

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

**Interim Financial Report**  
**30 April 2015**

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	Page No.
Condensed Consolidated Statement Of Financial Position	1
Condensed Consolidated Statement Of Comprehensive Income	2
Condensed Consolidated Statement Of Changes In Equity	3
Condensed Consolidated Statement Of Cash Flows	4-5
Notes to the Interim Financial Report	6-9
Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad	10-17

**S P SETIA BERHAD**  
**(Company No.: 19698-X)**  
**(Incorporated in Malaysia)**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 APRIL 2015**  
*(The figures have not been audited)*

	<b>(UNAUDITED)</b> As At 30 April 2015  RM'000	<b>(AUDITED)</b> As At 31 October 2014  RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	132,293	135,118
Investment Properties	743,657	700,205
Land Held for Property Development	4,599,773	4,643,294
Concession Assets	134,851	100,107
Investment in Jointly Controlled Entities	856,512	657,653
Investment in Associated Companies	99,982	94,101
Amount Owing by Former Joint Venture Partner	14,398	14,398
Deferred Tax Assets	149,823	172,706
	<u>6,731,289</u>	<u>6,517,582</u>
<b>Current Assets</b>		
Property Development Costs	3,162,952	2,982,007
Gross Amount Due from Customers	12,184	14,859
Inventories	52,469	46,043
Trade and Other Receivables	1,100,714	743,956
Amount Owing by Jointly Controlled Entities	440,936	315,088
Current Tax Assets	118,721	76,044
Deposits	1,371,553	1,165,099
Cash and Bank Balances	2,004,677	1,246,941
	<u>8,264,206</u>	<u>6,590,037</u>
<b>TOTAL ASSETS</b>	<u>14,995,495</u>	<u>13,107,619</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share Capital	1,906,717	1,903,748
Reserves		
Share Premium	2,301,564	2,290,486
Option Reserve	63,496	43,363
Exchange Translation Reserve	58,596	11,958
Retained Earnings	1,937,539	1,609,026
<b>Equity Attributable to Owners of the Company</b>	<u>6,267,912</u>	<u>5,858,581</u>
<b>Perpetual Bond</b>	622,601	622,998
<b>Non-controlling Interests</b>	330,644	310,101
<b>Total Equity</b>	<u>7,221,157</u>	<u>6,791,680</u>
<b>Non-Current Liabilities</b>		
Long Term Borrowings	4,239,393	3,387,935
Redeemable Cumulative Preference Shares	56,399	55,768
Deferred Tax Liabilities	19,560	10,769
	<u>4,315,352</u>	<u>3,454,472</u>
<b>Current Liabilities</b>		
Gross Amount Due to Customers	2,275	163
Trade and Other Payables	2,110,077	1,924,039
Short Term Borrowings	1,242,532	879,403
Bank Overdrafts	64,095	51,656
Current Tax Liabilities	40,007	6,206
	<u>3,458,986</u>	<u>2,861,467</u>
<b>Total Liabilities</b>	<u>7,774,338</u>	<u>6,315,939</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>14,995,495</u>	<u>13,107,619</u>
Net Assets Per Share Attributable to Owners of the Company	<u>2.47</u>	<u>2.31</u>

(The Condensed Consolidated Statement Of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 October 2014)

**S P SETIA BERHAD**  
**(Company No.: 19698-X)**  
**(Incorporated in Malaysia)**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 APRIL 2015**  
*(The figures have not been audited)*

	<b>3 MONTHS ENDED</b>		<b>6 MONTHS ENDED</b>	
	<b>30 April 2015</b>	<b>30 April 2014</b>	<b>30 April 2015</b>	<b>30 April 2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	1,630,259	952,352	2,556,269	1,673,911
Cost of sales	(1,183,842)	(680,985)	(1,846,358)	(1,197,498)
Gross profit	<u>446,417</u>	<u>271,367</u>	<u>709,911</u>	<u>476,413</u>
Other operating income	35,015	27,422	65,409	90,035
Selling and marketing expenses	(39,384)	(34,398)	(71,942)	(70,293)
Administrative and general expenses	(58,558)	(67,724)	(114,771)	(129,692)
Share of profits less losses of jointly controlled entities	(15,826)	(15,149)	(43,476)	(23,971)
Share of profits less losses of associated companies	1,243	12	(706)	53
Finance costs	(24,177)	(16,158)	(45,607)	(30,009)
Profit before taxation	<u>344,730</u>	<u>165,372</u>	<u>498,818</u>	<u>312,536</u>
Taxation	(101,149)	(46,974)	(136,934)	(77,149)
Profit for the period	<u>243,581</u>	<u>118,398</u>	<u>361,884</u>	<u>235,387</u>
Other comprehensive income:				
Item that may be reclassified to profit or loss in subsequent periods:				
- Exchange differences on translation of foreign operations	(2,696)	(3,554)	46,702	47,254
Total comprehensive income for the period	<u>240,885</u>	<u>114,844</u>	<u>408,586</u>	<u>282,641</u>
Profit attributable to:				
Holders of Perpetual Bond	8,836	8,835	17,969	13,799
Non-controlling interests	7,544	35,292	15,402	50,541
	<u>16,380</u>	<u>44,127</u>	<u>33,371</u>	<u>64,340</u>
Owners of the Company	<u>227,201</u>	<u>74,271</u>	<u>328,513</u>	<u>171,047</u>
	<u>243,581</u>	<u>118,398</u>	<u>361,884</u>	<u>235,387</u>
Total comprehensive income attributable to:				
Holders of Perpetual Bond	8,836	8,835	17,969	13,799
Non-controlling interests	7,441	35,240	15,466	50,533
	<u>16,277</u>	<u>44,075</u>	<u>33,435</u>	<u>64,332</u>
Owners of the Company	<u>224,608</u>	<u>70,769</u>	<u>375,151</u>	<u>218,309</u>
	<u>240,885</u>	<u>114,844</u>	<u>408,586</u>	<u>282,641</u>
Earnings per share attributable to equity holders of the Company				
- Basic earnings per share (sen)	<u>8.94</u>	<u>3.02</u>	<u>12.93</u>	<u>6.96</u>
- Diluted earnings per share (sen)	<u>8.86</u>	<u>3.00</u>	<u>12.82</u>	<u>6.91</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 October 2014)

**S P SETIA BERHAD**  
**(Company No.: 19698-X)**  
**(Incorporated in Malaysia)**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 APRIL 2015**  
*(The figures have not been audited)*

	Attributable to owners of the Company				Retained Earnings RM'000	Total RM'000	Perpetual Bond RM'000	Non-controlling interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Share- Based Payment Reserve RM'000	Exchange Translation Reserve RM'000					
<b>Balance at 1.11.2014</b>	1,903,748	2,290,486	43,363	11,958	1,609,026	5,858,581	622,998	310,101	6,791,680
Total other comprehensive income for the period represented by exchange differences on translation of foreign operations	-	-	-	46,638	-	46,638	-	64	46,702
Profit for the period	-	-	-	-	328,513	328,513	-	15,402	343,915
Distribution for the year	-	-	-	-	-	-	17,969	-	17,969
Distribution paid	-	-	-	-	-	-	(18,366)	-	(18,366)
<b>Transactions with owners:</b>									
Liquidation/derecognition of subsidiary companies	-	-	-	-	-	-	-	5,077	5,077
Issuance of ordinary shares									
- Exercise of Employee Share Grant Plan ("ESGP")	2	4	(6)	-	-	-	-	-	-
- Exercise of Employee Share Option Scheme ("ESOS")	2,967	11,188	(2,020)	-	-	12,135	-	-	12,135
Share issuance expense	-	(114)	-	-	-	(114)	-	-	(114)
Share-based payment under Employees' Long Term Incentive Plan ("LTIP")	-	-	22,159	-	-	22,159	-	-	22,159
<b>Balance at 30.04.2015</b>	1,906,717	2,301,564	63,496	58,596	1,937,539	6,267,912	622,601	330,644	7,221,157
<b>Balance at 1.11.2013</b>	1,844,034	2,128,696	23,529	(987)	1,530,271	5,525,543	-	(846)	5,524,697
Effects arising from adoption of FRS 10 and FRS 11	-	-	-	4,057	(63,200)	(59,143)	-	256,084	196,941
<b>Balance at 1.11.2013, as restated</b>	1,844,034	2,128,696	23,529	3,070	1,467,071	5,466,400	-	255,238	5,721,638
Total other comprehensive income for the period represented by exchange differences on translation of foreign operations	-	-	-	47,262	-	47,262	-	(8)	47,254
Profit for the period	-	-	-	-	171,047	171,047	-	50,541	221,588
Issuance of Perpetual Bond	-	-	-	-	-	-	609,000	-	609,000
Perpetual Bond distribution payable	-	-	-	-	-	-	13,799	-	13,799
<b>Transactions with owners:</b>									
Share-based payment under Employees' Long Term Incentive Plan ("LTIP")	-	-	24,116	-	-	24,116	-	-	24,116
<b>Balance at 30.04.2014</b>	1,844,034	2,128,696	47,645	50,332	1,638,118	5,708,825	622,799	305,771	6,637,395

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 October 2014)

**S P SETIA BERHAD**  
**(Company No.: 19698-X)**  
**(Incorporated in Malaysia)**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 APRIL 2015**  
*(The figures have not been audited)*

	<b>6 MONTHS ENDED 30 April 2015 RM'000</b>	<b>6 MONTHS ENDED 30 April 2014 RM'000</b>
Profit before taxation	498,818	312,536
Adjustments for:-		
Non-cash items	79,711	60,473
Non-operating items	(932)	(15,613)
Operating profit before changes in working capital	<u>577,597</u>	<u>357,396</u>
Changes in property development costs	118,232	(4,131)
Changes in gross amount due from/to customers	6,619	(210)
Changes in inventories	1,041	(240)
Changes in receivables	(250,967)	23,431
Changes in payables	8,713	10,239
Cash generated from operations	<u>461,235</u>	<u>386,485</u>
Interest received	10,488	17,193
Interest paid	(130,711)	(97,116)
Rental received	972	1,128
Tax paid	(115,403)	(115,569)
Net cash generated from operating activities	<u>226,581</u>	<u>192,121</u>
<b>Investing Activities</b>		
Additions to land held for future development	(177,202)	(152,911)
Purchase of property, plant and equipment	(8,372)	(8,621)
Additions to investment properties	(39,507)	(76,004)
Additions to concession assets	(34,744)	(27,407)
Proceeds from disposal of property, plant and equipment	265	60
Proceeds from disposal of investment property	-	20,570
Acquisition of additional investment in jointly controlled entities	(217,015)	(202,429)
Advances to jointly controlled entities	(34,094)	(9,481)
Repayment by associated company	-	2
Net outflow from liquidation/derecognition of subsidiary companies	(2,379)	-
Other investments	34,300	37,613
Net cash used in investing activities	<u>(478,748)</u>	<u>(418,608)</u>

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 APRIL 2015**  
*(The figures have not been audited)*

	<b>6 MONTHS ENDED 30 April 2015 RM'000</b>	<b>6 MONTHS ENDED 30 April 2014 RM'000</b>
<b>Financing Activities</b>		
Proceeds from issuance of ordinary shares - exercise of ESOS	12,135	-
Proceeds from issuance of perpetual bond	-	609,000
Perpetual bond distribution paid	(18,366)	-
Payment of share issuance expenses	(114)	-
Drawdown of bank borrowings	1,722,817	383,739
Repayment of bank borrowings	(521,013)	(235,601)
Dividends paid to a minority shareholder of a subsidiary company	-	(1,400)
Interest paid	(716)	(1,577)
Net cash generated from financing activities	<u>1,194,743</u>	<u>754,161</u>
Net changes in cash and cash equivalents	942,576	527,674
Effect of exchange rate changes	9,993	4,782
Cash and cash equivalents at 1 November 2014/2013	2,332,802	2,081,758
Cash and cash equivalents at 30 April 2015/2014	<u>3,285,371</u>	<u>2,614,214</u>
	<b>30 April 2015 RM'000</b>	<b>30 April 2014 RM'000</b>
Deposits	1,371,553	1,302,645
Cash and bank balances	2,004,677	1,404,412
Bank overdrafts	(64,095)	(86,416)
	<u>3,312,135</u>	<u>2,620,641</u>
Less: Deposits pledged and maintained in Sinking Fund	(2,000)	(2,000)
Sinking Fund, Debt Service Reserve and Escrow Accounts	(24,764)	(4,427)
	<u>3,285,371</u>	<u>2,614,214</u>

(The Condensed Consolidated Statements Of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 October 2014)

## 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 (“Bursa Securities”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 October 2014.

The accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the financial year ended 31 October 2014 except for the adoption of the following Amendments to FRSs:-

Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities
Amendments to FRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRSs	Annual Improvements to FRSs 2010-2013 Cycle

The following are the Amendments to FRSs and IC Interpretation which are effective but are not applicable to the Group:-

Amendments to FRS 119	Defined Benefits Plans: Employee Contributions
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

The adoption of the above Amendments to FRSs does not have any material impact on the financial statements of the Group.

### 2. 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.

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

There were no unusual items for the financial period ended 30 April 2015.

### 4. Material changes in estimates

There were no material changes in estimates for the financial period ended 30 April 2015.

## 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 period-to-date except for the following:

- (a) Allotment of 1,980 new ordinary shares of RM0.75 each pursuant to the vesting of Employee Share Grant Plan (“ESGP”); and
- (b) Issuance of 3,956,224 new ordinary shares of RM0.75 each pursuant to the exercise of Employees’ Share Options Scheme (“ESOS”) at the following option prices:

		ESOS 1	ESOS 2
Exercise price	(RM)	3.07	3.03
No. of shares issued	(‘000)	3,699	257

## 6. Dividends paid

A single tier final dividend, in respect of the financial year ended 31 October 2014 of 5.7 sen per ordinary shares of RM0.75 each amounting to RM144,910,495, was approved by the shareholders at the Annual General Meeting on 26 March 2015. The shareholders elected to reinvest RM132,639,328 at the price of RM3.10 per share pursuant to the Dividend Reinvestment Plan duly renewed (“3<sup>rd</sup> DRP”), accordingly a total of 42,786,880 new ordinary shares of RM0.75 each were issued and the remaining portion of RM12,271,167 was paid in cash on 8 June 2015.

## 7. Segmental Reporting

The segmental analysis for the financial period ended 30 April 2015 is as follows:-

	Property Development RM’000	Construction RM’000	Other Operations RM’000	Eliminations RM’000	Consolidated RM’000
<u>Revenue</u>					
External sales	2,296,074	153,530	106,665	-	2,556,269
Inter-segment sales	88,330	212,404	52,756	(353,490)	-
Total revenue	2,384,404	365,934	159,421	(353,490)	2,556,269
Gross profit	678,848	8,388	22,675	-	709,911
Other operating income	41,096	567	23,746	-	65,409
Operating expenses	(173,244)	(4,862)	(8,607)	-	(186,713)
Share of net profits less losses of jointly controlled entities	(44,165)	-	689	-	(43,476)
Share of net profits less losses of associated companies	(706)	-	-	-	(706)
Finance costs	(42,320)	(42)	(3,245)	-	(45,607)
Profit before taxation	459,509	4,051	35,258	-	498,818
Tax expense					(136,934)
Profit for the period					361,884

## 8. Material Events subsequent to the End of Financial Period

There were no material transactions or events subsequent to the current quarter ended 30 April 2015 till 8 June 2015 (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 period to-date except for the following:

- (i) Voluntarily winding up of Suharta Sdn Bhd (“Suharta”), an indirect subsidiary of S P Setia Berhad on 10 November 2014;
- (ii) Acquisition of 2 ordinary shares of RM1.00 each in Vero Legacy Sdn Bhd (“Vero Legacy”) on 7 January 2015, resulting in Vero Legacy becoming a wholly owned subsidiary of S P Setia Berhad; and
- (iii) Acquisition of 2 ordinary shares of RM1.00 each in Plentitude Circle Sdn Bhd (“Plentitude Circle”) on 7 January 2015, resulting in Plentitude Circle becoming a wholly owned subsidiary of S P Setia Berhad.

## 10. Contingent Liabilities

There were no contingent liabilities in respect of the Group since the last financial year.

## 11. Capital Commitments

	<b>As at 30/04/2015 RM'000</b>
Commitments to purchase development land (contracted)	12,303
Contractual commitments for construction of investment properties	537,667
Contractual commitments for acquisition of property, plant and equipment	452
Contractual commitments in relation to Development Agreement	<u>100,000</u>

## 12. Significant Related Party Transactions

**01/11/2014**  
**To**  
**30/04/2015**  
 RM'000

*Transactions with jointly controlled entities:-*

(i) Project management and administrative fee received and receivable	1,774
(ii) Rental paid and payable	603
(iii) Event service fee charged	59
(iv) Group marketing fee charged	118
(v) Construction services rendered	110,526
(vi) Staff secondment	764
(vii) Interest charged	2,089

*Transactions with director of subsidiary company:-*

(i) Sale of development property to a director of a subsidiary company	250
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**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF  
BURSA MALAYSIA SECURITIES BERHAD**

**1. Review of Group Performance**

Revenue and profit before taxation (“PBT”) of the respective operating business segments for the current quarter are analysed as follows:-

	<b>2Q2015</b>	<b>2Q2014</b>	<b>PTD2015</b>	<b>PTD2014</b>
	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>
<b>Revenue</b>				
Property Development	1,481,241	891,245	2,296,074	1,561,879
Construction	85,262	38,773	153,530	64,356
Other Operations	63,756	22,334	106,665	47,676
	<u>1,630,259</u>	<u>952,352</u>	<u>2,556,269</u>	<u>1,673,911</u>
<b>Profit before taxation</b>				
Property Development	327,290	156,445	459,509	293,069
Construction	1,042	(1,608)	4,051	(2,251)
Other Operations	16,398	10,535	35,258	21,718
	<u>344,730</u>	<u>165,372</u>	<u>498,818</u>	<u>312,536</u>

**(a) Performance of the current quarter against the same quarter in the preceding year (Q2 FY 2015 vs Q2 FY 2014)**

**Property Development**

The Group achieved 66% higher revenue and 109% higher PBT, on the back of increased revenue and profit recognition from the development of our strong sales pipeline achieved to date and the timely staged handovers of our Australian project (*Fulton Lane*), which has been accounted for based on the completion method.

Ongoing projects which contributed to the profit and revenue achieved include *Setia Alam* and *Setia Eco-Park* in Shah Alam, *Setia EcoHill* in Semenyih, *Setia Eco Glades* in Cyberjaya, *Setia Sky Residences* at Jalan Tun Razak, *KL Eco City* at Jalan Bangsar, *Aeropod* in Kota Kinabalu, *Bukit Indah*, *Setia Indah*, *Setia Tropika*, *Setia Eco Cascadia*, *Setia Business Park II*, *Setia Eco Gardens* and *Setia Sky 88* in Johor Bahru, *Setia Pearl Island*, *Setia Vista*, *Setia Pinnacle*, *Brook Residences* and *Setia V Residences* in Penang, *18 Woodsville and Eco Sanctuary* in Singapore and *Fulton Lane* in Australia.

**Construction**

Revenue for the current quarter is mainly derived from the construction of the following:

- (a) a concession asset in Penang undertaken pursuant to a Build-Operate-Transfer Agreement with the Majlis Perbandaran Pulau Pinang, in exchange for development rights in Penang;
- (b) Jabatan Keretapi Negeri Sabah building in Sabah undertaken pursuant to a Development Agreement with the Sabah State Government, in exchange for a land in Sabah for the Aeropod project;
- (c) Kompleks Insititut Penyelidikan Kesihatan Bersepadu (“1NIH Complex”) in Setia Alam undertaken pursuant to a Privatisation Agreement with the Ministry of Health, in exchange for a land in Bangsar for the Setia Federal Hill project; and

## 1. Review of Group Performance (continued)

### (a) Performance of the current quarter against the same quarter in the preceding year (Q2 FY 2015 vs Q2 FY 2014) (continued)

#### Construction (continued)

- (d) Commuter station and office units at KL Eco City undertaken pursuant to a Privatisation Agreement with Datuk Bandar Kuala Lumpur, in exchange for development of KL Eco City.

The construction profit for the above projects is not significant to the Group as they are carried out as part of a land and development right exchange arrangement. The Group derives commercial benefits substantially from the development of the land and development right so acquired.

#### Other Operations

Revenue and profit from Other Operations mainly contributed by wood-based manufacturing, trading activities, and the operations of Setia City Convention Centre. Revenue and PBT from other operations increased by 185% and 56% due to higher volume of trade during the current quarter.

### (b) Performance of the current period to-date against the same period in the preceding year (Q2 PTD 2015 vs Q2 PTD 2014)

For the current period to-date, the Group achieved a PBT of RM498.8 million on the back of revenue totalling RM2,556.3 million, which are 60% and 53% respectively higher than the PBT and revenue achieved for the preceding period to-date.

The contribution from each business segment is set out below:

#### Property Development

With higher revenue and profit recognised from the development of our strong sales pipeline built to date and the timely staged handovers of *Fulton Lane*, our property development division achieved 47% higher revenue and 57% higher PBT for the current period to-date.

#### Construction

Our construction division also has achieved better result for the current period to-date, albeit a smaller contributor to the Group.

#### Other Operations

This segment has also delivered stronger result with 124% and 62% higher revenue and PBT, respectively.

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

The Group's current quarter PBT is RM344.7 million, which is RM190.6 million higher than the preceding quarter ended 31 January 2015. The key contributor to the significant increase of the Group's PBT was the recognition of profit on completion basis from the timely staged handovers of *Fulton Lane* that began during the current quarter.

### 3. Prospects for the Current Financial Year

The Group witnessed its strongest quarter to date in terms of revenue and profit recognition with the handover of the Group's first residential tower in **Fulton Lane**, Melbourne. The Group is also expected to handover the second residential tower in **Fulton Lane** in the second half of the financial year.

The Group achieved RM774 million sales during the second quarter of the financial year. As at 31 May 2015, total Group sales for the first seven months of the current financial year totalled to RM2.0 billion. While sales from the Malaysian projects registered an improvement in the second quarter, its international projects posted weaker sales largely due to the uncertainty surrounding the United Kingdom housing market prior to the general election having an impact on sales in **Battersea Power Station**. On the local front, the Group continues to face challenges such as tighter lending from banks as a result of the property cooling measures introduced by Bank Negara Malaysia and weak buyer sentiment. Therefore, the Group's sales target for FY2015 has been revised from RM4.6 billion to RM4.0 billion.

#### *International Projects Review*

The Group's international sales for the second quarter amounted to RM147 million with RM103 million contributed from the Group's 40% stake in **Battersea Power Station**.

#### *Malaysian Projects Review*

The Group's strategy to launch mid-priced range products for FY2015 proved to be fruitful as the local projects contributed RM627 million sales in the current quarter. The Group's township projects in the Klang Valley region like **Setia Alam**, **Setia EcoHill** and **Setia Eco Glades** continue to be the major contributor to sales due to its strategic locations and good infrastructure. In the current quarter, the Group also witnessed significant contribution from its integrated commercial development project, **KL Eco City**.

With a massive unbilled sales of RM11.0 billion, the Board is confident that the Group will continue to perform well in the second half of the financial year. The Group is also confident that its strategy to launch mid-priced range products in strategic locations locally will continue to garner strong sales in the second half 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:-

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/04/2015	30/04/2014	30/04/2015	30/04/2014
	RM'000	RM'000	RM'000	RM'000
- current taxation	70,091	42,597	106,548	74,904
- in respect of prior years	-	(460)	(918)	(537)
- deferred taxation	30,972	4,837	30,421	2,782
- in respect of prior years	86	-	883	-
	<u>101,149</u>	<u>46,974</u>	<u>136,934</u>	<u>77,149</u>

The Group's effective tax rate for the current quarter and financial period to-date is slightly higher than the statutory tax rate mainly due to certain non-tax deductible expenses.

## 6. Status of Corporate Proposals

(a) The following are the status of corporate proposals that have been announced by the Company which had been completed since the preceding quarter report and those which are not completed as at 8 June 2015, the latest practicable date which shall not be earlier than 7 days from the date of this announcement:-

(i) Bandar Setia Alam Sdn Bhd (“Bandar Setia Alam”), a wholly owned subsidiary of the Company, disposed approximately 30.5 acres of freehold land (“Original Land”) located within Precinct 1 of the Setia Alam township (“Said Land”) to Greenhill Resources Sdn Bhd (“Greenhill”) for a total consideration of RM119,572,200. Greenhill is a joint venture between Bandar Setia Alam and Lend Lease Asian Retail Investment Fund 2 Limited (“ARIF”), 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 (“Retail Mall”), as announced on 2 July 2008.

Subsequently on 15 July 2009, Bandar Setia Alam had entered into several agreements to reflect certain changes to the earlier Proposals announced on 2 July 2008. The agreements included the entry into two separate Sale and Purchase Agreements between Bandar Setia Alam, Greenhill and GR Investments Ltd (“GRI”) for the disposal by Bandar Setia Alam to Greenhill of approximately 14.31 acres (“Stage 1 Land”) of the Original Land on which the Retail Mall was to be constructed, and the remaining 16.19 acres (“Stage 2 Land”), for approximately RM56.1 million and RM63.5 million respectively.

On 17 March 2015, all condition precedents set out in a Supplemental Agreement entered into between the parties on 27 January 2014 for the disposal of the Stage 1 Land and Stage 2 Land have been fulfilled;

(ii) On 26 October 2009, a subsidiary of S P Setia Berhad, Setia Lai Thieu Limited (“Setia LT”), had entered into an In-Principle Agreement with Investment and Industrial Development Corporation (Becamex IDC Corp) (“Becamex”) for the assignment of the implementation and development of an independent mixed-use real estate project on a piece of land measuring approximately 108,400 square metres or 26.79 acres located in Lai Thieu Town, Thuan An District, Binh Duong Province, Vietnam (“Land”) from Becamex to a company to be established by Setia LT in Vietnam for a total consideration of USD16,260,000.

As announced on 11 March 2010, the People’s Committee of Binh Duong Province has on 10 March 2010 issued the Investment Certificate for the establishment of Setia Lai Thieu One Member Company Limited (“NewCo”) to undertake the development of EcoXuan Lai Thieu on the Land for a term of 50 years from the date of issuance of the Investment Certificate.

On approval of the masterplan in the scale of 1/500 for EcoXuan Lai Thieu, the area of the Land was increased from 108,400 square metres to 109,685 square metres (27.10 acres) and by the increase in land area, the total consideration payable to Becamex was adjusted to USD16,452,750 based on the rate of USD150 per square metre.

The outstanding balance of USD98,202 will be settled upon the issuance of the land use right certificate in the name of Setia LT; and

## 6. Status of Corporate Proposals (continued)

- (iii) On 6 February 2013, Setia Eco Templer Sdn Bhd (*formerly known as Rockbay Streams Sdn Bhd*) (“SET” or “Developer”), a wholly owned subsidiary of S P Setia Berhad has entered into an agreement (“Development Agreement”) with Cash Band (M) Berhad (“CBB” or “Landowner”), for the proposed development of a mixed residential and commercial project on various parcels of leasehold land measuring approximately 194.65 acres in the District of Gombak.

The Development Agreement is pending the fulfillment of the conditions precedent therein within a period of twelve (12) months from the date of the Development Agreement, with an automatic extension of a period of twelve (12) months thereafter and/or such other extended period to be mutually agreed in writing by the parties for the fulfillment of the conditions precedent.

As announced on 2 February 2015, SET and CBB had vide a Letter of Extension of Approval Period dated 16 January 2015 mutually agreed to extend the time for the fulfilment of the conditions precedent by an additional period of two (2) months from 6 February 2015 to 5 April 2015.

As announced on 3 April 2015, SET and CBB had vide a Letter for Further Extension of Approval Period dated 3 April 2015 mutually agreed to further extend the time for the fulfilment of the conditions precedents, which was previously extended to 5 April 2015, by an additional period of two (2) months from 6 April 2015 to 5 June 2015.

As announced on 5 June 2015, SET and CBB had vide a Letter for Third Extension of Approval Period dated 5 June 2015 mutually agreed to further extend the time for the fulfilment of the conditions precedents, which was previously extended to 5 June 2015, by an additional period of six (6) months from 6 June 2015 to 5 December 2015.

- (b) As at 30 April 2015, the Group has fully utilised the proceeds under the Placement exercise which was completed on 25 February 2013, amounting to RM942.86 million as set out below:-

<b>Purpose</b>	<b>Proposed utilisation RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Reallocation RM'000</b>	<b>Balance unutilised RM'000</b>	<b>Intended timeframe for utilisation from completion date</b>
Existing projects and general working capital requirements	550,000	(550,000)	-	-	Within 24 months
Future expansion plans	181,900	(182,992)	1,092	-	Within 24 months
Repayment of bank borrowings	200,000	(200,000)	-	-	Within 3 months
Estimated expenses for the Corporate Exercise	10,958	(9,866)	(1,092)	-	Within 3 months
<b>Total</b>	<b>942,858</b>	<b>(942,858)</b>	<b>-</b>	<b>-</b>	

## 7. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 30 April 2015 were as follows:-

	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	RM'000	RM'000	RM'000
Bank Overdrafts	1,291	62,804	64,095
Short Term Bank Borrowings	792,532	450,000	1,242,532
Long Term Bank Borrowings	3,739,393	500,000	4,239,393
Redeemable cumulative preference shares	-	56,399	56,399
	<u>4,533,216</u>	<u>1,069,203</u>	<u>5,602,419</u>

Currency exposure profile of borrowings is as follows:-

	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	RM'000	RM'000	RM'000
Ringgit Malaysia	3,616,139	1,069,203	4,685,342
Singapore Dollar	350,255	-	350,255
Australian Dollar	542,518	-	542,518
United States Dollar	24,304	-	24,304
	<u>4,533,216</u>	<u>1,069,203</u>	<u>5,602,419</u>

## 8. Material Litigation

The Group is not engaged in any material litigation as at 8 June 2015, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

## 9. Dividends Declared

(a) The Board of Directors has recommended an interim dividend in respect of the financial year ending 31 October 2015.

- (i) Amount per share : single tier dividend of 4 sen per share
- (ii) Previous corresponding period : single tier dividend of 4 sen per share
- (iii) Date payable : To be determined later
- (iv) 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 : single tier dividend of 4 sen per share

The Board has determined that the DRP will apply to the interim dividend and shareholders of the Company be given an option to elect to reinvest the entire interim dividend in new ordinary share(s) of RM0.75 each in the Company.

## 10. 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:-

	<b>3 MONTHS ENDED</b>		<b>6 MONTHS ENDED</b>	
	<b>30/04/2015</b>	<b>30/04/2014</b>	<b>30/04/2015</b>	<b>30/04/2014</b>
	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
Profit for the period attributable to equity holders of the Company (RM)	227,201	74,271	328,513	171,047
Number of ordinary shares at beginning of the period	2,541,502	2,458,712	2,538,331	2,458,712
Effect of shares issued pursuant to:				
- Vesting of ESGP	-	-	1	-
- Exercise of ESOS	266	-	1,781	-
Weighted average number of ordinary shares	2,541,768	2,458,712	2,540,113	2,458,712
Basic Earnings Per Share (sen)	8.94	3.02	12.93	6.96

The diluted 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 that would have been in issue upon full exercise of the remaining options under the LTIP granted, adjusted for the number of such shares that would have been issued at fair value, calculated as follows:

	<b>3 MONTHS ENDED</b>		<b>6 MONTHS ENDED</b>	
	<b>30/04/2015</b>	<b>30/04/2014</b>	<b>30/04/2015</b>	<b>30/04/2014</b>
	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
Profit for the period attributable to equity holders of the Company (RM)	227,201	74,271	328,513	171,047
Weighted average number of ordinary shares as per basic Earnings Per Share	2,541,768	2,458,712	2,540,113	2,458,712
Effect of potential exercise of LTIP	22,559	15,404	23,341	15,829
Weighted average number of ordinary shares	2,564,327	2,474,116	2,563,454	2,474,541
Diluted Earnings Per Share (sen)	8.86	3.00	12.82	6.91

## 11. Realised and Unrealised Profits

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows:-

	<b>30/04/2015</b>	<b>31/10/2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits of the Company and its subsidiaries:		
- Realised	2,430,896	2,047,994
- Unrealised	110,808	142,809
	<u>2,541,704</u>	<u>2,190,803</u>
Total share of (accumulated losses)/retained profits from jointly controlled entities:		
- Realised	(133,032)	(84,926)
- Unrealised	774	897
	<u>(132,258)</u>	<u>(84,029)</u>
Total share of accumulated losses from associated companies:		
- Realised	(2,989)	(987)
- Unrealised	-	-
	<u>(2,989)</u>	<u>(987)</u>
Less: Consolidation adjustments	(468,918)	(496,761)
Total Group retained profits as per consolidated accounts	<u><u>1,937,539</u></u>	<u><u>1,609,026</u></u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

## 12. Notes to the Statement of Comprehensive Income

Notes to the Statement of Comprehensive Income comprises:-

	<b>3 MONTHS</b>	<b>6 MONTHS</b>
	<b>ENDED</b>	<b>ENDED</b>
	<b>30/04/2015</b>	<b>30/04/2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest income	26,633	44,454
Other income including investment income	8,126	19,461
Interest expense	(24,177)	(45,607)
Depreciation and amortisation	(7,342)	(14,554)
Provision for write off of receivables	N/A	N/A
Provision for and write off of inventories	N/A	N/A
Gain or loss on disposal of quoted or unquoted investments or properties	N/A	1,091
Impairment of assets	N/A	N/A
Foreign exchange gain	256	403
Gain or loss on derivatives	N/A	N/A
Exceptional items	N/A	N/A

## 13. Auditors' Report on Preceding Annual Financial Statements

The preceding audited financial statements for the year ended 31 October 2014 was unqualified.