

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

Interim Financial Report
31 January 2006

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S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 JANUARY 2006

	(UNAUDITED) AS AT CURRENT FINANCIAL YEAR END 31/01/2006 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR END 31/10/2005 RM'000
Property, Plant and Equipment	126,215	123,446
Land Held for Property Development	693,575	692,089
Investment in Associated Companies	181,254	177,721
Long Term Investments	15,161	15,120
Amount owing by Associated Companies	336	329
Deferred tax assets	3,354	1,141
Current Assets		
Property Development costs	691,099	675,054
Gross amount due from customers	32,662	32,541
Inventories	19,694	19,663
Trade and other receivables	299,648	264,260
Amount owing by associated companies	25,714	17,103
Current tax assets	13,844	12,893
Deposits	247,667	250,312
Cash and bank balances	114,975	153,484
	1,445,303	1,425,310
Current Liabilities		
Trade and other payables	262,708	273,210
Short term borrowings	106,992	92,274
Bank overdraft	15,148	-
Current tax liabilities	14,714	14,491
	399,562	379,975
Net Current Assets	1,045,741	1,045,335
	2,065,636	2,055,181
Shareholders' Funds		
Share Capital	494,965	490,734
Reserves		
Share Premium	406,271	398,623
Retained Profit	641,822	595,473
Dividend	89,510	89,510
Shareholders' Equity	1,632,568	1,574,340
Minority Interests	1,358	1,359
Long Term Borrowings	428,880	476,655
Other Long Term Liabilities	1,446	1,446
Deferred Tax Liabilities	1,384	1,381
	2,065,636	2,055,181
	2,065,636	2,055,181
Net Assets Per Share (RM)	2.47	2.41
	2.47	2.41

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 October 2005)

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 JANUARY 2006
(The figures have not been audited)

	FIRST QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/01/06 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/01/05 RM'000	CURRENT YEAR TO DATE 31/01/06 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/01/05 RM'000
Revenue	279,120	241,338	279,120	241,338
Cost of sales	(203,642)	(178,260)	(203,642)	(178,260)
Gross profit	<u>75,478</u>	<u>63,078</u>	<u>75,478</u>	<u>63,078</u>
Other operating income	1,526	5,835	1,526	5,835
Administrative and general expenses	(20,469)	(18,081)	(20,469)	(18,081)
Profit from operations	<u>56,535</u>	<u>50,832</u>	<u>56,535</u>	<u>50,832</u>
Net profit from investing activities				
- gross dividend from unquoted preference shares in an associated company	1,772	-	1,772	-
- others	2,141	2,134	2,141	2,134
Share of profits less losses of associated companies	4,767	2,705	4,767	2,705
Finance costs	(411)	(712)	(411)	(712)
Profit before taxation	<u>64,804</u>	<u>54,959</u>	<u>64,804</u>	<u>54,959</u>
Taxation	(18,456)	(16,610)	(18,456)	(16,610)
Profit after taxation	<u>46,348</u>	<u>38,349</u>	<u>46,348</u>	<u>38,349</u>
Minority interests	1	1	1	1
Net profit for the year	<u>46,349</u>	<u>38,350</u>	<u>46,349</u>	<u>38,350</u>
Basic earnings per share (sen)	<u>7.05</u>	<u>6.63</u>	<u>7.05</u>	<u>6.63</u>
Diluted earnings per share (sen)	<u>7.03</u>	<u>6.33</u>	<u>7.03</u>	<u>6.33</u>

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 October 2005)

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 JANUARY 2006
(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 1.11.2005	490,734	398,623	-	595,473	89,510	1,574,340
Issue of shares						
- pursuant to ESOS	4,231	7,648	-	-	-	11,879
Net profit for the period	-	-	-	46,349	-	46,349
Balance at 31.01.2006	494,965	406,271	-	641,822	89,510	1,632,568
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 revaluation reserve upon disposal	-	-	(1,151)	1,151	-	-
Balance at 31.01.2005	595,676	296,754	-	555,263	57,259	1,504,952

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 October 2005)

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 JANUARY 2006
(The figures have not been audited)

	3 MONTHS ENDED 31/01/2006 RM'000	3 MONTHS ENDED 31/01/2005 RM'000
Profit before tax	64,804	54,959
Adjustments for:-		
Non-cash items	(5,356)	(5,265)
Non-operating items	(2,412)	(2,503)
Operating profit before changes in working capital	<u>57,036</u>	<u>47,191</u>
Net Change in current assets	(59,044)	86,347
Net Change in current liabilities	(10,602)	(364)
Cash (used in)/ generated from operations	<u>(12,610)</u>	<u>133,174</u>
Interest received	789	1,144
Interest paid	(6,859)	(27,473)
Tax paid	(19,221)	(26,680)
Net cash (used in)/ generated from operating activities	<u>(37,901)</u>	<u>80,165</u>
Investing Activities		
Other investments	7,498	253,432
Net cash generated from investing activities	<u>7,498</u>	<u>253,432</u>
Financing Activities		
Transactions with shareholders	11,879	74,397
Bank borrowings	(33,772)	(98,572)
Net cash used in financing activities	<u>(21,893)</u>	<u>(24,175)</u>
Net changes in cash and cash equivalents	(52,296)	309,422
Cash and cash equivalents at 1 November	<u>398,117</u>	<u>188,360</u>
Cash and cash equivalents at 31 January	<u>345,821</u>	<u>497,782</u>

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

	31/01/2006 RM'000	31/01/2005 RM'000
Deposits	247,667	354,044
Cash and bank balances	114,975	165,716
Bank overdraft	(15,148)	(17,821)
	<u>347,494</u>	<u>501,939</u>
Less: Deposits pledged to licensed banks	(91)	(1,979)
Sinking Fund and Escrow Accounts	(1,582)	(2,178)
	<u>345,821</u>	<u>497,782</u>

(The Condensed Consolidated cash flow statement should be read in conjunction with the Annual Financial Report for the year ended 31 October 2005)

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.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 October 2005.

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 2005.

2. **Qualified audit report**

The preceding audited financial statements for the year ended 31 October 2005 were not qualified.

3. **Seasonal or cyclical factors**

The business operations of the Group during the financial period 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 2006.

5. **Changes in estimates**

There were no material changes in estimates for the financial period ended 31 January 2006.

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 for the following:-

- a) 5,642,050 new ordinary shares of RM0.75 each pursuant to the Company’s Employee’s Share Option Scheme (ESOS) with exercise prices ranging from RM1.74 to RM3.47 per share. The total cash proceeds arising from the exercise of options under the ESOS during the current financial year-to-date amounted to RM11,879,466.

7. **Dividends paid**

There were no payment of dividend during the current financial quarter and year-to-date ended 31 January 2006.

8. Segmental Reporting

	Property Development	Construction	Other Operations	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>					
External Sales	227,985	32,835	18,300	-	279,120
Inter-segment sales	11,555	73,486	4,027	(89,068)	-
Total Revenue	239,540	106,321	22,327	(89,068)	279,120
<u>Results</u>					
Segment results	53,647	1,379	1,509	-	56,535
Net Profit from investing Activities - others					2,141
Share of associated companies' profit and dividend on preference shares	4,693	1,848	(2)	-	6,539
Finance costs					(411)
Profit before taxation					64,804
Taxation					(18,456)
Profit after taxation					46,348
Minority interests					1
Net Profit for the period					46,349

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 2006 till 14 March 2006 (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 changes in contingent liabilities in respect of the Group since the last annual balance sheet date.

13. Commitments

	31/01/2006
	RM'000
Contractual commitment to purchase development land	129,852
Conditional contractual commitment to acquire development land	<u>9,120</u>

14. Related Party Transactions

	01/11/2005
	To
	31/01/2006
	RM'000
<i>Transactions with associated companies:</i>	
(i) Construction service rendered to Setia Putrajaya Sdn. Bhd.	18,954
(ii) Security service rendered to Setia Putrajaya Sdn. Bhd.	17
(iii) Project management and administrative fee received and receivable from Bandar Eco-Setia Sdn. Bhd.	1,057
(iv) Security Services rendered to Bandar Eco-Setia Sdn. Bhd.	37
(v) Rental received and receivable from Bandar Eco-Setia Sdn. Bhd.	105
(vi) Marketing expenses charged to Bandar Eco-Setia Sdn. Bhd.	<u>8</u>
<i>Transactions with directors of the Company, close family members of the directors and companies, firms in which they have interests:</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 and Tan Sri Dato' Zaki Bin Tun Azmi are partners	<u>872</u>

The above transactions were entered into in the ordinary course of business based on normal commercial 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 RM46.3 million on the back of revenues totalling RM279 million. The Group's profit and revenue were mainly derived from its property development activities carried out in *Setia Alam* at Shah Alam, *Duta Tropika* at Sri Hartamas, *Bukit Indah Bandar Nusajaya* and *Setia Indah* in 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 RM51.6 million lower compared to the preceding quarter ended 31 October 2005. This was due to the inclusion of the profit on the disposal of land to Perbadanan Kemajuan Negeri Selangor in the results for the preceding quarter.

3. Prospects for the Current Financial Year

The Board of Directors remain confident that the Group's performance for the current financial year will be better than previous financial year. This is due to the continued strong sales performance recorded by all the Group's major development projects in both the Klang Valley and Johor Bahru, namely *Setia Alam* and *Setia Eco Park* at Shah Alam, *Bukit Indah Bandar Nusajaya*, *Setia Indah* and *Setia Tropika* in Johor.

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 31/01/2006 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/01/2005 RM'000	CURRENT YEAR TO DATE 31/01/2006 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/01/2005 RM'000
- current income tax	19,126	15,552	19,126	15,552
- deferred taxation	(2,210)	354	(2,210)	354
- associated companies	1,540	704	1,540	704
	18,456	16,610	18,456	16,610

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 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 2006 were as follows:-

	RM'000
At cost	23,857
At book value	14,824
Market value	15,639

8. Status of Corporate Proposals

The following are the corporate proposals that have been announced by the Company but not completed as at 14 March 2006, 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. ("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 ("Kramat"), 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.

The Securities Commission has approved the proposal submitted by Kramat, vide their letter dated 9 June 2005 subject to certain terms and conditions; and

- (d) Proposed acquisition by Setia Promenade Sdn Bhd, a wholly owned subsidiary of S P Setia Berhad, as announced on 27 September 2005, of approximately 112.59 acres of freehold land held under various titles situated in Mukim 12, District of Barat Daya, State of Pulau Pinang from PPH Resorts (Penang) Sdn Bhd for a total cash consideration of RM144,280,000.

The Foreign Investment Committee had approved the proposal on 9 December 2005.

9. Group Borrowings and Debt Securities

Total group borrowings as at 31 January 2006 were as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Hire Purchase & Leasing Borrowings	-	4,706	4,706
Short Term Bank Borrowings	105,260	-	105,260
Bank Overdraft	14,994	154	15,148
Long Term Bank Borrowings	425,906	-	425,906
	<u>546,160</u>	<u>4,860</u>	<u>551,020</u>

10. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 14 March 2006, 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 14 March 2006, 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 by the weighted average number of shares in issue. The weighted average number of shares in issue is calculated as follows:-

	FIRST QUARTER PRECEDING		CUMULATIVE QUARTER PRECEDING	
	CURRENT YEAR QUARTER 31/01/2006 RM'000	YEAR CORRESPONDING QUARTER 31/01/2005 RM'000	CURRENT YEAR TO DATE 31/01/2006 RM'000	YEAR CORRESPONDING PERIOD 31/01/2005 RM'000
Net profit attributable to shareholders	46,349	38,350	46,349	38,350
Number of ordinary shares at beginning of the period	654,312	568,048	654,312	568,048
Effect of shares issued pursuant to				
- Company's ESOS	3,274	673	3,274	673
- Exercise of Warrants	-	9,616	-	9,616
Weighted average number of ordinary shares	657,586	578,337	657,586	578,337
Basic Earning Per share (sen)	7.05	6.63	7.05	6.63

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:

	FIRST QUARTER PRECEDING		CUMULATIVE QUARTER PRECEDING	
	CURRENT YEAR QUARTER 31/01/2006 RM'000	YEAR CORRESPONDING QUARTER 31/01/2005 RM'000	CURRENT YEAR TO DATE 31/01/2006 RM'000	YEAR CORRESPONDING PERIOD 31/01/2005 RM'000
Net profit attributable to shareholders	46,349	38,350	46,349	38,350
Weighted average number of ordinary shares as per basic EPS	657,586	578,337	657,586	578,337
Effect of shares option/warrants	1,845	27,744	1,845	27,744
Weighted average number of ordinary shares (diluted)	659,431	606,081	659,431	606,081
Diluted Earning Per share (sen)	7.03	6.33	7.03	6.33