

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

Interim Financial Report
31 January 2004

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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 2004

	(UNAUDITED)	(AUDITED)
	AS AT	AS AT
	END OF	PRECEDING
	CURRENT	FINANCIAL
	QUARTER	YEAR END
	31/01/2004	31/10/2003
	RM'000	RM'000
Property, Plant and Equipment	157,630	158,300
Land Held for Development	731,729	785,941
Investment in Associated Companies	99,188	97,896
Long Term Investments	40,891	40,891
Amount owing by Associated Companies	83	326
Deferred tax assets	1,653	1,656
Current Assets		
Land under development	667,650	527,979
Gross amount due from customers	62,305	56,947
Inventories	16,457	17,950
Trade and other receivables	401,491	335,095
Amount owing by associated companies	10,026	13,439
Current tax assets	6,774	5,404
Deposits	176,155	160,700
Cash and cash equivalents	96,209	108,148
	<u>1,437,067</u>	<u>1,225,662</u>
Current Liabilities		
Trade and other payables	264,618	235,062
Short term borrowings	96,489	89,387
Bank overdraft	18,532	-
Current tax liabilities	10,274	11,462
	<u>389,913</u>	<u>335,911</u>
Net Current Assets	<u>1,047,154</u>	<u>889,751</u>
	<u>2,078,328</u>	<u>1,974,761</u>
Shareholders' Funds		
Share Capital	560,369	559,422
Reserves		
Share Premium	240,156	239,011
Revaluation Reserve	1,151	1,151
Retained Profit	467,815	436,538
Dividend	31,328	31,328
Shareholders' Equity	<u>1,300,819</u>	<u>1,267,450</u>
Minority Interests	1,387	1,449
Long Term Borrowings	773,400	703,491
Other Long Term Liabilities	1,446	1,446
Deferred Tax Liabilities	1,276	925
	<u>2,078,328</u>	<u>1,974,761</u>
Net Tangible Assets Per Share (RM)	<u>2.32</u>	<u>2.27</u>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 October 2003)

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 JANUARY 2004
(The figures have not been audited)

	FIRST QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/01/2004 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/01/2003 RM'000	CURRENT YEAR TO DATE 31/01/2004 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/01/2003 RM'000
Revenue	264,837	148,746	264,837	148,746
Cost of sales	(205,159)	(101,519)	(205,159)	(101,519)
Gross profit	<u>59,678</u>	<u>47,227</u>	<u>59,678</u>	<u>47,227</u>
Other operating income	2,396	2,790	2,396	2,790
Administrative and general expenses	(17,918)	(11,792)	(17,918)	(11,792)
Profit from operations	<u>44,156</u>	<u>38,225</u>	<u>44,156</u>	<u>38,225</u>
Net profit from investing activities	1,172	3,836	1,172	3,836
Share of profit less losses of associated companies	1,938	2,955	1,938	2,955
Finance costs	(962)	(1,322)	(962)	(1,322)
Profit before taxation	<u>46,304</u>	<u>43,694</u>	<u>46,304</u>	<u>43,694</u>
Taxation	(15,089)	(12,992)	(15,089)	(12,992)
Profit after taxation	<u>31,215</u>	<u>30,702</u>	<u>31,215</u>	<u>30,702</u>
Minority interests	62	26	62	26
Net profit for the year	<u>31,277</u>	<u>30,728</u>	<u>31,277</u>	<u>30,728</u>
Basic earnings per share (sen)	<u>5.59</u>	<u>5.58</u>	<u>5.59</u>	<u>5.58</u>
Diluted earnings per share (sen)	<u>5.33</u>	<u>5.55</u>	<u>5.33</u>	<u>5.55</u>

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 October 2003)

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 JANUARY 2004
(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	Dividend RM'000	Total RM'000
Balance at 1.11.2003	559,422	239,011	-	1,151	436,538	31,328	1,267,450
Issue of shares							
- pursuant to ESOS	947	1,145	-	-	-	-	2,092
Net profit for the period	-	-	-	-	31,277	-	31,277
Balance at 31.01.2004	560,369	240,156	-	1,151	467,815	31,328	1,300,819
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

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 October 2003)

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 JANUARY 2004
(The figures have not been audited)

	3 months Ended 31/01/2004 RM'000	3 months Ended 31/01/2003 RM'000
Profit before tax	46,304	43,694
Adjustments for:-		
Non-cash items	(385)	(1,768)
Non-operating items	(1,374)	(3,540)
Operating profit before changes in working capital	<u>44,545</u>	<u>38,386</u>
Net Change in current assets	(148,625)	48,980
Net Change in current liabilities	31,032	(49,944)
Cash (used in)/generated from operations	<u>(73,048)</u>	<u>37,422</u>
Interest received	1,153	821
Interest paid	(5,628)	(7,291)
Tax paid	(16,503)	(16,777)
Net cash (used in)/generated from operating activities	<u>(94,026)</u>	<u>14,175</u>
Investing Activities		
Other investments	(33,616)	1,890
Net cash (used in)/generated from investing activities	<u>(33,616)</u>	<u>1,890</u>
Financing Activities		
Transactions with shareholders	2,092	2,134
Bank borrowings	76,426	(12,682)
Others financing activities	-	143
Net cash generated from/(used in) financing activities	<u>78,518</u>	<u>(10,405)</u>
Net change in cash and cash equivalents	(49,124)	5,660
Cash and cash equivalent at 1 November	266,948	547,718
Cash and cash equivalent at 31 January	<u>217,824</u>	<u>553,378</u>

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

	31/01/2004 RM'000	31/01/2003 RM'000
Deposits	176,155	450,983
Cash and bank balances	96,209	104,243
Bank overdrafts	(18,532)	(13)
	<u>253,832</u>	<u>555,213</u>
Less: Deposits pledged to licensed banks	(1,891)	(1,835)
Escrow Account	(34,117)	-
	<u>217,824</u>	<u>553,378</u>

(The Condensed Consolidated cash flow statement should be read in conjunction with the Annual Financial Report for the year ended 31 October 2003)

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 2003.

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 2003.

2. **Qualified audit report**

The preceding audited financial statements for the year ended 31 October 2003 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 2004.

5. **Changes in estimates**

There were no material changes in estimates for the financial period 31 January 2004.

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) 946,914 new ordinary shares of RM1.00 each pursuant to the Company's Employee's Share Option Scheme (ESOS) with exercise prices ranging from RM1.84 to RM2.98 per share. The total cash proceeds arising from the exercise of options under the ESOS during the current financial year-to-date amounted to RM2,091,710.

7. **Dividends paid**

There were no payment of dividend during the current financial quarter and year-to-date ended 31 January 2004.

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	83,642	167,165	14,030	-	264,837
Inter-segment sales	99,122	6,888	1,402	(107,412)	-
Total Revenue	182,764	174,053	15,432	(107,412)	264,837
<u>Results</u>					
Segment results	5,388	36,836	1,932		44,156
Net Profit from investing Activities					1,172
Finance costs					(962)
Share of profits less losses of associated companies	1,995	(31)	(26)		1,938
Taxation					(15,089)
Profit after taxation					31,215

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 2004 till 17 March 2004 (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 9, Note 8 (d) of the Status of Corporate Proposals.

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.

12. Contingent Liabilities

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

13. Commitments

	31/01/2004 RM'000
Other conditional contractual commitment	9,120

14. Related Party Transactions

	31/01/2004 RM'000
<u>Recurrent Transactions</u>	
<i>Cumulative from 1 November 2003 to 31 January 2004:-</i>	
<i>Transaction with associated companies:</i>	
(i) Construction service rendered to Setia Putrajaya Sdn. Bhd. ("SPJ")	8,537
<i>Transactions with directors of the Company and companies, firms in which they have interest:</i>	
(i) Rental paid to Dato' Voon Tin Yow	8
(ii) Rental paid to Alsirat Sdn. Bhd., a company in which Datuk Abdul Rashid bin Abdul Manaf and Dato' Sri Liew Kee Sin have interest	18
(iii) Legal fees paid to Shahrizat 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	77

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

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

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

The Group achieved earnings of RM31.3 million on the back of revenues of RM264.84 million for the current year-to-date under review. This performance was mainly attributable to progressive profit recognised on properties sold in Duta Nusantara at Sri Hartamas, Bukit Indah Bandar Nusajaya, Johor and Setia Indah, Johor. Apart from the profit contributed from property development, it was also attributed to the progressive profit recognised on the upgrading of Batu Pahat-Ayer Hitam-Kluang Highway.

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 RM0.8 million compared to the preceding quarter ended 31 October 2003. This was mainly attributable to profit recognised on properties sold in Bukit Indah Bandar Nusajaya, Johor and Setia Indah, Johor.

3. Prospects for the Current Financial Year

In view of the current robust economic and residential market outlook and current low mortgage rates regime, the Board of Directors is confident that the Group's performance for the current financial year will be better than the previous financial year.

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 31/01/2004 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/01/2003 RM'000	CURRENT YEAR TO DATE 31/01/2004 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/01/2003 RM'000
- current income tax	14,088	12,123	14,088	12,123
- deferred taxation	355	-	355	-
- associated companies	646	869	646	869
	15,089	12,992	15,089	12,992

The Group's effective taxation rate for the current quarter and financial year-to-date is high compared to the statutory taxation rate mainly due to certain non-tax deductible expenses.

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 2004 are as follows:-

	RM'000
At cost	48,296
At book value	40,554
Market value	38,012

8. Status of Corporate Proposals

The following are the corporate proposals that have been announced by the Company but not completed as at 17 March 2004, 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 disposal on 13 November 2003 by Bandar Setia Alam Sdn. Bhd., a wholly owned subsidiary of S P Setia Berhad, of a piece of land measuring approximately 791 acres held under Geran 31493, lots 2895 and 2896, Mukim of Bukit Raja, District of Petaling, State of Selangor to Bandar Eco-Setia Sdn. Bhd., a wholly owned subsidiary of S P Setia Berhad, for a total cash consideration of RM341,166,184 comprising the disposal consideration of RM275,689,846 and the shared infrastructure cost payable of RM65,476,338;
- (c) Proposed issuance on 13 November 2003 by Bandar Eco-Setia Sdn. Bhd., a wholly owned subsidiary of S P Setia Berhad, of 24,999,998 new ordinary shares of RM1.00 each ("shares") at par and 225,000,000 cumulative redeemable preference shares of RM0.01 each ("RPS") at an issue price of RM1.00 per RPS, to S P Setia Berhad, the Employees Provident Fund and Great Eastern Life Assurance (Malaysia) Berhad in relation to the Proposed Joint Venture between the parties; and
- (d) Proposed disposal on 17 February 2004 by Bandar Setia Alam Sdn. Bhd., a wholly owned subsidiary of S P Setia Berhad, of a piece of land measuring approximately 614.26 acres forming part of the land held under a Master Title Geran 31493, Lots 2895 and 2896, Mukim of Bukit Raja, District of Petaling, State of Selangor to Perbadanan Kemajuan Negeri Selangor, for a total cash consideration of RM291,653,105 comprising the disposal consideration of RM 214,057,325 and the shared infrastructure cost payable of RM77,595,780.

9. Group Borrowings and Debt Securities

Total group borrowings as at 31 January 2004 were as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Hire Purchase & Leasing Borrowings	-	8,385	8,385
Short Term Bank Borrowings	90,827	2,717	93,544
Bank Overdraft	-	18,532	18,532
Long Term Bank Borrowings	640,677	2,283	642,960
4.5% Redeemable Unsecured Bonds	-	125,000	125,000
	<u>731,504</u>	<u>156,917</u>	<u>888,421</u>

10. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 17 March 2004, 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 17 March 2004, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

12. Dividends

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 RM31,277,000 (2003: RM30,728,000) by the weighted average number of shares in issue of 559,940,000 (2003: 550,800,000). The weighted average number of shares in issue is calculated as follows:-

	FIRST QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/01/2004 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/01/2003 RM'000	CURRENT YEAR TO DATE 31/01/2004 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/01/2003 RM'000
Net profit attributable to shareholders	31,277	30,728	31,277	30,728
Number of ordinary shares at beginning of the period	559,422	431,000	559,422	431,000
Effect of shares issued pursuant to				
- Rights issue	-	119,793	-	119,793
- Company's ESOS	519	7	519	7
Weighted average number of ordinary shares	559,940	550,800	559,940	550,800
Basic Earning Per share (sen)	5.59	5.58	5.59	5.58

The diluted earnings per share has been calculated by dividing the Group's net profit for the period of RM31,277,000 (2003: RM30,728,000) 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 31/01/2004 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/01/2003 RM'000	CURRENT YEAR TO DATE 31/01/2004 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/01/2003 RM'000
Net profit attributable to shareholders	31,277	30,728	31,277	30,728
Weighted average number of ordinary shares as per basic EPS	559,940	550,800	559,940	550,800
Effect of shares option/warrants	27,059	2,574	27,059	2,574
Weighted average number of ordinary shares (diluted)	587,000	553,374	587,000	553,374
Diluted Earning Per share (sen)	5.33	5.55	5.33	5.55