

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

**Interim Financial Report - 30 April 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 30 APRIL 2004**

	(UNAUDITED) AS AT END OF CURRENT QUARTER 30/04/2004 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR END 31/10/2003 RM'000
Property, Plant and Equipment	157,886	158,300
Land Held for Development	785,566	785,941
Investment in Associated Companies	101,637	97,896
Long Term Investments	38,200	40,891
Amount owing by Associated Companies	89	326
Deferred tax assets	1,686	1,656
Current Assets		
Land under development	712,411	527,979
Gross amount due from customers	48,009	56,947
Inventories	15,864	17,950
Trade and other receivables	432,054	335,095
Amount owing by associated companies	18,100	13,439
Current tax assets	5,196	5,404
Deposits	176,460	160,700
Cash and bank balances	116,159	108,148
	1,524,253	1,225,662
Current Liabilities		
Trade and other payables	346,103	235,062
Short term borrowings	91,386	89,387
Bank overdraft	20,396	-
Current tax liabilities	14,926	11,462
	472,811	335,911
Net Current Assets	1,051,442	889,751
	2,136,506	1,974,761
Shareholders' Funds		
Share Capital	566,624	559,422
Reserves		
Share Premium	247,835	239,011
Revaluation Reserve	1,151	1,151
Retained Profit	483,099	436,538
Dividend	24,478	31,328
Shareholders' Equity	1,323,187	1,267,450
Minority Interests	1,467	1,449
Long Term Borrowings	809,212	703,491
Other Long Term Liabilities	1,446	1,446
Deferred Tax Liabilities	1,194	925
	2,136,506	1,974,761
	2,136,506	1,974,761
Net Tangible Assets Per Share (RM)	2.34	2.27

(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 30 APRIL 2004**  
*(The figures have not been audited)*

	SECOND QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER  30/04/2004 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/04/2003 RM'000	CURRENT YEAR TO DATE 30/04/2004 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/04/2003 RM'000
Revenue	247,940	218,702	512,777	367,448
Cost of sales	(184,917)	(174,871)	(390,076)	(276,390)
Gross profit	<u>63,023</u>	<u>43,831</u>	<u>122,701</u>	<u>91,058</u>
Other operating income	1,788	1,808	4,184	4,598
Administrative and general expenses	(12,953)	(9,918)	(30,871)	(21,710)
Profit from operations	<u>51,858</u>	<u>35,721</u>	<u>96,014</u>	<u>73,946</u>
Net profit from investing activities	1,845	1,598	3,017	5,434
Share of profit less losses of associated companies	3,469	3,600	5,407	6,555
Finance costs	(856)	(1,245)	(1,818)	(2,567)
Profit before taxation	<u>56,316</u>	<u>39,674</u>	<u>102,620</u>	<u>83,368</u>
Taxation	(16,256)	(11,292)	(31,345)	(24,284)
Profit after taxation	<u>40,060</u>	<u>28,382</u>	<u>71,275</u>	<u>59,084</u>
Minority interests	(80)	(15)	(18)	11
Net profit for the year	<u>39,980</u>	<u>28,367</u>	<u>71,257</u>	<u>59,095</u>
Basic earnings per share (sen)	<u>7.08</u>	<u>5.12</u>	<u>12.67</u>	<u>10.73</u>
Diluted earnings per share (sen)	<u>6.64</u>	<u>5.10</u>	<u>11.96</u>	<u>10.69</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 30 APRIL 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
<b>Balance at 1.11.2003</b>	559,422	239,011	-	1,151	436,538	31,328	1,267,450
Issue of shares							
- pursuant to ESOS exercised	7,117	8,673	-	-	-	-	15,790
- pursuant to warrants exercised	85	151	-	-	-	-	236
Net profit for the period	-	-	-	-	71,257	-	71,257
Final Dividend paid	-	-	-	-	(218)	(31,328)	(31,546)
Interim Dividend declared	-	-	-	-	(24,478)	24,478	-
<b>Balance at 30.04.2004</b>	<b>566,624</b>	<b>247,835</b>	<b>-</b>	<b>1,151</b>	<b>483,099</b>	<b>24,478</b>	<b>1,323,187</b>
<b>Balance at 1.11.2002</b>	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 exercised	40	37	-	-	-	-	77
Share issue expenses	-	(2,039)	-	-	-	-	(2,039)
Net profit for the period	-	-	-	-	59,095	-	59,095
Final Dividend paid	-	-	-	-	(1)	(13,521)	(13,522)
Interim Dividend declared	-	-	-	-	(23,054)	23,054	-
<b>Balance at 30.04.2003</b>	<b>554,183</b>	<b>232,960</b>	<b>(66,436)</b>	<b>1,151</b>	<b>464,432</b>	<b>23,054</b>	<b>1,209,344</b>

(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 30 APRIL 2004**  
*(The figures have not been audited)*

	<b>6 months Ended 30/04/2004 RM'000</b>	<b>6 months Ended 30/04/2003 RM'000</b>
Profit before tax	102,620	83,368
Adjustments for:-		
Non-cash items	(1,326)	(4,012)
Non-operating items	(4,583)	(4,321)
Operating profit before changes in working capital	<u>96,711</u>	<u>75,035</u>
Net Change in current assets	(256,019)	(16,820)
Net Change in current liabilities	111,126	(5,064)
Cash (used in)/generated from operations	<u>(48,182)</u>	<u>53,151</u>
Interest received	1,743	1,277
Interest paid	(19,574)	(10,308)
Tax paid	(25,609)	(25,664)
Net cash (used in)/generated from operating activities	<u>(91,622)</u>	<u>18,456</u>
<b>Investing Activities</b>		
Other investments	(50,995)	(234,106)
Net cash used in investing activities	<u>(50,995)</u>	<u>(234,106)</u>
<b>Financing Activities</b>		
Transactions with shareholders	(15,520)	(11,287)
Bank borrowings	105,452	(34,545)
Others financing activities	-	143
Net cash generated from/(used in) financing activities	<u>89,932</u>	<u>(45,689)</u>
Net changes in cash and cash equivalents	(52,685)	(261,339)
<b>Cash and cash equivalents at 1 November</b>	<u>266,948</u>	<u>547,718</u>
<b>Cash and cash equivalents at 30 April</b>	<u>214,263</u>	<u>286,379</u>

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

	<b>30/04/2004 RM'000</b>	<b>30/04/2003 RM'000</b>
Deposits	176,460	175,968
Cash and bank balances	116,159	112,181
Bank overdraft	(20,396)	-
	<u>272,223</u>	<u>288,149</u>
Less: Deposits pledged to licensed banks	(1,903)	(1,770)
Escrow Accounts	(56,057)	-
	<u>214,263</u>	<u>286,379</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 30 April 2004.

### 5. **Changes in estimates**

There were no material changes in estimates for the financial period 30 April 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) 7,116,683 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 RM3.43 per share. The total cash proceeds arising from the exercise of options under the ESOS during the current financial year-to-date amounted to RM15,789,870; and
- (b) 85,100 new ordinary shares of RM1.00 each pursuant to the exercise of warrants at RM2.78 per share. The total cash proceeds arising from the exercise of warrants during the current financial year-to-date amounted to RM236,578.

### 7. **Dividends paid**

A final dividend of 7% comprising 2% tax exempt and 5% less 28% income tax amounting to RM31,546,575 was paid in respect of the financial year ended 2003.

## 8. Segmental Reporting

	<b>Construction</b> RM'000	<b>Property Development</b> RM'000	<b>Other Operations</b> RM'000	<b>Eliminations</b> RM'000	<b>Consolidated</b> RM'000
<u>Revenue</u>					
External Sales	117,267	364,793	30,717	-	512,777
Inter-segment sales	193,806	14,629	3,737	(212,172)	-
Total Revenue	311,073	379,422	34,454	(212,172)	512,777
<u>Results</u>					
Segment results	8,691	83,228	4,095		96,014
Net Profit from investing Activities					3,017
Finance costs					(1,818)
Share of profits less losses of associated companies	5,234	212	(39)		5,407
Taxation					(31,345)
Profit after taxation					71,275

## 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 second quarter ended 30 April 2004 till 9 June 2004 (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.

## 12. Contingent Liabilities

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

## 13. Commitments

	<b>30/04/2004</b>
	RM'000
Other conditional contractual commitment	<u>9,120</u>

## 14. Related Party Transactions

	<b>30/04/2004</b>
	RM'000
<b><u>Recurrent Transactions</u></b>	
<i>Cumulative from 1 November 2003 to 30 April 2004:-</i>	
<i>Transaction with associated company:</i>	
(i) Construction service rendered to Setia Putrajaya Sdn. Bhd. ("SPJ")	21,760
<i>Transactions with directors of the Company and companies, firms in which they have interest:</i>	
(i) Rental paid to Dato' Voon Tin Yow	15
(ii) Rental paid to Alsirat Sdn. Bhd., a company in which Tan Sri Abdul Rashid bin Abdul Manaf and Dato' Sri Liew Kee Sin have interest	36
(iii) Legal fees paid to Shahrizat Rashid & Lee, a firm in which Tan Sri Abdul Rashid bin Abdul Manaf, Tan Sri Dato' Zaki Bin Tun Azmi and George Anthony Dass David are partners	<u>211</u>
<b><u>Non-Recurrent Transaction</u></b>	
<i>Current Quarter from 1 February 2004 to 30 April 2004:-</i>	
<i>Transaction with a director of the Company:</i>	
(i) Sale of residential property to Tan Sri Dato' Zaki bin Tun Azmi	<u>4,004</u>

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  
BURSA MALAYSIA SECURITIES BERHAD**

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

For the current year to date, the Group achieved a profit after taxation of RM71.26 million on revenues totalling RM512.78 million. The Group's profit and turnover were mainly derived from its property development activities carried out at Duta Nusantara at Sri Hartamas, 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 RM10.01 million compared to the preceding quarter ended 31 January 2004. This was mainly attributable to profit recognised on properties sold in Bukit Indah Bandar Nusajaya, Johor, Setia Indah, Johor and Duta Nusantara at Sri Hartamas.

**3. Prospects for the Current Financial Year**

In view of the favourable residential market outlook and current low mortgage rates regime, the Board of Directors is confident that the Group's performance for this 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: -

	SECOND QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER  30/04/2004 RM'000	PRECEDING YEAR CORRESPONDING QUARTER  30/04/2003 RM'000	CURRENT YEAR TO DATE  30/04/2004 RM'000	PRECEDING YEAR CORRESPONDING PERIOD  30/04/2003 RM'000
- current income tax	15,352	9,752	29,440	21,875
- deferred taxation	(116)	233	239	233
- associated companies	1,020	1,307	1,666	2,176
	16,256	11,292	31,345	24,284

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 were as follows :-

	RM'000
Total purchases	-
Total disposals	<u>1,884</u>
Total profit/(loss) on disposal	<u>819</u>

Total investments in quoted securities as at 30 April 2004 were as follows:-

	RM'000
At cost	<u>46,412</u>
At book value	<u>37,863</u>
Market value	<u>36,988</u>

**8. Status of Corporate Proposals**

The following are the corporate proposals that have been announced by the Company but not completed as at 9 June 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 by Bandar Setia Alam Sdn. Bhd., a wholly owned subsidiary of S P Setia Berhad, as announced on 13 November 2003, of a piece of freehold 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 land cost of RM275,689,846 and the shared infrastructure cost payable of RM65,476,338;
- (c) Proposed issuance by Bandar Eco-Setia Sdn. Bhd., a wholly owned subsidiary of S P Setia Berhad, as announced on 13 November 2003, 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 Board and Great Eastern Life Assurance (Malaysia) Berhad in relation to the Proposed Joint Venture between the parties;

- (d) Proposed disposal by Bandar Setia Alam Sdn. Bhd., as announced on 17 February 2004, a wholly owned subsidiary of S P Setia Berhad, of a piece of freehold 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 land cost of RM214,057,325 and the shared infrastructure cost payable of RM77,595,780; and
- (e) Proposed disposal by S P Setia Berhad, as announced on 24 April 2004, of its entire 50% equity interest in Setia Putrajaya Sdn. Bhd. comprising 25,000,000 ordinary shares of RM1.00 each to Prudent Location Sdn. Bhd. ("Prudent"), a company incorporated with the objective of assuming the listing status of Kramat Tin Dredging Berhad, for a total consideration of RM74 million to be satisfied by the issuance of RM37 million ordinary shares of RM1.00 each in Prudent and RM37 million irredeemable convertible preference shares ("ICPS") of RM1.00 each in Prudent.

#### 9. Group Borrowings and Debt Securities

Total group borrowings as at 30 April 2004 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Hire Purchase & Leasing Borrowings	-	9,127	9,127
Short Term Bank Borrowings	85,534	2,717	88,251
Bank Overdraft	20,396	-	20,396
Long Term Bank Borrowings	676,616	1,604	678,220
4.5% Redeemable Unsecured Bonds	-	125,000	125,000
	782,546	138,448	920,994

#### 10. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 9 June 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 9 June 2004, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

#### 12. Dividends

- (a) (i) The board of Directors has recommended an interim dividend in respect of the financial year ending 31 October 2004.
- (ii) Amount per share : 6 sen less income tax of 28%
- (iii) Previous corresponding period : 3 sen less income tax of 28%  
2 sen tax exempted
- (iv) Date payable : 29 July 2004
- (v) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 13 July 2004.
- (b) Total dividend for the current financial period : 6 sen less income tax of 28%

### 13. Earnings Per share

The basic earnings per share has been calculated by dividing the Group's net profit for the period of RM71,257,000 (2003: RM59,095,000) by the weighted average number of shares in issue of 562,269,000 (2003: 550,815,000). The weighted average number of shares in issue is calculated as follows:-

	SECOND QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/04/2004 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/04/2003 RM'000	CURRENT YEAR TO DATE 30/04/2004 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/04/2003 RM'000
Net profit attributable to shareholders	39,980	28,367	71,257	59,095
Number of ordinary shares at beginning of the period	560,369	554,155	559,422	431,000
Effect of shares issued pursuant to				
- Rights issue	-	-	-	119,794
- Company's ESOS	4,252	24	2,841	21
- Exercised of Warrants	11	-	6	-
Weighted average number of ordinary shares	564,632	554,179	562,269	550,815
Basic Earning Per share (sen)	7.08	5.12	12.67	10.73

The diluted earnings per share has been calculated by dividing the Group's net profit for the period of RM71,257,000 (2003: RM59,095,000) 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:

	SECOND QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/04/2004 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/04/2003 RM'000	CURRENT YEAR TO DATE 30/04/2004 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/04/2003 RM'000
Net profit attributable to shareholders	39,980	28,367	71,257	59,095
Weighted average number of ordinary shares as per basic EPS	564,632	554,179	562,269	550,815
Effect of shares option/warrants	37,468	1,729	33,644	2,209
Weighted average number of ordinary shares (diluted)	602,100	555,908	595,913	553,024
Diluted Earning Per share (sen)	6.64	5.10	11.96	10.69