

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

Interim Financial Report
31 October 2008

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S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 OCTOBER 2008

	(AUDITED) AS AT CURRENT FINANCIAL YEAR END 31/10/2008 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR END 31/10/2007 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	80,226	63,185
Investment Properties	167,931	95,032
Land Held for Property Development	1,133,456	852,479
Prepaid Lease Payments	880	890
Investment in Associated Companies	106,560	144,444
Other Investments	553	477
Amount Owing by Associated Companies	304	369
Amount Owing by Jointly Controlled Operation	6,447	-
Deferred Tax Assets	14,520	21,926
	1,510,877	1,178,802
Current Assets		
Property Development Costs	786,262	860,048
Gross Amount Due From Customers	10,163	8,301
Inventories	29,630	19,320
Trade And Other Receivables	342,907	357,975
Amount Owing by Associated Companies	14,877	28,567
Amount Owing By Jointly Controlled Entities	5,032	504
Current Tax Assets	23,449	23,650
Deposits	393,598	162,284
Cash and Bank Balances	199,225	242,581
	1,805,143	1,703,230
TOTAL ASSETS	3,316,020	2,882,032
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	762,524	504,454
Reserves		
Share Premium	217,584	438,430
Warrant Reserve	47,798	-
Exchange Translation Reserve	1,500	-
Retained Earnings	945,936	897,999
Equity Attributable to Equity Holders of the Company	1,975,342	1,840,883
Minority Interests	358	492
Total Equity	1,975,700	1,841,375
Non-current liabilities		
Long Term Borrowings	886,769	535,113
Other Long Term Liabilities	1,446	1,446
Deferred Tax Liabilities	1,194	2,637
	889,409	539,196
Current Liabilities		
Trade And Other Payables	367,381	357,585
Short Term Borrowings	67,266	120,132
Bank Overdrafts	6,790	3,016
Current Tax Liabilities	9,474	20,728
	450,911	501,461
Total Liabilities	1,340,320	1,040,657
TOTAL EQUITY AND LIABILITIES	3,316,020	2,882,032
Net Assets Per Share (RM)	1.94	2.74

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 October 2007)

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2008
(The figures have been audited)

	FOURTH QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/10/2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/10/2007 RM'000	CURRENT YEAR TO DATE 31/10/2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/10/2007 RM'000
Revenue	420,756	317,158	1,328,325	1,153,803
Cost of sales	(317,866)	(192,064)	(976,853)	(776,807)
Gross profit	<u>102,890</u>	<u>125,094</u>	<u>351,472</u>	<u>376,996</u>
Other operating income	4,314	4,551	13,031	9,619
Selling and marketing expenses	(12,344)	(13,993)	(32,016)	(29,352)
Administrative and general expenses	(23,989)	(19,602)	(93,534)	(74,576)
Profit from operations	<u>70,871</u>	<u>96,050</u>	<u>238,953</u>	<u>282,687</u>
Net profit from investing activities				
- gross dividend from unquoted preference shares in an associated company	-	-	-	5,086
- others	31,231	5,378	43,876	17,636
Share of net profits less losses of associated companies	1,197	7,671	15,162	24,355
Finance costs	(448)	(368)	(6,976)	(1,273)
Profit before taxation	<u>102,851</u>	<u>108,731</u>	<u>291,015</u>	<u>328,491</u>
Tax expense	(26,774)	(8,826)	(77,560)	(68,423)
Profit for the period	<u>76,077</u>	<u>99,905</u>	<u>213,455</u>	<u>260,068</u>
Attributable to:				
Equity holders of the Company	76,078	99,797	213,456	260,070
Minority interests	(1)	108	(1)	(2)
	<u>76,077</u>	<u>99,905</u>	<u>213,455</u>	<u>260,068</u>
Earnings per share attributable to equity holders of the Company				
- Basic earnings per share (sen)	<u>7.48</u>	<u>9.89</u>	<u>21.04</u>	<u>25.81</u>
- Diluted earnings per share (sen)	<u>*</u>	<u>9.89</u>	<u>*</u>	<u>25.81</u>

* *Anti-dilutive*

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 October 2007)

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2008
(The figures have been audited)

	Attributable to Equity Holders of the Company						Minority Interests	Total Equity	
	Non-Distributable			Distributable					
	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Exchange Translation Reserve RM'000	Option Reserve RM'000	Retained Earnings RM'000			Total RM'000
Balance at 1.11.2007	504,454	438,430	-	-	-	897,999	1,840,883	492	1,841,375
Net expenses recognised directly in equity									
- Translation differences for the year	-	-	-	1,500	-	-	1,500	-	1,500
Profit for the year	-	-	-	-	-	213,456	213,456	(1)	213,455
Total recognised (expense)/income for the year	-	-	-	1,500	-	213,456	214,956	(1)	214,955
Final dividend paid	-	-	-	-	-	(112,854)	(112,854)	-	(112,854)
Interim dividend paid	-	-	-	-	-	(52,665)	(52,665)	-	(52,665)
Issue of warrants	-	-	50,120	-	-	-	50,120	-	50,120
Issue of ordinary shares pursuant to									
- 1 for 2 Bonus Issue	252,227	(252,227)	-	-	-	-	-	-	-
- Exercise of Warrants	5,843	31,381	(2,322)	-	-	-	34,902	-	34,902
Acquisition of additional shares in an existing subsidiary company	-	-	-	-	-	-	-	(133)	(133)
Balance at 31.10.2008	762,524	217,584	47,798	1,500	-	945,936	1,975,342	358	1,975,700
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 <i>FRS 2 Share-Based Payment</i>	-	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

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 October 2007)

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2008
(The figures have been audited)

	12 MONTHS ENDED 31/10/2008 RM'000	12 MONTHS ENDED 31/10/2007 RM'000
Profit before taxation	291,015	328,491
Adjustments for:-		
Non-cash items	(26,510)	(30,758)
Non-operating items	(16,738)	(16,162)
Operating profit before changes in working capital	<u>247,767</u>	<u>281,571</u>
Net Change in current assets	102,925	56,645
Net Change in current liabilities	(7,182)	(7,540)
Cash generated from operations	<u>343,510</u>	<u>330,676</u>
Interest received	5,919	5,184
Interest paid	(49,190)	(31,503)
Rental received	417	495
Tax paid	(82,614)	(94,613)
Net cash generated from operating activities	<u>218,042</u>	<u>210,239</u>
Investing Activities		
Equity investments	(2,381)	88,927
Other investments	(244,244)	(135,340)
Net cash used in investing activities	<u>(246,625)</u>	<u>(46,413)</u>
Financing Activities		
Transactions with shareholders	(80,497)	(121,597)
Bank borrowings	(162,912)	61,589
Others financing activities	449,629	-
Net cash generated from/(used in) financing activities	<u>206,220</u>	<u>(60,008)</u>
Net changes in cash and cash equivalents	<u>177,637</u>	<u>103,818</u>
Cash and cash equivalents at 1 November 2007/2006	397,617	293,799
Effect of exchange rate changes	248	-
Cash and cash equivalents at 31 October 2008/2007	<u>575,502</u>	<u>397,617</u>

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

	31.10.2008 RM'000	31.10.2007 RM'000
Deposits	393,598	162,284
Cash and bank balances	199,225	242,581
Bank overdrafts	(6,790)	(3,016)
	<u>586,033</u>	<u>401,849</u>
Less: Deposits pledged to licensed banks	(3,909)	(97)
Sinking Fund and Escrow Accounts	(6,622)	(4,135)
	<u>575,502</u>	<u>397,617</u>

(The Condensed Consolidated cash flow statement should be read in conjunction with the Annual Financial Report for the year ended 31 October 2007)

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 2007.

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 2007 except for the adoption of the following new and revised Financial Reporting Standards ("FRS") that are relevant to the Group and effective for the financial periods beginning on or after 1 July 2007:-

- Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates
- Net Investment in a Foreign Operation
- FRS 107 - Cash Flow Statements
- FRS 111 - Construction Contracts
- FRS 112 - Income Taxes
- FRS 118 - Revenue
- FRS 137 - Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above FRSs does not have significant financial impact to the Group.

2. 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.

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

There were no unusual items for the financial year ended 31 October 2008.

4. Changes in estimates

There were no material changes in estimates for the financial year ended 31 October 2008.

5. 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 financial year except for the following:-

- a) Raising of RM500,000,000 nominal value of 2.00% redeemable serial bonds with 168,151,302 detachable warrants;
- b) Issuance of 336,302,604 new ordinary shares of RM0.75 each on the basis of one (1) new share for every two (2) existing shares held pursuant to a bonus issue; and
- c) Issuance of 7,790,655 new ordinary shares of RM0.75 each pursuant to the exercise of warrants at RM4.48 per share. The total cash proceeds arising from the exercise of warrants during the current financial year to-date amounted to RM34,902,134.

6. Dividends paid

A final dividend of 15 sen less 26% income tax amounting to RM112,853,530 was paid in respect of the financial year ended 31 October 2007.

An interim dividend of 7 sen less 26% income tax amounting to RM52,664,982 was paid in respect of the financial year ended 31 October 2008.

7. Segmental Reporting

	Property Development	Construction	Other Operations	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>					
External sales	1,104,921	143,274	80,130	-	1,328,325
Inter-segment sales	45,963	1,777	17,441	(65,181)	-
Total revenue	1,150,884	145,051	97,571	(65,181)	1,328,325
<u>Results</u>					
Segment results	225,216	7,753	5,984	-	238,953
Net profit from investing activities					43,876
Share of net profits less losses of associated companies	7,201	7,961	-	-	15,162
Finance costs					(6,976)
Profit before taxation					291,015
Tax expense					(77,560)
Profit for the year					213,455

8. Material Events subsequent to the End of Period

There were no material transactions or events subsequent to the current quarter ended 31 October 2008 till 3 December 2008 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

9. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter and financial year except for the following:-

- (a) Acquisition of 10 ordinary shares for cash consideration of USD10/- in Setia D-Nine Limited ("Setia D-Nine") (formerly known as Prime Globe Holdings Limited), a company incorporated in the British Virgin Islands, through Setia International Limited on 3 December 2007, resulting in Setia D-Nine becoming a wholly owned subsidiary of S P Setia Berhad;

- (b) Acquisition of 10 ordinary shares for cash consideration of USD10/- in Setia Saigon East Limited (“Setia Saigon”) (formerly known as Toptec Holdings Limited), a company incorporated in the British Virgin Islands, through Setia International Limited on 3 December 2007, resulting in Setia Saigon becoming a wholly owned subsidiary of S P Setia Berhad;
- (c) Subscription of 20,999,998 ordinary shares in Kesas Kenangan Sdn Bhd (“KKSB”) pursuant to Subscription Agreement and Shareholder Agreement dated 10 January 2007 entered into between Futurecrest Sdn Bhd, KKSB and Topasia Projects Sdn Bhd resulting in Futurecrest’s equity interest in KKSB reduced from 100%, a wholly owned subsidiary to 70%, a jointly controlled entity.
- (d) Subscription of 10 ordinary shares for a cash consideration of USD10/- in Setia Land (Vietnam) Limited (“Setia Land”), a company incorporated in the British Virgin Islands, through Setia International Limited on 15 February 2008, resulting in Setia Land becoming a wholly owned subsidiary of S P Setia Berhad;
- (e) Subscription of 10 ordinary shares for a cash consideration of USD10/- in Setia Capital (Vietnam) Limited (“Setia Capital”), a company incorporated in the British Virgin Islands, through Setia International Limited on 15 February 2008, resulting in Setia Capital becoming a wholly owned subsidiary of S P Setia Berhad; and
- (f) Acquisition of 100,000 ordinary shares of RM1.00 each for total consideration of RM90,000 from a minority shareholder of Tenaga Raya Sdn Bhd (“Tenaga Raya”) on 15 February 2008 resulting in S P Setia Berhad’s equity interest in Tenaga Raya increasing from 87% to 91.2%.
- (g) Subscription of USD11 million in the form of charter capital in SetiaBecamex Joint Stock Company (“SetiaBecamex”), through Setia MyPhuoc Limited, resulting in SetiaBecamex becoming a 55% owned jointly controlled entity of S P Setia Berhad;
- (h) Acquisition of 2 ordinary shares of RM1.00 each in Sentosa Jitra Sdn Bhd (“Sentosa”) on 11 June 2008, resulting in Sentosa becoming a wholly owned subsidiary of S P Setia Berhad;
- (i) Acquisition of 2 ordinary shares of RM1.00 each in Kayan Setegas Sdn Bhd (“Kayan”) on 23 June 2008, resulting in Kayan becoming a wholly owned subsidiary of S P Setia Berhad; and
- (j) Acquisition of 1 ordinary share of RM1.00 in Greenhill Resources Sdn Bhd (“Greenhill”), through Bandar Setia Alam Sdn Bhd on 2 July 2008, resulting in Greenhill becoming a 50% owned associate of S P Setia Berhad.

10. Contingent Liabilities

There were no changes in contingent liabilities in respect of the Group since the last annual balance sheet date except for additional guarantees of RM25.2 million given to banks to secure banking facilities and RM240,000 given to a bank for performance bonds granted to jointly controlled entities.

11. Capital Commitments

	31/10/2008
	RM’000
Contractual commitment to purchase development lands	75,559
Contractual commitment for acquisition of property, plant and equipment	<u>8,313</u>

12. Significant Related Party Transactions

01/11/2007
to
31/10/2008
RM'000

Transactions with associated companies:

(i) Construction services rendered	29,477
(ii) Security services rendered	569
(iii) Project management and administrative fee received and receivable	6,829
(iv) Rental received and receivable	32
(v) Marketing expenses charged	369
(vi) Sale of development properties to directors of subsidiary companies	7,553
(vii) Sale of development properties to directors of the Company	4,171
(viii) Sale of development properties to immediate family members of a director of the company	6,138
(ix) Sale of goods	7,373
(x) Rental paid and payable	307
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Transaction with jointly controlled entities:

(i) Interest charged	274
(ii) Project management fee charged	879
(iii) Security services rendered	91
(iv) Sales of goods	1,021
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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	13
(ii) Rental paid to a company in which a director has interest	72
(iii) Security services rendered to a director of the Company	162
(iv) Security services rendered to a director of subsidiary Company	46
(v) Disposal of motor vehicles to directors of the Company	223
(vi) Sale of development properties to a director of the Company	7,709
(vii) Sale of development properties to directors of subsidiary companies	8,194
(viii) Sale of development properties to companies in which directors of the Company has financial interest	21,184
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ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

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

For the current year, the Group achieved a profit after taxation of RM213.5 million on the back of revenue totalling RM1,328 million. The Group's profit and revenue were mainly derived from its property development activities carried out in the Klang Valley, Johor Bahru and Penang. Ongoing projects which contributed to the Group's profit and revenue include *Setia Alam* and *Setia Eco-Park* at Shah Alam, *SetiaHills* at Bukit Indah Ampang, *Bukit Indah*, *Setia Indah*, *Setia Tropika* in Johor Bahru and *Setia Pearl Island* in Penang. Apart from property development, the Group's construction and wood-based manufacturing activities also contributed to the earnings achieved.

The Group's profit after tax for the current financial year is RM46.6 million lower than the profit after tax for the preceding financial year. This is mainly due to the following:-

- i) Lower gross profit margins achieved mainly due to the lower number of properties handed over to purchasers this financial year as compared to last financial year and the various challenges faced as a result of the steep price increase in key construction materials during this financial year, as discussed in detail in the announcements of the Company's results for the 2nd and 3rd quarter;
- ii) Recognition of profits on the disposal of land to AEON CO.(M) Bhd in the corresponding quarter of the preceding financial year; and
- iii) A timing mismatch in staff costs, general overheads, administrative and marketing expenses until the new projects launched in this financial year such as *Setia Walk* and *Setia Eco Gardens* begin to contribute more meaningfully to the Group's revenue and profits.

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

The Group's current quarter profit before tax is RM102.9 million, which is RM48 million higher than the preceding quarter ended 31 July 2008. This was mainly due to the recovery of site progress of works following measures taken by the Group to alleviate cost pressures faced by its contractors and the RM26.9 million profit recognised on the disposal of the 25.07% interest held in Loh & Loh Corporation Berhad in the current quarter.

3. Prospects for the Next Financial Year

The Board of Directors is pleased to report that sales of the Group's properties in FY2008 totaled RM1.404 billion as at 31 October 2008. This is approximately 14% higher than the total sales achieved in FY2007 of RM1.234 billion.

2008 has been a year of tremendous change and great uncertainty. As we enter 2009 it is clear that one of the key problems faced by the property and construction industry during the first half of 2008, namely spiraling inflation, will no longer be an issue. Nevertheless, 2009 will still be a challenging year given the twin crises surrounding the world economy and its negative impact on domestic consumer sentiments and Malaysia's economy.

To tackle these issues over the next financial year, the Group will adopt a flexible 3-pronged business model that is premised on the key objectives of cash-conservation and cash-generation:-

- **Back to basics:** The middle income segment in Malaysia – underpinned by supportive demographics, relative job security and high household savings – has demonstrated in the past that it is fundamentally very robust even during periods of economic slowdown. With approximately 78% of its 3,417 acre Malaysian landbank still available for township development, the Group is well-placed to take advantage of the relatively stable fundamental demand provided by this demographic group. The Group's leadership position in this market segment, low historical land cost and the significant investments already made in infrastructure and amenities in earlier years also provide it with a further competitive edge;

- **Brand building:** Making full use of existing resources by executing localized or project-specific marketing strategies and events that are cost-efficient but have proven to be effective in the past; and
- **Eye on the ball:** Judicious implementation of development plans with focus on projects that satisfy stricter take-up hurdle rates; provide the quickest cash turnaround period; and/or increase the value of surrounding lands to support premium pricing of products relative to the market (e.g. commercial lands within own townships).

The Board of Directors believe that this prudent yet flexible 3-pronged business model will enable the Group to preserve its financial strength thereby enabling it to continue to fund its operations, invest in longer term yield-accretive projects, growth markets and take advantage of any good opportunities which may come by during these uncertain times.

4. **Variance of Actual Profit from Forecast Profit**

Not applicable as no profit forecast was published.

5. **Income Tax**

Income Tax comprises: -

	FOURTH QUARTER PRECEDING		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING CORRESPONDING YEAR
	31/10/2008	31/10/2007	31/10/2008	31/10/2007
	RM'000	RM'000	RM'000	RM'000
- current taxation	16,951	18,514	73,192	73,577
- deferred taxation	4,909	(11,319)	(324)	(11,009)
- in respect of prior years	4,914	1,631	4,692	5,855
	<u>26,774</u>	<u>8,826</u>	<u>77,560</u>	<u>68,423</u>

The group's effective tax rate for the current quarter 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.

7. **Quoted Securities**

There were no purchases and disposals of quoted securities for the financial year.

Total investments in quoted securities as at 31 October 2008 were as follows:-

	RM'000
At cost	<u>878</u>
At book value	<u>216</u>
Market value	<u>216</u>

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 3 December 2008, the latest practicable date which shall not be earlier than 7 days from the date of this announcement: -

- (i) 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 proposed 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 mixed residential and commercial development of the State Lands and Private Lands;

- (ii) 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 SPJ Corporation Bhd ("SPJ Corp") (*formerly known as Prudent Location Sdn. Bhd.*), 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 SPJ Corp and RM37 million irredeemable convertible preference shares ("ICPS") of RM1.00 each in SPJ Corp.

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 SPJ Corp and approximately RM34.5 million ICPS of RM1.00 each in SPJ Corp. 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 15 August 2008, all the parties have agreed to extend the completion date of the proposal to 28 February 2009. As announced on 5 September 2008, the SC had approved the extension of time up to 28 February 2009 to implement the proposal;

- (iii) 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 Pulai, District of Johor Bahru, State of Johor as announced on 29 October 2007;
- (iv) Cooperation agreement as announced on 3 January 2008 by Setia Saigon East Limited and Setia D-Nine Limited, both wholly owned subsidiaries of S P Setia Berhad and Saigon Hi-Tech Park Development Company to jointly develop a mixed real property development on a parcel of land measuring approximately 32 hectares or 79 acres located in District 9, Ho Chi Minh City, Vietnam;
- (vii) Development agreement entered into by Aeropod Sdn Bhd, a 70% owned subsidiary of S P Setia Berhad and the State Government of Sabah for the proposed development of a piece of land measuring approximately 59.21 acres in Tanjung Aru, Kota Kinabalu, Sabah as announced on 29 January 2008.

On 3 November 2008, the parties to the agreement have mutually agreed to extend the period of fulfilment of the conditions precedent for a further period of 3 months to expire on 29 January 2009; and

- (vi) Proposed disposal by Bandar Setia Alam Sdn Bhd (“BSA”), a wholly owned subsidiary of S P Setia, of approximately 30.5 acres of freehold land located within Precinct 1 of the Setia Alam township (“Said Land”) to Greenhill Resources Sdn Bhd for a total consideration of RM119,572,200.00 and proposed joint venture between BSA and Lend Lease Asian Retail Investment Fund 2 Limited, a wholesale real estate development fund managed by Lend Lease Investment Management Pte Ltd, for the development of a retail mall on the Said Land, as announced on 2 July 2008.

On 30 September 2008, the parties have mutually agreed to extend the period for the fulfilment of the conditions precedent to expire on 31 March 2009.

9. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 31 October 2008 were as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Hire Purchase & Leasing Borrowings	-	3,046	3,046
Bank Overdrafts	4,933	1,857	6,790
Short Term Bank Borrowings	64,347	1,758	66,105
Long Term Bank Borrowings	424,307	-	424,307
2% Redeemable Serial Bonds	-	460,577	460,577
	<u>493,587</u>	<u>467,238</u>	<u>960,825</u>

10. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 3 December 2008, 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 3 December 2008, 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 2008.
- (ii) Amount per share : 10 sen less income tax of 25%
- (iii) Previous corresponding period : 15 sen less income tax of 26%
- (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 : 17 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 for the period attributable to equity holders of the Company 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	
	CURRENT YEAR QUARTER 31/10/2008 RM'000	YEAR CORRESPONDING QUARTER 31/10/2007 RM'000	CURRENT YEAR TO DATE 31/10/2008 RM'000	PRECEDING CORRESPONDING YEAR 31/10/2007 RM'000
Profit for the period attributable to equity holders of the Company	76,078	99,797	213,456	260,070
Number of ordinary shares at beginning of the period/ year	1,016,698	672,605	672,605	664,685
Effect of bonus issue	-	336,303	336,303	335,827
Effect of shares issued pursuant to				
- Company's ESOS	-	-	-	6,968
- Exercise of Warrants	-	-	5,602	-
Weighted average number of ordinary shares	1,016,698	1,008,908	1,014,510	1,007,480
Basic Earnings Per Share (sen)	7.48	9.89	21.04	25.81

The diluted earnings per share has been calculated by dividing the Group's profit for the period/ year attributable to equity holders of the Company 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:

	FOURTH QUARTER PRECEDING		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/10/2008 RM'000	YEAR CORRESPONDING QUARTER 31/10/2007 RM'000	CURRENT YEAR TO DATE 31/10/2008 RM'000	PRECEDING CORRESPONDING YEAR 31/10/2007 RM'000
Profit for the period attributable to equity holders of the Company	*	99,797	*	260,070
Weighted average number of ordinary shares as per basic EPS	*	1,008,908	*	1,007,480
Effect of potential exercise of Warrants/ ESOS	*	-	*	235
Weighted average number of ordinary shares	*	1,008,908	*	1,007,715
Diluted Earnings Per Share (sen)	*	9.89	*	25.81

* *Anti-dilutive.*

14. Qualified audit report

The preceding audited financial statements for the year ended 31 October 2007 were not qualified.