

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

Interim Financial Report
30 April 2005

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S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 APRIL 2005

	(UNAUDITED) AS AT END OF CURRENT QUARTER 30/04/2005 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR END 31/10/2004 RM'000 (Restated)
Property, Plant and Equipment	123,723	158,935
Land Held for Property Development	890,125	598,884
Investment in Associated Companies	183,788	176,932
Long Term Investments	17,553	28,259
Amount owing by Associated Companies	369	345
Deferred tax assets	1,866	2,092
Current Assets		
Property Development costs	638,716	634,699
Gross amount due from customers	35,523	37,711
Inventories	19,840	15,146
Trade and other receivables	387,791	430,667
Amount owing by associated companies	14,400	79,357
Current tax assets	10,166	5,172
Deposits	436,871	351,043
Cash and bank balances	150,733	105,735
	<u>1,694,040</u>	<u>1,659,530</u>
Current Liabilities		
Trade and other payables	446,407	360,908
Short term borrowings	286,022	333,173
Bank overdraft	-	20,739
Current tax liabilities	5,562	29,339
	<u>737,991</u>	<u>744,159</u>
Net Current Assets	<u>956,049</u>	<u>915,371</u>
	<u>2,173,473</u>	<u>1,880,818</u>
Shareholders' Funds		
Share Capital	643,376	568,048
Reserves		
Share Premium	379,973	249,985
Revaluation Reserve	-	1,151
Retained Profit	560,923	515,762
Dividend	28,018	57,259
Shareholders' Equity	<u>1,612,290</u>	<u>1,392,205</u>
Minority Interests	1,406	1,363
Long Term Borrowings	557,341	484,847
Other Long Term Liabilities	1,446	1,446
Deferred Tax Liabilities	990	957
	<u>2,173,473</u>	<u>1,880,818</u>
Net Tangible Assets Per Share (RM)	<u>2.51</u>	<u>2.45</u>

(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 30 APRIL 2005
(The figures have not been audited)

	SECOND QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/04/2005 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/04/2004 RM'000	CURRENT YEAR TO DATE 30/04/2005 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/04/2004 RM'000
Revenue	221,438	247,940	462,776	512,777
Cost of sales	(166,428)	(184,917)	(344,688)	(390,076)
Gross profit	<u>55,010</u>	<u>63,023</u>	<u>118,088</u>	<u>122,701</u>
Other operating income	1,720	1,788	7,555	4,184
Administrative and general expenses	(12,070)	(12,953)	(30,151)	(30,871)
Profit from operations	<u>44,660</u>	<u>51,858</u>	<u>95,492</u>	<u>96,014</u>
Net profit from investing activities	3,875	1,845	6,009	3,017
Share of profits less losses of associated companies	6,306	3,469	9,011	5,407
Finance costs	(705)	(856)	(1,417)	(1,818)
Profit before taxation	<u>54,136</u>	<u>56,316</u>	<u>109,095</u>	<u>102,620</u>
Taxation	(13,294)	(16,256)	(29,904)	(31,345)
Profit after taxation	<u>40,842</u>	<u>40,060</u>	<u>79,191</u>	<u>71,275</u>
Minority interests	(44)	(80)	(43)	(18)
Net profit for the year	<u>40,798</u>	<u>39,980</u>	<u>79,148</u>	<u>71,257</u>
Basic earnings per share (sen)	<u>6.50</u>	<u>7.08</u>	<u>13.13</u>	<u>12.67</u>
Diluted earnings per share (sen)	<u>6.30</u>	<u>6.64</u>	<u>12.70</u>	<u>11.96</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 30 APRIL 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	8,448	10,941	-	-	-	19,389
- pursuant to exercise of warrants	66,880	119,047	-	-	-	185,927
Net profit for the period	-	-	-	79,148	-	79,148
Realisation of reserve	-	-	(1,151)	1,151	-	-
Final dividend paid	-	-	-	(7,120)	(57,259)	(64,379)
Interim dividend declared	-	-	-	(28,018)	28,018	-
Balance at 30.04.2005	643,376	379,973	-	560,923	28,018	1,612,290
Balance at 1.11.2003	559,422	239,011	1,151	436,538	31,328	1,267,450
Issue of shares						
- pursuant to ESOS	7,117	8,673	-	-	-	15,790
- pursuant to exercise of warrants	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	-
Balance at 30.04.2004	566,624	247,835	1,151	483,099	24,478	1,323,187

(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 30 APRIL 2005
(The figures have not been audited)

	6 months Ended 30/04/2005 RM'000	6 months Ended 30/04/2004 RM'000
Profit before tax	109,095	102,620
Adjustments for:-		
Non-cash items	(11,270)	(1,326)
Non-operating items	(5,491)	(4,583)
Operating profit before changes in working capital	<u>92,334</u>	<u>96,711</u>
Net Change in current assets	79,171	(256,019)
Net Change in current liabilities	88,514	111,126
Cash generated from/(used in) operations	<u>260,019</u>	<u>(48,182)</u>
Interest received	2,092	1,743
Interest paid	(36,019)	(19,574)
Tax paid	(55,717)	(25,609)
Net cash generated from/(used in) operating activities	<u>170,375</u>	<u>(91,622)</u>
Investing Activities		
Other investments	63,547	(50,995)
Net cash generated from/ (used in) investing activities	<u>63,547</u>	<u>(50,995)</u>
Financing Activities		
Transactions with shareholders	140,937	(15,520)
Bank borrowings	20,407	105,452
Net cash generated from financing activities	<u>161,344</u>	<u>89,932</u>
Net changes in cash and cash equivalents	395,266	(52,685)
Cash and cash equivalents at 1 November	188,360	266,948
Cash and cash equivalents at 30 April	<u>583,626</u>	<u>214,263</u>

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

	30/04/2005 RM'000	30/04/2004 RM'000
Deposits	436,871	176,460
Cash and bank balances	150,733	116,159
Bank overdraft	-	(20,396)
	<u>587,604</u>	<u>272,223</u>
Less: Deposits pledged to licensed banks	(1,996)	(1,903)
Sinking Fund and Escrow Accounts	(1,982)	(56,057)
	<u>583,626</u>	<u>214,263</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.

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.

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

There were no unusual items for the financial period ended 30 April 2005.

5. **Changes in estimates**

There were no material changes in estimates for the financial period 30 April 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) 8,448,048 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 RM3.63 per share. The total cash proceeds arising from the exercise of options under the ESOS during the current financial year-to-date amounted to RM19,388,475 and
- (b) 66,880,361 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 RM185,927,404.

7. Dividends paid

A final dividend of 14 sen less 28% income tax amounting to RM64,378,864 was paid in respect of the financial year ended 31 October 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	50,504	382,775	29,497	-	462,776
Inter-segment sales	172,934	21,150	17,683	(211,767)	-
Total Revenue	223,438	403,925	47,180	(211,767)	462,776
<u>Results</u>					
Segment results	3,049	87,040	5,403		95,492
Net Profit from investing Activities					6,009
Finance costs					(1,417)
Share of profits less losses of associated companies	4,422	4,598	(9)		9,011
Taxation					(29,904)
Profit after taxation					79,191

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 30 April 2005 till 8 June 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

	30/04/2005
	RM'000
Contractual commitment for acquisition of property, plant and equipment	1,062
Conditional contractual commitment to acquire development land	9,120
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14. Related Party Transactions

	01/11/2004
	to
	30/04/2005
	RM'000
<i>Transactions with associated companies:</i>	
(i) Construction service rendered to Setia Putrajaya Sdn. Bhd.	13,620
(ii) Security service rendered to Setia Putrajaya Sdn. Bhd.	34
(iii) Project management and administrative fee charged to Bandar Eco-Setia Sdn. Bhd.	1,382
(iv) Security Services rendered to Bandar Eco-Setia Sdn. Bhd.	30
(v) Rental charged to Bandar Eco-Setia Sdn. Bhd.	108
(vi) Sale of development properties to directors of the Subsidiary Companies	
- Thum Kok Mun and spouse	695
- Wong Sheue Yann and spouse	691
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<i>Transactions with directors, their immediate family members, companies and 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 has interest	36
(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 (who had resigned from the firm on 31 December 2004) are partners	315
(iv) Insurance premium paid to BIB Insurance Brokers Sdn. Bhd., a company in which Tan Sri Dato' Zaki Bin Tun Azmi has interest	5
(v) Sale of development properties to:-	
- Azrina Corporation Sdn Bhd, a company in which Tan Sri Abdul Rashid Bin Abdul Manaf has interest	5,077
- Lintasan Seladang Sdn Bhd, a company in which Tan Sri Abdul Rashid Bin Abdul Manaf has interest	4,849
- Immediate family members of Tan Sri Dato' Zaki bin Tun Azmi	7,202
- Dato' Leong Kok Wah and spouse	3,289
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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 RM79.1 million on the back of revenues totalling RM462.8 million. The Group's profit and revenue 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

There were no material changes in the group's current quarter profit before tax compared to the preceding quarter ended 31 January 2005.

3. Prospects for the Current Financial Year

The Board of Directors is confident that the Group's performance for this financial year should be better than the previous financial year.

This confidence stems from the good response received from housebuyers to the wide offering of high-end and competitively-priced housing products in the Group's various property development projects within strategic locations in the Klang Valley and Johor Bahru. The Group will also be recognising the profit on the disposal of land to Perbadanan Kemajuan Negeri Selangor upon completion of the sale in the last quarter of the 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 30/04/2005 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/04/2004 RM'000	CURRENT YEAR TO DATE 30/04/2005 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/04/2004 RM'000
- current income tax	11,527	15,352	27,079	29,440
- deferred taxation	25	(116)	379	239
- associated companies	1,742	1,020	2,446	1,666
	13,294	16,256	29,904	31,345

The Group's effective taxation rate for the current quarter is lower compared to the statutory taxation rate mainly due to the receipt of tax exempt income from the placement of surplus funds.

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>12,215</u>
Total profit on disposal	<u>772</u>

Total investments in quoted securities as at 30 April 2005 were as follows:-

	RM'000
At cost	<u>23,857</u>
At book value	<u>17,216</u>
Market value	<u>10,658</u>

8. Status of Corporate Proposals

The following are the corporate proposals that have been announced by the Company but not completed as at 8 June 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; and
- (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. ("SPJ") 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.

Subsequently, as announced on 15 April 2005, the total consideration for the disposal of S P Setia Berhad's 50% equity interest in SPJ was revised to approximately RM69 million to be satisfied by the issuance of approximately RM34.5 million ordinary shares of RM1.00 each in Prudent and approximately RM34.5 million ICPS of RM1.00 each in Prudent.

- (d) Proposed capital repayment of up to RM164.634 million via cash on the basis of RM0.25 per ordinary share of RM1.00 each in S P Setia Berhad to all entitled shareholders of S P Setia Berhad and proposed amendment to the Memorandum of Association of S P Setia Berhad to facilitate the implementation of the proposed capital repayment, both announced on 12 April 2005.

9. Group Borrowings and Debt Securities

Total group borrowings as at 30 April 2005 were as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Hire Purchase & Leasing Borrowings	-	9,248	9,248
Short Term Bank Borrowings	155,684	2,031	157,715
4.5% Redeemable Unsecured Bonds	-	125,000	125,000
Long Term Bank Borrowings	551,400	-	551,400
	<u>707,084</u>	<u>136,279</u>	<u>843,363</u>

10. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 8 June 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 8 June 2005, 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 2005.

(ii) Amount per share : 6 sen less income tax of 28%

(iii) Previous corresponding period : 6 sen less income tax of 28%

(iv) Date payable : to be determined later

(v) 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 : 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 by the weighted average number of shares in issue. The weighted average number of shares in issue is calculated as follows:-

	SECOND QUARTER PRECEDING		CUMULATIVE QUARTER PRECEDING	
	CURRENT YEAR QUARTER 30/04/2005 RM'000	YEAR CORRESPONDING QUARTER 30/04/2004 RM'000	CURRENT YEAR TO DATE 30/04/2005 RM'000	YEAR CORRESPONDING PERIOD 30/04/2004 RM'000
Net profit attributable to shareholders	40,798	39,980	79,148	71,257
Number of ordinary shares at beginning of the period	595,676	560,369	568,048	559,422
- Company's ESOS	2,142	4,252	3,932	2,841
- Exercise of Warrants	29,860	11	30,619	6
Weighted average number of ordinary shares	627,678	564,632	602,599	562,269
Basic Earning Per share (sen)	6.50	7.08	13.13	12.67

The diluted earnings per share has been calculated by dividing the Group's net profit 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:

	SECOND QUARTER PRECEDING		CUMULATIVE QUARTER PRECEDING	
	CURRENT YEAR QUARTER 30/04/2005 RM'000	YEAR CORRESPONDING QUARTER 30/04/2004 RM'000	CURRENT YEAR TO DATE 30/04/2005 RM'000	YEAR CORRESPONDING PERIOD 30/04/2004 RM'000
Net profit attributable to shareholders	40,798	39,980	79,148	71,257
Weighted average number of ordinary shares as per basic EPS	627,678	564,632	602,599	562,269
Effect of shares option/warrants	20,411	37,468	20,656	33,644
Weighted average number of ordinary shares (diluted)	648,089	602,100	623,255	595,913
Diluted Earning Per share (sen)	6.30	6.64	12.70	11.96