

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

Interim Financial Report
31 January 2005

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	Page No.
Condensed Consolidated Balance Sheet	1
Condensed Consolidated Income Statement	2
Condensed Consolidated Statement Of Changes In Equity	3
Condensed Consolidated Cash Flow Statement	4
Notes to the Interim Financial Report	5-7
Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad	8-11

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED BALANCE SHEET
FOR THE FINANCIAL QUARTER ENDED 31 JANUARY 2005

	(UNAUDITED) AS AT END OF CURRENT QUARTER 31/01/2005 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR END 31/10/2004 RM'000 (Restated)
Property, Plant and Equipment	148,545	158,935
Land Held for Property Development	622,584	598,884
Investment in Associated Companies	178,933	176,932
Long Term Investments	29,410	28,259
Amount owing by Associated Companies	86	345
Deferred tax assets	1,848	2,092
Current Assets		
Property Development costs	619,301	634,699
Gross amount due from customers	32,054	37,711
Inventories	15,492	15,146
Trade and other receivables	431,556	430,667
Amount owing by associated companies	17,461	79,357
Current tax assets	6,269	5,172
Deposits	354,044	351,043
Cash and bank balances	165,716	105,735
	1,641,893	1,659,530
Current Liabilities		
Trade and other payables	356,286	360,908
Short term borrowings	337,947	333,173
Bank overdraft	17,821	20,739
Current tax liabilities	19,296	29,339
	731,350	744,159
Net Current Assets	910,543	915,371
	1,891,949	1,880,818
Shareholders' Funds		
Share Capital	595,676	568,048
Reserves		
Share Premium	296,754	249,985
Revaluation Reserve	-	1,151
Retained Profit	555,263	515,762
Dividend	57,259	57,259
Shareholders' Equity	1,504,952	1,392,205
Minority Interests	1,362	1,363
Long Term Borrowings	383,242	484,847
Other Long Term Liabilities	1,446	1,446
Deferred Tax Liabilities	947	957
	1,891,949	1,880,818
Net Tangible Assets Per Share (RM)	2.53	2.45

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 October 2004)

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 JANUARY 2005
(The figures have not been audited)

	FIRST QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/01/2005 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/01/2004 RM'000	CURRENT YEAR TO DATE 31/01/2005 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/01/2004 RM'000
Revenue	241,338	264,837	241,338	264,837
Cost of sales	(178,260)	(205,159)	(178,260)	(205,159)
Gross profit	<u>63,078</u>	<u>59,678</u>	<u>63,078</u>	<u>59,678</u>
Other operating income	5,835	2,396	5,835	2,396
Administrative and general expenses	(18,081)	(17,918)	(18,081)	(17,918)
Profit from operations	<u>50,832</u>	<u>44,156</u>	<u>50,832</u>	<u>44,156</u>
Net profit from investing activities	2,134	1,172	2,134	1,172
Share of profit of associated companies	2,705	1,938	2,705	1,938
Finance costs	(712)	(962)	(712)	(962)
Profit before taxation	<u>54,959</u>	<u>46,304</u>	<u>54,959</u>	<u>46,304</u>
Taxation	(16,610)	(15,089)	(16,610)	(15,089)
Profit after taxation	<u>38,349</u>	<u>31,215</u>	<u>38,349</u>	<u>31,215</u>
Minority interests	1	62	1	62
Net profit for the year	<u><u>38,350</u></u>	<u><u>31,277</u></u>	<u><u>38,350</u></u>	<u><u>31,277</u></u>
Basic earnings per share (sen)	<u>6.63</u>	<u>5.59</u>	<u>6.63</u>	<u>5.59</u>
Diluted earnings per share (sen)	<u>6.33</u>	<u>5.33</u>	<u>6.33</u>	<u>5.33</u>

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 October 2004)

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 JANUARY 2005
(The figures have not been audited)

	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Unappropriated Profit RM'000	Dividend RM'000	Total RM'000
Balance at 1.11.2004	568,048	249,985	1,151	515,762	57,259	1,392,205
Issue of shares						
- pursuant to ESOS	5,159	6,775	-	-	-	11,934
- pursuant to exercise of warrants	22,469	39,994	-	-	-	62,463
Net profit for the period	-	-	-	38,350	-	38,350
Realisation of reserve	-	-	(1,151)	1,151	-	-
Balance at 31.01.2005	595,676	296,754	-	555,263	57,259	1,504,952
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

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 October 2004)

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 JANUARY 2005
(The figures have not been audited)

	3 months Ended 31/01/2005 RM'000	3 months Ended 31/01/2004 RM'000
Profit before tax	54,959	46,304
Adjustments for:-		
Non-cash items	(5,265)	(385)
Non-operating items	(2,503)	(1,374)
Operating profit before changes in working capital	<u>47,191</u>	<u>44,545</u>
Net Change in current assets	86,347	(148,625)
Net Change in current liabilities	(364)	31,032
Cash generated from/(used in) operations	<u>133,174</u>	<u>(73,048)</u>
Interest received	1,144	1,153
Interest paid	(27,473)	(5,628)
Tax paid	(26,680)	(16,503)
Net cash generated from/(used in) operating activities	<u>80,165</u>	<u>(94,026)</u>
Investing Activities		
Other investments	253,432	(33,616)
Net cash generated from/ (used in) investing activities	<u>253,432</u>	<u>(33,616)</u>
Financing Activities		
Transactions with shareholders	74,397	2,092
Bank borrowings	(98,572)	76,426
Net cash (used in)/generated from financing activities	<u>(24,175)</u>	<u>78,518</u>
Net changes in cash and cash equivalents	309,422	(49,124)
Cash and cash equivalents at 1 November	188,360	266,948
Cash and cash equivalents at 31 January	<u>497,782</u>	<u>217,824</u>

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

	31/01/2005 RM'000	31/01/2004 RM'000
Deposits	354,044	176,155
Cash and bank balances	165,716	96,209
Bank overdraft	(17,821)	(18,532)
	<u>501,939</u>	<u>253,832</u>
Less: Deposits pledged to licensed banks	(1,979)	(1,891)
Escrow Accounts & Sinking Fund	(2,178)	(34,117)
	<u>497,782</u>	<u>217,824</u>

(The Condensed Consolidated cash flow statement should be read in conjunction with the Annual Financial Report for the year ended 31 October 2004)

NOTES TO THE INTERIM FINANCIAL REPORT

1. **Basis of preparation**

The interim financial report has been prepared in compliance with Financial Reporting Standards (“FRS”) 134, Interim Financial Reporting (formerly known as MASB 26).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 October 2004.

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 2004, except for the adoption of FRS 201, Property Development Activities (formerly known as MASB 32). Certain balance sheet comparative amounts of the Group as at 31 October 2004 have been restated to conform with the requirements of FRS 201 (formerly known as MASB 32).

2. **Qualified audit report**

The preceding audited financial statements for the year ended 31 October 2004 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 other than as disclosed in item 2 of the Additional Information Required by The Listing Requirements of Bursa Malaysia Securities Berhad.

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

There were no unusual items for the financial period ended 31 January 2005.

5. **Changes in estimates**

There were no material changes in estimates for the financial period 31 January 2005.

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) 5,159,218 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 RM3.56 per share. The total cash proceeds arising from the exercise of options under the ESOS during the current financial year-to-date amounted to RM11,933,848; and
- (b) 22,468,698 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 RM62,462,980.

7. Dividends paid

There were no payment of dividend during the current financial quarter and year-to-date ended 31 January 2005.

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	30,770	199,014	11,554	-	241,338
Inter-segment sales	81,508	11,823	6,331	(99,662)	-
Total Revenue	<u>112,278</u>	<u>210,837</u>	<u>17,885</u>	<u>(99,662)</u>	<u>241,338</u>
<u>Results</u>					
Segment results	2,723	44,772	3,337		50,832
Net Profit from investing Activities					2,134
Finance costs					(712)
Share of profits less losses of associated companies	2,700	13	(8)		2,705
Taxation					<u>(16,610)</u>
Profit after taxation					<u>38,349</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 current quarter ended 31 January 2005 till 15 March 2005 (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 acquisition of the 1,000 ordinary shares of RM1.00 each in Kewira Jaya Sdn Bhd, resulting in Kewira Jaya Sdn Bhd becoming a wholly-owned subsidiary of S P Setia Berhad.

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 changes in contingent liabilities in respect of the Group since the last annual balance sheet date.

13. Commitments

	31/01/2005
	RM'000
Contractual commitment to purchase development land	204,570
Other conditional contractual commitment	9,120
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14. Related Party Transactions

	31/01/2005
	RM'000
<i>Transaction with associated companies:</i>	
(i) Construction service rendered to Setia Putrajaya Sdn. Bhd. ("SPJ")	8,864
(ii) Security service rendered to Setia Putrajaya Sdn. Bhd. ("SPJ")	17
(iii) Project management and administrative fee from Bandar Eco-Setia Sdn Bhd	941
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<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 Tan Sri Abdul Rashid bin Abdul Manaf has interest	18
(iii) Legal fees charged by 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	108
(iv) Insurance premium paid to BIB Insurance Brokers Sdn. Bhd., a company in which Tan Sri Dato' Zaki Bin Tun Azmi has interest	2
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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 RM38.4 million on the back of revenues totalling RM241.3 million. The Group's profit and turnover were mainly derived from its property development activities carried out at Setia Alam, Shah Alam, Duta Nusantara, Sri Hartamas, Bukit Indah Bandar Nusajaya, Johor and Setia Indah, Johor. Apart from property development, the Group's construction and wood-based manufacturing activities also contributed to the earnings achieved.

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

The group's current quarter profit before tax is RM22.4 million lower compared to the preceding quarter ended 31 October 2004. This is partly attributable to slower progress of works during the festive season.

However, as compared to the results achieved in the corresponding quarter of the previous financial year, the profit before tax for the current quarter recorded an improvement of RM8.7 million.

3. Prospects for the Current Financial Year

The Board of Directors is confident that the Group's sales target of RM1 billion for the current financial year is achievable as the total sales achieved by the Group's subsidiary and associate companies for the first 4 months of the current financial year up to 28 February 2005 is already RM510 million.

In view of the stable economic outlook and good response to the sales launches of the Group's property development projects in Klang Valley and Johor Bahru, the Board of Directors is confident that the Group's performance for this financial year is therefore expected to 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 31/01/2005 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/01/2004 RM'000	CURRENT YEAR TO DATE 31/01/2005 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/01/2004 RM'000
- current income tax	15,552	14,088	15,552	14,088
- deferred taxation	354	355	354	355
- associated companies	704	646	704	646
	16,610	15,089	16,610	15,089

The Group's effective taxation rate for the current quarter and financial year-to-date is higher 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	-
Total profit on disposal	-

Total investments in quoted securities as at 31 January 2005 were as follows:-

	RM'000
At cost	36,685
At book value	29,073
Market value	23,938

8. Status of Corporate Proposals

The following are the corporate proposals that have been announced by the Company but not completed as at 15 March 2005, 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 as announced on 17 February 2004 by Bandar Setia Alam Sdn. Bhd., 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 price of RM214,057,325 and the shared infrastructure payable of RM77,595,780. The proposed disposal became unconditional on 26 July 2004;
- (c) 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 31 January 2005 were as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Hire Purchase & Leasing Borrowings	-	9,236	9,236
Short Term Bank Borrowings	208,651	1,052	209,703
Bank Overdraft	17,821	-	17,821
4.5% Redeemable Unsecured Bonds	-	125,000	125,000
Long Term Bank Borrowings	377,250	-	377,250
	<u>603,722</u>	<u>135,288</u>	<u>739,010</u>

10. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 15 March 2005, 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 15 March 2005, 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 RM38,350,000 (2003: RM31,277,000) by the weighted average number of shares in issue of 578,337,000 (2003: 559,940,000). The weighted average number of shares in issue is calculated as follows:-

	FIRST QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/01/2005 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/01/2004 RM'000	CURRENT YEAR TO DATE 31/01/2005 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/01/2004 RM'000
Net profit attributable to shareholders	38,350	31,277	38,350	31,277
Number of ordinary shares at beginning of the period	568,048	559,422	568,048	559,422
- Company's ESOS	673	518	673	518
- Exercised of Warrants	9,616	-	9,616	-
Weighted average number of ordinary shares	578,337	559,940	578,337	559,940
Basic Earning Per share (sen)	6.63	5.59	6.63	5.59

The diluted earnings per share has been calculated by dividing the Group's net profit for the period of RM38,350,000 (2003: RM31,277,000) by the weighted average number of shares that would have been in issue upon full exercise of the remaining options 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 31/01/2005 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/01/2004 RM'000	CURRENT YEAR TO DATE 31/01/2005 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/01/2004 RM'000
Net profit attributable to shareholders	38,350	31,277	38,350	31,277
Weighted average number of ordinary shares as per basic EPS	578,337	559,940	578,337	559,940
Effect of shares option/warrants	27,744	27,060	27,744	27,060
Weighted average number of ordinary shares (diluted)	606,081	587,000	606,081	587,000
Diluted Earning Per share (sen)	6.33	5.33	6.33	5.33