499,458	(3,217)	5,496,241
Balance at 1.11.2011	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	-	-	-	-	611	-	611	66	677
Profit for the period	-	-	-	-	-	166,387	166,387	(3,622)	162,765
Transactions with owners:									
Acquisition of additional shares in subsidiary companies	14,535	60,465	-	-	(66)	(83,964)	(9,030)	7,519	(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	500
ESOS lapsed/forfeited	-	-	(139)	-	-	139	-	-	-
Balance at 30.04.2012	1,440,150	905,049	274	45,887	(3,774)	1,376,854	3,764,440	(2,493)	3,761,947

(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 30 APRIL 2013
(The figures have not been audited)

	6 MONTHS ENDED 30 April 2013 RM'000	6 MONTHS ENDED 30 April 2012 RM'000
Profit before taxation	246,299	228,610
Adjustments for:-		
Non-cash items	124	4,900
Non-operating items	2,978	(18,694)
Operating profit before changes in working capital	<u>249,401</u>	<u>214,816</u>
Changes in property development costs	88,022	(28,528)
Changes in gross amount due from/to customers	8,002	(430)
Changes in inventories	526	2,049
Changes in receivables	145,072	(27,173)
Changes in payables	35,965	17,092
Cash generated from operations	<u>526,988</u>	<u>177,826</u>
Interest received	8,564	7,422
Interest paid	(74,301)	(27,899)
Rental received	909	578
Tax paid	(95,371)	(60,171)
Net cash generated from operating activities	<u>366,789</u>	<u>97,756</u>
Investing Activities		
Additions to land held for future development	(944,087)	(1,383,183)
Purchase of property, plant and equipment	(11,430)	(7,545)
Additions to investment properties	(51,500)	(65,809)
Additions to concession assets	(18,611)	-
Proceeds from disposal of property, plant and equipment	80	10
Proceeds from disposal of investment property	1,614	-
Acquisition of additional investment in subsidiary companies	(41,263)	(1,511)
Acquisition of additional redeemable preference shares in subsidiary companies	(15,450)	-
Advances to jointly controlled entities	(15,473)	(792)
Development expenditure paid	(9,259)	(70,154)
Deposit and part consideration paid for acquisition of land	(66,936)	(30,352)
Other investments	(2,196)	12,385
Net cash used in investing activities	<u>(1,174,511)</u>	<u>(1,546,951)</u>

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 APRIL 2013
(The figures have not been audited)

	6 MONTHS ENDED 30 April 2013 RM'000	6 MONTHS ENDED 30 April 2012 RM'000
Financing Activities		
Proceeds from issue of shares		
- by the Company	1,338,568	152,263
- by a subsidiary company to a non-controlling interest	-	500
Redemption of bonds	(250,000)	-
Payment of share issue expenses	(9,429)	-
Drawdown of bank borrowings	1,285,837	1,259,979
Repayment of bank borrowings	(869,804)	(209,437)
Interest paid	(3,765)	(3,040)
Advances from a minority shareholder of a subsidiary company	5,273	-
Net cash generated from financing activities	<u>1,496,680</u>	<u>1,200,265</u>
Net changes in cash and cash equivalents	688,958	(248,930)
Effect of exchange rate changes	(8,280)	23
Cash and cash equivalents at 1 November 2012/2011	1,420,479	1,387,197
Cash and cash equivalents at 30 April 2013/2012	<u>2,101,157</u>	<u>1,138,290</u>

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

	30.4.2013 RM'000	30.4.2012 RM'000
Deposits	1,079,206	477,580
Cash and bank balances	1,178,732	746,447
Bank overdrafts	(123,008)	(72,285)
	<u>2,134,930</u>	<u>1,151,742</u>
Less: Deposits pledged and maintained in Sinking Fund	-	(1,151)
Sinking Fund, Debt Service Reserve and Escrow Accounts	(33,773)	(12,301)
	<u>2,101,157</u>	<u>1,138,290</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 30 April 2013.

4. Changes in estimates

There were no material changes in estimates for the financial period ended 30 April 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:

- 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;
- Redemption of 2.00% redeemable serial bond 2 of RM250 million upon its maturity on 23 November 2012; and
- Issuance of 320,700,000 new ordinary shares of RM0.75 each pursuant to the Placement at an issue price of RM2.94 per ordinary share. The total cash proceeds arising from the Placement during the current financial period amounted to RM942,858,000.

6. Dividends paid

A final dividend of 9 sen per share less 25% income tax amounting to RM165,963,073 was paid on 15 May 2013 in respect of the financial year ended 31 October 2012.

7. Segmental Reporting

The segmental analysis for the financial period ended 30 April 2013 are as follows:-

	Property Development	Construction	Other Operations	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External sales	1,288,884	51,634	58,336	-	1,398,854
Inter-segment sales	170,613	88,451	41,866	(300,930)	-
Total revenue	<u>1,459,497</u>	<u>140,085</u>	<u>100,202</u>	<u>(300,930)</u>	<u>1,398,854</u>
Gross profit	394,762	4,265	13,906	-	412,933
Other operating income	27,190	3,616	10,246	-	41,052
Operating expenses	(167,582)	(4,120)	(10,210)	-	(181,912)
Share of net profits less losses of associated companies	18	-	(1)	-	17
Finance costs	(20,194)	(2,348)	(3,249)	-	(25,791)
Profit before taxation	<u>234,194</u>	<u>1,413</u>	<u>10,692</u>	<u>-</u>	<u>246,299</u>
Tax expense					(58,579)
Profit for the period					<u><u>187,720</u></u>

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 2013 till 20 June 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 14, Note 6 (vi) 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"). MCKIP has ceased to be a wholly-owned subsidiary following the transfer of the shares to Kuantan Pahang Holding (refer item (v) below), presently a 40% jointly controlled entity of S P Setia Berhad;

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

- (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; and
- (v) Cessation of Kuantan Pahang Holding Sdn Bhd (formerly known as Ivory Paragon Sdn Bhd) (“Kuantan Pahang Holding”) from being a wholly owned subsidiary of S P Setia Berhad (“S P Setia”) on 4 February 2013, due to the issuance of additional 98 ordinary shares of RM1.00 each. S P Setia only subscribed for an additional 38 ordinary shares of RM1.00 each, resulting in S P Setia’s equity interest in Kuantan Pahang Holding being reduced from 100% to 40%.

10. Contingent Liabilities

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

	30/04/2013	31/10/2012
	RM'000	RM'000
Guarantees given to banks for performance bonds granted to jointly controlled entities	478	561
Guarantees given to banks to secure banking facilities granted to jointly controlled entities	1,500	31,875
	<u>1,978</u>	<u>32,436</u>

11. Capital Commitments

	As at
	30/04/2013
	RM'000
Commitments to purchase development land	
- Contracted	176,869
- Approved but not Contracted	22,857
Contractual commitments for construction of investment properties	52,117
Contractual commitments for acquisition of property, plant and equipment	1,233
Contractual commitments in relation to Development Agreement	<u>100,000</u>

12. Significant Related Party Transactions

01/11/2012
To
30/04/2013
RM'000

Transactions with jointly controlled entities:-

(i) Construction services rendered	368
(ii) Interest charged	2,215
(iii) Redemption fee charged	149
(iv) Project management and administrative fee received and receivable	4,721
(v) Rental paid and payable	161
(vi) Rental received and receivable	71
(vii) Security services rendered	116
(viii) Sale of building material	1,927
(ix) Staff secondment	211
(x) Acquisition of motor vehicle	35
(xi) Event service fee charged	17

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	47
(ii) Rental charged to a trust body in which directors of subsidiary companies are the trustees	60
(iii) Rental charged to a trust body in which a director of the Company is the trustee	15
(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	53,525
(vi) Sale of development properties to companies in which the directors of the Company have interests	206,106
(vii) Sale of development property to a former director of the Company	5,357
(viii) Sale of development properties to directors of the subsidiary companies	67,566
(ix) Sale of development property to an immediate family member of the director of the subsidiary companies	509
(x) Supply and installation of timber roof to directors of the subsidiary companies	14
(xi) Sale of development property to a former director of the subsidiary companies	3,553

13. Comparative figures

The following comparative amounts for the financial year ended 31 October 2012 have been reclassified to conform with current year's presentation:

Statement of Cash Flows

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Investing activities			
Other investments	(49,854)	69,818	19,964
Cash and cash equivalent at 31 October 2012	1,350,661	69,818	1,420,479

**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 RM130.1 million as compared to RM127.9 million reported for 2Q2012.

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

	2Q2013	2Q2012	PTD2013	PTD2012
	RM'000	RM'000	RM'000	RM'000
Revenue				
Property Development	658,047	559,546	1,288,884	995,315
Construction	22,796	30,722	51,634	60,603
Other Operations	30,461	26,931	58,336	52,862
	<hr/>	<hr/>	<hr/>	<hr/>
	711,304	617,199	1,398,854	1,108,780
	<hr/>	<hr/>	<hr/>	<hr/>
Profit before taxation				
Property Development	122,023	119,525	234,194	209,755
Construction	870	3,217	1,413	8,898
Other Operations	7,237	5,145	10,692	9,957
	<hr/>	<hr/>	<hr/>	<hr/>
	130,130	127,887	246,299	228,610
	<hr/>	<hr/>	<hr/>	<hr/>

(a) Performance of the current quarter against the same quarter in the preceding year (Q2 FY 2013 vs. Q2 FY 2012)

The Group’s PBT of RM130.1 million for Q2 2013 is marginally higher than RM127.9 million reported for Q2 2012. Revenue and PBT of the respective operating business segments for the current quarter are as analysed as follows:-

Property Development

Revenue from property development activities increased by 18%. 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 FY2012.

PBT in Q2 2013 increased only slightly as a result of the change in product mix noted in the explanation of the previous quarter’s results, with a larger percentage of profits now contributed by sales of high rise developments as compared to landed properties in the previous year.

Ongoing projects which contributed to the profit and revenue achieved include *Setia Alam* and *Setia Eco-Park* at Shah Alam, *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.

1. Review of Group Performance (continued)

(a) Performance of the current quarter against the same quarter in the preceding year (Q2 FY 2013 vs. Q2 FY 2012) (continued)

Construction

Revenue and PBT decreased by 26% and 73% 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 consist mainly of wood-based manufacturing, trading activities, shopping mall operations and interest income from placement of funds.

(b) Performance of the current period to-date against the same period in the preceding year (Q2 PTD 2013 vs. Q2 PTD 2012)

For the current period to-date, the Group achieved a profit before taxation (“PBT”) of RM246.3 million on the back of revenue totalling RM1,398.9 million, representing a 8% increase in PBT and a 26% increase in revenue as compared to the preceding period.

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

Property Development

Revenue increased by 29%, however, the PBT increased by a smaller percentage of 12% 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 and PBT decreased due to the completion of the Hospital Kuala Lumpur contract in the previous financial year.

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 RM130.1 million, which is RM13.9 million higher than the preceding quarter ended 31 January 2013. The profit in the current quarter was higher due to generally higher profit recognition arising from better site progress from residential developments in Klang Valley and Penang.

3. Prospects for the Current Financial Year

The Board is pleased to report that the Group achieved RM1.61 billion in sales during the second quarter of FY2013 which is 84% higher than the RM877 million recorded for the second quarter of FY2012. As at 31 May 2013, total Group Sales for the current financial period has hit RM4.37 billion. This includes the Group's 40% share of the GBP681 million sales achieved by its *Battersea Power Station* joint-venture project amounting to RM1.25 billion.

The Group's record-breaking sales arose from the following strategies successfully executed in FY2013:

- Meet the demand of its high net-worth customers and global property investors for investment properties in selected global cities by launching both the *Battersea Power Station* project in Central London and *Eco Sanctuary* in Singapore. Along with the Group's ongoing *Fulton Lane*, Melbourne and *18 Woodville*, Singapore developments, sales from overseas projects as at 31 May 2013 totalled RM2.07 billion.
- The Group's Malaysian projects contributed the remaining RM2.3 billion sales achieved as at 31 May 2013. This is 24% higher than the sales generated from Malaysian projects of RM1.85 billion in the same period last year.

Despite a slight moderation in demand for luxury homes as a result of more cautious bank lending and the lower loan-to-value ratios permitted for 3rd home loans, the Group successfully penetrated a new development corridor by launching *Setia Eco Glades* in Cyberjaya. This was achieved by offering beautifully conceived link villas, semi-ds and bungalows within an ecologically attuned and sustainable environment, modelled after its award-winning *Setia Eco Park* project.

The Group also adapted its product mix to meet the strong demand for starter homes within its matured townships. Affordable apartments were launched at its flagship *Setia Alam* township in the Klang Valley to attract first-time homeowners. This will provide a ready pool of future upgraders for both *Setia Alam* and *Setia Eco Park* and potential employees to meet the demands of the many corporate offices and retail outlets which have or will be starting up shortly at the Group's *Setia City* commercial hub. Similar strategies were also adopted for its matured *Bukit Indah*, *Setia Indah* as well as *Setia Tropika* townships in Johor to build up sustainable pipelines of future demand for the Group's many developments within the Iskandar region.

Based on the above, the Group is well on track to achieve its RM5.5 billion sales target for FY2013. Over the next few months, the Group intends to focus on another equally important aspect of its operations which is to improve and further streamline its quality, service and delivery processes. This is in order to meet and continually strive to exceed the high expectations of its customers thereby maintaining the brand loyalty necessary to gain further market share and sustain the unabated growth in annual sales which the Group has enjoyed over past 7 years.

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	
	30/04/2013	30/04/2012	30/04/2013	30/04/2012
	RM'000	RM'000	RM'000	RM'000
- current taxation	50,015	49,508	96,464	90,410
- in respect of prior years	145	3	922	(393)
- deferred taxation	(14,535)	(12,552)	(42,538)	(24,201)
- in respect of prior years	(5)	-	3,731	29
	<u>35,620</u>	<u>36,959</u>	<u>58,579</u>	<u>65,845</u>

The Group's effective tax rate for the current period is higher compared to the statutory taxation rate mainly due to certain non-tax deductible expenses. However, the Group's effective tax rate for the financial period to-date 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 at 20 June 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 a Privatisation Agreement.

As announced on 22 March 2013, KLEC has satisfied the conditions precedent set out in the Privatisation Agreement and the Privatisation Agreement has since been rendered unconditional;

- (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.

6. Status of Corporate Proposals (continued)

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;

- (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 secured the project financing in respect of the INIH Project within 9 months from the date of the Privatisation Agreement;

- (v) 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").

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

- (vi) 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 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 ("LTIP"), for the eligible employees and executive directors of the S P Setia Group who fulfill the eligibility criteria. The LTIP was approved by the shareholders at the Company's EGM held on 28 February 2013.

6. Status of Corporate Proposals (continued)

As announced by the Company on 6 May 2013, the Company has implemented the LTIP with effect from 10 April 2013 and made the first award of 79.147 million options and 16.255 million new ordinary shares of RM0.75 each of S P Setia under the LTIP to the Eligible Employees of S P Setia Group. With the implementation of the LTIP, the Company's existing ESOS has been terminated on 10 April 2013;

- (vii) 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 ("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.

The SPA was completed on 15 April 2013; and

- (viii) On 6 February 2013, Rockbay Streams Sdn Bhd, a wholly owned subsidiary of S P Setia Berhad has entered into an agreement ("Development Agreement") with Cash Band (M) Berhad, 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.

The Development Agreement is pending the fulfillment of the conditions precedent therein within a period of twelve (12) months from the date of the Development Agreement.

- (b) As at 30 April 2013, the status of the utilisation of proceeds raised under the Placement exercise which was completed on 25 February 2013, amounting to RM942.86 million is as set out below:-

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Intended timeframe for utilisation from completion date
Existing projects and general working capital requirements	550,000	-	550,000	Within 24 months
Future expansion plans	181,900	(79,893)	102,007	Within 24 months
Repayment of bank borrowings	200,000	-	200,000	Within 3 months
Estimated expenses for the Corporate Exercise	10,958	(9,541)	1,417	Within 3 months
Total	942,858	(89,434)	853,424	

7. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 30 April 2013 were as follows:-

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Bank Overdrafts	4,707	118,301	123,008
Short Term Bank Borrowings	318,742	285,000	603,742
Long Term Bank Borrowings	2,641,209	700,000	3,341,209
	<u>2,964,658</u>	<u>1,103,301</u>	<u>4,067,959</u>

Currency exposure profile of borrowings is as follows:-

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Ringgit Malaysia	2,019,684	1,092,492	3,112,176
Pound Sterling	453,956	-	453,956
Singapore Dollar	418,186	10,809	428,995
Australian Dollar	47,474	-	47,474
Vietnamese Dong	25,358	-	25,358
	<u>2,964,658</u>	<u>1,103,301</u>	<u>4,067,959</u>

8. Material Litigation

The Group is not engaged in any material litigation as at 20 June 2013, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

9. Dividends Declared

(a) The Board of Directors has recommended an interim dividend in respect of the financial year ending 31 October 2013.

(i) Amount per share : 1.6 sen per share less income tax of 25%
: 2.4 sen per share (single tier dividend)

(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 : 1.6 sen per share less income tax of 25%
: 2.4 sen per share (single tier dividend)

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:-

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/04/2013 '000	30/04/2012 '000	30/04/2013 '000	30/04/2012 '000
Profit for the period attributable to equity holders of the Company (RM)	95,770	92,383	188,683	166,387
Number of ordinary shares at beginning of the period	2,138,012	1,847,689	2,005,668	1,832,738
Effect of shares issued pursuant to:				
- Acquisition of additional shares in a subsidiary company	-	17,872	-	8,838
- Placement	245,029	-	120,484	-
- Exercise of ESOS	-	38,066	-	32,078
- Exercise of Warrants	-	173	73,728	86
Weighted average number of ordinary shares	2,383,041	1,903,800	2,199,880	1,873,740
Basic Earnings Per Share (sen)	4.02	4.85	8.58	8.88

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:

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/04/2013 '000	30/04/2012 '000	30/04/2013 '000	30/04/2012 '000
Profit for the period attributable to equity holders of the Company (RM)	95,770	92,383	188,683	166,387
Weighted average number of ordinary shares as per basic Earnings Per Share	2,383,041	1,903,800	2,199,880	1,873,740
Effect of potential exercise of ESOS/ Warrants	-	61,272	-	68,266
Weighted average number of ordinary shares	2,383,041	1,965,072	2,199,880	1,942,006
Diluted Earnings Per Share (sen)	4.02	4.70	8.58	8.57

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:-

	30/04/2013	31/10/2012
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	1,416,740	1,240,674
- Unrealised	96,822	61,485
	<u>1,513,562</u>	<u>1,302,159</u>
Total retained profits from jointly controlled entities:		
- Realised	240,815	229,191
- Unrealised	17,625	21,501
	<u>258,440</u>	<u>250,692</u>
Total share of retained profits from associated companies:		
- Realised	(714)	(731)
- Unrealised	-	-
	<u>(714)</u>	<u>(731)</u>
Less: Consolidation adjustments	(215,715)	(152,436)
Total Group retained profits as per consolidated accounts	<u>1,555,573</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:-

	3 MONTHS	6 MONTHS
	ENDED	ENDED
	30/04/2013	30/04/2013
	RM'000	RM'000
Interest income	10,435	18,490
Other income including investment income	6,278	13,370
Interest expense	(13,296)	(25,791)
Depreciation and amortisation	(5,118)	(9,869)
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	9,192	9,192
Impairment of assets	N/A	N/A
Foreign exchange loss	(851)	(598)
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 2012 was unqualified.