

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

**Interim Financial Report**  
**31 January 2014**

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**Interim Financial Report - 31 January 2014**

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**S P SETIA BERHAD**  
**(Company No.: 19698-X)**  
**(Incorporated in Malaysia)**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 JANUARY 2014**  
*(The figures have not been audited)*

	As At 31 January 2014 RM'000	As At 31 October 2013 (Restated) RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	123,365	120,410
Investment Properties	647,769	613,559
Land Held for Property Development	4,425,579	4,569,938
Concession Assets	63,905	52,129
Investment in Jointly Controlled Entities	636,242	506,353
Investment in Associated Companies	1,730	1,689
Amount Owing by Former Joint Venture Partner	14,398	14,380
Deferred Tax Assets	191,224	192,847
	<u>6,104,212</u>	<u>6,071,305</u>
<b>Current Assets</b>		
Property Development Costs	2,904,800	2,624,132
Gross Amount Due from Customers	417	641
Inventories	22,879	23,566
Trade and Other Receivables	871,177	921,531
Amount Owing by Jointly Controlled Entities	259,364	139,218
Amount Owing by Associated Companies	9,281	9,283
Current Tax Assets	38,301	29,765
Deposits	1,334,266	939,997
Cash and Bank Balances	1,238,840	1,223,097
	<u>6,679,325</u>	<u>5,911,230</u>
<b>TOTAL ASSETS</b>	<u><u>12,783,537</u></u>	<u><u>11,982,535</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share Capital	1,844,034	1,844,034
Reserves		
Share Premium	2,128,696	2,128,696
Option Reserve	35,587	23,529
Exchange Translation Reserve	53,834	3,070
Retained Earnings	1,563,847	1,467,071
<b>Equity Attributable to Owners of the Company</b>	<u>5,625,998</u>	<u>5,466,400</u>
<b>Perpetual Bond</b>	613,964	-
<b>Non-controlling Interests</b>	270,531	255,238
<b>Total Equity</b>	<u>6,510,493</u>	<u>5,721,638</u>
<b>Non-current Liabilities</b>		
Long Term Borrowings	3,399,573	3,347,628
Redeemable Cumulative Preference Shares	74,426	74,831
Deferred Tax Liabilities	2,442	6,224
	<u>3,476,441</u>	<u>3,428,683</u>
<b>Current Liabilities</b>		
Gross Amount Due to Customers	3,453	2,311
Trade and Other Payables	2,061,235	2,157,678
Short Term Borrowings	649,930	569,700
Bank Overdrafts	66,725	60,875
Current Tax Liabilities	15,260	41,650
	<u>2,796,603</u>	<u>2,832,214</u>
<b>Total Liabilities</b>	<u>6,273,044</u>	<u>6,260,897</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>12,783,537</u></u>	<u><u>11,982,535</u></u>
Net Assets Per Share Attributable to Owners of the Company	<u>2.29</u>	<u>2.22</u>

(The Condensed Consolidated Statement Of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 October 2013)

**S P SETIA BERHAD**  
**(Company No.: 19698-X)**  
**(Incorporated in Malaysia)**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 JANUARY 2014**  
*(The figures have not been audited)*

	<b>3 MONTHS ENDED</b>	
	<b>31 January 2014</b>	<b>31 January 2013</b> <b>(Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	721,559	734,929
Cost of sales	(516,513)	(516,143)
Gross profit	<u>205,046</u>	<u>218,786</u>
Other operating income	62,613	12,317
Selling and marketing expenses	(35,895)	(36,774)
Administrative and general expenses	(61,968)	(43,856)
Share of profits less losses of jointly controlled entities	(8,822)	(2,878)
Share of profits less losses of associated companies	41	2
Finance costs	(13,851)	(11,866)
Profit before taxation	<u>147,164</u>	<u>135,731</u>
Taxation	(30,175)	(29,984)
Profit for the period	<u>116,989</u>	<u>105,747</u>
Other comprehensive income:		
Item that may be reclassified to profit or loss in subsequent periods:		
- Exchange differences on translation of foreign operations	50,808	(2,936)
Total comprehensive income for the period	<u>167,797</u>	<u>102,811</u>
Profit attributable to:		
Holders of Perpetual Bond	4,964	-
Non-controlling interests	15,249	12,560
	<u>20,213</u>	<u>12,560</u>
Owners of the Company	96,776	93,187
	<u>116,989</u>	<u>105,747</u>
Total comprehensive income attributable to:		
Holders of Perpetual Bond	4,964	-
Non-controlling interests	15,293	12,564
	<u>20,257</u>	<u>12,564</u>
Owners of the Company	147,540	90,247
	<u>167,797</u>	<u>102,811</u>
Earnings per share attributable to equity holders of the Company		
- Basic earnings per share (sen)	3.94	4.61
- Diluted earnings per share (sen)	<u>3.91</u>	<u>4.61</u>

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 October 2013)

**S P SETIA BERHAD**  
**(Company No.: 19698-X)**  
**(Incorporated in Malaysia)**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 JANUARY 2014**  
*(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
	Non-Distributable									
	Share Capital RM'000	Share Premium RM'000	Share-Based Payment Reserve RM'000	Warrant Reserve RM'000	Exchange Translation Reserve RM'000					
<b>Balance at 1.11.2013</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	-	-	-	-	50,764	-	50,764	-	44	50,808
Profit for the period	-	-	-	-	-	96,776	96,776	-	15,249	112,025
Issuance of Perpetual Bond	-	-	-	-	-	-	-	609,000	-	609,000
Perpetual Bond distribution payable	-	-	-	-	-	-	-	4,964	-	4,964
<b>Transactions with owners:</b>										
Share-based payment under Employees' Long Term Incentive Plan ("LTIP")	-	-	12,058	-	-	-	12,058	-	-	12,058
<b>Balance at 31.01.2014</b>	1,844,034	2,128,696	35,587	-	53,834	1,563,847	5,625,998	613,964	270,531	6,510,493
<b>Balance at 1.11.2012</b>	1,504,250	1,113,480	242	28,904	1,468	1,336,672	3,985,016	-	217,122	4,202,138
Total other comprehensive income for the period represented by exchange differences on translation of foreign operations	-	-	-	-	(2,940)	-	(2,940)	-	4	(2,936)
Profit for the period	-	-	-	-	-	93,187	93,187	-	12,560	105,747
<b>Transactions with owners:</b>										
Issuance of ordinary shares:										
- Exercise of Warrants	99,259	322,750	-	(26,299)	-	-	395,710	-	-	395,710
Warrants lapsed	-	-	-	(2,605)	-	2,605	-	-	-	-
<b>Balance at 31.01.2013</b>	1,603,509	1,436,230	242	-	(1,472)	1,432,464	4,470,973	-	229,686	4,700,659

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 October 2013)

**S P SETIA BERHAD**  
**(Company No.: 19698-X)**  
**(Incorporated in Malaysia)**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 JANUARY 2014**  
*(The figures have not been audited)*

	<b>3 MONTHS ENDED 31 January 2014</b>	<b>3 MONTHS ENDED 31 January 2013 (Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation	147,164	135,731
Adjustments for:-		
Non-cash items	(12,354)	5,590
Non-operating items	(6,699)	2,525
Operating profit before changes in working capital	<u>128,111</u>	<u>143,846</u>
Changes in property development costs	(11,321)	40,781
Changes in gross amount due from/to customers	1,700	10,677
Changes in inventories	687	187
Changes in receivables	88,953	67,447
Changes in payables	(135,726)	(110,671)
Cash generated from operations	<u>72,404</u>	<u>152,267</u>
Interest received	6,423	4,920
Interest paid	(47,605)	(35,878)
Rental received	399	34
Tax paid	(67,157)	(58,051)
Net cash generated (used in)/generating from operating activities	<u>(35,536)</u>	<u>63,292</u>
<b>Investing Activities</b>		
Additions to land held for future development	(70,339)	(175,149)
Purchase of property, plant and equipment	(4,870)	(5,723)
Additions to investment properties	(41,196)	(11,558)
Additions to concession assets	(11,776)	(7,769)
Proceeds from disposal of property, plant and equipment	8	39
Proceeds from disposal of investment property	4,767	-
Deposit paid for acquisition of additional investment in a subsidiary company	-	(5,925)
Deposit paid for acquisition of additional investment in jointly controlled entities	(134,105)	-
Advances to jointly controlled entities	(46,484)	(6,458)
Repayment by associated company	2	-
Development expenditure paid	-	(13,988)
Deposit and part consideration paid for acquisition of land	-	(34,099)
Other investments	13,441	38,194
Net cash used in investing activities	<u>(290,552)</u>	<u>(222,436)</u>

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 JANUARY 2014**  
*(The figures have not been audited)*

	<b>3 MONTHS ENDED 31 January 2014</b>	<b>3 MONTHS ENDED 31 January 2013 (Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Financing Activities</b>		
Proceeds from issue of shares by the Company	-	395,710
Proceeds from issuance of perpetual bond	609,000	-
Redemption of bonds	-	(250,000)
Drawdown of bank borrowings	185,662	143,383
Repayment of bank borrowings	(65,142)	(81,949)
Dividends paid to a minority shareholder of a subsidiary company	(1,078)	(1,078)
Interest paid	(2,517)	(521)
Net cash generated from financing activities	<u>725,925</u>	<u>205,545</u>
Net changes in cash and cash equivalents	399,837	46,401
Effect of exchange rate changes	5,899	(654)
Cash and cash equivalents at 1 November 2013/2012	2,081,758	1,279,807
Cash and cash equivalents at 31 January 2014/2013	<u>2,487,494</u>	<u>1,325,554</u>
	<b>31 January 2014</b>	<b>31 January 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits	1,334,266	154,236
Cash and bank balances	1,238,840	1,351,173
Bank overdrafts	(66,725)	(126,606)
	<u>2,506,381</u>	<u>1,378,803</u>
Less: Deposits pledged and maintained in Sinking Fund	(2,000)	(1,212)
Sinking Fund, Debt Service Reserve and Escrow Accounts	(16,887)	(52,037)
	<u>2,487,494</u>	<u>1,325,554</u>

(The Condensed Consolidated Statements Of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 October 2013)

## 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 Malaysia”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 October 2013.

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 2013 except for the adoption of the following new/revised FRSs and Amendments to FRSs:-

FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosures of Interests in Other Entities
FRS 13	Fair Value Measurement
FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS 128	Investments in Associates and Joint Ventures
Amendments to FRSs	Improvements to FRSs (2012)
Amendments to FRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10, FRS 11 and FRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

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

Amendments to FRS 1	Government Loans
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine

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

FRS 10 – Adoption of this FRS requires that the Group reassess the new single control model to determine whether the investees should be consolidated. There are three elements to the definition of control in FRS 10:- (i) power by investor over an investee, (ii) exposure, or rights, to variable returns from investor’s involvement with the investee, and (iii) investor’s ability to affect those returns through its power over the investee. The application is retrospective and accordingly, the comparative figures as at 31 October 2013 are restated and opening balance of unappropriated profit as at 1 November 2013 has been adjusted.

FRS 11 — Adoption of this FRS requires that the Group reassesses its involvement in joint arrangements to determine whether each arrangement is a joint operation or a joint venture. For a joint operation, the Group needs to account for each asset, liability, revenue and expense directly based on the Group’s rights and obligations in the arrangement. For a joint venture, the Group applies the equity method and this has changed the previous policy of accounting for joint venture using the proportionate consolidation method. The assets and liabilities consolidated proportionately in the prior years have been deconsolidated retrospectively, but the change in policy did not affect the consolidated retained profits and other reserves.

## 1. Basis of preparation (continued)

The financial impact to the Group arising from these changes in accounting policies is as follows:

	As previously reported RM'000	Effects of adopting FRS 10 RM'000	Effects of adopting FRS 11 RM'000	As restated RM'000
<b>Statement of Financial Position</b>				
<b>At 31 October 2013</b>				
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment	121,856	11,276	(12,722)	120,410
Investment Properties	1,013,046	60,107	(459,594)	613,559
Land Held for Property Development	4,918,472	233,118	(581,652)	4,569,938
Concession Assets	52,129	-	-	52,129
Investment in Jointly Controlled Entities	-	-	506,353	506,353
Investment in Associated Companies	1,689	-	-	1,689
Amount Owing by Former Joint Venture Partner	14,380	-	-	14,380
Amount Owing by Jointly Controlled Entities	41,569	(41,569)	-	-
Deferred Tax Assets	167,885	26,082	(1,120)	192,847
	<u>6,331,026</u>	<u>289,014</u>	<u>(548,735)</u>	<u>6,071,305</u>
<b>Current Assets</b>				
Property Development Costs	2,693,117	163,180	(232,165)	2,624,132
Gross Amount Due from Customers	641	-	-	641
Inventories	43,244	-	(19,678)	23,566
Trade and Other Receivables	1,058,472	36,582	(173,523)	921,531
Amount Owing by Jointly Controlled Entities	32,220	107,070	(72)	139,218
Amount Owing by Associated Companies	9,283	-	-	9,283
Current Tax Assets	30,541	-	(776)	29,765
Deposits	1,024,981	18,140	(103,124)	939,997
Cash and Bank Balances	1,218,237	84,336	(79,476)	1,223,097
	<u>6,110,736</u>	<u>409,308</u>	<u>(608,814)</u>	<u>5,911,230</u>
<b>TOTAL ASSETS</b>	<u>12,441,762</u>	<u>698,322</u>	<u>(1,157,549)</u>	<u>11,982,535</u>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share Capital	1,844,034	-	-	1,844,034
Share Premium	2,128,696	-	-	2,128,696
Option Reserve	23,529	-	-	23,529
Exchange Translation Reserve	(987)	-	4,057	3,070
Retained Earnings	1,530,271	(57,832)	(5,368)	1,467,071
<b>Equity Attributable to Equity Holders of the Company</b>	<u>5,525,543</u>	<u>(57,832)</u>	<u>(1,311)</u>	<u>5,466,400</u>
<b>Non-controlling Interests</b>	<u>(846)</u>	<u>256,084</u>	<u>-</u>	<u>255,238</u>
<b>Total Equity</b>	<u>5,524,697</u>	<u>198,252</u>	<u>(1,311)</u>	<u>5,721,638</u>
<b>Non-current Liabilities</b>				
Long Term Borrowings	3,915,084	105,862	(673,318)	3,347,628
Redeemable Cumulative Preference Shares	-	156,657	(81,826)	74,831
Deferred Tax Liabilities	4,951	1,294	(21)	6,224
	<u>3,920,035</u>	<u>263,813</u>	<u>(755,165)</u>	<u>3,428,683</u>

## 1. Basis of preparation (continued)

	As previously reported RM'000	Effects of adopting FRS 10 RM'000	Effects of adopting FRS 11 RM'000	As restated RM'000
<b>Statement of financial position</b>				
<b>At 31 October 2013</b>				
<b>Current Liabilities</b>				
Gross Amount Due to Customers	2,311	-	-	2,311
Trade and Other Payables	2,342,750	202,705	(387,777)	2,157,678
Short Term Borrowings	553,554	28,650	(12,504)	569,700
Bank Overdrafts	60,875	-	-	60,875
Current Tax Liabilities	37,540	4,902	(792)	41,650
	<u>2,997,030</u>	<u>236,257</u>	<u>(401,073)</u>	<u>2,832,214</u>
<b>Total Liabilities</b>	<u>6,917,065</u>	<u>500,070</u>	<u>(1,156,238)</u>	<u>6,260,897</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>12,441,762</u>	<u>698,322</u>	<u>(1,157,549)</u>	<u>11,982,535</u>

	As previously reported RM'000	Effects of adopting FRS 10 RM'000	Effects of adopting FRS 11 RM'000	As restated RM'000
<b>Statement of Comprehensive Income</b>				
<b>3 months ended 31 January 2013</b>				
Revenue	687,550	58,759	(11,380)	734,929
Cost of sales	(491,537)	(32,984)	8,378	(516,143)
Gross profit	<u>196,013</u>	<u>25,775</u>	<u>(3,002)</u>	<u>218,786</u>
Other operating income	15,147	1,238	(4,068)	12,317
Selling and marketing expenses	(34,581)	(3,501)	1,308	(36,774)
Administrative and general expenses	(47,917)	(911)	4,972	(43,856)
Share of profit less losses of jointly controlled entities	-	-	(2,878)	(2,878)
Share of profit less losses of associated companies	2	-	-	2
Finance costs	(12,495)	(1,125)	1,754	(11,866)
<b>Profit before taxation</b>	<u>116,169</u>	<u>21,476</u>	<u>(1,914)</u>	<u>135,731</u>
Taxation	(22,959)	(17,432)	10,407	(29,984)
<b>Profit for the period</b>	<u>93,210</u>	<u>4,044</u>	<u>8,493</u>	<u>105,747</u>
<b>Other comprehensive income:</b>				
Exchange differences on translation of foreign operations	(2,812)	(124)	-	(2,936)
Total comprehensive income for the period	<u>90,398</u>	<u>3,920</u>	<u>8,493</u>	<u>102,811</u>
<b>Profit attributable to:</b>				
Owners of the Company	92,913	274	-	93,187
Non-controlling interests	297	3,770	8,493	12,560
	<u>93,210</u>	<u>4,044</u>	<u>8,493</u>	<u>105,747</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	90,097	150	-	90,247
Non-controlling interests	301	3,770	8,493	12,564
	<u>90,398</u>	<u>3,920</u>	<u>8,493</u>	<u>102,811</u>

1. **Basis of preparation (continued)**

	<b>As previously reported RM'000</b>	<b>Effects of adopting FRS 10 &amp; FRS 11 RM'000</b>	<b>As restated RM'000</b>
<b>Statement of Cash Flows</b>			
<b>3 months ended 31 January 2013</b>			
Net cash generated from operating activities	56,124	7,168	63,292
Net cash used in investing activities	(225,627)	3,191	(222,436)
Net cash generated from financing activities	200,726	4,819	205,545
Net changes in cash and cash equivalents	<u>31,223</u>	<u>15,178</u>	<u>46,401</u>
Effect of exchange rate changes	(1,511)	857	(654)
Cash and cash equivalents at 1 November 2012	<u>1,350,661</u>	<u>(70,854)</u>	<u>1,279,807</u>
Cash and cash equivalents at 31 January 2013	<u><u>1,380,373</u></u>	<u><u>(54,819)</u></u>	<u><u>1,325,554</u></u>

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 31 January 2014.

4. **Changes in estimates**

There were no material changes in estimates for the financial period ended 31 January 2014.

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 issuance of RM609 million in nominal value of the unrated subordinated Islamic perpetual notes ("Perpetual Bond") on 13 December 2013.

6. **Dividends paid**

There were no payment of dividend during the current financial quarter and period-to-date ended 31 January 2014.

## 7. Segmental Reporting

The segmental analysis for the financial period ended 31 January 2014 are as follows:-

	<b>Property Development</b>	<b>Construction</b>	<b>Other Operations</b>	<b>Eliminations</b>	<b>Consolidated</b>
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>					
External sales	670,634	25,583	25,342	-	721,559
Inter-segment sales	43,689	85,071	32,289	(161,049)	-
Total revenue	<u>714,323</u>	<u>110,654</u>	<u>57,631</u>	<u>(161,049)</u>	<u>721,559</u>
Gross profit	197,772	2,305	4,969	-	205,046
Other operating income	52,851	404	9,358	-	62,613
Operating expenses	(90,632)	(2,428)	(4,803)	-	(97,863)
Share of net profits less losses of jointly controlled entities	(9,764)	(717)	1,659	-	(8,822)
Share of net profits less losses of associated companies	41	-	-	-	41
Finance costs	(13,644)	(207)	-	-	(13,851)
Profit before taxation	<u>136,624</u>	<u>(643)</u>	<u>11,183</u>	<u>-</u>	<u>147,164</u>
Tax expense					(30,175)
Profit for the period					<u><u>116,989</u></u>

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

There were no material transactions or events subsequent to the current quarter ended 31 January 2014 till 13 March 2014 (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) Incorporation of China-Malaysia Qinzhou Industrial Park (Guangxi) Development Co., Ltd. ("CMQIP") on 22 November 2013 with an issued and paid up share capital of RMB300 million comprising of 300 million ordinary shares of RMB1.00 each ("the shares"). CMQIP is 45% owned by Qinzhou Development (Malaysia) Consortium Sdn Bhd, a jointly controlled entity of the Group; and
- (ii) Deregistration of Setia (Hangzhou) Development Company Limited from being a wholly owned subsidiary of S P Setia Berhad on 3 January 2014.

## 10. Contingent Liabilities

There were no contingent liabilities in respect of the Group since the last financial year. The contingent liabilities in the previous financial year have been restated to nil due to the adoption of the new FRSs mentioned in note 1 above.

## 11. Capital Commitments

	<b>As at 31/01/2014 RM'000</b>
Commitments to purchase development land (contracted)	15,896
Contractual commitments for construction of investment properties	19,266
Contractual commitments for acquisition of property, plant and equipment	1,074
Contractual commitments in relation to Development Agreement	<u>100,000</u>

## 12. Significant Related Party Transactions

	<b>01/11/2013 To 31/01/2014 RM'000</b>
<i>Transactions with jointly controlled entities:-</i>	
(i) Project management and administrative fee received and receivable	887
(ii) Rental paid and payable	358
(iii) Security services rendered	81
(iv) Event service fee charged	12
(v) Group marketing fee charged	86
(vi) Sale of investment property	88,405
(vii) Staff secondment	625

*Transactions with directors of the Company and subsidiary companies, companies and trust bodies in which they have interests:-*

(i) Security services rendered to a trust body in which a director of the Company and the directors of subsidiary companies are the trustees	35
(ii) Rental charged to a trust body in which a director of the Company and the directors of subsidiary companies are the trustees	30
(iii) Rental charged to a trust body in which a former director of the Company is the trustee	7
(iv) Event fees charged to a trust body in which a former director of the Company is the trustee	75
(v) Supply and installation of timber decking to a trust body in which a former director of the Company is the trustee	10
(vi) Sale of development properties to directors of the Company	7,623
(vii) Sale of development properties to directors of the subsidiary companies	5,069

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF  
BURSA MALAYSIA SECURITIES BERHAD**

**1. Review of Group Performance**

The Group reported a profit before taxation (“PBT”) of RM147.2 million, which is 8% higher than RM135.7 million reported for 1Q2013.

Revenue and PBT of the respective operating business segments for the current quarter are analysed as follows:-

	<b>1Q2014</b>	<b>1Q2013</b>
	<b>RM’000</b>	<b>(Restated) RM’000</b>
<b>Revenue</b>		
Property Development	670,634	690,489
Construction	25,583	24,480
Other Operations	25,342	19,960
	<hr/> 721,559	<hr/> 734,929
	<hr/> <hr/>	<hr/> <hr/>
<b>Profit before taxation</b>		
Property Development	136,624	133,113
Construction	(643)	167
Other Operations	11,183	2,451
	<hr/> 147, 164	<hr/> 135,731
	<hr/> <hr/>	<hr/> <hr/>

**Property Development**

Revenue from property development activities decreased by 3%, however PBT increased by 3%. The current quarter PBT includes the gain from the disposal of an Investment Property of the Group. The increase is slightly offset by the share-based payment expense of approximately RM12.1 million pursuant to the Company’s employees’ LTIP which was granted in May 2013.

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, *Setia Walk* in Puchong, *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 Greens* and *Brook Road* in Penang and *18 Woodsville and Eco Sanctuary* in Singapore.

**Construction**

Revenue for the current quarter is mainly derived from the construction of a concession asset in Penang and also the Jabatan Keretapi Negeri Sabah building in Sabah. These projects are undertaken pursuant to a Build-Operate-Transfer Agreement with the Majlis Perbandaran Pulau Pinang and a Development Agreement with the Sabah State Government respectively in exchange for development rights in Penang and land in Sabah for the Aeropod project. As such, the construction profit to be recognised on these projects will not be significant as the Group expects to derive most of the benefits from subsequent development activities to be undertaken in both states.

**Other Operations**

Revenue and profit from Other Operations mainly consist of wood-based manufacturing, trading activities and the Setia City Convention Centre operations.

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

The Group's current quarter profit before taxation is RM147.2 million, which is RM70 million lower than the preceding quarter ended 31 October 2013. This is partly attributable to slower progress of works during the festive season.

## **3. Prospects for the Current Financial Year**

The Board is pleased to report that the Group achieved RM1.63 billion in sales during the first quarter of FY2014, representing a 34% increase from the RM1.22 billion recorded for the first quarter of FY2013. As at 28 February 2014, total Group Sales for the first four months of the current financial year totalled RM1.83 billion.

The strong performance in the first four months of FY2014 is attributable to the undiminished demand for affordable homes, particularly in the Klang Valley. Setia EcoHill, the Group's newest township development in Semenyih launched landed homes in November 2013 which received an overwhelming response due to its attractive price ranges, promise of enhanced accessibility and eco design concept. The Group also launched the final block of medium cost apartments located within its flagship Setia Alam township which were snapped up by largely first-time homeowners.

On the international front, the Group has fully launched its projects in Singapore and Australia in FY2013 and will focus on selling the remaining units in FY2014. It is also working closely with its joint-venture partners to launch Phase 2 of Battersea Power Station by mid-2014.

Despite the good start, FY2014 has been quite challenging on several fronts. Demand has dampened considerably for higher-priced properties and cost pressures are rising. The industry also continues to face shortages of skilled labour. Given the large pipeline of properties to be completed as a result of the extremely strong sales over the last two to three years, execution and timely delivery will remain the Group's key focus areas for the rest of FY2014.

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

Not applicable as no profit forecast was published.

## 5. Income Tax

Income Tax comprises:-

	<b>3 MONTHS AND FINANCIAL PERIOD-TO-DATE ENDED</b>	
	<b>31/01/2014</b>	<b>31/01/2013 (Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>
- current taxation	32,307	51,549
- in respect of prior years	(77)	711
- deferred taxation	(2,055)	(28,274)
- in respect of prior years	-	5,998
	<b>30,175</b>	<b>29,984</b>

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. 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 13 March 2014, 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 S P Setia, 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 include 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

Pursuant to a Supplemental Agreement entered into between the parties on 27 January 2014, the disposal of the Stage 1 Land and Stage 2 Land is expected to be completed by the end of FY2014;

(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 Eco-Xuan Lai Thieu on the Land for a term of 50 years from the date of issuance of the Investment Certificate.

## 6. Status of Corporate Proposals (continued)

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 balance of the consideration is payable upon the issuance of the land use right certificate in the name of Setia LT;

- (iii) On 29 November 2012, Setia Federal Hill Sdn Bhd (formerly known as Sentosa Jitra Sdn Bhd, a 50% jointly controlled entity of S P Setia Berhad, entered into a Privatisation Agreement with the Government of Malaysia (“Government”) and Syarikat Tanah dan Harta Sdn Bhd to undertake the development and construction of a new integrated health and research complex to be known as the 1NIH Complex for the Government on a piece of land in Setia Alam, Selangor measuring approximately 41.115 acres (“Project Land”) by way of land swap for another piece of land measuring approximately 51.568 acres along Jalan Bangsar, Kuala Lumpur.

As announced on 2 October 2013, the period for fulfillment of the conditions precedent in the Privatisation Agreement has been extended to expire on 28 June 2014;

- (iv) On 6 February 2013, Rockbay Streams Sdn Bhd, a wholly owned subsidiary of S P Setia Berhad has entered into an agreement (“Development Agreement”) with Cash Band (M) Berhad, 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;

- (v) On 13 December 2013, S P Setia Berhad issued a total of RM609 million in nominal value of the Sukuk Musharakah (“Perpetual Bond”) programme of up to RM700 million in nominal value. The Perpetual Bond has been classified as equity in accordance with applicable financial reporting standard.

The Perpetual Bond is perpetual in nature with no contractual maturity date. The Company may at its option redeem the relevant Perpetual Bond on the 5th anniversary of the issue date of the relevant Perpetual Bond and thereafter on each subsequent semi-annual periodic distribution date of the relevant Perpetual Bond.

The issuance of the Perpetual Bond will not have any effect on the issued and paid-up capital of the Company and the shareholdings of substantial shareholders of the Company. The Perpetual Bond is also not expected to have any material effect on the earnings and net assets attributable to ordinary shareholders of the Company; and

## 6. Status of Corporate Proposals (continued)

- (vi) Subject to the approvals from the relevant authorities and/or the relevant parties as well as the shareholders' approval being obtained at an Extraordinary General Meeting to be convened, the Company proposes to undertake a dividend reinvestment plan ("Proposed DRP").

The Board has determined that the Proposed DRP, if approved, will apply to the final dividend in respect of the financial year ended 31 October 2013 ("Final Dividend") and shareholders of the Company be given an option to elect to reinvest the entire Final Dividend in new ordinary share(s) of RM0.75 each in the Company ("S P Setia Shares) in accordance with the Proposed DRP.

The Board will determine the issue price of the new S P Setia Shares to be issued pursuant to the Final Dividend on a price fixing date to be announced later ("Price Fixing Date") at an issue price of not more than 10% discount to the volume weighted average market price ("VWAMP") of S P Setia Shares for the 5 market days immediately prior to the Price Fixing Date. The VWAMP shall be ex-Dividend i.e. adjusted for Dividend, before applying the aforementioned discount in fixing the Issue Price or the par value of S P Setia Shares at the material time.

On 17 February 2014, Bursa Malaysia Securities Berhad approved the listing of 88,716,500 new S P Setia Shares on the Main Market of Bursa Malaysia Securities Berhad in relation to the Proposed DRP. Accordingly, circular have been issued to shareholders on 5 March 2014.

- (b) As at 31 January 2014, the status of the utilisation of proceeds raised under the Placement exercise which was completed on 25 February 2013, amounting to RM942.86 million is as set out below:-

<b>Purpose</b>	<b>Proposed utilisation RM'000</b>	<b>Actual utilisation 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	(169,159)	380,841	Within 24 months
Future expansion plans	181,900	(79,893)	102,007	Within 24 months
Repayment of bank borrowings	200,000	(200,000)	-	Within 3 months
Estimated expenses for the Corporate Exercise	10,958	(9,541)	1,417	Within 3 months
<b>Total</b>	<b>942,858</b>	<b>(458,593)</b>	<b>484,265</b>	

## 7. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 31 January 2014 were as follows:-

	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	RM'000	RM'000	RM'000
Bank Overdrafts	1,328	65,397	66,725
Short Term Bank Borrowings	404,930	245,000	649,930
Long Term Bank Borrowings	2,699,573	700,000	3,399,573
	<u>3,105,831</u>	<u>1,010,397</u>	<u>4,116,228</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	2,457,043	1,002,131	3,459,174
Singapore Dollar	446,066	8,266	454,332
Australian Dollar	183,106	-	183,106
US Dollar	19,616	-	19,616
	<u>3,105,831</u>	<u>1,010,397</u>	<u>4,116,228</u>

## 8. Material Litigation

The Group is not engaged in any material litigation as at 13 March 2014, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

## 9. Dividends Declared

No interim dividend has been recommended in respect of the financial period ended 31 January 2014.

## 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 AND FINANCIAL PERIOD TO- DATE ENDED</b>	
	<b>31/01/2014</b>	<b>31/01/2013 (Restated)</b>
	<b>'000</b>	<b>'000</b>
Profit for the period attributable to equity holders of the Company (RM)	96,776	93,187
Number of ordinary shares at beginning of the period	2,458,712	2,005,668
Effect of shares issued pursuant to exercise of Warrants	-	17,024
Weighted average number of ordinary shares	<u>2,458,712</u>	<u>2,022,692</u>
Basic Earnings Per Share (sen)	<u>3.94</u>	<u>4.61</u>

## 10. Earnings Per Share Attributable To Equity Holders of The Company (continued)

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 Warrants and the LTIP granted, adjusted for the number of such shares that would have been issued at fair value, calculated as follows:

	<b>3 MONTHS AND FINANCIAL PERIOD TO-DATE ENDED</b>	
	<b>31/01/2014</b>	<b>31/01/2013 (Restated)</b>
	<b>'000</b>	<b>'000</b>
Profit for the period attributable to equity holders of the Company (RM)	96,776	93,187
Weighted average number of ordinary shares as per basic Earnings Per Share	2,458,712	2,022,692
Effect of potential exercise of LTIP	16,246	-
Weighted average number of ordinary shares	2,475,958	2,022,692
Diluted Earnings Per Share (sen)	3.91	4.61

## 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>31/01/2014</b>	<b>31/10/2013 (Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits of the Company and its subsidiaries:		
- Realised	1,977,110	1,855,594
- Unrealised	157,131	156,786
	<u>2,134,241</u>	<u>2,012,380</u>
Total share of retained profits from jointly controlled entities:		
- Realised	(15,978)	(7,358)
- Unrealised	897	1,099
	<u>(15,081)</u>	<u>(6,259)</u>
Total share of retained profits from associated companies:		
- Realised	(852)	(893)
- Unrealised	-	-
	<u>(852)</u>	<u>(893)</u>
Less: Consolidation adjustments	(554,461)	(538,157)
Total Group retained profits as per consolidated accounts	<u>1,563,847</u>	<u>1,467,071</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 Malaysia 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 AND FINANCIAL PERIOD-TO- DATE ENDED 31/01/2014 RM'000</b>
Interest income	15,442
Other income including investment income	7,385
Interest expense	(13,851)
Depreciation and amortisation	(5,531)
Provision for write off of receivables	N/A
Provision for and write off of inventories	N/A
Gain or loss on disposal of quoted or unquoted investments or properties	39,614
Impairment of assets	N/A
Foreign exchange gain	146
Gain or loss on derivatives	N/A
Exceptional items	N/A

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

The preceding audited financial statements for the year ended 31 October 2013 was unqualified.