

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

Interim Financial Report
31 July 2015

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

	(UNAUDITED) As At 31 July 2015	(AUDITED) As At 31 October 2014
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	132,866	135,118
Investment Properties	748,857	700,205
Land Held for Property Development	4,614,973	4,643,294
Concession Assets	152,716	100,107
Investment in Jointly Controlled Entities	1,011,274	657,653
Investment in an Associated Company	105,203	94,101
Amount Owing by Former Joint Venture Partner	14,398	14,398
Deferred Tax Assets	192,557	172,706
	<u>6,972,844</u>	<u>6,517,582</u>
Current Assets		
Property Development Costs	2,854,492	2,982,007
Gross Amount Due from Customers	12,864	14,859
Inventories	51,555	46,043
Trade and Other Receivables	1,028,393	743,956
Amount Owing by Jointly Controlled Entities	475,312	315,088
Amount Owing by an Associated Company	3,156	-
Current Tax Assets	72,180	76,044
Deposits	1,364,110	1,165,099
Cash and Bank Balances	2,184,579	1,246,941
	<u>8,046,641</u>	<u>6,590,037</u>
TOTAL ASSETS	<u>15,019,485</u>	<u>13,107,619</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	1,946,404	1,903,748
Reserves		
Share Premium	2,427,743	2,290,486
Option Reserve	49,034	43,363
Exchange Translation Reserve	146,158	11,958
Retained Earnings	2,054,415	1,609,026
Equity Attributable to Owners of the Company	<u>6,623,754</u>	<u>5,858,581</u>
Perpetual Bond	613,666	622,998
Non-controlling Interests	346,243	310,101
Total Equity	<u>7,583,663</u>	<u>6,791,680</u>
Non-Current Liabilities		
Long Term Borrowings	3,930,484	3,387,935
Redeemable Cumulative Preference Shares	55,447	55,768
Deferred Tax Liabilities	12,506	10,769
	<u>3,998,437</u>	<u>3,454,472</u>
Current Liabilities		
Gross Amount Due to Customers	671	163
Trade and Other Payables	2,113,127	1,924,039
Short Term Borrowings	1,127,010	879,403
Bank Overdrafts	88,639	51,656
Current Tax Liabilities	107,938	6,206
	<u>3,437,385</u>	<u>2,861,467</u>
Total Liabilities	<u>7,435,822</u>	<u>6,315,939</u>
TOTAL EQUITY AND LIABILITIES	<u>15,019,485</u>	<u>13,107,619</u>
Net Assets Per Share Attributable to Owners of the Company	<u>2.55</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 JULY 2015
(The figures have not been audited)

	3 MONTHS ENDED		9 MONTHS ENDED	
	31 July 2015	31 July 2014	31 July 2015	31 July 2014
	RM'000	RM'000	RM'000	RM'000
Revenue	1,634,821	902,663	4,191,090	2,576,574
Cost of sales	(1,123,745)	(629,177)	(2,970,103)	(1,826,675)
Gross profit	<u>511,076</u>	<u>273,486</u>	<u>1,220,987</u>	<u>749,899</u>
Other operating income	55,517	38,659	120,926	128,694
Selling and marketing expenses	(47,760)	(44,113)	(119,702)	(114,406)
Administrative and general expenses	(58,727)	(53,534)	(173,498)	(183,226)
Share of profits less losses of jointly controlled entities	(30,604)	(12,954)	(74,080)	(36,925)
Share of profits less losses of an associated company	189	9	(517)	62
Finance costs	(23,352)	(13,956)	(68,959)	(43,965)
Profit before taxation	<u>406,339</u>	<u>187,597</u>	<u>905,157</u>	<u>500,133</u>
Taxation	(119,986)	(61,166)	(256,920)	(138,315)
Profit for the period	<u>286,353</u>	<u>126,431</u>	<u>648,237</u>	<u>361,818</u>
Other comprehensive income:				
Item that may be reclassified to profit or loss in subsequent periods:				
- Exchange differences on translation of foreign operations	87,727	(22,668)	134,429	24,586
Total comprehensive income for the period	<u>374,080</u>	<u>103,763</u>	<u>782,666</u>	<u>386,404</u>
Profit attributable to:				
Holders of Perpetual Bond	9,133	9,134	27,102	22,933
Non-controlling interests	15,434	13,978	30,836	64,519
	<u>24,567</u>	<u>23,112</u>	<u>57,938</u>	<u>87,452</u>
Owners of the Company	<u>261,786</u>	<u>103,319</u>	<u>590,299</u>	<u>274,366</u>
	<u>286,353</u>	<u>126,431</u>	<u>648,237</u>	<u>361,818</u>
Total comprehensive income attributable to:				
Holders of Perpetual Bond	9,133	9,134	27,102	22,933
Non-controlling interests	15,599	13,921	31,065	64,454
	<u>24,732</u>	<u>23,055</u>	<u>58,167</u>	<u>87,387</u>
Owners of the Company	<u>349,348</u>	<u>80,708</u>	<u>724,499</u>	<u>299,017</u>
	<u>374,080</u>	<u>103,763</u>	<u>782,666</u>	<u>386,404</u>
Earnings per share attributable to equity holders of the Company				
- Basic earnings per share (sen)	<u>10.18</u>	<u>4.12</u>	<u>23.14</u>	<u>11.09</u>
- Diluted earnings per share (sen)	<u>10.12</u>	<u>4.09</u>	<u>22.95</u>	<u>11.02</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 JULY 2015
(The figures have not been audited)

	Attributable to owners of the Company					Perpetual Bond	Non-controlling interests	Total Equity	
	Share Capital	Share Premium	Share-Based Payment Reserve	Exchange Translation Reserve	Retained Earnings				Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	-	134,200	-	134,200	-	229	134,429
Profit for the period	-	-	-	-	590,299	590,299	-	30,836	621,135
Distribution for the period	-	-	-	-	-	-	27,102	-	27,102
Distribution paid	-	-	-	-	-	-	(36,434)	-	(36,434)
Transactions with owners:									
Liquidation/derecognition of subsidiary companies	-	-	-	-	-	-	-	5,077	5,077
Dividends paid	-	-	-	-	(144,910)	(144,910)	-	-	(144,910)
Issuance of ordinary shares									
- Dividend Reinvestment Plan ("DRP")	32,090	100,549	-	-	-	132,639	-	-	132,639
- Exercise of Employee Share Grant Plan ("ESGP")	5,125	16,321	(21,446)	-	-	-	-	-	-
- Exercise of Employee Share Option Scheme ("ESOS")	5,441	20,522	(3,703)	-	-	22,260	-	-	22,260
Share issuance expense	-	(135)	-	-	-	(135)	-	-	(135)
Share-based payment under Employees' Long Term Incentive Plan ("LTIP")	-	-	30,820	-	-	30,820	-	-	30,820
Balance at 31.07.2015	1,946,404	2,427,743	49,034	146,158	2,054,415	6,623,754	613,666	346,243	7,583,663
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 period represented by exchange differences on translation of foreign operations	-	-	-	24,651	-	24,651	-	(65)	24,586
Profit for the period	-	-	-	-	274,366	274,366	-	64,519	338,885
Issuance of Perpetual Bond	-	-	-	-	-	-	609,000	-	609,000
Distribution for the period	-	-	-	-	-	-	22,933	-	22,933
Distribution paid	-	-	-	-	-	-	(18,068)	-	(18,068)
Transactions with owners:									
Dividends paid	-	-	-	-	(172,110)	(172,110)	-	-	(172,110)
Issuance of ordinary shares									
- Dividend Reinvestment Plan ("DRP")	44,037	108,037	-	-	-	152,074	-	-	152,074
- Exercise of Employee Share Grant Plan ("ESGP")	3,037	12,754	(15,791)	-	-	-	-	-	-
- Exercise of Employee Share Option Scheme ("ESOS")	195	738	(135)	-	-	798	-	-	798
Share-based payment under Employees' Long Term Incentive Plan ("LTIP")	-	-	33,848	-	-	33,848	-	-	33,848
Balance at 31.07.2014	1,891,303	2,250,225	41,451	27,721	1,569,327	5,780,027	613,865	319,692	6,713,584

(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)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 JULY 2015
(The figures have not been audited)

	9 MONTHS ENDED 31 July 2015 RM'000	9 MONTHS ENDED 31 July 2014 RM'000
Profit before taxation	905,157	500,133
Adjustments for:-		
Non-cash items	126,670	39,433
Non-operating items	(14,031)	(22,820)
Operating profit before changes in working capital	<u>1,017,796</u>	<u>516,746</u>
Changes in property development costs	546,333	4,115
Changes in gross amount due from/to customers	1,677	9,406
Changes in inventories	1,956	(394)
Changes in receivables	(104,623)	117,229
Changes in payables	(9,657)	(49,131)
Cash generated from operations	<u>1,453,482</u>	<u>597,971</u>
Interest received	19,569	23,475
Interest paid	(187,579)	(145,061)
Rental received	1,491	1,491
Tax paid	(169,907)	(194,177)
Net cash generated from operating activities	<u>1,117,056</u>	<u>283,699</u>
Investing Activities		
Additions to land held for future development	(238,139)	(246,335)
Purchase of property, plant and equipment	(14,897)	(12,029)
Additions to investment properties	(68,130)	(94,519)
Additions to concession assets	(52,609)	(38,072)
Proceeds from disposal of property, plant and equipment	527	1,827
Proceeds from disposal of investment property	-	20,570
Additional investment in jointly controlled entities	(324,351)	(290,259)
Advances to jointly controlled entities	(116,921)	(142,646)
(Advances to)/Repayment by an associated company	(3,156)	2
Net outflow from liquidation/derecognition of subsidiary companies	(2,379)	-
Other investments	43,436	50,760
Net cash used in investing activities	<u>(776,619)</u>	<u>(750,701)</u>

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

	9 MONTHS ENDED 31 July 2015 RM'000	9 MONTHS ENDED 31 July 2014 RM'000
Financing Activities		
Proceeds from issuance of ordinary shares - exercise of ESOS	22,260	798
Proceeds from issuance of perpetual bond	-	609,000
Perpetual bond distribution paid	(36,434)	(18,068)
Payment of share issuance expenses	(135)	-
Drawdown of bank borrowings	2,034,251	670,738
Repayment of bank borrowings	(1,267,631)	(433,916)
Redeemable cumulative preference share dividends paid to minority shareholder of subsidiary companies	(1,272)	(5,049)
Interest paid	(1,009)	(2,461)
Dividends paid	(12,271)	(20,036)
Net cash generated from financing activities	<u>737,759</u>	<u>801,006</u>
Net changes in cash and cash equivalents	1,078,196	334,004
Effect of exchange rate changes	11,688	1,131
Cash and cash equivalents at 1 November 2014/2013	2,332,802	2,081,758
Cash and cash equivalents at 31 July 2015/2014	<u>3,422,686</u>	<u>2,416,893</u>
	31 July 2015	31 July 2014
	RM'000	RM'000
Deposits	1,364,110	1,224,194
Cash and bank balances	2,184,579	1,240,552
Bank overdrafts	(88,639)	(41,917)
	<u>3,460,050</u>	<u>2,422,829</u>
Less: Deposits pledged and maintained in Sinking Fund	(2,000)	(2,000)
Sinking Fund, Debt Service Reserve and Escrow Accounts	(35,364)	(3,936)
	<u>3,422,686</u>	<u>2,416,893</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 31 July 2015.

4. Material changes in estimates

There were no material changes in estimates for the financial period ended 31 July 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 6,832,119 new ordinary shares of RM0.75 each pursuant to the vesting of Employee Share Grant Plan (“ESGP”);
- (b) Issuance of 7,254,974 new ordinary shares of RM0.75 each pursuant to the exercise of Employees’ Share Options Scheme (“ESOS”) at the following option prices; and

		ESOS 1	ESOS 2
Exercise price	(RM)	3.07	3.03
No. of shares issued	(‘000)	6,924	331

- (c) Issuance of 42,786,880 new ordinary shares of RM0.75 each pursuant to Dividend Reinvestment Plan duly renewed (“3rd DRP”) at the price of RM3.10 per share.

6. Dividends paid

a) Final dividend in respect of the financial year ended 31 October 2014

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 (“3rd 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.

b) Interim dividend in respect of the financial period from 1 November 2014 to 31 December 2015

On 15 June 2015, the Board of Directors had declared a single-tier interim dividend of 4 sen per share for the financial period from 1 November 2014 to 31 December 2015 (“Interim Dividend”) and determined that Dividend Reinvestment Plan (“4th DRP”) shall apply to the entire Interim Dividend.

Based on the election made by the shareholders, a total of 33,025,020 new ordinary shares were issued and the remaining portion of RM10,347,406 was paid in cash on 9 September 2015.

7. Segmental Reporting

The segmental analysis for the financial period ended 31 July 2015 is as follows:-

	Property Development	Construction	Other Operations	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>					
External sales	3,821,156	205,896	164,038	-	4,191,090
Inter-segment sales	130,774	259,354	54,898	(445,026)	-
Total revenue	<u>3,951,930</u>	<u>465,250</u>	<u>218,936</u>	<u>(445,026)</u>	<u>4,191,090</u>
Gross profit	1,176,488	11,502	32,997	-	1,220,987
Other operating income	109,497	1,036	10,393	-	120,926
Operating expenses	(272,427)	(6,885)	(13,888)	-	(293,200)
Share of net profits less losses of jointly controlled entities	(72,631)	-	(1,449)	-	(74,080)
Share of net profits less losses of an associated company	(517)	-	-	-	(517)
Finance costs	(63,984)	(42)	(4,933)	-	(68,959)
Profit before taxation	<u>876,426</u>	<u>5,611</u>	<u>23,120</u>	<u>-</u>	<u>905,157</u>
Tax expense					(256,920)
Profit for the period					<u><u>648,237</u></u>

During the quarter, the Group reclassified certain income and expense items between segments.

8. Material Events subsequent to the End of Financial Period

There were no material transactions or events subsequent to the current quarter ended 31 July 2015 till 3 September 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

	As at 31/07/2015 RM'000
Commitments to purchase development land (contracted)	12,303
Contractual commitments for construction of investment properties	518,556
Contractual commitments for acquisition of property, plant and equipment	591
Contractual commitments in relation to Development Agreement	<u>100,000</u>

12. Significant Related Party Transactions

	01/11/2014 To 31/07/2015 RM'000
<i>Transactions with jointly controlled entities:-</i>	
(i) Project management and administrative fee received and receivable	20,629
(ii) Rental received and receivable	904
(iii) Event service fee charged	118
(iv) Group marketing fee charged	176
(v) Construction services rendered	110,526
(vi) Staff secondment	946
(vii) Interest received and receivable	4,339
<i>Transactions with directors of subsidiary companies in which they have interests:-</i>	
(i) Sale of development properties to directors of subsidiary companies and their immediate family members	7,959

**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:-

	3Q2015	3Q2014	PTD2015	PTD2014
	RM'000	RM'000	RM'000	RM'000
Revenue				
Property Development	1,525,082	837,003	3,821,156	2,398,882
Construction	52,366	40,648	205,896	105,004
Other Operations	57,373	25,012	164,038	72,688
	<u>1,634,821</u>	<u>902,663</u>	<u>4,191,090</u>	<u>2,576,574</u>
Profit before taxation				
Property Development	399,842	179,496	876,426	486,965
Construction	1,560	3,596	5,611	4,964
Other Operations	4,937	4,505	23,120	8,204
	<u>406,339</u>	<u>187,597</u>	<u>905,157</u>	<u>500,133</u>

Certain comparatives for the quarter and financial period ended 31 July 2015 have been reclassified to enhance comparability of the amounts disclosed.

(a) Performance of the current quarter against the same quarter in the preceding year (Q3 FY 2015 vs Q3 FY 2014)

Property Development

The Group achieved 82% higher revenue and 123% 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;

1. Review of Group Performance (continued)

(a) Performance of the current quarter against the same quarter in the preceding year (Q3 FY 2015 vs Q3 FY 2014) (continued)

Construction (continued)

- (c) Kompleks Insitut 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
- (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 retail malls and Setia City Convention Centre. Revenue and PBT from other operations increased by 129% and 10% due to higher volume of trade.

(b) Performance of the current period to-date against the same period in the preceding year (Q3 PTD 2015 vs Q3 PTD 2014)

For the current period to-date, the Group achieved a PBT of RM905.2 million on the back of revenue totalling RM4,191.1 million, which are 81% and 63% 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 59% higher revenue and 80% 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 126% and 182% 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 RM406.3 million, which is RM61.6 million higher than the preceding quarter ended 30 April 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*. The Group began to handover the second residential tower of *Fulton Lane* during the current quarter.

3. Prospects for the Current Financial Period from 1 November 2014 to 31 December 2015

The Group registered its strongest results to date with the completion of *Fulton Lane*, its maiden property project in Australia.

The Group achieved RM744 million of sales during the third quarter of the financial year. As at 31 July 2015, total Group's sales for the first nine months of the current financial year totalled to RM2.54 billion. Whilst sales from the Malaysian projects registered a slight decline in the third quarter, its international projects posted sales growth of 15.5% from the previous quarter.

International Projects Review

Since the preceding quarter, the Group continues to register strong revenue and profit recognition with the timely staged handovers of *Fulton Lane*, Melbourne.

Softening of interest among buyers from Asian regions due to the strengthening of the Great Britain Pound and uncertainty in economic outlook have inevitably slow down the sales in *Battersea Power Station*. Nevertheless, sales from the Group's 40% stake in *Battersea Power Station* project saw an improvement of 7.7% quarter on quarter from RM103 million to RM111 million following better market sentiment post UK election which gave rise to more certainty in tax policies such as mansion taxes. Sales from Singapore projects recorded an increase of 65% from RM32 million to RM53 million.

Malaysian Projects Review

On the local front, the property industry continues to face challenges such as tighter lending from Banks, weaker ringgit and poor market sentiment. However, the demand for affordable residential properties is still sustainable given Malaysia's relatively young population and labour force, and increasing urbanisation.

The Group's strategy to launch mid-priced range products for FY2015 continues to be fruitful as the local projects contributed RM573 million sales in the current quarter. The Group's township projects in the Klang Valley region like *Setia Alam* and *Setia EcoHill* continue to be the major contributor to sales due to its strategic locations and good infrastructure.

With unbilled sales of RM9.9 billion, the Board is confident that the Group will continue to perform well in the remaining financial period. The Group is also confident that its strategy to launch mid-priced range products in strategic locations locally will continue to garner decent sales in the remaining financial period.

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		9 MONTHS ENDED	
	31/07/2015	31/07/2014	31/07/2015	31/07/2014
	RM'000	RM'000	RM'000	RM'000
- current taxation	155,288	35,991	261,836	110,895
- in respect of prior years	14,740	9,524	13,822	8,987
- deferred taxation	(29,507)	22,492	914	25,274
- in respect of prior years	(20,535)	(6,841)	(19,652)	(6,841)
	<u>119,986</u>	<u>61,166</u>	<u>256,920</u>	<u>138,315</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 and higher tax rate in Australia.

6. Status of Corporate Proposals

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 3 September 2015, the latest practicable date which shall not be earlier than 7 days from the date of this announcement:-

- (i) 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

- (ii) On 6 February 2013, Setia Eco Templer 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.

7. Group Borrowings and Debt Securities

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

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Bank Overdrafts	21,448	67,191	88,639
Short Term Bank Borrowings	557,010	570,000	1,127,010
Long Term Bank Borrowings	3,530,484	400,000	3,930,484
Redeemable cumulative preference shares	-	55,447	55,447
	<u>4,108,942</u>	<u>1,092,638</u>	<u>5,201,580</u>

Currency exposure profile of borrowings is as follows:-

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Ringgit Malaysia	3,714,730	1,092,638	4,807,368
Singapore Dollar	287,907	-	287,907
Australian Dollar	82,803	-	82,803
United States Dollar	21,175	-	21,175
Vietnamese Dong	2,327	-	2,327
	<u>4,108,942</u>	<u>1,092,638</u>	<u>5,201,580</u>

8. Material Litigation

The Group is not engaged in any material litigation as at 3 September 2015, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

9. Dividends Declared

The Board of Directors declared a single-tier interim dividend of 4 sen per share in respect of the financial period from 1 November 2014 to 31 December 2015 and determined that Dividend Reinvestment Plan ("DRP") shall apply to the entire interim dividend.

A total of 33,025,020 ordinary shares of RM0.75 each were issued at RM2.83 per share on 9 September 2015 pursuant to the DRP. The remaining cash dividend was paid on 9 September 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 ENDED		9 MONTHS ENDED	
	31/07/2015	31/07/2014	31/07/2015	31/07/2014
	'000	'000	'000	'000
Profit for the period attributable to equity holders of the Company (RM)	261,786	103,319	590,299	274,366
Number of ordinary shares at beginning of the period	2,542,290	2,458,712	2,538,331	2,458,712
Effect of shares issued pursuant to:				
- Dividend Reinvestment Plan ("DRP")	24,184	46,590	8,150	15,701
- Vesting of ESGP	2,079	1,232	702	415
- Exercise of ESOS	2,548	31	3,373	10
Weighted average number of ordinary shares	2,571,101	2,506,565	2,550,556	2,474,838
Basic Earnings Per Share (sen)	10.18	4.12	23.14	11.09

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 ENDED		9 MONTHS ENDED	
	31/07/2015	31/07/2014	31/07/2015	30/04/2014
	'000	'000	'000	'000
Profit for the period attributable to equity holders of the Company (RM)	261,786	103,319	590,299	274,366
Weighted average number of ordinary shares as per basic Earnings Per Share	2,571,101	2,506,565	2,550,556	2,474,838
Effect of potential exercise of LTIP	14,642	18,834	21,196	15,363
Weighted average number of ordinary shares	2,585,743	2,525,399	2,571,752	2,490,201
Diluted Earnings Per Share (sen)	10.12	4.09	22.95	11.02

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:-

	31/07/2015	31/10/2014
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	2,535,022	2,047,994
- Unrealised	159,677	142,809
	<u>2,694,699</u>	<u>2,190,803</u>
Total share of (accumulated losses)/retained profits from jointly controlled entities:		
- Realised	(164,651)	(84,926)
- Unrealised	1,788	897
	<u>(162,863)</u>	<u>(84,029)</u>
Total share of accumulated losses from associated companies:		
- Realised	(2,800)	(987)
- Unrealised	-	-
	<u>(2,800)</u>	<u>(987)</u>
Less: Consolidation adjustments	(474,621)	(496,761)
Total Group retained profits as per consolidated accounts	<u><u>2,054,415</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:-

	3 MONTHS	9 MONTHS
	ENDED	ENDED
	31/07/2015	31/07/2015
	RM'000	RM'000
Interest income	28,685	73,139
Other income including investment income	27,007	46,468
Interest expense	(23,352)	(68,959)
Depreciation and amortisation	(7,688)	(22,242)
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/(loss)	(175)	228
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.