

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

Interim Financial Report
31 January 2015

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

Interim Financial Report - 31 January 2015

	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	6-8
Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad	9-15

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2015
(The figures have not been audited)

	(UNAUDITED) As At 31 January 2015 RM'000	(AUDITED) As At 31 October 2014 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	132,425	135,118
Investment Properties	709,545	700,205
Land Held for Property Development	4,751,528	4,643,294
Concession Assets	108,513	100,107
Investment in Jointly Controlled Entities	739,922	657,653
Investment in Associated Companies	100,647	94,101
Amount Owing by Former Joint Venture Partner	14,398	14,398
Deferred Tax Assets	174,291	172,706
	<u>6,731,269</u>	<u>6,517,582</u>
Current Assets		
Property Development Costs	3,101,128	2,982,007
Gross Amount Due from Customers	15,641	14,859
Inventories	52,859	46,043
Trade and Other Receivables	1,034,971	743,956
Amount Owing by Jointly Controlled Entities	365,527	315,088
Current Tax Assets	101,486	76,044
Deposits	1,622,785	1,165,099
Cash and Bank Balances	1,408,179	1,246,941
	<u>7,702,576</u>	<u>6,590,037</u>
TOTAL ASSETS	<u>14,433,845</u>	<u>13,107,619</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	1,906,127	1,903,748
Reserves		
Share Premium	2,299,453	2,290,486
Option Reserve	52,820	43,363
Exchange Translation Reserve	61,189	11,958
Retained Earnings	1,710,338	1,609,026
Equity Attributable to Owners of the Company	<u>6,029,927</u>	<u>5,858,581</u>
Perpetual Bond	613,765	622,998
Non-controlling Interests	321,661	310,101
Total Equity	<u>6,965,353</u>	<u>6,791,680</u>
Non-current Liabilities		
Long Term Borrowings	4,081,666	3,387,935
Redeemable Cumulative Preference Shares	56,088	55,768
Deferred Tax Liabilities	13,096	10,769
	<u>4,150,850</u>	<u>3,454,472</u>
Current Liabilities		
Gross Amount Due to Customers	324	163
Trade and Other Payables	2,048,181	1,924,039
Short Term Borrowings	1,216,461	879,403
Bank Overdrafts	46,126	51,656
Current Tax Liabilities	6,550	6,206
	<u>3,317,642</u>	<u>2,861,467</u>
Total Liabilities	<u>7,468,492</u>	<u>6,315,939</u>
TOTAL EQUITY AND LIABILITIES	<u>14,433,845</u>	<u>13,107,619</u>
Net Assets Per Share Attributable to Owners of the Company	<u>2.37</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 31 JANUARY 2015
(The figures have not been audited)

	3 MONTHS ENDED	
	31 January 2015	31 January 2014
	RM'000	RM'000
Revenue	926,010	721,559
Cost of sales	(662,516)	(516,513)
Gross profit	<u>263,494</u>	<u>205,046</u>
Other operating income	30,394	62,613
Selling and marketing expenses	(32,558)	(35,895)
Administrative and general expenses	(56,213)	(61,968)
Share of profits less losses of jointly controlled entities	(27,650)	(8,822)
Share of profits less losses of associated companies	(1,949)	41
Finance costs	(21,430)	(13,851)
Profit before taxation	<u>154,088</u>	<u>147,164</u>
Taxation	(35,785)	(30,175)
Profit for the period	<u>118,303</u>	<u>116,989</u>
Other comprehensive income:		
Item that may be reclassified to profit or loss in subsequent periods:		
- Exchange differences on translation of foreign operations	49,398	50,808
Total comprehensive income for the period	<u>167,701</u>	<u>167,797</u>
Profit attributable to:		
Holders of Perpetual bond	9,133	4,964
Non-controlling interests	7,858	15,249
	<u>16,991</u>	<u>20,213</u>
Owners of the Company	<u>101,312</u>	<u>96,776</u>
	<u>118,303</u>	<u>116,989</u>
Total comprehensive income attributable to:		
Holders of Perpetual bond	9,133	4,964
Non-controlling interests	8,025	15,293
	<u>17,158</u>	<u>20,257</u>
Owners of the Company	<u>150,543</u>	<u>147,540</u>
	<u>167,701</u>	<u>167,797</u>
Earnings per share attributable to equity holders of the Company		
- Basic earnings per share (sen)	3.99	3.94
- Diluted earnings per share (sen)	<u>3.95</u>	<u>3.91</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 31 JANUARY 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	Non-Distributable Share-Based Payment Reserve RM'000	Exchange Translation Reserve RM'000					
Balance at 1.11.2014	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	-	-	-	49,231	-	49,231	-	167	49,398
Profit for the period	-	-	-	-	101,312	101,312	-	7,858	109,170
Distribution for the year	-	-	-	-	-	-	9,133	-	9,133
Distribution paid	-	-	-	-	-	-	(18,366)	-	(18,366)
Transactions with owners:									
Liquidation of subsidiaries	-	-	-	-	-	-	-	3,535	3,535
Issuance of ordinary shares									
- Exercise of Employee Share Grant Plan ("ESGP")	2	4	(6)	-	-	-	-	-	-
- Exercise of Employee Share Option Scheme ("ESOS")	2,377	8,963	(1,619)	-	-	9,721	-	-	9,721
Share-based payment under Employees' Long Term Incentive Plan ("LTIP")	-	-	11,082	-	-	11,082	-	-	11,082
Balance at 31.01.2015	1,906,127	2,299,453	52,820	61,189	1,710,338	6,029,927	613,765	321,661	6,965,353
Balance at 1.11.2013	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
Balance at 1.11.2013, as restated	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 year represented by exchange differences on translation of foreign operations	-	-	-	50,764	-	50,764	-	44	50,808
Profit for the year	-	-	-	-	96,776	96,776	-	15,249	112,025
Issuance of Perpetual bond	-	-	-	-	-	-	609,000	-	609,000
Distribution for the year	-	-	-	-	-	-	4,964	-	4,964
Transactions with owners:									
Share-based payment under Employees' Long Term Incentive Plan ("LTIP")	-	-	12,058	-	-	12,058	-	-	12,058
Balance at 31.01.2014	1,844,034	2,128,696	35,587	53,834	1,563,847	5,625,998	613,964	270,531	6,510,493

(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 31 JANUARY 2015
(The figures have not been audited)

	3 MONTHS ENDED 31 January 2015	3 MONTHS ENDED 31 January 2014
	RM'000	RM'000
Profit before taxation	154,088	147,164
Adjustments for:-		
Non-cash items	46,896	(12,354)
Non-operating items	(204)	(6,699)
Operating profit before changes in working capital	<u>200,780</u>	<u>128,111</u>
Changes in property development costs	(37,948)	(11,321)
Changes in gross amount due from/to customers	(622)	1,700
Changes in inventories	651	687
Changes in receivables	(5,453)	88,953
Changes in payables	(135,937)	(135,726)
Cash generated from operations	<u>21,471</u>	<u>72,404</u>
Interest received	13,996	6,423
Interest paid	(58,135)	(47,605)
Rental received	400	399
Tax paid	(61,507)	(67,157)
Net cash used in operating activities	<u>(83,775)</u>	<u>(35,536)</u>
Investing Activities		
Additions to land held for future development	(149,796)	(70,339)
Purchase of property, plant and equipment	(2,847)	(4,870)
Additions to investment properties	(6,663)	(41,196)
Additions to concession assets	(8,405)	(11,776)
Proceeds from disposal of property, plant and equipment	66	8
Proceeds from disposal of investment property	-	4,767
Net outflow from liquidation of subsidiary companies	(2,297)	-
Acquisition of additional investment in existing jointly controlled entities	(81,343)	(134,105)
Advances to jointly controlled entities	(24,636)	(46,484)
Deposit and part consideration paid for acquisition of land	(45,000)	-
Repayment by associated company	-	2
Other investments	2,316	13,441
Net cash used in investing activities	<u>(318,605)</u>	<u>(290,552)</u>

S P SETIA BERHAD
(Company No.: 19698-X)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 JANUARY 2015
(The figures have not been audited)

	3 MONTHS ENDED 31 January 2015	3 MONTHS ENDED 31 January 2014
	RM'000	RM'000
Financing Activities		
Proceeds from issuance of ordinary shares - exercise of ESOS	9,721	-
Proceeds from issuance of Perpetual bond	-	609,000
Perpetual bond distribution paid	(18,366)	-
Drawdown of bank borrowings	1,192,036	185,662
Repayment of bank borrowings	(170,789)	(65,142)
Redeemable cumulative preference share dividends paid to minority shareholder of subsidiary company	-	(1,078)
Interest paid	(490)	(2,517)
Net cash generated from financing activities	<u>1,012,112</u>	<u>725,925</u>
Net changes in cash and cash equivalents	609,732	399,837
Effect of exchange rate changes	9,800	5,899
Cash and cash equivalents at 1 November 2014/2013	2,332,802	2,081,758
Cash and cash equivalents at 31 January 2015/2014	<u>2,952,334</u>	<u>2,487,494</u>
	31 January 2015	31 January 2014
	RM'000	RM'000
Deposits	1,622,785	1,334,266
Cash and bank balances	1,408,179	1,238,840
Bank overdrafts	(46,126)	(66,725)
	<u>2,984,838</u>	<u>2,506,381</u>
Less: Deposits pledged and maintained in Sinking Fund	(2,000)	(2,000)
Sinking Fund, Debt Service Reserve and Escrow Accounts	(30,504)	(16,887)
	<u>2,952,334</u>	<u>2,487,494</u>

(The Condensed Consolidated Statement 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 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 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 119	Defined Benefits Plans: Employee Contributions
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 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 31 January 2015.

4. Changes in estimates

There were no material changes in estimates for the financial period ended 31 January 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 exercise of Employee Share Grant Plan (“ESGP”); and
- (b) Issuance of 3,168,750 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)	3,000	169

6. Dividends paid

There were no payment of dividend during the current financial quarter and period-to-date ended 31 January 2015.

7. Segmental Reporting

The segmental analysis for the financial period ended 31 January 2015 are as follows:-

	Property Development RM’000	Construction RM’000	Other Operations RM’000	Eliminations RM’000	Consolidated RM’000
<u>Revenue</u>					
External sales	814,833	68,268	42,909	-	926,010
Inter-segment sales	30,227	69,789	30,446	(130,462)	-
Total revenue	845,060	138,057	73,355	(130,462)	926,010
Gross profit	253,247	3,291	6,956	-	263,494
Other operating income	14,311	278	15,805	-	30,394
Operating expenses	(84,065)	(1,675)	(3,031)	-	(88,771)
Share of net profits less losses of jointly controlled entities	(29,599)	1,115	834	-	(27,650)
Share of net profits less losses of associated companies	(1,949)	-	-	-	(1,949)
Finance costs	(19,726)	-	(1,704)	-	(21,430)
Profit before taxation	132,219	3,009	18,860	-	154,088
Tax expense					(35,785)
Profit for the period					118,303

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 2015 till 4 March 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

	As at 31/01/2015 RM'000
Guarantees given to bank for performance bonds granted to a jointly controlled entity	<u>7,500</u>

11. Capital Commitments

	As at 31/01/2015 RM'000
Commitments to purchase development land (contracted)	12,303
Contractual commitments for construction of investment properties	447,269
Contractual commitments for acquisition of property, plant and equipment	676
Contractual commitments in relation to Development Agreement	<u>100,000</u>

12. Significant Related Party Transactions

	01/11/2014 To 31/01/2015 RM'000
<i>Transactions with jointly controlled entities:-</i>	
(i) Project management and administrative fee received and receivable	887
(ii) Rental paid and payable	287
(iii) Event service fee charged	31
(iv) Group marketing fee charged	59
(v) Construction services rendered	43,388
(vi) Staff secondment	482

**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:-

	1Q2015	1Q2014
	RM’000	RM’000
Revenue		
Property Development	814,833	670,634
Construction	68,268	25,583
Other Operations	42,909	25,342
	<u>926,010</u>	<u>721,559</u>
Profit before taxation		
Property Development	132,219	136,624
Construction	3,009	(643)
Other Operations	18,860	11,183
	<u>154,088</u>	<u>147,164</u>

Property Development

Revenue from property development activities increased by 22%, however PBT decreased by 3%.

The increase in revenue was mainly contributed from higher revenue recognition as a result of increase in the progress of development works.

Despite the increase in revenue, the slight decrease in PBT was mainly due to:

- Mismatch between initial expenses incurred which were charged to profit or loss and revenue recognition for projects in the United Kingdom and Australia as revenue is recognised at a point in time when the construction of the property is completed and handed over to the customer;
- Higher selling and marketing expenses were incurred for the global launch of Battersea Power Station Phase 3A; and
- Early recognition of the Goods and Services Tax (“GST”) financial impact of RM22.7 million in the current quarter.

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* and *Setia V Residences* in Penang and *18 Woodsville and Eco Sanctuary* in Singapore.

1. Review of Group Performance (continued)

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; and
- (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.

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 the respective 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 RM154.1 million, which is RM68.2 million lower than the preceding quarter ended 31 October 2014. This is partly attributable to slower progress of works during the festive season.

3. Prospects for the Current Financial Year

The Group started off the year by achieving RM1.0 billion sales during the first quarter of FY2015. As at 28 February 2015, total Group sales for the first four months of the current financial year totalled RM1.2 billion.

The Group’s high unbilled sales of RM11.5 billion has position the Group in a very solid position to perform well in the current financial year.

International Projects

This quarter saw the recognition of the Group’s 40 percent (40%) share of the sales from the global launch of Battersea Power Station Phase 3A of RM658 million. Total sales contributed from the Group’s 40 percent (40%) share of the Battersea Power Station project stood at RM737 million.

Malaysian Projects

The group witnessed strong demand for its mid-priced range products particularly in Klang Valley evidenced by strong bookings from its new launches. Aside from mid-priced range products launched, the Group’s established townships like *Setia Alam* continue to attract home buyers due to good infrastructure and amenities. Other upcoming townships like *Setia EcoHill* and *Setia Eco Glades* continue to attract home buyers due to its strategic locations, supported by infrastructure projects like the Klang Valley Mass Rapid Transit (“KVMRT”).

The Group is confident that with the right products and the strategic location of its remaining landbank, the Group will continue to witness strong demand for its properties in the current 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 AND FINANCIAL PERIOD-TO-DATE ENDED	
	31/01/2015	31/01/2014
	RM'000	RM'000
- current taxation	36,457	32,307
- in respect of prior years	(918)	(77)
- deferred taxation	(551)	(2,055)
- in respect of prior years	797	-
	35,785	30,175

The Group's effective tax rate for current quarter is lower compared to the statutory tax 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 4 March 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 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 financial year ending 31 October 2015;

(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.

6. Status of Corporate Proposals (continued)

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.

As of 4 March 2015, 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

- (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.

- (b) As at 31 January 2015, 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:-

	Proposed utilisation RM'000	Actual utilisation RM'000	Reallocation RM'000	Balance unutilised RM'000	Intended timeframe for utilisation from completion date
Purpose					
Existing projects and general working capital requirements	550,000	(347,893)	-	202,107	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
Total	942,858	(740,751)	-	202,107	

7. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 31 January 2015 were as follows:-

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Bank Overdrafts	1,828	44,298	46,126
Short Term Bank Borrowings	771,461	445,000	1,216,461
Long Term Bank Borrowings	3,381,666	700,000	4,081,666
Redeemable cumulative preference shares	-	56,088	56,088
	<u>4,154,955</u>	<u>1,245,386</u>	<u>5,400,341</u>

Currency exposure profile of borrowings is as follows:-

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Ringgit Malaysia	3,321,164	1,245,386	4,566,550
Singapore Dollar	349,449	-	349,449
Australian Dollar	456,314	-	456,314
United States Dollar	28,028	-	28,028
	<u>4,154,955</u>	<u>1,245,386</u>	<u>5,400,341</u>

8. Material Litigation

The Group is not engaged in any material litigation as at 4 March 2015, 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 2015.

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:-

	3 MONTHS AND FINANCIAL PERIOD TO- DATE ENDED	
	31/01/2015	31/01/2014
	'000	'000
Profit for the period attributable to equity holders of the Company (RM)	<u>101,312</u>	<u>96,776</u>
Number of ordinary shares at beginning of the period	2,538,331	2,458,712
Effect of shares issued pursuant to:		
- Exercise of ESGP	1	-
- Exercise of ESOS	172	-
Weighted average number of ordinary shares	<u>2,538,504</u>	<u>2,458,712</u>
Basic Earnings Per Share (sen)	<u>3.99</u>	<u>3.94</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 LTIP granted, adjusted for the number of such shares that would have been issued at fair value, calculated as follows:

	3 MONTHS AND FINANCIAL PERIOD TO-DATE ENDED	
	31/01/2015 '000	31/01/2014 '000
Profit for the period attributable to equity holders of the Company (RM)	101,312	96,776
Weighted average number of ordinary shares as per basic Earnings Per Share	2,538,504	2,458,712
Effect of potential exercise of LTIP	23,609	16,246
Weighted average number of ordinary shares	2,562,113	2,475,958
Diluted Earnings Per Share (sen)	3.95	3.91

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:-

	31/01/2015 RM'000	31/10/2014 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	2,155,915	2,047,994
- Unrealised	142,219	142,809
	<u>2,298,134</u>	<u>2,190,803</u>
Total share of retained profits from jointly controlled entities:		
- Realised	(117,206)	(84,926)
- Unrealised	773	897
	<u>(116,433)</u>	<u>(84,029)</u>
Total share of retained profits from associated companies:		
- Realised	(4,232)	(987)
- Unrealised	-	-
	<u>(4,232)</u>	<u>(987)</u>
Less: Consolidation adjustments	(467,131)	(496,761)
Total Group retained profits as per consolidated accounts	<u>1,710,338</u>	<u>1,609,026</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:-

	3 MONTHS AND FINANCIAL PERIOD-TO- DATE ENDED 31/01/2015 RM'000
Interest income	17,821
Other income including investment income	11,335
Interest expense	(21,430)
Depreciation and amortisation	(7,212)
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	1,091
Impairment of assets	N/A
Foreign exchange gain	147
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 2014 was unqualified.