

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

Interim Financial Report
31 January 2003

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S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED BALANCE SHEET
FOR THE FINANCIAL QUARTER ENDED 31 JANUARY 2003

	(UNAUDITED) AS AT END OF CURRENT QUARTER 31/01/2003 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR END 31/10/2002 RM'000
Property, Plant and Equipment	127,522	126,546
Land Held for Development	342,641	355,291
Investment in Associated Companies	94,962	92,876
Long Term Investments	43,110	43,110
Amount owing by Associated Companies	2,914	2,869
Current Assets		
Land under development	273,413	297,482
Gross amount due from customers	60,853	48,039
Inventories	12,797	13,758
Trade and other receivables	283,296	301,383
Amount owing by associated companies	6,131	6,544
Tax recoverable	6,306	5,315
Deposits	450,983	298,106
Cash and cash equivalents	104,243	251,757
	<u>1,198,022</u>	<u>1,222,384</u>
Current Liabilities		
Trade and other payables	131,597	182,377
Share application monies	-	239,626
Short Term borrowings	49,823	45,583
Bank overdraft	13	356
Taxation	19,696	23,518
	<u>201,129</u>	<u>491,460</u>
Net Current Assets	<u>996,893</u>	<u>730,924</u>
	<u>1,608,042</u>	<u>1,351,616</u>
Shareholders' Funds		
Share Capital	554,155	431,000
Reserves		
Share Premium	232,887	114,282
Merger Reserve	(66,436)	(66,436)
Revaluation Reserve	1,151	1,151
Retained Profit	459,120	428,392
Proposed Dividend	13,521	13,521
Shareholders' Equity	<u>1,194,398</u>	<u>921,910</u>
Minority Interests	1,486	1,472
Long Term Borrowings	409,918	425,994
Other Long Term Liabilities	1,446	1,446
Deferred Taxation	794	794
	<u>1,608,042</u>	<u>1,351,616</u>
Net Tangible Assets Per Share (RM)	<u>2.16</u>	<u>2.14</u>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 October 2002)

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 JANUARY 2003
(The figures have not been audited)

	FIRST QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/01/2003 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/01/2002 RM'000	CURRENT YEAR TO DATE 31/01/2003 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/01/2002 RM'000
Revenue	148,746	134,428	148,746	134,428
Cost of sales	(101,519)	(87,005)	(101,519)	(87,005)
Gross profit	47,227	47,423	47,227	47,423
Other operating income	2,790	3,617	2,790	3,617
Administrative and general expenses	(11,792)	(10,172)	(11,792)	(10,172)
Profit from operations	38,225	40,868	38,225	40,868
Net profit from investing activities	3,836	1,758	3,836	1,758
Share of profit less losses of associated companies	2,955	198	2,955	198
Finance costs	(1,322)	(1,793)	(1,322)	(1,793)
Profit before taxation	43,694	41,031	43,694	41,031
Taxation	(12,992)	(11,935)	(12,992)	(11,935)
Profit after taxation	30,702	29,096	30,702	29,096
Minority interests	26	(14)	26	(14)
Net profit for the year	30,728	29,082	30,728	29,082
Basic earnings per share (sen)	5.58	6.52	5.58	6.52
Diluted earnings per share (sen)	5.55	6.52	5.55	6.52

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 October 2002)

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 JANUARY 2003
(The figures have not been audited)

	Share Capital RM'000	Share Premium RM'000	Merger Reserve RM'000	Revaluation Reserve RM'000	Unappropriated Profit RM'000	Proposed Dividend RM'000	Total RM'000
Balance at 1.11.2002	431,000	114,282	(66,436)	1,151	428,392	13,521	921,910
Issue of shares							
- 1 for 3 rights issue	123,143	120,680	-	-	-	-	243,823
- pursuant to ESOS	12	11	-	-	-	-	23
Share issue expenses	-	(2,086)	-	-	-	-	(2,086)
Net profit for the period	-	-	-	-	30,728	-	30,728
Balance at 31.01.2003	554,155	232,887	(66,436)	1,151	459,120	13,521	1,194,398
Balance at 1.11.2001	334,798	108,182	(66,436)	1,151	354,882	13,928	746,505
Issue of shares							
- pursuant to ESOS	274	78	-	-	-	-	352
Net profit for the period	-	-	-	-	29,082	-	29,082
Balance at 31.01.2002	335,072	108,260	(66,436)	1,151	383,964	13,928	775,939

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 October 2002)

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 JANUARY 2003
(The figures have not been audited)

	3 months Ended 31/01/2003 RM'000
Profit before tax	43,694
Adjustments for:-	
Non-cash items	(1,768)
Non-operating items	(3,540)
Operating profit before changes in working capital	38,386
Net Change in current assets	48,980
Net Change in current liabilities	(49,944)
Cash generated from operations	37,422
Interest received	821
Interest paid	(7,291)
Tax paid	(16,777)
Net cash generated from operating activities	14,175
Investing Activities	
Other investments	1,890
Net cash generated from investing activities	1,890
Financing Activities	
Transactions with shareholders	2,134
Bank borrowings	(12,682)
Others financing activities	143
Net cash used in financing activities	(10,405)
Net change in cash and cash equivalents	5,660
Cash and cash equivalent at 1 November	547,718
Cash and cash equivalent at 31 January	553,378

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

	31/01/2003 RM'000
Deposits	450,983
Cash and bank balances	104,243
Bank overdrafts	(13)
	555,213
Less: Deposits pledged to licensed banks	(1,835)
	553,378

Note: There are no comparative figures for the same period of the preceding year, as this is the first time a condensed consolidated cash flow statement is presented.

(The Condensed Consolidated cash flow statement should be read in conjunction with the Annual Financial Report for the year ended 31 October 2002)

NOTES TO THE INTERIM FINANCIAL REPORT

1. **Basis of preparation**

The interim financial report has been prepared in compliance with MASB 26, Interim Financial Reporting.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 October 2002.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 October 2002.

2. **Qualified audit report**

The preceding audited financial statements for the year ended 31 October 2002 were not qualified.

3. **Seasonal or cyclical factors**

The business operations of the Group during the financial year under review have not been materially affected by any seasonal or cyclical factors.

4. **Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no unusual items for the financial period ended 31 January 2003.

5. **Changes in estimates**

There were no material changes in estimates for the financial period ended 31 January 2003.

6. **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 year-to-date except the issuance of the following shares:-

- a. 12,000 new ordinary shares of RM1.00 each pursuant to the Company's Employee's Share Option Scheme (ESOS) with exercise prices ranging from RM1.89 to RM2.20 per share. The total cash proceeds arising from the exercise of options under the ESOS during the current financial year-to-date amounted to RM23,300; and
- b. Renounceable rights issue of 123,142,857 new ordinary shares of RM1.00 each at an issue price of RM1.98 per share, payable in full upon acceptance, on the basis of one (1) new share for every three (3) existing shares held.

7. **Dividend paid**

There were no payment of dividend during the current financial quarter and year-to-date ended 31 January 2003.

8. Segmental Reporting

	Construction RM'000	Property Development RM'000	Other Operations RM'000	Eliminations RM'000	Consolidated RM'000
<u>Revenue</u>					
External Sales	37,835	107,434	3,477	-	148,746
Inter-segment sales	27,519	2,436	424	(30,379)	-
Total Revenue	<u>65,354</u>	<u>109,870</u>	<u>3,901</u>	<u>(30,379)</u>	<u>148,746</u>
<u>Results</u>					
Segment results	1,326	36,740	159		38,225
Profit from investing activities					
- dividend income					580
- interest income					3,148
- gain on partial disposal of a subsidiary company					108
Finance costs					(1,322)
Share of profits less losses of associated companies	3,013	3	(61)		2,955
Taxation					(12,992)
Profit after taxation					<u>30,702</u>

9. Valuation of property, plant and equipment

The Group does not state any assets based on valuation of its property, plant and equipment.

10. Material Events subsequent to the End of Period

There were no material transactions or events subsequent to the first quarter ended 31 January 2003 till 19 March 2003 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

11. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter and financial year-to-date, except for the disposal of 4,900 ordinary shares at par in Darul Tahap (M) Sdn. Bhd., a wholly owned subsidiary of S P Setia Berhad, resulting in S P Setia Berhad holding 51% of the total paid up of Darul Tahap (M) Sdn. Bhd..

The above changes in the composition of the Group did not have any material effects on the Net Tangible Assets and the Earnings of the S P Setia Berhad Group for the current quarter and financial year-to-date.

12. Contingent Liabilities

There were no contingent liabilities in respect of the Group since the last annual balance sheet date.

13. Commitments

	31/01/2003 RM'000
Contractual commitment to purchase development land	537,598
Contractual commitment for acquisition of property, plant and equipment	510
Other conditional contractual commitment	9,120
	<u>547,228</u>

14. Related Party Transactions

	31/01/2003 RM'000
<i>Transaction with associated companies:</i>	
(i) Construction service rendered to Setia Putrajaya Sdn. Bhd. ("SPJ")	347
(ii) Administrative fee received from SPJ	1,080
(iii) Administrative fee received from Golden Klang Valley Sdn. Bhd.	<u>22</u>
<i>Transactions with directors of the Company and companies, firms in which they have interest:</i>	
(i) Disposal of shares in Darul Tahap (M) Sdn. Bhd. to:	
- Tan Sri Dato' Zaki bin Tun Azmi	2
(ii) Rental paid to Dato' Voon Tin Yow	8
(iii) Rental paid to Alsirat Sdn. Bhd., a company in which Datuk Abdul Rashid bin Abdul Manaf and Dato' Liew Kee Sin have interest	18
(iv) Legal fees paid to Rashid & Lee, a firm in which Datuk Abdul Rashid bin Abdul Manaf, Tan Sri Dato' Zaki Bin Tun Azmi and George Anthony Dass David are partners	281
(v) Sale of residential properties to:	
- Datuk Abdul Rashid bin Abdul Manaf & Spouse	3,125
- LKS Properties Sdn. Bhd., a company in which Dato' Liew Kee Sin & Spouse have interest	2,936
- Dato' Voon Tin Yow & Spouse	1,652
- Yap Kok Weng & Spouse	<u>1,617</u>

The above transactions were entered into in the normal course of business and were established under negotiated terms.

ADDITIONAL INFORMATION REQUIRED BY THE KLSE'S LISTING REQUIREMENTS

1. Review of Performance of the Company and its Principal Subsidiaries

The Group achieved an earning of RM30.7 million on the back of a revenue of RM148.7 million for the current year-to-date under review. This performance was mainly attributable to progressive profit recognised on properties sold, completed and handed over in Bukit Indah Bandar Nusajaya, Johor and Setia Indah, Johor.

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

The Group's current quarter profit before tax increased by RM6.2 million compared to the preceding quarter ended 31 October 2002. This was mainly attributable to profit recognised on properties completion stage and handed over in Bukit Indah Nusajaya, Johor and Setia Indah, Johor.

3. Prospects for the current Financial Year

Barring unforeseen circumstances, the Board of Directors is optimistic that the Group's performance for the current financial year will be satisfactory.

4. Variance of Actual Profit from Forecast Profit

Not applicable as no profit forecast was published.

5. Income Tax

Income Tax comprises: -

	FIRST QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31/01/2003 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/01/2002 RM'000	CURRENT YEAR TO DATE 31/01/2003 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/01/2002 RM'000
- current income tax	12,123	11,855	12,123	11,855
- deferred taxation	-	-	-	-
- associated companies	869	78	869	78
- in respect of prior years	-	2	-	2
	<u>12,992</u>	<u>11,935</u>	<u>12,992</u>	<u>11,935</u>

The Group effective taxation rate for the current quarter and financial year-to-date is higher compared to the statutory rate mainly due to the inavailability of group relief for losses incurred by certain subsidiary companies.

6. Profit on Sale of Unquoted Investments and/or Properties

There were no profits on sale of unquoted investments and/or properties outside the ordinary course of the Group's business for the current quarter and financial year-to-date.

7. Quoted Securities

Total purchases and disposals of quoted securities for the current quarter and financial year-to-date are as follows :-

	RM'000
Total purchases	-
Total disposals	-
Total profit/(loss) on disposal	-

Total investments in quoted securities as at 31 January 2003 are as follows:-

	RM'000
At cost	47,731
At book value	42,773
Market value	29,330

8. Status of Corporate Proposals

The following are the corporate proposals that have been announced by the Company but not completed as at 19 March 2003, the latest practicable date which shall not be earlier than 7 days from the date of this announcement: -

- (a) Conditional Shareholders' Agreement entered into on 20 December 2000 between S P Setia Berhad and YGP Holdings Sdn Bhd ("YGP") to govern the relationship between S P Setia Berhad and YGP ("the Parties") as proposed shareholders in Pelita Dunia Sdn. Bhd. ("Pelita Dunia") and to set out the respective rights, duties and obligations of the Parties in relation to the acquisition by Pelita Dunia of several pieces of lands from Dewan Bandaraya Kuala Lumpur and various private owners for development into a mixed residential and commercial development project.
- (b) Proposed Special issue to two bumiputra directors of up to 10% of the issued and paid-up share capital of S P Setia Berhad; and
- (c) Utilisation of Proceeds raised from Corporate Proposal

(i) Utilisation of Proceeds raised from Private Placements

The proceeds of approximately RM102.4 million was raised from the Private Placement of 33,570,000 new ordinary shares of RM1.00 each. As at the date of this announcement, an amount of RM0.8 million out of the Private Placement proceeds remains unutilised and is currently placed in interest bearing accounts.

A surplus amounting to RM0.7 million arising from the difference in the actual proceeds raised and actual expenses for the Private Placement will be re-located for the Group Working Capital. The remaining balance of RM0.1 million will be utilised as approved for the expenses for the Private Placement.

(ii) Utilisation of Proceeds raised from Rights Issue

The proceeds of approximately RM243.8 million was raised from the Rights Issue of 123,142,857 new ordinary shares of RM1.00 each. As at the date of this announcement, an amount of RM33.9 million out of the Rights Issue proceeds remains unutilised and is currently placed in interest bearing accounts.

A surplus amounting to RM1.6 million arising from the difference in the actual proceeds raised and actual expenses for the Rights Issue, Bonus Issue and Special Issue will be re-located for the Group Working Capital. The remaining balance of RM1.1 million will be utilised as approved for the expenses for the Rights Issue, Bonus Issue and Special Issue and RM31.2 million for the Group Working Capital.

9. Group Borrowings and Debt Securities

Total group borrowings as at 31 January 2003 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Hire Purchase & Leasing Borrowings	-	8,343	8,343
Short Term Bank Borrowings	23,491	24,000	47,491
Bank Overdraft	-	13	13
Long Term Bank Borrowings	278,907	-	278,907
4.5% Redeemable Unsecured Bonds	-	125,000	125,000
	302,398	157,356	459,754

10. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 19 March 2003, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

11. Material Litigation

The Group is not engaged in any material litigation as at 19 March 2003, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

12. Dividend

No interim dividend has been recommended in respect of the current financial period.

13. Earnings Per share

The basic earnings per share has been calculated by dividing the Group's net profit for the period of RM30,728,000 (2002: RM29,082,000) by the weighted average number of shares in issue of 550,800,000 (2002: 446,087,000). The weighted average number of shares in issue is calculated as follows:-

	FIRST QUARTER PRECEDING		CUMULATIVE QUARTER PRECEDING	
	CURRENT YEAR QUARTER 31/01/2003 RM'000	YEAR CORRESPONDING QUARTER 31/01/2002 RM'000	CURRENT YEAR TO DATE 31/01/2003 RM'000	YEAR CORRESPONDING PERIOD 31/01/2002 RM'000
Net profit attributable to shareholders	30,728	29,082	30,728	29,082
Number of ordinary shares at beginning of the period	431,000	334,798	431,000	334,798
Effect of bonus issue	-	61,572	-	61,572
Effect of shares issued pursuant to				
- Rights issue	119,793	49,496	119,793	49,496
- Company's ESOS	7	221	7	221
Weighted average number of ordinary shares	550,800	446,087	550,800	446,087
Basic Earning Per share (sen)	5.58	6.52	5.58	6.52

13. Earnings Per share (continued)

The diluted earnings per share has been calculated by dividing the Group's net profit for the period of RM30,728,000 (2002: RM29,082,000) by the weighted average number of shares that would have been in issue upon full exercise of the remaining option under the ESOS and the Warrants, adjusted for the number of such shares that would have been issued at fair value, calculated as follows:

	FIRST QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/01/2003 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/01/2002 RM'000	CURRENT YEAR TO DATE 31/01/2003 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/01/2002 RM'000
Net profit attributable to shareholders	30,728	29,082	30,728	29,082
Weighted average number of ordinary shares as per basic EPS	550,800	446,087	550,800	446,087
Effect of shares option/warrants	2,574	14	2,574	14
Weighted average number of ordinary shares (diluted)	553,374	446,101	553,374	446,101
Diluted Earning Per share (sen)	5.55	6.52	5.55	6.52