

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

Interim Financial Report
31 October 2007

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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	5-10
Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad	11-15

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 OCTOBER 2007

	(AUDITED) AS AT CURRENT FINANCIAL YEAR END 31/10/2007 RM'000	(RESTATED) AS AT PRECEDING FINANCIAL YEAR END 31/10/2006 RM'000
ASSETS		
Non-current Assets		
Property, Plant and Equipment	63,185	47,319
Investment Properties	95,032	92,068
Land Held for Property Development	852,479	735,826
Prepaid lease payments	890	899
Investment in Associated Companies	144,444	210,058
Long Term Investments	477	17,724
Amount owing by Associated Companies	369	400
Deferred tax assets	21,926	644
	1,178,802	1,104,938
Current Assets		
Property Development costs	860,048	715,653
Gross amount due from customers	8,301	25,745
Inventories	19,320	25,423
Trade and other receivables	357,975	419,031
Amount owing by associated companies	28,567	19,423
Amount owing by jointly controlled entity	504	-
Current tax assets	23,650	11,830
Deposits	162,284	204,151
Cash and bank balances	242,581	99,733
	1,703,230	1,520,989
TOTAL ASSETS	2,882,032	2,625,927
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	504,454	498,513
Reserves		
Share Premium	438,430	417,274
Option Reserve	-	1,395
Retained Profit	897,999	785,228
Equity Attributable to Equity Holders of the Company	1,840,883	1,702,410
Minority Interests	492	1,302
Total Equity	1,841,375	1,703,712
Non-current liabilities		
Long Term Borrowings	535,113	520,284
Other Long Term Liabilities	1,446	1,446
Deferred Tax Liabilities	2,637	2,214
	539,196	523,944
Current Liabilities		
Trade and other payables	357,585	319,799
Short term borrowings	120,132	63,390
Bank overdraft	3,016	-
Current tax liabilities	20,728	15,082
	501,461	398,271
Total Liabilities	1,040,657	922,215
TOTAL EQUITY AND LIABILITIES	2,882,032	2,625,927
Net Assets Per Share (RM)	2.74	2.56

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 October 2006)

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2007
(The figures have been audited)

	FOURTH QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/10/2007 RM'000	PRECEDING YEAR CORRESPONDING QUARTER (RESTATED) 31/10/2006 RM'000	CURRENT YEAR TO DATE 31/10/2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD (RESTATED) 31/10/2006 RM'000
Revenue	317,158	277,310	1,153,803	1,154,641
Cost of sales	(192,064)	(179,582)	(776,807)	(816,559)
Gross profit	<u>125,094</u>	<u>97,728</u>	<u>376,996</u>	<u>338,082</u>
Other operating income	4,551	4,056	9,619	8,366
Selling and marketing expenses	(13,993)	(5,955)	(29,352)	(18,713)
Administrative and general expenses	(19,602)	(16,786)	(74,576)	(54,063)
Profit from operations	<u>96,050</u>	<u>79,043</u>	<u>282,687</u>	<u>273,672</u>
Net profit from investing activities				
- gross dividend from unquoted preference shares in an associated company	-	1,772	5,086	7,031
- others	5,378	2,033	17,636	10,219
Share of profits less losses of associated companies	7,671	11,049	24,355	30,781
Finance costs	(368)	(600)	(1,273)	(1,754)
Profit before taxation	<u>108,731</u>	<u>93,297</u>	<u>328,491</u>	<u>319,949</u>
Tax expense	(8,826)	(22,846)	(68,423)	(81,718)
Profit for the year	<u>99,905</u>	<u>70,451</u>	<u>260,068</u>	<u>238,231</u>
Attributable to:				
Equity holders of the Company	99,797	70,453	260,070	238,234
Minority interests	108	(2)	(2)	(3)
	<u>99,905</u>	<u>70,451</u>	<u>260,068</u>	<u>238,231</u>
Earnings per share attributable to equity holders of the Company				
- Basic earnings per share (sen)	<u>14.84</u>	<u>10.63</u>	<u>38.72</u>	<u>36.06</u>
- Diluted earnings per share (sen)	<u>14.84</u>	<u>10.61</u>	<u>38.71</u>	<u>35.98</u>

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 October 2006)

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2007
(The figures have been audited)

	Attributable to Equity Holders of the Company				Total RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Option Reserve RM'000	Unappropriated Profit RM'000			
Balance at 1.11.2006							
As previously stated	498,513	416,710	-	787,187	1,702,410	1,302	1,703,712
Effect of adopting FRS 2	-	564	1,395	(1,959)	-	-	-
Balance at 1.11.2006 (restated)	498,513	417,274	1,395	785,228	1,702,410	1,302	1,703,712
Profit for the year	-	-	-	260,070	260,070	(2)	260,068
Final dividend paid	-	-	-	(98,201)	(98,201)	-	(98,201)
Interim dividend paid	-	-	-	(49,100)	(49,100)	-	(49,100)
Issue of ordinary shares pursuant to ESOS	5,941	21,156	(1,393)	-	25,704	-	25,704
ESOS lapsed	-	-	(2)	2	-	-	-
Acquisition of additional shares in an existing subsidiary company	-	-	-	-	-	(808)	(808)
Balance at 31.10.2007	504,454	438,430	-	897,999	1,840,883	492	1,841,375
Balance at 1.11.2005	490,734	398,623	-	684,983	1,574,340	1,359	1,575,699
Profit for the year	-	-	-	238,234	238,234	(3)	238,231
Final dividend paid	-	-	-	(90,359)	(90,359)	-	(90,359)
Interim dividend paid	-	-	-	(47,681)	(47,681)	-	(47,681)
Options granted under ESOS	-	-	2,010	-	2,010	-	2,010
Issue of ordinary shares pursuant to ESOS	7,779	18,651	(564)	-	25,866	-	25,866
ESOS lapsed	-	-	(51)	51	-	-	-
Acquisition of additional shares in an existing subsidiary company	-	-	-	-	-	(54)	(54)
Balance at 31.10.2006	498,513	417,274	1,395	785,228	1,702,410	1,302	1,703,712

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 October 2006)

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2007
(The figures have been audited)

	12 MONTHS ENDED 31/10/2007 RM'000	12 MONTHS ENDED 31/10/2006 RM'000
Profit before taxation	328,491	319,949
Adjustments for:-		
Non-cash items	(30,758)	(26,697)
Non-operating items	(16,162)	(16,613)
Operating profit before changes in working capital	<u>281,571</u>	<u>276,639</u>
Net Change in current assets	56,645	14,438
Net Change in current liabilities	(7,540)	23,176
Cash generated from operations	<u>330,676</u>	<u>314,253</u>
Interest received	5,184	3,155
Interest paid	(31,503)	(28,700)
Rental received	495	563
Tax paid	(94,613)	(77,398)
Net cash generated from operating activities	<u>210,239</u>	<u>211,873</u>
Investing Activities		
Equity investments	88,927	(2,000)
Other investments	(135,340)	(215,852)
Net cash used in investing activities	<u>(46,413)</u>	<u>(217,852)</u>
Financing Activities		
Transactions with shareholders	(121,597)	(112,174)
Bank borrowings	61,589	13,835
Net cash used in financing activities	<u>(60,008)</u>	<u>(98,339)</u>
Net changes in cash and cash equivalents	103,818	(104,318)
Cash and cash equivalents at 1 November 2006/2005	<u>293,799</u>	<u>398,117</u>
Cash and cash equivalents at 31 October 2007/2006	<u>397,617</u>	<u>293,799</u>

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

	31.10.2007 RM'000	31.10.2006 RM'000
Deposits	162,284	204,151
Cash and bank balances	242,581	99,733
Bank overdraft	(3,016)	-
	<u>401,849</u>	<u>303,884</u>
Less: Deposits pledged to licensed banks	(97)	(94)
Sinking Fund and Escrow Accounts	(4,135)	(9,991)
	<u>397,617</u>	<u>293,799</u>

(The Condensed Consolidated cash flow statement should be read in conjunction with the Annual Financial Report for the year ended 31 October 2006)

NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of preparation

The interim financial report has been prepared in accordance with Financial Reporting Standard 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 October 2006.

The accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 October 2006 except for the adoption of the following new and revised Financial Reporting Standards (“FRS”) that are relevant to the Group and are effective for the financial period beginning on or after 1 January 2006:-

- FRS 2 - Share-based Payment
- FRS 5 - Non-current Assets Held for Sale and Discontinued Operations
- FRS 101 - Presentation of Financial Statements
- FRS 102 - Inventories
- FRS 108 - Accounting Policies, Changes in Accounting Estimates and Errors
- FRS 110 - Events after the Balance Sheet Date
- FRS 116 - Property, Plant and Equipment
- FRS 117 - Leases
- FRS 121 - The Effects of Changes in Foreign Exchange Rates
- FRS 124 - Related Party Disclosures
- FRS 127 - Consolidated and Separate Financial Statements
- FRS 128 - Investment in Associates
- FRS 131 - Interests in Joint Ventures
- FRS 132 - Financial Instruments: Disclosure and Presentation
- FRS 133 - Earnings Per Share
- FRS 136 - Impairment of Assets
- FRS 138 - Intangible Assets
- FRS 140 - Investment Property

The adoption of the above FRSs does not have significant financial impact to the Group except for the FRSs as disclosed below:

(a) FRS 2: Share-based Payment

This FRS requires that an entity recognises as an expense in its financial statements share-based payment transactions with employees or other parties to be settled in cash, other assets or equity instruments of the entity.

Prior to 1 January 2006, no expense was recognised in the income statement for share options granted to employees. With the adoption of *FRS 2*, the fair value of share options granted is recognised as part of employee compensation within the staff costs category in the income statement over the vesting periods of the grants, with a corresponding increase in equity.

The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by the vesting date. The fair value of the share options is computed using a binomial options pricing model.

Under the transitional provisions of *FRS 2*, this FRS shall apply to share options granted after 31 December 2004 and which were not yet vested on 1 January 2006. The application is retrospective and accordingly, the comparative figures as at 31 October 2006 are restated and opening balance of unappropriated profit as at 1 November 2006 has been adjusted.

The financial impact to the Group arising from this change in accounting policy is as follows:

	As previously reported RM'000	Effect RM'000	As restated RM'000
Balance Sheet			
At 31 October 2006			
Share Premium	416,710	564	417,274
Option Reserve	-	1,395	1,395
Unappropriated Profit	691,472	(1,959)	689,513
Income Statement			
3 months ended 31 October 2006			
Cost of sales	178,657	925	179,582
Administrative expenses	16,314	472	16,786
12 months ended 31 October 2006			
Cost of sales	815,224	1,335	816,559
Administrative expenses	53,388	675	54,063

Upon expiry of the share option on 25 January 2007, the balance of the option reserve was transferred to unappropriated profit.

(b) FRS 101: Presentation of Financial Statements

The adoption of the revised *FRS 101* has affected the presentation of minority interests and other disclosure in the income statement, balance sheet and statement of changes in equity.

Minority interests are now presented within total equity in the consolidated balance sheet and as an allocation from profit for the period in the consolidated income statement. The movement of minority interests is now presented in the consolidated statement of changes in equity.

Share of profits less losses of associated companies is now reported net of tax as a single line item above the Group profit before taxation.

(c) Reclassification/ Restatement of comparative figures

The financial statements are presented in accordance with the FRSs for the first time together with the relevant comparatives.

The following comparative figures have been reclassified/restated to conform with the adoption of the new/revised FRSs during the financial year.

	As previously reported RM'000	Effect RM'000	As restated RM'000
Balance Sheet			
At 31 October 2006			
Property, plant and equipment	140,286	(92,967)	47,319
Investment properties	-	92,068	92,068
Prepaid lease payments	-	899	899
Income Statement			
3 months ended 31 October 2006			
Other operating income	3,493	563	4,056
Profit from operations	79,877	(834)	79,043
Net profit from investing activities – others	2,596	(563)	2,033
Share of profits less losses of associated companies	14,992	(3,943)	11,049
Profit before taxation	98,637	(5,340)	93,297
Tax expense	26,789	(3,943)	22,846
12 months ended 31 October 2006			
Other operating income	7,803	563	8,366
Profit from operations	275,119	(1,447)	273,672
Net profit from investing activities – others	10,782	(563)	10,219
Share of profits less losses of associated companies	42,885	(12,104)	30,781
Profit before taxation	334,063	(14,114)	319,949
Tax expense	93,822	(12,104)	81,718

2. Qualified audit report

The preceding audited financial statements for the year ended 31 October 2006 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 October 2007.

5. Changes in estimates

There were no material changes in estimates for the financial year ended 31 October 2007.

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) 7,920,809 new ordinary shares of RM0.75 each pursuant to the Company's Employees' 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 RM25,704,286.

7. Dividends paid

A final dividend of 20 sen less 27% income tax amounting to RM98,200,362 was paid in respect of the financial year ended 31 October 2006.

An interim dividend of 10 sen less 27% income tax amounting to RM49,100,181 was paid in respect of the financial year ended 31 October 2007.

8. Segmental Reporting

	Property Development RM'000	Construction RM'000	Other Operations RM'000	Eliminations RM'000	Consolidated RM'000
<u>Revenue</u>					
External Sales	927,149	171,706	54,948	-	1,153,803
Inter-segment sales	30,695	16,291	13,978	(60,964)	-
Total Revenue	957,844	187,997	68,926	(60,964)	1,153,803
<u>Results</u>					
Segment results	270,485	7,311	4,891	-	282,687
Net Profit from investing activities - others					17,636
Share of profits less losses of associated companies and dividend on preference shares	21,398	8,044	(1)	-	29,441
Finance costs					(1,273)
Profit before taxation					328,491
Tax expense					(68,423)
Profit for the year					260,068

8. Valuation of property, plant and equipment

The Group does not state any assets based on valuation of its property, plant and equipment.

9. Material Events subsequent to the End of Period

There were no material transactions or events subsequent to the current quarter ended 31 October 2007 till 5 December 2007 (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 12, Note 8(b), page 13, Note 8(c), (g), (h) and page 14, 8(i) 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 except the following:-

- (a) Subscription of 70 ordinary shares of RM1.00 each in Aeropod Sdn Bhd (“Aeropod”) resulting in Aeropod becoming a 70% owned subsidiary;
- (b) Acquisition of 70 ordinary shares of RM1.00 each in Exceljade Sdn Bhd (“Exceljade”) resulting in Exceljade becoming a 70% owned jointly controlled entity;
- (c) Subscription of 10 ordinary shares for a cash consideration of USD10/- in Setia International Limited (“Setia International”), a company incorporated in the British Virgin Islands, resulting in Setia International becoming a wholly owned subsidiary;
- (d) Subscription of 10 ordinary shares for a cash consideration of USD10/- in Setia MyPhuoc Limited (“Setia MyPhuoc”), a company incorporated in the British Virgin Islands, through Setia International resulting in Setia MyPhuoc becoming a wholly owned subsidiary;
- (e) Acquisition of 609,000 ordinary shares of RM1.00 each for a total consideration of RM548,100 from a minority shareholder of Tenaga Raya Sdn Bhd (“Tenaga Raya ”), resulting in S P Setia Berhad’s equity interest in Tenaga Raya increasing from 61.5% to 87%;
- (f) Acquisition of 7,000 ordinary shares of RM1.00 each in Sendiman Sdn Bhd (“Sendiman”) resulting in Sendiman becoming a 70% owned jointly controlled entity;
- (g) Acquisition of 2 ordinary shares of RM1.00 each in Setia Eco Villa Sdn Bhd (formerly known as Optagreen Sdn Bhd) (“Setia Eco Villa”) resulting in Setia Eco Villa becoming a wholly owned subsidiary; and
- (h) Acquisition of 350,000 ordinary shares of RM1.00 each in Kemboja Mahir Sdn Bhd (“Kemboja”) resulting in Kemboja becoming a 70% owned jointly controlled entity.

12. Contingent Liabilities

There were no changes in contingent liabilities in respect of the Group since the last annual balance sheet date except for a guarantee of RM15 million given to a bank to secure banking facilities granted to a jointly controlled entity.

13. Commitments

	31/10/2007
	RM’000
Commitment to purchase development lands	
- Contracted	376,252
- Non contracted	7,940
Contractual commitment for acquisition of property, plant and equipment	<u>47,468</u>

14. Related Party Transactions

01/11/2006
To
31/10/2007
RM'000

Transactions with associated companies:

(i) Construction services rendered	40,745
(ii) Security services rendered	415
(iii) Project management and administrative fee received and receivable	5,880
(iv) Rental received and receivable	357
(v) Marketing expenses charged	259
(vi) Sale of development property to a director of subsidiary companies	1,140

Transaction with a jointly controlled entity:

(i) Interest charged	22
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Transactions with directors of the Company and subsidiary companies, members of their family and companies, firms in which they have interests:

(i) Rental paid to a director	30
(ii) Rental paid to a company in which a director has interest	72
(iii) Legal fees charged by a firm in which a former director is a consultant	86
(iv) Security services rendered to a director of the Company	11
(v) Disposal of a motor vehicle to a director	150
(vi) Disposal of a motor vehicle to a director of subsidiary Companies	36
(vii) Sale of development properties to directors of the Company	3,284
(viii) Sale of development properties to directors of subsidiary companies	8,488
(ix) Sale of development properties to companies in which a director of the Company has financial interest	12,075

**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 RM260.1 million on the back of revenue totalling RM1.15 billion. The Group's profit and revenue were mainly derived from its property development activities carried out in *Setia Alam* at Shah Alam, *SetiaHills* at Bukit Indah Ampang, *Bukit Indah*, *Setia Indah* and *Setia Tropika* 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 RM108.7 million, which is RM32.2 million higher than the preceding quarter ended 31 July 2007. This was mainly due to profits recognised on the disposal of land to AEON CO.(M) Bhd in the current quarter.

3. Prospects for the Next Financial Year

The Group aims to continue enhancing its presence in the landed residential property markets in the Klang Valley, Johor Bahru, and Penang through its existing projects and will work towards establishing a strong position in Vietnam over the course of next year. On the commercial development front, the Group aspires to offer more integrated commercial projects, beginning with its recently launched *Setia Walk* development in Pusat Bandar Puchong which was well received. 2008 will also witness the Group's first foray into the high-rise luxury condominium market through its *Sky Residences* brand and the unveiling of its ultra luxury homes under the *Duta Grande* brand.

The Board of Directors is confident that the Group's move to transform itself from a premier Malaysian landed residential property developer to a fully integrated regional property developer will enable the Group to achieve sustainable long term growth. Meanwhile, the Group's performance in 2008 will continue to be underpinned by the following established projects:-

- (a) In Klang Valley - *Setia Alam* and *Setia Eco Park*;
- (b) In Johor - *Bukit Indah*, *Setia Indah* and *Setia Tropika*;
- (c) In Penang - *Setia Pearl Island*.

4. Variance of Actual Profit from Forecast Profit

Not applicable as no profit forecast was published.

5. Income Tax

Income Tax comprises: -

	FOURTH QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31/10/2007 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/10/2006 RM'000	CURRENT YEAR TO DATE 31/10/2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/10/2006 RM'000
- current taxation	18,514	24,678	73,577	82,969
- deferred taxation	(11,319)	(391)	(11,009)	188
- in respect of prior years	1,631	(1,441)	5,855	(1,439)
	8,826	22,846	68,423	81,718

The Group's effective taxation rate for the current quarter and financial year-to-date is lower compared to the statutory taxation rate mainly due to certain income which is not subject to income tax.

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:-

	CURRENT QUARTER 31/10/2007 RM'000	CURRENT YEAR TO DATE 31/10/2007 RM'000
Total purchase consideration	-	-
Total sale proceeds	4,737	27,913
Total profit on disposal	4,147	10,864

Total investments in quoted securities as at 31 October 2007 were as follows:-

	RM'000
At cost	878
At book value	140
Market value	140

8. Status of Corporate Proposals

The following are the status of corporate proposals that have been announced by the Company but not completed as at 5 December 2007, 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 ("State Lands") and various private owners ("Private Lands") for development into a mixed residential and commercial development project.

On 21 August 2007, a Memorandum of Understanding was entered into between Datuk Bandar Kuala Lumpur and Pelita Dunia Sdn Bhd, currently a wholly owned subsidiary of S P Setia Berhad, pertaining to the proposed development of the State Lands and Private Lands;

- (b) 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 ("SC") has approved the proposal submitted by Kramat, vide their letter dated 9 June 2005 subject to certain terms and conditions.

On 5 November 2007, SC has approved Kramat's application for extension of time up to 30 April 2008 to implement the proposal;

- (c) Agreement to lease between Bandar Setia Alam Sdn Bhd, a wholly owned subsidiary of S P Setia Berhad and Tesco Stores (Malaysia) Sdn Bhd of approximately 8 acres of freehold land together with building in the Mukim of Bukit Raja, District of Petaling, State of Selangor, as announced on 30 May 2006 which became unconditional on 7 November 2007;
- (d) Proposed joint venture between Setia Promenade Sdn Bhd, a wholly owned subsidiary of S P Setia Berhad with PPH Resorts (Penang) Sdn Bhd for the development of approximately 45 acres of freehold land in the State of Pulau Pinang as announced on 12 December 2006;
- (e) Acquisition by Kesas Kenangan Sdn Bhd ("Kesas Kenangan"), a wholly owned subsidiary of S P Setia Berhad's wholly owned subsidiary, Futurecrest (M) Sdn Bhd ("Futurecrest"), of a piece of freehold land measuring approximately 948.703 acres and held under various titles situated in Mukim of Pulai, District of Johor Bahru from Kawasan Mestika Sdn Bhd as vendor and Gan Theng Enterprise Sdn Bhd as proprietor for a total cash consideration of RM227,290,264.74 and the proposed issuance by Kesas Kenangan of 29,999,998 ordinary shares of RM1.00 each at an issue price of RM1.00 per share and 70,000,000 cumulative redeemable preference shares ("RPS") of RM0.01 each at an issue price of RM1.00 per RPS to Futurecrest and Topasia Projects Sdn Bhd as announced on 10 January 2007. The agreements became unconditional on 9 October 2007;
- (f) Conditional development agreement and lease agreement between Bandar Setia Alam Sdn Bhd, a wholly owned subsidiary of S P Setia Berhad and Tenby Educare Sdn Bhd ("Lessee") for the construction of an integrated school complex together with necessary infrastructure on a piece of freehold land measuring approximately 14 acres situated at Mukim of Bukit Raja, District of Petaling, State of Selangor Darul Ehsan and for the lease of the land and school complex to the Lessee, as announced on 8 March 2007;
- (g) Disposal by Ambleside Sdn Bhd, a wholly owned subsidiary of S P Setia Berhad, of a piece of leasehold commercial land measuring approximately 14.5 acres held under H.S.(D) 83614, Lot PTD 1019, Mukim of Ulu Kelang, District of Kuala Lumpur to AEON CO.(M) Bhd for a cash consideration of RM53,687,700 as announced on 13 March 2007, which became unconditional on 6 November 2007;
- (h) Joint venture agreement as announced on 26 June 2007 entered into by Setia MyPhuoc Limited, a wholly owned subsidiary of S P Setia Berhad, Becamex IDC Corporation and Treasure Link Far East Limited for the joint development of various parcels of land measuring approximately 226.0 hectares or approximately 558.4 acres located in My Phuoc, Province of Binh Duong, Vietnam. On 19 November 2007, the Company received notification that the People's Committee of Binh Duong Province, Vietnam, had approved the application for the Investment Certificate and the incorporation of the joint venture company, SetiaBecamex;

- (i) Issue of RM500,000,000 nominal value of 2.00% redeemable serial bonds ("Bonds") with 168,151,302 detachable warrants ("Warrants") on a bought deal basis to primary subscribers, proposed offer for sale by the primary subscribers of 168,151,302 Warrants to the existing shareholders of S P Setia Berhad on a renounceable rights basis of one (1) Warrant for every four (4) existing ordinary shares of RM0.75 each held in S P Setia Berhad ("Shares") and proposed bonus issue of 336,302,604 new Shares ("Bonus Share(s)") on the basis of one (1) Bonus Share for every two (2) existing Shares held on an entitlement date as announced on 27 June 2007. The Bonds and Warrants were issued to the primary subscribers on 23 November 2007;
- (j) Proposed acquisition as announced on 25 July 2007 by Setia Eco Villa Sdn Bhd (formerly known as Optagreen Sdn Bhd), a wholly owned subsidiary of S P Setia Berhad, of approximately 156.38 acres of freehold lands held under 3 titles situated in the Mukim of Dengkil, District of Sepang from Cyberview Sdn Bhd as proprietor and Setia Haruman Sdn Bhd as developer for a total purchase consideration of RM190,599,393.60 which consist of land purchase consideration of RM169,299,393.60 and basic infrastructure consideration of RM21,300,000; and
- (k) Conditional agreement to lease between Bukit Indah (Johor) Sdn Bhd, a wholly owned subsidiary of S P Setia Berhad and Tesco Stores (Malaysia) Sdn Bhd of approximately 9.69 acres of freehold land together with building in the Mukim of Pulau, District of Johor Bahru, State of Selangor as announced on 29 October 2007.

9. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 31 October 2007 were as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Hire Purchase & Leasing Borrowings	-	3,666	3,666
Bank Overdraft	2,846	170	3,016
Short Term Bank Borrowings	109,831	9,000	118,831
Long Term Bank Borrowings	532,748	-	532,748
	<u>645,425</u>	<u>12,836</u>	<u>658,261</u>

10. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 5 December 2007, 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 5 December 2007, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

12. Dividends

- (i) The board of Directors has recommended a final dividend in respect of the financial year ended 31 October 2007.
- (ii) Amount per share : 15 sen less income tax of 26%
- (iii) Previous corresponding period : 20 sen less income tax of 27%
- (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 year : 25 sen less income tax

13. Earnings Per Share Attributable To Equity Holders of The Company

The basic earnings per share has been calculated by dividing the Group's profit by the weighted average number of shares in issue. The weighted average number of shares in issue is calculated as follows:-

	FOURTH QUARTER PRECEDING		CUMULATIVE QUARTER PRECEDING	
	CURRENT YEAR QUARTER 31/10/2007 RM'000	YEAR CORRESPONDING QUARTER 31/10/2006 RM'000	CURRENT YEAR TO DATE 31/10/2007 RM'000	YEAR CORRESPONDING PERIOD 31/10/2006 RM'000
Profit for the period	99,797	70,453	260,070	238,234
Number of ordinary shares at beginning of the period	672,605	662,324	664,685	654,312
Effect of shares issued pursuant to Company's ESOS	-	673	6,968	6,408
Weighted average number of ordinary shares	672,605	662,997	671,653	660,720
Basic Earnings Per share (sen)	14.84	10.63	38.72	36.06

The diluted earnings per share has been calculated by dividing the Group's profit by the weighted average number of shares that would have been in issue upon full exercise of the remaining options under the ESOS, adjusted for the number of such shares that would have been issued at fair value, calculated as follows:

	FOURTH QUARTER PRECEDING		CUMULATIVE QUARTER PRECEDING	
	CURRENT YEAR QUARTER 31/10/2007 RM'000	YEAR CORRESPONDING QUARTER 31/10/2006 RM'000	CURRENT YEAR TO DATE 31/10/2007 RM'000	YEAR CORRESPONDING PERIOD 31/10/2006 RM'000
Profit for the period	99,797	70,453	260,070	238,234
Weighted average number of ordinary shares as per basic EPS	672,605	662,997	671,653	660,720
Effect of share options	-	1,305	235	1,465
Weighted average number of ordinary shares (diluted)	672,605	664,302	671,888	662,185
Diluted Earnings Per share (sen)	14.84	10.61	38.71	35.98