



INNOVATIVE CONCEPTS...
VALUE CREATION

THE COVER **INNOVATIVE CONCEPTS...** **VALUE CREATION**

The Setia Eco Gardens sales gallery beckons one to take a second look. Its 6m x 80m green feature wall not only affirms S P Setia's commitment to eco-friendly developments but the Group's vision in creating innovation-driven products. Our masterpieces of landscaped townships, luxurious residences and commercial centres come to life from a visualisation in design to a composition illustrating innovative concepts that lead to value creation. These have brought local and international recognition to our developments as proven by Setia Eco Gardens' various awards, the latest being the FIABCI Prix d'Excellence Awards 2009 for World's Best Master Plan Development. This is the second FIABCI Prix d'Excellence Award for S P Setia.

The town park of Eco Greens in Setia Eco Gardens



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CORPORATE PROFILE

S P Setia Berhad is recognised as Malaysia's leading listed real estate player with a proven track record of innovation-driven and standard-setting developments spanning the full spectrum of the property market from master-planned townships to thriving commercial hubs.

Incorporated in 1974, S P Setia started out as a construction company and was listed on Bursa Malaysia in 1993. In 1996 it refocused its core business to property development with supporting businesses in construction, infrastructure and wood-based manufacturing to deliver product and service quality of the highest standards to its customers.

Based on the Group's vision "To Be the Best in All We Do", S P Setia's commitment to excellence has won the Group recognition as Malaysia's top property developer since 2003 in The Edge Top Property Developers Awards.

Other achievements in property development include numerous landscape awards at state and national levels over the years as well as recognition from the International Real Estate Federation (FIABCI) body. The Group has won three awards from FIABCI Malaysian Chapter and two FIABCI Prix d'Excellence Awards at the international level.

In 2006, Setia Eco Park, Shah Alam won the Best Master Plan Category while Duta Nusantara, Kuala Lumpur won for Best Low-Rise Residential Development Category at the FIABCI Malaysia Property Awards. Setia Eco Park went on to win the coveted FIABCI Prix d'Excellence Award 2007 held in Barcelona, Spain.

In 2008, the Group was again recognised for its master planning when Setia Eco Gardens won the FIABCI Malaysia Property Awards 2008 in the Master Plan Category. The development went on to win the FIABCI Prix d'Excellence Award 2009.

Apart from the Group's property development awards, it has also made it to the Hewitt Best Employers list thrice. The first was in 2003 where S P Setia was named one of the top 10 Best Employers in Malaysia followed by 2005 where the Group emerged as one of the top three employers – the only Malaysian company amongst the three with the other two being multinationals – and again in 2009.

Today, the Group is well-established in all the three key economic centres of Malaysia, namely Klang Valley, Johor Bahru and Penang. Currently, it has 10 active projects under development with another 10 new projects lined up for launching in the near future.

S P Setia enjoys a strong presence in the Klang Valley through its flagship projects, the 2,525-acre Setia Alam and 791-acre Setia Eco Park located in Shah Alam. In Kuala Lumpur, S P Setia has three high-end projects which are Duta Nusantara and Duta Tropika in Sri Hartamas and Setiahillz in Ampang.

In Johor Bahru, it has made its mark through signature developments such as Bukit Indah Johor and Setia Eco Gardens in the Nusajaya Corridor, Setia Indah Johor in Tebrau and Setia Tropika in Kempas. The Group has also made in-roads into Penang with Setia Pearl Island located at Bayan Lepas and Setia Vista in Relau.

Leveraging on the strong demand for commercial and investment grade properties, S P Setia has also expanded into the commercial sector with projects such as SetiaWalk Puchong and the upcoming Kuala Lumpur Eco City, Bangsar. In July 2009, it launched its first luxurious high-end condominium called Setia Sky Residences in Kuala Lumpur City Centre.

In mid-2007, S P Setia made its first foray into Vietnam when it joined forces with Vietnam's top state-owned conglomerate, Becamex IDC Corp to develop its maiden project called EcoLakes at MyPhuoc Industrial Park, 42 km north of Ho Chi Minh City. Following this, it expanded its project pipeline in Vietnam with two more developments called EcoXanh at Saigon Hi-Tech Park in District 9 of Ho Chi Minh City and a mixed use project in Lai Thieu Town, Tuan An District, Binh Duong Province. In October 2009, the Group also spread its wings to China through a joint-venture to carry out a mixed real estate project in the growth corridor of XiaoShan, Hangzhou in the province of Zhejiang.

In tandem with its expansion exercise, S P Setia is set to make its presence felt in East Malaysia through the development of a new transportation hub in Kota Kinabalu, Sabah called Aeropod @ Tanjung Aru.





SetiaWalk Puchong Sales Galleria

GROUP FINANCIAL SUMMARY

GROUP FIVE-YEAR SUMMARY

Year Ended 31 October (RM'000)	2009	2008	2007	2006	2005
Revenue	1,408,415	1,471,357 [®]	1,305,215 [®]	1,358,379 [®]	1,370,216 [®]
Profit Before Tax	231,112	297,867 [®]	336,573 [®]	331,288 ^{®##}	289,037 ^{®*}
Profit Attributable to Shareholders	171,233	213,456	260,070	238,234 [#]	203,384
Paid-Up Capital	762,604	762,524	504,454	498,513	490,734
Shareholders' Equity	2,037,221	1,975,342	1,840,883	1,702,410	1,574,340
Total Assets Employed	3,952,251	3,560,884 [®]	3,133,353 [®]	2,808,737 [®]	2,595,109 [®]
Total Net Tangible Assets	2,036,351	1,974,462	1,839,993	1,701,511 [*]	1,573,431 [*]
Earnings Per Share (sen)	16.8	21.0	25.8 [^]	24.0 [^]	21.6 [^]
Gross Dividend Per Share (sen)	14	17	25	30	25
Net Tangible Assets Per Share (RM)	2.00	1.94	2.74	2.56	2.41
Share Price - High (RM)	4.62	5.60	9.45	4.02	4.58
Low (RM)	2.39	2.65	3.92	3.06	3.64

GROUP QUARTERLY SUMMARY

Quarter Ended (RM'000)	31 October 2009	31 July 2009	30 April 2009	31 January 2009
Revenue	393,615	365,575 [®]	352,151 [®]	297,074 [®]
Profit Before Tax	69,673	58,941 [®]	55,684 [®]	46,814 [®]
Profit Attributable to Shareholders	56,859	42,681	40,518	31,175
Paid-Up Capital	762,604	762,604	762,604	762,604
Shareholders' Equity	2,037,221	2,016,410	1,969,783	2,006,001
Total Assets Employed	3,952,251	3,719,938 [®]	3,601,192 [®]	3,572,740 [®]
Total Net Tangible Assets	2,036,351	2,015,537	1,968,908	2,005,124
Earnings Per Share (sen)	5.6	4.2	4.0	3.0
Gross Dividend Per Share (sen)	9	–	5	–
Net Tangible Assets Per Share (RM)	2.00	1.98	1.94	1.97

[®] The comparative figures have been restated due to certain associated companies which were accounted for in the consolidated financial statements by the equity method of accounting have been reclassified as jointly controlled entities using the proportionate consolidation method of accounting in the financial year ended 31 October 2009.

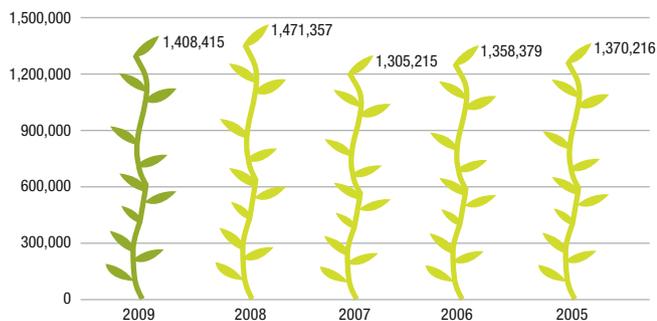
[^] The comparative figures for earnings per share have been adjusted to take into account the issuance of bonus shares in the financial year ended 31 October 2008.

[#] In compliance with Financial Reporting Standard 2 - Share-based Payment, profit before tax and profit attributable to shareholders have been restated to reflect the effect of adopting FRS 2.

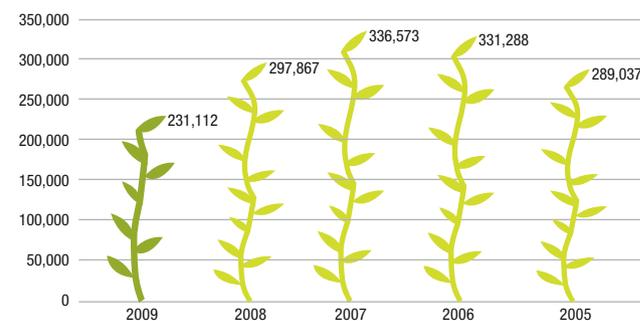
^{*} In compliance with new/revised Financial Reporting Standards adopted in FY 2007, the comparative figures have been restated.

GROUP FIVE-YEAR FINANCIAL HIGHLIGHTS

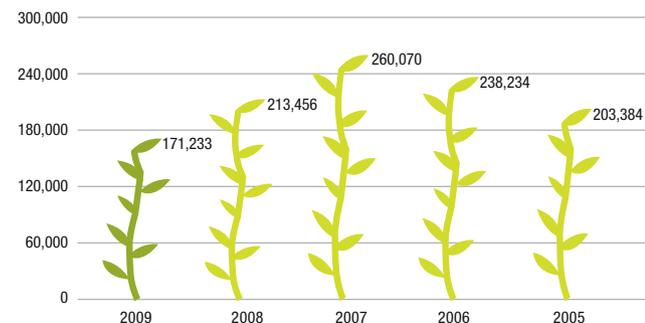
Revenue (RM'000)



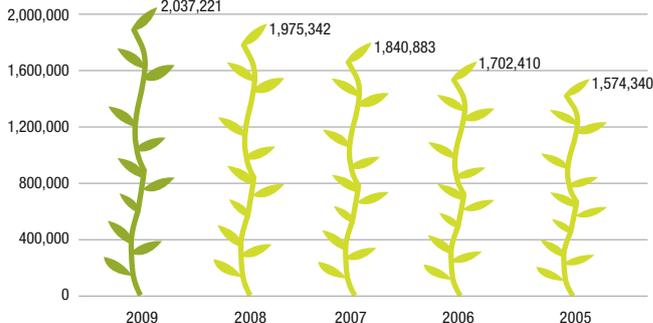
Profit Before Tax (RM'000)



Profit Attributable To Shareholders (RM'000)

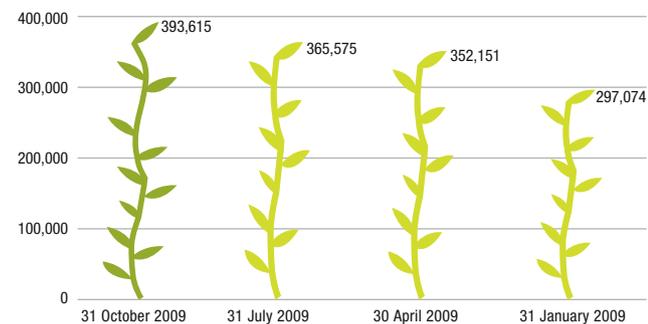


Shareholders' Equity (RM'000)

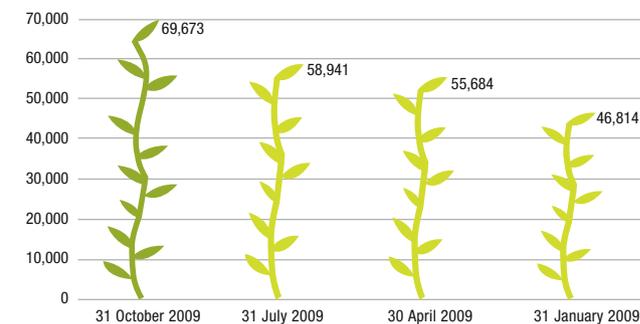


GROUP QUARTERLY FINANCIAL HIGHLIGHTS

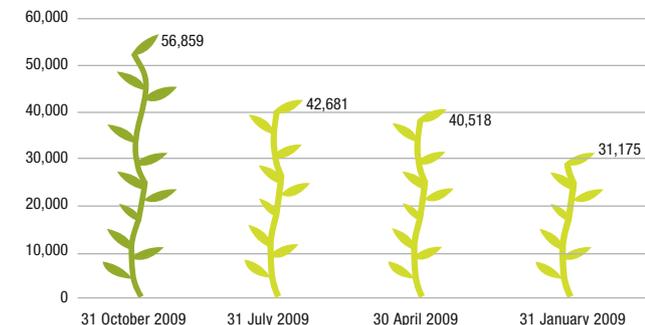
Revenue (RM'000)



Profit Before Tax (RM'000)



Profit Attributable To Shareholders (RM'000)



Shareholders' Equity (RM'000)



HALLMARKS OF EXCELLENCE

2009



Top 3 Since 2003 and Ranked No. 1 for four consecutive years from 2005 to 2008 in The Edge Malaysia Top Property Developers Awards.



Best Employer Award in a Survey by Hewitt Associates and The Edge



World's Best Master Plan Development for Setia Eco Gardens in FIABCI International Prix d'Excellence Awards 2009

2008



Ranked No. 1 in The Edge Malaysia Top Property Developers Awards 2008



Best Developer at Cityscape Asia Real Estate Awards 2008 for Office/Commercial Project (Built Category) - Setia Eco Gardens Sales Gallery



International Gold Star Award for Quality from World Quality Commitment, Paris 2008



Best Master Plan Development for Setia Eco Gardens in FIABCI Malaysia Property Awards 2008

Top 10 Best-Managed Companies in Malaysia in FinanceAsia's Asia Best Companies 2008

2007



Ranked No.1 in The Edge Malaysia Top Property Developers Awards 2007



World's Best Master Plan Development for Setia Eco Park in FIABCI International Prix d'Excellence Awards 2007

Malaysia Best Property Developer in Euromoney Real Estate Awards 2007

Tan Sri Liew Kee Sin voted **Property Man of the Year** in FIABCI Malaysia Property Awards 2007

Top Ten Best-Managed Companies in Malaysia in FinanceAsia's Asia Best Companies 2007

Top Ten Best Corporate Governance in Malaysia in FinanceAsia's Asia Best Companies 2007

Top Ten Best Investor Relations in Malaysia in FinanceAsia's Asia Best Companies 2007

2006



Ranked No. 1 in The Edge Malaysia Top Property Developers Awards 2006



Best Master Plan Development for Setia Eco Park in FIABCI Malaysia Property Awards 2006



Best Low-Rise Residential Development for Duta Nusantara in FIABCI Malaysia Property Awards 2006



Malaysia Best Property Developer in Euromoney Real Estate Awards 2006

Forbes Asia's Best Under US\$1 Billion Award for 2006

Top Ten for Corporate Governance Survey Report 2006 by MSWG

2006 Johor State Landscape Award (Neighbourhood Park Category) for Setia Tropika Johor

2006 Johor State Landscape Award (Private Office Building Category) for Setia Tropika Johor

LAMAN Lifestyle Gold Award at The Malaysia International Landscape & Garden Festival 2006

TARGET

LINE OF SIGHT

OBJECTIVES

CHINA

VIETNAM

MALAYSIA

IT'S ABOUT **ENVISIONING**
GOALS AND STRATEGIES



DIRECTION

FOCUS



CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS

The year under review started on a cautious note amidst reports of a global financial meltdown. The advent of the crisis in September 2008 affected consumer confidence which resulted in low sales for the Group in the first quarter of the financial year.

Things picked up significantly after the launch of the Group's 5/95 marketing campaign. The overwhelming success of this innovative programme enabled the Group to set a new benchmark, achieving its highest ever sales of RM1.65 billion in FY2009.

However, profit after tax for the year at RM171 million was lower than FY2008 largely due to the flow through effects of the runaway inflation prevailing through much of last year which caused an industry wide compression of development margins.

The Group's long-standing dividend policy is to pay out a minimum of 50% of its profit after tax to shareholders. I am pleased to announce that for the financial year ended 31 October 2009, the Board has recommended a final dividend of 9 sen per share. Together with the interim dividend of 5 sen per share, total dividend for the year works out to be 14 sen per share. This represents a payout of approximately 62% of the Group's net profit, thus exceeding the target set.

HIGHLIGHTS OF THE YEAR

Despite the ongoing turmoil in global financial markets, the Group made the decision to forge ahead with new launches on its existing projects and also proceed with its plans to become a fully integrated property developer with regional reach.

On the home front, the Group launched its maiden luxury condominium project, Setia Sky Residences in Kuala Lumpur. It also launched the Solace Tower of serviced apartments at SetiaWalk in Pusat Bandar Puchong, its first integrated commercial mix development, to complement the retail offices introduced in 2008.

The Group's commitment to ongoing value creation for its customers also continued unabated. At its flagship Setia Alam development in Shah Alam, the partnership with Lend Lease Asian Retail Investment Fund 2 (ARIF) to build an exciting new 700,000 sq ft shopping mall is being realised with a RM315 million syndicated banking facility having been secured.

Down south in Johor Bahru, the Tesco Hypermarket in Bukit Indah is near completion and is slated to open for business early 2010. Meanwhile, Setia Tropika's central business district is thriving with the introduction of Setia City Connects, a wired hub offering a medley of banking, food and leisure spots to increase the vibrancy of commercial activities within the township.

Up north in Penang, the Group increased its landbank by buying two plots of land – one in Sungai Ara and the other in the Jesselton area. The former will be a mixed residential development while the latter is earmarked for a low-density enclave of high-end bungalows.

I am pleased to report that the Group's first venture overseas into Vietnam, through a joint-venture with the state's top conglomerate Becamex IDC, is doing well. This created the opportunity for the Group to further expand its business in Vietnam through the acquisition of a 27-acre piece of land from Becamex IDC for a mixed-use project in Lai Thieu Town, Tuan An District, Binh Dong Province.

Having built confidence in our first cross-border investment, the Group decided to take another bold step in its expansion plan overseas. In October, the Group formally entered into a joint-venture contract with Hangzhou Ju Shen Construction Engineering Limited following the Co-operation Agreement announced on 4 June 2009 to carry out a mixed real estate project in the growth corridor of XiaoShan, Hangzhou in the province of Zhejiang, China.

As neighbouring countries with close links, Malaysia and Singapore have always enjoyed a good flow of people and investments. The Group's Johor Bahru projects are also seeing increasing interest from purchasers in Singapore. In March 2009, the Group opened a Marketing Office in one of Singapore's premier business addresses at Harbourfront Place. This is to enable the Group to better serve such customers and to also introduce them to the many other projects developed by the Group within Malaysia and beyond which may be of interest to them.



SetiaWalk Puchong show unit



EcoLakes Show Village, MyPhuoc, Vietnam





AWARDS AND ACHIEVEMENTS

I am also delighted to note that we have once again been honoured by the International Real Estate Federation body. This year the coveted FIABCI Prix d'Excellence Awards 2009 for Best Master Plan Development was won by Setia Eco Gardens, Johor Bahru. FIABCI annually awards the prestigious Prix d'Excellence Award to global real estate projects deemed outstanding in design and construction who meet the stringent FIABCI ideal of 'providing society with the optimal solution to its property needs'.

Considered the most prestigious of global real estate accolades, the international recognition follows suit from Setia Eco Garden's win for Best Master Plan at the FIABCI Malaysia Property Awards 2008 and the Best Developer - Office/Commercial Project Award (Built Category) in the inaugural Cityscape Asia Real Estate Award 2008 for its sales gallery.

I would also like to congratulate the Management Team for making this the seventh consecutive year that the Group has been recognised as one of Malaysia's top three property developers by The Edge, Malaysia's leading business and investment weekly.

Given that our people are the reason for our success, it is heartening to note that the Group has been voted one of Malaysia's top ten employers for the third time by Hewitt Associates in the Hewitt Best Employers Award 2009.

COMMITMENT TO STAKEHOLDERS & COMMUNITY

As the Group expands its reach locally and globally, we remain committed to our mission of providing not only quality homes but also exceptional customer service and inculcating a culture of excellence to enhance shareholders' value.

Our corporate responsibility charter of "Building Sustainable Communities For All" continues to guide us as we seek to constantly add value to our developments. Be it building a school or another town park, we hope that the Group's efforts in nurturing a strong, vibrant, caring and sharing community in all its developments will bear fruitful results in the years to come.

Under the S P Setia Foundation which we started in 2000, we have raised more than RM43 million mainly through our Charity Dinners held yearly and continue to raise funds for the underprivileged with a focus on education for children under our Setia Adoption Programme (SAP). Since its launch, the

Foundation has spent approximately RM14.1 million to carry out the programme with the knowledge that we are making a significant difference in the lives that we have touched.

In addition to the many activities undertaken to nurture the pupils adopted under the SAP, the Foundation also pledged a sum of RM600,000 annually to lower the burden of kidney patients in low income families by subsidising part of their treatment cost. For a start, the Foundation has identified 28 non-profit haemodialysis centres in the Klang Valley where it will subsidise treatment for patients there at a cost of RM360,000 a year. The balance of RM240,000 will be allocated for a similar purpose in the states of Johor and Penang where the Group has a presence.

MOVING FORWARD

The year under review also saw two new members appointed to our Board. I wish to warmly welcome Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin and Dato' Noor Farida Binti Mohd Ariffin as Non-Independent Non-Executive Directors. I believe with their vast experience, the contributions of these outstanding individuals will greatly strengthen the Board's effectiveness in directing the company as it expands rapidly within Malaysia and internationally.

Although the world economy is on its road to recovery, we expect the coming year to be filled with new hurdles. Nonetheless, I am confident that Team Setia is well prepared to ride the new wave of challenges, relying on the strong foundations that we have built over the years.

We may have started the year with a cautious outlook, but the Group's ability to come up with innovative strategies such as the 5/95 marketing campaign and continued execution prowess have brought about huge success. Here I wish to congratulate the Management Team led by Tan Sri Liew Kee Sin and to thank all our staff - our most valuable asset - for their contributions and hard work over the past year. I believe your unwavering commitment in delivering value, quality products and services to our customers will continue to take the Group to even greater heights.

To our customers, shareholders and business associates, thank you for your trust and confidence in us over the years and we look forward to another year of continued support.

TAN SRI ABDUL RASHID BIN ABDUL MANAF
Chairman



RESIDENTIAL

COMMERCIAL



INDUSTRIAL

PARKS

HIGHWAYS

IT'S ABOUT **GROWING**
COMMUNITIES AND TOWNSHIPS

PRESIDENT'S REPORT

It has been an exhilarating year for us at S P Setia. Although the property sector expected a slowdown in activities due to the world economic landscape, for S P Setia, 2009 has been tremendously exciting and one of the busiest years for the Group.

For starters, Group sales hit RM1.65 billion in the year under review. The amount sets a new benchmark for the Group – 50% higher than its FY2009 sales target of RM1.1 billion and an 18% improvement from its previous record-high registered in FY2008. Our Malaysian projects accounted for RM1.58 billion whilst EcoLakes, the Group's maiden project in Vietnam, achieved a commendable RM71 million from the launch of its first two phases beginning February 2009.

The strength of the Group's sales is a testament to the resilience of the property market, particularly that of Malaysia and the inherent attractiveness and desirability of the Group's products. These conditions, supported by innovative marketing strategies such as the 5/95 campaign pioneered by the Group, were necessary factors to excel in challenging times.

The strong brand name of the Group built over the years gave us confidence to carry on with our product launches catering to a wide market. While we continued launching new phases in our current developments, we also decided to go ahead with the launch of the much talked about Setia Sky Residences – S P Setia's first luxury high-rise condominium project in Kuala Lumpur City Centre. With its location at the heart of the city, Setia Sky Residences is a chic urban retreat that is the perfect home for those who need the convenience or crave the excitement of city living.

The launch of Setia Sky Residences marked the introduction of yet another new product range to the S P Setia stable. With this, we now have five brands which are Setia, Duta, Eco, Sky Residences and our Commercial Collection.

Following the successful launch of the retail offices at SetiaWalk in 2008 which is sold out, we proceeded to launch the residential component by introducing the first tower of serviced apartments called Solace. This is targeted at individuals and families who are looking for a modern living environment that comes with all the conveniences at their doorstep.

In Vietnam, our joint-venture project of EcoLakes at MyPhuoc took off to a good start after the completion of the show village. We are extremely proud that EcoLakes boasts the first ever comprehensive show village in Vietnam.

The strong take up rates of 80% - 90% achieved by all three projects in these new markets have clearly validated the Group's decision to forge ahead with our expansion plans amid the financial turbulence. Along with the solid performance from our core landed residential base, we believe we are firmly back on track to realising our ambitions of being a full-fledged regional property developer.

VALUE CREATION

While we continue to spread our wings into new markets, increasing the breadth and depth of our product range, we are also aware of the need to continuously add value to our current developments.

In our flagship development of Bandar Setia Alam, Shah Alam where our projects of Setia Alam and Setia Eco Park are located, we are excited at the prospects of the new Setia City Mall opening by the end of 2011. During the year under review, we secured a RM315 million syndicated banking facility for Greenhill Resources Sdn Bhd, the joint-venture company between S P Setia Berhad and Lend Lease Asian Retail Investment Fund 2 (ARIF) to kickstart the Mall. This significant funding commitment in times of financial turmoil demonstrates the strong confidence of the banking sector in our ability to deliver on this exciting new retail, entertainment and leisure offer to our buyers.



Street of Eco Villas at Setia Eco Park, Shah Alam

We are continuously adding value
to our current developments



Sky Pod at Setia Sky Residences, Kuala Lumpur

Over the last four years, Setia Alam has experienced exponential growth in terms of infrastructure and amenities, beginning with the RM150 million NKVE-Setia Alam Link built by S P Setia which has added tremendous value not only to the township but the overall Northern Klang / Meru corridor. The building of a sizeable retail mall at the heart of the township marks another milestone in the development of Setia Alam and will see good capital appreciation where properties are concern.

Designed by the internationally renowned Lend Lease team, the mall will support S P Setia's vision for Setia Alam and Setia Eco Park. Apart from its world class design, the new centre also aims to set the benchmark in sustainable retail development, being the first and only mall to be included under the Green Building Index's pilot accreditation scheme.

The new centre will not only draw customers from the immediate neighbourhood but also targets to cover a wider catchment area with a population of approximately one million people. This, coupled with the increasing growth of the Klang Valley, means the new mall will potentially become one of Malaysia's leading and most dominant retail destinations.

Down south in Johor, our four developments of Bukit Indah, Setia Indah, Setia Tropika and Setia Eco Gardens continue to attract discerning buyers who appreciate the Group's ongoing commitment to continued value creation for its customers.

In the award-winning Setia Eco Gardens in Iskandar Malaysia, Chinese primary school SJK (C) Pei Chih was built following the earlier launch of the 18.5-acre town park called Eco Greens. These establishments bring the project one step closer to fully realising S P Setia's development philosophy of LiveLearnWorkPlay.

With the completion of the Pontian Link, the distance to Setia Eco Gardens has also been shortened, making it a five-minute drive from Bukit Indah which has multiple leisure and entertainment offers and a 20-minute drive to the city centre and Singapore.

Meanwhile, Setia Tropika's central business district (CBD) is turning into a thriving hub for businesses like banks and dining establishments. The CBD welcomed the first Maybank in Johor Bahru to

offer a lifestyle banking concept complete with drive-through ATM. The banking outlet is also connected to the first Starbucks Coffee outlet in Malaysia with a drive-through service. Following this, the largest KFC and Pizza Hut also opened for business. These four outlets are part of Setia City Connects, a precinct in Setia Tropika's CBD.

In our matured Bukit Indah development, the presence of the AEON Shopping Centre with Jusco as its anchor has managed to attract not only locals but our neighbours from Singapore due to its easy access and proximity to the second link. The completion of a Tesco Hypermarket which is targeted to open early 2010 should further enhance the values of properties here.

EVOLVING FOR THE FUTURE

Our commitment to continue our pursuit of environmental design excellence, buoyed by our award-winning eco developments of Setia Eco Park, Shah Alam and Setia Eco Gardens, Johor has also spurred us to form a strategic partnership with UTAR to establish an academic Chair in Environmental Engineering and Green Technology. A total of RM1.25 million is to be allotted over the next five years to fund research and development in the field of environmental engineering and green technology under UTAR's Faculty of Science, Engineering and Technology.

As the Group moves forward to become a fully integrated property player, we aspire both to pioneer and learn together with our stakeholders to realise our common dream of living in a better, richer and more sustainable world.

A new year brings on new challenges but also exciting new possibilities. Innovative ideas executed speedily and with excellence have enabled us to continually create value for our shareholders. As we move boldly to seize new opportunities, it is my earnest wish that Team Setia will always hold true to these core values and continue to delight our customers with excellent products and exceptional service.

TAN SRI DATO' SRI LIEW KEE SIN
President and Chief Executive Officer

ENTERTAINMENT



SHOPPING MALLS

IT'S ABOUT **PROVIDING**
COMFORT AND CONVENIENCES

PASSION

HOBBIES

HEALTH



REVIEW OF OPERATIONS



Group sales hit a record high totalling RM1.65 billion for FY 2009



The global financial crisis brought consumer sentiment to an all time low, even below the Asian Financial Crisis Levels. In the months of November and December 2008, sales dropped more than 70% to RM30million a month compared to the preceding year. We had to think of new ways to re-ignite consumer interest.

Our experience in the Asian Financial Crisis taught us one thing – that times of crisis present new opportunities. The scenario this time around had some positive factors compared to 1997. Corporate and household balance sheets were strong and job losses were minimal in key target markets. The country's financial institutions were also well capitalised with high liquidity while interest rates were at a historic low.

Hence, the introduction of the Setia 5/95 Home Loan Package. The financing package worked on the premise of a 5% down payment with no interest payable during construction with the purchaser servicing his 95% loan only upon completion of the property. Added incentives included in the package were the absorption of legal fees and stamp duty on the Sale & Purchase Agreement, Loan Agreement and the Memorandum of Transfer by the developer.

The financing package was launched in January 2009 and not only garnered great buying interest from the public but saw other industry players follow suit introducing various incentives for property purchasers. Overwhelming response to the campaign saw the Group extending the initial three-month period for another three months to end in July. The campaign proved to be a huge success with Group sales hitting a record high totalling RM1.65 billion for FY2009. This translated to 3,575 units of properties sold.

While sales picked up after the introduction of the 5/95 campaign, the Group continued to brand build and engage its stakeholders. Notable highlights include groupwide celebrations for Chinese New Year with the theme "Setia Celebrating as 1". All project sites celebrated the festive season over the same weekend.

Another groupwide affair was World Environment Day (WED) where all project development sites in the Klang Valley, Johor and Penang stopped work for the day. The culmination of WED was the forming of a strategic partnership with UTAR to sponsor an academic Chair in Environmental Engineering and Green Technology at RM1.25 million over the next five years.

A YEAR OF BREAKTHROUGHS

Property development continues to be the main driver of earnings for the Group recording 86% of the total turnover of RM1.408 billion in FY2009. The remaining 14% was contributed by the Group's construction and manufacturing arm.

KLANG VALLEY

In the Klang Valley, the Group is well recognised by its flagship development of Setia Alam and Setia Eco Park located in Shah Alam. Its other projects include SetiaWalk in Pusat Bandar Puchong, Precincts 9 & 15 in Putrajaya and the latest luxury high-rise of Setia Sky Residences. Projects in the planning stage include Setia City in Shah Alam and KL Eco City in Bangsar. In the year under review, a total of 1,435 units were sold amounting to RM906 million in sales value.

Setia Alam, Shah Alam

The 2,525-acre township in Shah Alam continued to record strong sales of RM282 million for the year ended 31 October 2009 despite a 15% to 30% increase in prices of newly launched products.

More than 4,000 homes have been handed over and the growing township now has an estimated population of over 20,000. To cater to this expanding population, numerous amenities like the Tesco Hypermarket and a bustling commercial sub-precinct which boasts banks, convenience stores as well as restaurants are already operational.

This year, Setia Alam welcomed a purposed built Pizza Hut and drive-through KFC. A Starbucks Coffee outlet with drive-through service is also slotted to open soon.

Meanwhile, the sold out 274 units of high-end shop-offices called Setia Avenue adjacent to Tesco have been handed over and we expect new businesses to kick off soon to complement the existing commercial activities in Setia Alam.

Purchasers can also look forward to the opening of Setia City Mall end 2011. The first mall in the country to be built according to the Green Building Index standards, it is proposed to include a department store, 250 local and international specialty stores, a number of major anchor retailers and an entertainment precinct. It will offer efficient access to over 2,000 car parks and will be easily connected to nearby roads, towns and major highways.

Setia Eco Park, Shah Alam

This low density and exclusive enclave of semi-detached houses and bungalows recorded strong sales during the 5/95 campaign, chalking up RM343 million which amounts to 260 units in total. The award-winning 791-acre freehold development also set a new pricing benchmark for its 2 to 3-storey villas with prices averaging RM4 million or RM630 psf.

Despite the announcement of the re-imposition of the Real Property Gains Tax (RPGT) in October 2009, Setia Eco Park made history with its Phase 8B launch of 2-storey semidees starting from RM1.2 million. There was a queue for the 28 units which sold out in a few hours, reaffirming Setia Eco Park's draw to discerning buyers who appreciate the uniqueness of the development concept.

The eco-friendly development also continued to foster environmental conservation and appreciation by launching the Green Legacy campaign to preserve the adjacent forest reserve of Bukit Chera. This campaign will see a documentation of the biodiversity of the forest reserve which will be shared with the public through the publication of a coffee table book. It is our hope that this small step towards increasing awareness of the inherent beauty of our natural surroundings will contribute towards preserving the environment for future generations.

SetiaWalk, Pusat Bandar Puchong

The last parcel of land for S P Setia in Pusat Bandar Puchong, SetiaWalk's location fronting the LDP Expressway is a major pull for investors and owners alike. The recent announcement of the extension of the LRT line to Puchong with the station confirmed to be opposite SetiaWalk has boosted further sales.

Located on a 21-acre freehold tract, Phase 1 of SetiaWalk comprising retail offices sold out within months of its launch in October 2008. Riding on this success, Phase 2 consisting of SOHOs and three blocks of serviced apartments were launched progressively beginning 2009.

Currently, two of the three apartment towers have been launched. The first tower called Solace is 90% sold with an average price of RM320 psf. The second tower called Brio was also enthusiastically received during its soft launch in October 2009 despite a price increase to RM350 psf, selling more than 50% on the first day of launch. SetiaWalk is expected to inject new dynamism and fresh excitement into the retail scene in the Klang Valley once it is completed in 2011.

Setia Sky Residences, Kuala Lumpur

Expanding its product range to include luxury high-rises, the Group launched the much awaited Setia Sky Residences located in Kuala Lumpur City Centre. The maiden launch of Boheme Tower comprising 211 units at an average price of RM680 psf in June 2009 is 90% sold. The second tower Alia which opened for sale in October 2009 in Kuala Lumpur and Shanghai with a 12% increase in average pricing to RM760 psf also garnered strong interest from purchasers.

Setia Sky Residences boasts an elegant spa resort ambience and facilities. The Sky Deck at Level 5 is a "park in the sky" spanning almost an acre and offers a range of outdoor recreational facilities like a 50m lap pool, wading pool, private spa, outdoor Jacuzzi, party pavilion and children's play area to name a few.

On Level 34, there is the Sky Club which boasts stunning views of the KL city skyline and opportunities for more leisure activities with facilities which include an infinity pool, private lounge, tea pavilion, yoga pavilion and gymnasium. This is also where the private Pool Villa and Sky Villa are located which are ideal venues for private parties and entertainment.

The Sky Villa has been replicated in the sales gallery to give prospective purchasers a feel of what it is like to enjoy this unique facility when ready.

JOHOR

The southern region contributes 31% of the Group's total turnover. Currently, the Group has four ongoing projects which are Bukit Indah Johor, Setia Indah, Setia Tropika and Setia Eco Gardens. In 2009 Property South sold 1,602 units amounting to a sales value of RM523 million.

Bukit Indah Johor

Bukit Indah Johor is the Group's most matured township with easy access to Singapore via the second link, making it a favourite destination for many Singaporeans during weekends. The thriving commercial centre with a host of facilities and eateries is fast gaining popularity amongst residents in the vicinity.

With the AEON Shopping Centre fully operational and the soon to be opened Tesco Hypermarket, the development recorded the highest sales for Property South in FY2009 with 528 units amounting to RM190 million.





Expansive view of the KL city skyline from Setia Sky Residences

Setia Indah Johor

Although Setia Indah Johor is at its tail-end of development, it continues to attract purchasers who appreciate not only quality homes but those set against a lush tropical living environment. For the year under review, it sold 291 units totalling RM90 million.

Boasting a well landscaped park with an impressive bicycle track, Setia Indah celebrated World Environment Day in style by organising a treasure hunt on bicycles. Residents continue to actively participate in the township's recycling efforts, encouraged by the various activities organised by the developer.

Setia Tropika Johor

Located in Kempas, the 740-acre township recorded total sales of RM152 million, selling 421 units in total for FY2009. The introduction of Setia Tropika's Central Business District (CBD) promises to be a new landmark for business opportunities with international and local brand names in place.

The opening of Johor Bahru's first Maybank lifestyle concept banking centre with drive-through ATM and Malaysia's first drive-

through Starbucks Coffee outlet sets Setia Tropika apart from other developments in the vicinity. These amenities are part of the wired-up Setia City Connects precinct in the CBD which is set to welcome more renowned brand names in months to come.

Setia Eco Gardens

Setia Eco Gardens recorded sales of RM92 million for the year under review totalling 362 units. The latest jewel in the crown for the Group in the southern region, Setia Eco Gardens is located in Iskandar Malaysia and combines the success of our Setia and Eco brands.

The 948-acre project is a landmark residential development that offers a range of home options – from affordable 1-storey link homes to lavish bungalows in the exclusive Eco Hills precinct.

Following the success of our first eco-themed development, Setia Eco Park in Shah Alam, Selangor, we felt the time was ripe to introduce Setia Eco Gardens, with the intention to make the Eco concept available not only to high-end customers but also to the mass market. With Setia Eco Gardens, our customers can now enjoy eco-inspired living regardless of social status.

The recognition by FIABCI Malaysia and FIABCI International, awarding Setia Eco Gardens with the Best Master Plan award at the FIABCI Malaysia Property Awards 2008 and the FIABCI Prix d'Excellence Awards 2009 is testament that the development contains the right ingredients to succeed.

PENANG

Up north in Penang, the limited supply of landed residential property on the island ensures that new product launches are often well-received. The northern region contributed 14% of the Group's total turnover and recorded total sales of RM150 million. Currently, S P Setia has two active projects in Penang which are Setia Pearl Island and Setia Vista with another one planned for launch on Brook Road.

Setia Pearl Island

For the year under review, Setia Pearl Island sold 236 units totalling RM102 million. In August, its condominium project called Reflections, located in the commercial precinct was soft-launched. Pricing for the 25-storey Reflections starts from RM330 psf. Meanwhile, the superlink homes offered at the Isle of Conifer garnered strong buying interest with the 58 units being snapped up at prices starting from RM928,880.

Setia Vista

Located at Lebuhr Relau, some 5km away from Setia Pearl Island, Phase 1 and 2 of Setia Vista sold out despite the price tag of RM628,880 onwards for the 2-storey terraced homes. In FY2009, Setia Vista sold 78 units totalling RM49 million. Phase 3 and 4 have received very good response since it opened for booking in October 2009 proving that well planned developments in Penang command good starting prices.

Setia Avenue at Setia Alam





Orion show unit at Bukit Indah Johor

RECYCLING

LANDSCAPING



IT'S ABOUT **CARING**
LIFESTYLES AND THE ENVIRONMENT

WATER

FLORA AND FAUNA

AIR

NATURE



CORPORATE RESPONSIBILITY

The Group's corporate responsibility charter can be summed up in a single simple statement of "Building Sustainable Communities for All". Its activities and approach are reflected in the very appropriate acronym "ECO" which stand for "Environment", "Community" and "Organisation".

E for **ENVIRONMENT**

We are committed to building sustainability into every aspect of our business. Our "cradle to cradle" approach focuses on the 3Rs – Reduce, Reuse, Recycle. We share our passion with other corporations and individuals because we all have to work together to protect our planet in the face of climate change and other environmental threats.

C for **COMMUNITY**

Our longstanding commitment to the community has been our greatest strength. Our goal is to build capacity and we want to contribute actively by providing avenues through which our customers and beneficiaries can realise their personal aspirations. Along the way, we hope that our efforts in this area will inspire a greater sense of community and neighbourliness.

O for **ORGANISATION**

Our successes and achievements are the result of teamwork. Now is the time to take Team Setia to new levels of excellence as we build creativity into our culture. We want to be a leader in every sense of the word, originating groundbreaking ideas and concepts in all our endeavours.



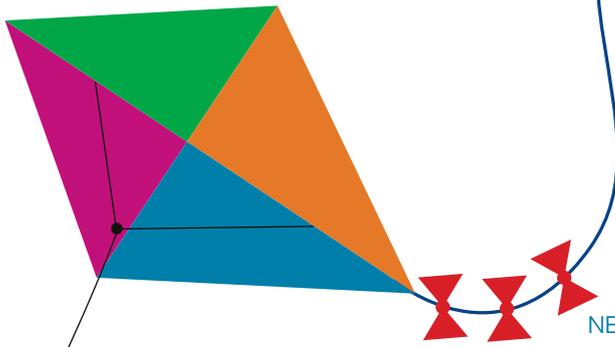
INITIATIVES UNDERTAKEN IN 2009

SPONSORSHIP DEAL
OF RM1.25 MILLION
WITH UTAR TO ESTABLISH
AN ACADEMIC CHAIR IN
ENVIRONMENTAL ENGINEERING
AND GREEN TECHNOLOGY

Education has always been a strong focus for the Group under its charity trust, the S P Setia Foundation. As the Group moves forward from a mass township developer to a fully integrated property player, it has also realised the need to build a strong culture of conservation and environmental responsibility into its organisation.

Achieving sustainability is a key benchmark in all of S P Setia's projects today. The establishment of an academic chair in environmental engineering and green technology will benefit not only the building and construction industry but the country as a whole.

The strategic partnership aims to achieve several objectives such as developing and achieving excellence in the research, development, education and training in the field of environmental engineering and green technology as well as promoting exchange of technical expertise.



NEWSPAPER RECYCLING CAMPAIGN

There's no better place to educate one on recycling than in schools. With the belief in starting them young, Setia Alam kicked off a one-year recycling campaign in June 2009 inviting schools in the Klang Valley to participate. A total of 12 schools are participating in this campaign which entails the collection of newspapers by students monthly. This will culminate in a prize-giving ceremony where the top three schools with the highest number of newspaper collected will be rewarded.



SETIA ALAM COMMUNITY PROJECT

Remembering our neighbours in need, this community project aims to lighten the hardship faced by low income families living within the vicinity of the development. Under this programme, more than 80 families were selected to receive sundry necessities such as groceries and foodstuff once every month. Sponsored by the S P Setia Foundation, it provides a platform for Setia Alam's staff and residents to work closely together to foster community ties. Volunteers' time are spent either visiting these selected families at their homes or ferrying them to the project site for them to receive their supplies.

The Chair will play an important role in many areas such as to facilitate and organise a range of activities in advancing environmental engineering and green technology; collaborating with government, industry and organisations in the promotion of environmental engineering and green technology to the nation; establishing and implementing specific environmental engineering and green technology projects as well as establishing and complementing a stronger pool of expertise consisting of both academia and industrial representatives to provide consultancy.



WORLD ENVIRONMENT DAY

The Group honoured this day with all project sites stopping work for the day and each location organising its own educational program on the importance of looking after and preserving the environment. In Setia Alam, UTAR's Associate Professor under the Department of Construction Management, Faculty of Science, Engineering and Technology Dr Show Kuan Yeow, gave a talk to a packed audience comprising the Group's consultants, contractors and staff based in the Klang Valley. Dr Show spoke on "Tackling the Waste Challenge – Conversion of Waste into Resource".

Other similar talks along the theme of environmental protection and preservation were held in Setia Pearl Island Penang and Setia Eco Gardens Johor, conducted by members of academia and officials from the Ministry of Environment respectively.

In line with the developer's focus on environmental preservation through education, it extended its WED celebrations in Setia Alam to include SRJK (C) Pin Hwa and Tenby Schools, both located in Setia Alam and Peter & Jane Kindergarten from Mutiara Damansara. The preschoolers charmed the guests and staff to a short play on taking care of the environment while the primary school kids exhibited their craft projects using recycled materials.





S P SETIA FOUNDATION ACTIVITIES

For the 7th consecutive year, S P Setia Foundation recognised and rewarded its children under the Setia Adoption Programme at its annual Excellence Awards Ceremony 2008. This year, a total of 166 students were given due recognition for their excellent results for the UPSR examinations.

Since the launch of the Setia Adoption Programme in 2000, the Foundation has spent approximately RM14.1 million to carry out the programme. The aim of the Setia Adoption Programme (SAP) is to fund the educational needs of underprivileged students nationwide. Since 2004, the programme has been extended from only primary school students to secondary school students as well.

With education as one of the main thrust of the Foundation, it collaborated with the nation's "Feel Good Channel" ntv7 to highlight some of the daily issues faced by vernacular schools in particular, and their need for funding. Called Project Sunshine, the programme aims to highlight the needs of some of these schools and also provides a solution to them. In doing so, the Foundation allocated RM200,000 for this project. The 13-episode television program involved 13 different schools which were selected to receive aid in kind.

Where medical aid was concerned, the Foundation pledged a sum of RM600,000 annually to lower the burden of kidney patients in low income families by subsidising part of their treatment cost. For a start, it identified 28 non-profit haemodialysis centres in the Klang Valley where it will subsidise treatment for patients there at a cost of RM360,000 a year. The balance of RM240,000 were allocated for a similar purpose in the states of Johor and Penang where the Group has a presence.

Other activities carried out by the Foundation in the year include:

SJK (C) KHAI MUN PAGI GETS 100 SETS OF NEW TABLES AND CHAIRS

S P Setia Foundation sponsored 100 sets of brand new study desks and chairs to SJK (C) Khai Mun Pagi in Bentong. Students can now learn in a more comfortable environment.

DONATION OF DIALYSIS MACHINE TO MAA-MEDICARE KIDNEY

S P Setia Foundation donated a dialysis machine worth RM44,000 to MAA-Medicare Kidney Charity Fund in line with the objectives of its Haemodialysis Treatment Subsidy Programme.



NEW VAN FOR BLESSED PENIEL PRAYER HOUSE

The Foundation donated a new van to the Blessed Peniel Prayer House (BPPH) to transport underprivileged children from their homes to attend free classes organised by BPPH.

VISIT TO MALAYSIAN ASSOCIATION FOR THE BLIND

More than 30 staff of the Group from the Klang Valley paid a visit to the Malaysian Association for the Blind (MAB). The volunteers helped to send out thousands of brochures to donors, arranged the books in the library, read out loud to the low vision and vision impaired members, and typed books for conversion into talking books.



SPONSORSHIP OF 41,000 COPIES OF NEW STRAITS TIMES NEWSPAPERS TO SCHOOLS

As part of the Foundation's mission in providing better education for those in need, a collaboration was formed with NST's School Sponsorship Programme (SSP). The Foundation sponsored 41,000 copies of the newspaper to be distributed to 10 semi-urban schools for the duration of one year.

LEND LEASE COMMUNITY DAY

Community Day is a Lend Lease Foundation Program, set up by our joint-venture partner through one of its group companies, WTW Bovis Sdn Bhd. The Foundation Volunteers Club and their family members extended the spirit of co-operation beyond the business sphere when they joined in for this year's Community Day and headed down to Bagan Lalang, Negeri Sembilan to do some beach cleaning up activities.

CORPORATE CALENDAR

ANNUAL DINNER & DANCE 2008

06 DECEMBER 2008

Staff celebrated the Annual Dinner & Dance in style this year with the theme 'Setia Oscar Night'. The venue of Sunway Convention saw 'celebrities' like Halle Berry, Julia Roberts, Tom Cruise, Richard Gere, Marilyn Monroe, Kate Winslet and Leonardo DiCaprio walking down the red carpet in true Oscar style.



MAMMA MIA! CORPORATE NIGHT

18 DECEMBER 2008

The Group co-sponsored the hit musical's run in Kuala Lumpur and treated its business partners, corporate clients and purchasers to an exclusive performance at Istana Budaya. The Yang di-Pertuan Agong DYMM Tuanku Mizan Zainal Abidin and his consort Raja Permaisuri Agong Tuanku Nur Zahirah graced the event as our Guests of Honour.



5/95 HOME LOAN PACKAGE LAUNCH

19 JANUARY 2009

Setting yet another new standard for the property industry, S P Setia introduced the attractive 5/95 Home Loan Package. Purchasers are required to only pay a 5% down payment and nothing else during construction. Coupled with 95% financing provided by the banks to eligible borrowers and all-time low interest rates, there has never been a better time to own a Setia dream home.

SETIA ECO PARK CELEBRATES CHINESE NEW YEAR WITH RESIDENTS

07 FEBRUARY 2009

Setia Eco Park welcomed the year of the Ox with 18 types of sweet desserts or better known as "tong sui" in Chinese coupled with an impressive display of fireworks for its residents.

SETIA ECO GARDENS LAUNCHES ECO GREENS TOWN PARK

09 FEBRUARY 2009

The 18.5-acre town park, also known as Eco Greens was officially launched by the Menteri Besar of Johor, Dato' Abdul Ghani Othman. The town park offers more than just common recreational facilities as it will be home to a number of sanctuaries, including a fern garden, bird island, butterfly creek and water bodies.

ECOLAKES OPENS EXCLUSIVE SALES GALLERY IN HO CHI MINH CITY

20 FEBRUARY 2009

SetiaBecamex JSC, a joint-venture company between S P Setia Berhad and Becamex IDC Corp launched the EcoLakes Sales Gallery in Ho Chi Minh City, Vietnam. The purpose of the Sales Gallery is for residents in Ho Chi Minh to have a glimpse of the Group's maiden EcoLakes project which has the only comprehensive, fully landscaped show village in Vietnam.

SETIAWALK GALLERIA OPENS TO THE PUBLIC

22 MARCH 2009

The SetiaWalk Galleria featuring residential show units of Solace@SetiaWalk officially opened to the public for viewing. The launch was supported by affiliation partners like Delicious Group, Starbucks, Harvey Norman and Celebrity Fitness who will be setting up shop in the commercial precinct of the development.

OPENING OF SINGAPORE MARKETING OFFICE

23 MARCH 2009

The opening of S P Setia's Marketing Office in Harbourfront Tower One enables the Group to more effectively market its products in Singapore. The new office will showcase our prime investment properties such as Setia Sky Residences, Kuala Lumpur; Setia Eco Park, Shah Alam in addition to all our developments in the Iskandar region.



COMMUNITY HEALTH TALK @ SETIA ECO PARK

24 APRIL 2009

In conjunction with World Health Day, Setia Eco Park organised a Community Health Talk to promote healthy lifestyles amongst the residents. The Health Talk was a collaboration with medical and health care professionals from Pantai Hospital.

LAUNCHING OF LOW COST HOUSING SCHEME IN BANDAR SETIA ALAM

18 MAY 2009

To ensure that the lower income group could also benefit from the attractive financial packages available in the market, S P Setia together with MBSB introduced an exclusive 100% financing for Setia Alam's low and medium cost homes.



SETIA ECO GARDENS VOTED BEST MASTER PLAN DEVELOPMENT IN FIABCI PRIX D'EXCELLENCE AWARDS 2009

20 MAY 2009

S P Setia was again awarded the World's Best Master Plan Development, this time for Setia Eco Gardens, by the International Real Estate Federation (FIABCI) at its FIABCI Prix d'Excellence Awards 2009 held in Beijing, China.

S P SETIA SIMULTANEOUS CHESS CHALLENGE 2009

24 MAY 2009

A new record was set in Bandar Setia Alam when Chess Master Collin Madhavan played against 133 players for 10 hours continuously, breaking his previous record of playing against 88 players.

S P SETIA ENTERS CHINA PROPERTY MARKET

4 JUNE 2009

S P Setia signed a cooperation agreement with Hangzhou Ju Shen Construction Engineering Limited to set up a joint-venture company to carry out a mixed property development project. The signing was witnessed by Prime Minister Datuk Seri Najib Tun Razak in Beijing during the premier's official visit to China.



WORLD ENVIRONMENT DAY

5 JUNE 2009

S P Setia honoured World Environment Day by stopping work on all project sites and organised activities related to preserving the environment.

NEW BALANCE KLANG PACERS ½ MARATHON 2009

7 JUNE 2009

Setia Alam Welcome Centre was flooded with 1,500 runners coming from all over the Klang Valley to take part in the New Balance-Klang Pacers half marathon. The Group's senior management team led by Tan Sri Liew Kee Sin and Dato' Voon Tin Yow also contributed to the merriment by signing up for the 4.5 km Fun Run.



S P SETIA BADMINTON AGE GROUP TOURNAMENT 2009

7 JUNE 2009

The search for young champions continues in the S P Setia Badminton Age Group Tournament 2009, held in Setia Badminton Academy in Setia Alam where a total of 504 players participated. YB Dato' Lee Hwa Beng, Chairman of Setia Badminton Academy was present to give away the trophies and prizes to the winners.

S P SETIA LAUNCHES FIRST LUXURY HIGH-RISE IN STYLE

11 JULY 2009

S P Setia officially launched its much awaited Setia Sky Residences with an exclusive fashion extravaganza featuring several top retail brands to celebrate the latest fashionable address in Kuala Lumpur.



278TH & 279TH MKA ALL BREEDS CHAMPIONSHIP SHOW

12 JULY 2009

Setia Eco Park together with the Malaysian Kennel Association organised the 278th & 279th MKA All Breeds Championship Show for show dogs to compete in various categories.



THE EDGE – BURSA MALAYSIA KUALA LUMPUR RAT RACE 2009

11 AUGUST 2009

S P Setia sponsored two teams of runners at a cost of RM27,000 to be donated to various charitable homes. This year was made extra special as the Group also sent a team of eight staff to participate in the Cheerleading Competition.

RM315 MILLION SYNDICATED BANKING FACILITY FOR SETIA CITY MALL**13 AUGUST 2009**

Greenhill Resources Sdn Bhd signed a deal with CIMB Bank, Public Bank and Affin Bank to finance the development of Setia City Mall. Menteri Besar of Selangor, YAB Tan Sri Dato' Abdul Khalid Ibrahim was present to witness the signing ceremony.

**GREEN LEGACY: THE BUKIT CHERAKAH EXPEDITION****16 AUGUST 2009**

Setia Eco Park, Jabatan Perhutanan Negeri Selangor, WWF-Malaysia and Malaysian Nature Society launched an expedition to work closely together to conduct research, study and document the reserve's treasure chest of flora and fauna.

3RD PROJECT IN VIETNAM**26 OCTOBER 2009**

S P Setia signed an agreement with Becamex IDC for 27-acres of land to develop a mixed-use project located in Lai Thieu Town, Tuan An District.

CHINESE PRIMARY SCHOOL FOR SETIA ECO GARDENS**18 AUGUST 2009**

Setia Eco Gardens held a topping off ceremony for its Chinese Primary School – SJK (C) Pei Chih. The 30,500 sq ft school is set to open its doors in the new school term of 2010.

SIGNING CEREMONY FOR JV CONTRACT WITH HANGZHOU JU SHEN**28 OCTOBER 2009**

S P Setia and Hangzhou Ju Shen Construction Engineering Limited officially signed a joint-venture contract for a mixed development project located in XiaoShan, Hangzhou in the province of Zhejiang China.

DAMA ORCHESTRA: I HAVE A DATE WITH SPRING**17 OCTOBER 2009**

S P Setia hosted an appreciation night for its bankers, contractors and suppliers at a special performance of Dama Orchestra's I Have a Date with Spring The Musical.



IT'S ABOUT **DESIGNING**
EXCELLENCE AND ELEGANCE

PRISTINE

PEACE OF MIND

SECURITY



TRANQUILITY

AMENITIES



CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman

Tan Sri Abdul Rashid
Bin Abdul Manaf

Non-Independent Non-Executive Director

President and Chief Executive Officer

Tan Sri Dato' Sri Liew Kee Sin

Non-Independent Executive Director

Deputy President and Chief Operating Officer

Dato' Voon Tin Yow

Non-Independent Executive Director

Chief Financial Officer

Teow Leong Seng

Non-Independent Executive Director

Chang Khim Wah

Non-Independent Executive Director

Tan Sri Datuk Seri Lee Lam Thye

Non-Independent Non-Executive Director

Tan Sri Dato' Hari Narayanan

A/L Govindasamy

Independent Non-Executive Director

Dato' Leong Kok Wah

Independent Non-Executive Director

Datuk Ismail Bin Adam

Independent Non-Executive Director

Ng Soon Lai @ Ng Siek Chuan

Independent Non-Executive Director

Tan Sri Dato' Dr. Wan Mohd Zahid

Bin Mohd Noordin

Non-Independent Non-Executive Director

Dato' Noor Farida Binti Mohd Ariffin

Non-Independent Non-Executive Director

EXECUTIVE COMMITTEE

Chairman

Tan Sri Abdul Rashid Bin Abdul Manaf

Tan Sri Dato' Sri Liew Kee Sin

Dato' Voon Tin Yow

AUDIT COMMITTEE

Chairman

Tan Sri Dato' Hari Narayanan

A/L Govindasamy

Dato' Leong Kok Wah

Datuk Ismail Bin Adam

Ng Soon Lai @ Ng Siek Chuan

REMUNERATION COMMITTEE

Chairman

Dato' Leong Kok Wah

Tan Sri Dato' Hari Narayanan

A/L Govindasamy

Datuk Ismail Bin Adam

NOMINATION COMMITTEE

Chairman

Datuk Ismail Bin Adam

Dato' Leong Kok Wah

Ng Soon Lai @ Ng Siek Chuan

RISK MANAGEMENT COMMITTEE

Chairman

Dato' Voon Tin Yow

Teow Leong Seng

Khor Chap Jen

Ong Kek Seng

Wong Tuck Wai

Kow Choong Ming

Norhayati Binti Subali

Lim Eng Tiong

ESOS OPTION COMMITTEE

Chairman

Tan Sri Dato' Sri Liew Kee Sin

Ng Soon Lai @ Ng Siek Chuan

Datuk Ismail Bin Adam

SECRETARIES

Lee Wai Ngan (LS 00184)

Chan Toye Ying (LS 00185)

REGISTERED OFFICE

Plaza 138, Suite 18.03

18th Floor, 138 Jalan Ampang

50450 Kuala Lumpur

Tel : 03-2161 5466

Fax : 03-2163 6968

SHARE REGISTRAR

Plaza 138, Suite 18.03

18th Floor, 138 Jalan Ampang

50450 Kuala Lumpur

Tel : 03-2161 5466

Fax : 03-2163 6968



MAJOR BANKERS

Public Bank Berhad
OCBC Bank (Malaysia) Berhad
Affin Bank Berhad
Malayan Banking Berhad
EON Bank Berhad
CIMB Bank Berhad
Ambank (M) Berhad

AUDITORS

Mazars (AF 1954)
Wisma Selangor Dredging
7th Floor South Block
142-A Jalan Ampang
50450 Kuala Lumpur

SOLICITORS

Shearn Delamore & Co
Cheong Kee Fong & Co
Soo Thien Ming & Nashrah

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

INDICES

FTSE Bursa Malaysia Indices
Standard & Poor's Indices

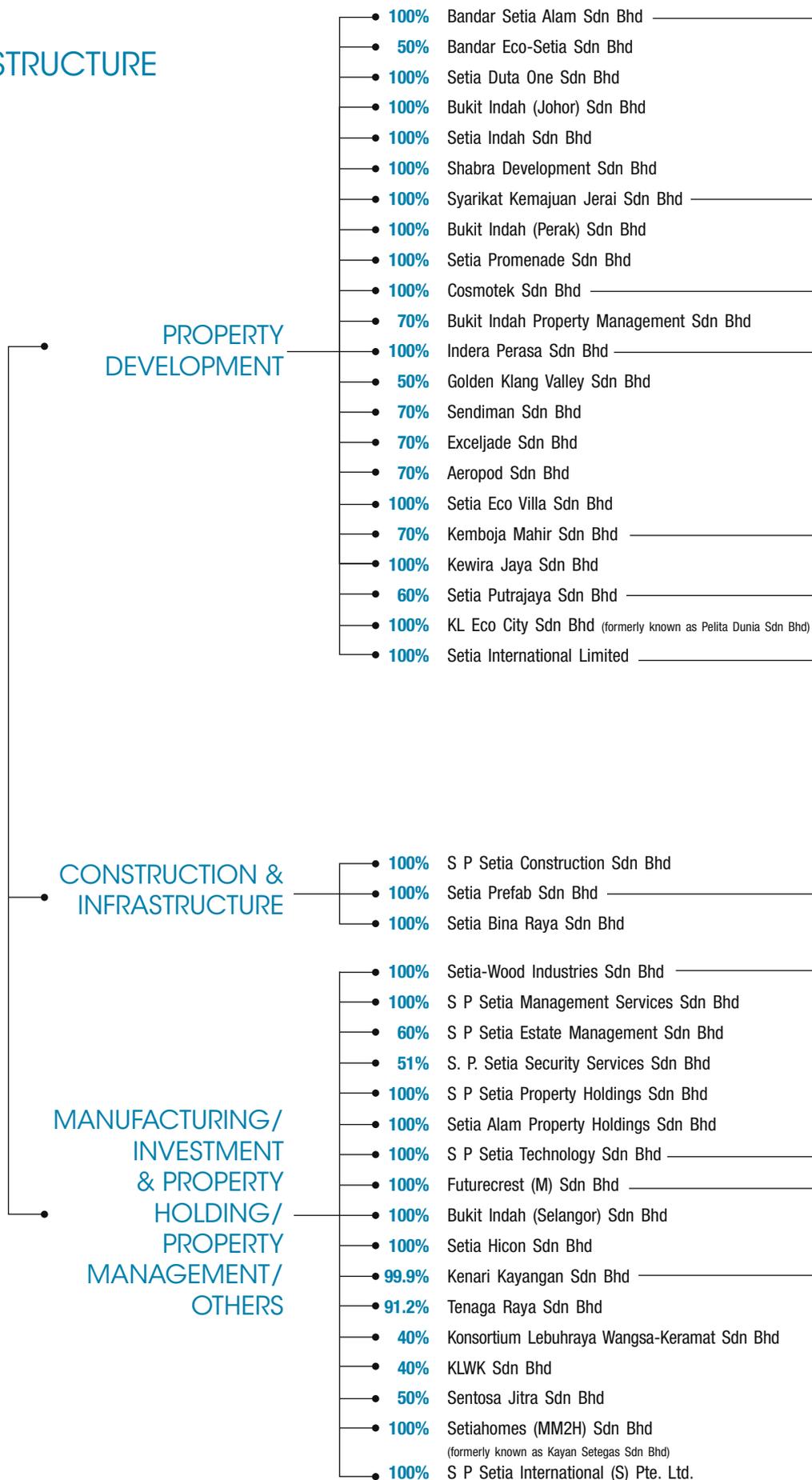
WEBSITE

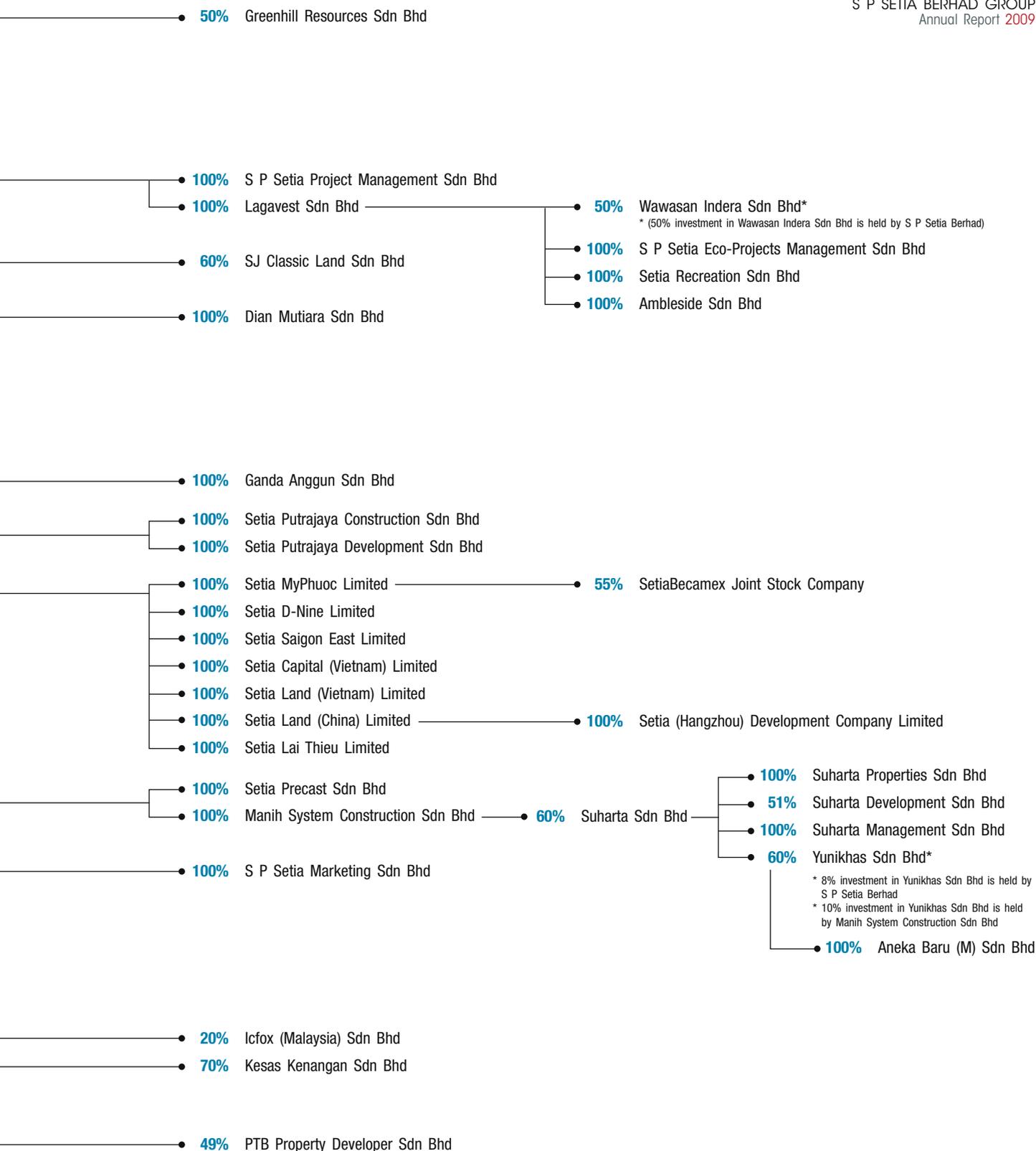
www.spsetia.com.my

Artist's impression of KL Eco City, Bangsar



CORPORATE STRUCTURE

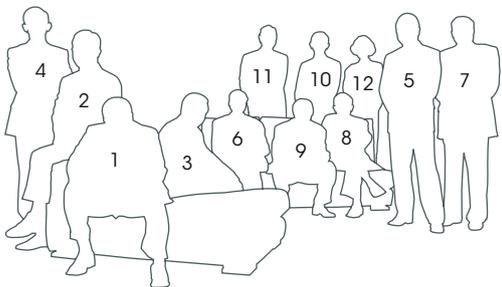




BOARD OF DIRECTORS



- | | | |
|--|---|---|
| 1. TAN SRI ABDUL RASHID BIN ABDUL MANAF
Chairman | 3. DATO' VOON TIN YOW
Deputy President and Chief Operating Officer | 8. DATO' LEONG KOK WAH
Independent Non-Executive Director |
| 2. TAN SRI DATO' SRI LIEW KEE SIN
President and Chief Executive Officer | 4. MR TEOW LEONG SENG
Executive Director and Chief Financial Officer | 9. DATUK ISMAIL BIN ADAM
Independent Non-Executive Director |
| | 5. MR CHANG KHIM WAH
Executive Director | 10. MR NG SOON LAI @ NG SIEK CHUAN
Independent Non-Executive Director |
| | 6. TAN SRI DATUK SERI LEE LAM THYE
Non-Independent Non-Executive Director | 11. TAN SRI DATO' DR. WAN MOHD ZAHID BIN MOHD NOORDIN
Non-Independent Non-Executive Director |
| | 7. TAN SRI DATO' HARI NARAYANAN A/L GOVINDASAMY
Independent Non-Executive Director | 12. DATO' NOOR FARIDA BINTI MOHD ARIFFIN
Non-Independent Non-Executive Director |



PROFILE OF BOARD OF DIRECTORS



TAN SRI ABDUL RASHID BIN ABDUL MANAF
Chairman

- Malaysian, 63 years of age
- Barrister-at-Law (Middle Temple London)

Tan Sri Abdul Rashid is a full-time businessman. Before venturing into business, he was a senior partner in a legal firm in Kuala Lumpur until his retirement on 24 August 2006. In 1970, he became a Barrister-at-Law. He joined the Malaysian Judicial and Legal Service in 1971 and became a Magistrate until 1973. He was later made the President of the Sessions Court in Klang. In 1975, he became the Senior Federal Counsel for the Income Tax Department. He left the Government Service in 1977.

He was appointed Director of S P Setia Berhad on 15 January 1996 and the Chairman of the Executive Committee of S P Setia Berhad on 29 January 1996. He assumed his position as the Chairman of the Board of S P Setia Berhad on 12 March 1997.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.

TAN SRI DATO' SRI LIEW KEE SIN
President and Chief Executive Officer

- Malaysian, 51 years of age
- Bachelor of Economics Degree (Business Administration) (University of Malaya)

Tan Sri Dato' Sri Liew started his career in a local merchant bank in 1981. After gaining 5 years of extensive experience in the banking industry, he ventured into property development and developed his first project called Bukit Indah in Ampang, Selangor.

He was appointed as an Executive Director of S P Setia Berhad on 15 January 1996 and was subsequently appointed as the Group Managing Director on 3 May 1996. He is currently the President and Chief Executive Officer of S P Setia Berhad Group.

Tan Sri Dato' Sri Liew was awarded Corporate Executive of the Year in 2005 for mid-cap companies by AsiaMoney Magazine. In 2007, he was named Property Man of the year by FIABCI Malaysia Property Awards 2007 in recognition of his contributions to the country's real estate industry and community at large.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.



DATO' VOON TIN YOW

Deputy President and Chief Operating Officer

- Malaysian, 52 years of age
- Bachelor of Science Degree in Civil Engineering
- Master of Science Degree (University of Texas, Austin)

Dato' Voon, the Deputy President of S P Setia Berhad Group has 25 years of working experience in the construction and property development industry, which includes three years in construction site management and 22 years in management of property development. He began his working career in 1984 by joining Kimali Construction Sdn Bhd as a Site Engineer and in 1986, he held the post of Development Engineer in Juru Bena Tenaga Sdn Bhd. In 1990, he joined Syarikat Kemajuan Jerai Sdn Bhd ("SKJ") as Project Manager and was subsequently appointed General Manager of SKJ in 1994. He was appointed Director of S P Setia Berhad on 15 July 1996 and the Chairman of Risk Management Committee on 29 October 2003.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.



MR TEOW LEONG SENG

Executive Director and Chief Financial Officer

- Malaysian, 51 years of age
- Fellow of the Chartered Institute of Management Accountants (UK)
- Chartered Accountant of the Malaysian Institute of Accountants
- Master of Business Administration (MBA)
(University of Strathclyde Graduate School of Business, Glasgow)

Mr Teow is the Chief Financial Officer (CFO) and Executive Vice President of S P Setia Berhad Group. He is responsible for Group Business Development, Group Corporate and Finance Division and is the Chief Executive Officer of Setia International Division. In addition, he also supervises the operations of the Setia Putrajaya Group.

Mr Teow joined S P Setia Berhad Group in 1997 and was previously the Division General Manager in charge of all Business Development activities for the Group as well as the Duta Nusantara project prior to being seconded to Setia Putrajaya as Chief Executive Officer. He was appointed a director of Setia Putrajaya Sdn Bhd on 10 July 2007.

Mr Teow was appointed as Executive Director of S P Setia Berhad on 1 July 2007 and resigned on 18 June 2009. He was the CFO of S P Setia Berhad Group from 1 August 2007 until 6 March 2008. He was subsequently re-appointed as an Executive Director of S P Setia Berhad on 20 July 2009 and re-assumed the role of CFO.



MR CHANG KHIM WAH

Executive Director

- Malaysian, 45 years of age
- Bachelor of Engineering (University of New South Wales)
- Professional Engineer registered with the Board of Engineers, Malaysia
- Member of the Institute of Engineers, Malaysia

Prior to joining S P Setia Berhad Group, Mr Teow headed the Real Estate Finance Business of Citibank, NA (Corporate Bank) in Malaysia and was the Group Financial Controller of a public-listed company. He has also held finance and accounting positions within the Hong Leong Group and various other property development companies. He has in all over 28 years of experience in the property development industry, corporate finance, accounting and financial management and real-estate finance.

Mr Teow is also a Board member of SPJ Corporation Berhad.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.

Mr Chang is the Executive Vice President in charge of the Southern and Northern Property Division of S P Setia Berhad Group. He holds a Bachelor of Engineering degree from the University of New South Wales. Mr Chang is a member of the Institute of Engineers, Malaysia and is a registered Professional Engineer. He began his career as a consultant engineer in Australia from 1989 to 1991. Upon his return to Malaysia in 1991, he joined one of the biggest consultancy firms in Malaysia, KTA-Tenaga Sdn Bhd, specialising in dam designs and water supply systems.

In 1994, he joined S P Setia Berhad Group and was one of the pioneers in setting up the property division in Johor Bahru. His responsibilities include formulation of marketing and sales strategies, overall planning, coordination and quality control as well as every aspect of S P Setia Berhad's property development projects in Johor Bahru. He was promoted to be the General Manager of Property South in June 2000 and appointed as a Board member of S P Setia Berhad on 15 February 2007.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.



TAN SRI DATUK SERI LEE LAM THYE
Non-Independent Non-Executive Director

- Malaysian, 63 years of age

Tan Sri Datuk Seri Lee started his career as a teacher and was elected and served as the State Legislative Assemblyman for Bukit Nanas from 1969 to 1974. From 1974 to 1990, he served as a Member of Parliament for Bandar Kuala Lumpur. Following his retirement from politics in 1990, he continued his career in public service by contributing actively in the social arena.

Currently, he is the Chairman of the National Institute of Occupational Safety and Health (NIOSH) under the Ministry of Human Resources, the Vice Chairman and Member of the Executive Council of the Malaysia Crime Prevention Foundation (MCPF), Member of National Unity Advisory Panel and Chairman of the Board of Trustees of S P Setia Foundation. He was appointed Director of S P Setia Berhad on 17 December 2007.

Tan Sri Lee also sits on the Boards of MBM Resources Berhad, AMDB Berhad and Media Prima Berhad.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.



**TAN SRI DATO' HARI NARAYANAN
A/L GOVINDASAMY**
Independent Non-Executive Director

- Malaysian, 59 years of age
- Bachelor of Engineering in Electrical & Electronic (University of Northumbria, England)

Tan Sri Dato' Hari Narayanan is a businessman by profession and also a member of the Institute of Engineers, Malaysia (IEM). He is also a registered professional engineer with the Board of Engineers, Malaysia. He has extensive experience in electrical and electronic engineering and has held various key positions with some established companies as an engineer and entrepreneur. He was appointed Director and a member of the Audit Committee of S P Setia Berhad on 14 November 1996. Subsequently on 28 April 1997, he was appointed the Chairman of the Audit Committee and on 3 April 2001, he was appointed as a member of the Remuneration Committee.

Tan Sri Dato' Hari Narayanan also sits on the Boards of Tenaga Nasional Berhad and Puncak Niaga Holdings Berhad. He also holds directorships with several private companies.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.



DATO' LEONG KOK WAH

Independent Non-Executive Director

- Malaysian, 56 years of age
- Master of Business Administration (MBA) (University of Hull, UK)
- Member of Institute of Bankers (UK)
- Member of Institute of Credit Management (UK)
- Member of Institute of Marketing (UK)
- Member of Institute of Bankers Malaysia

Dato' Leong has an extensive career and held senior positions in the banking industry. He has vast experience in stockbroking, asset management and options and futures trading. He is currently a stockbroker and sits on the Board of various companies in Malaysia. He was appointed Director and a member of the Audit Committee of S P Setia Berhad on 1 June 2000. On 3 April 2001, he was appointed as a member of the Nomination Committee and Remuneration Committee. Subsequently on 21 September 2005, he was appointed as the Chairman of Remuneration Committee.

Dato' Leong also sits on the Board of MUI Continental Insurance Berhad and Salcon Berhad. He is an Audit Committee member of MUI Continental Insurance Berhad.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.



DATUK ISMAIL BIN ADAM

Independent Non-Executive Director

- Malaysian, 64 years of age
- Master in Public Administration (MPA) (Pennsylvania State University, U.S.A.)
- Diploma in Public Administration (University of Malaya)
- Bachelor of Arts (Honours) (University of Malaya)

Datuk Ismail started his career in 1969 as an Assistant Director of Public Services Department. After a short posting in the Ministry of Defence from 1981 to 1983, he was made Deputy Director Service Division of Public Services Department from 1983 until 1988. In 1988, he was with the Ministry of Culture, Arts and Tourism as a Deputy Secretary General and as Secretary General in 1995. He then assumed his last position as Secretary General of Ministry of Health Malaysia from 1999 until 2000. He has extensive experience in general management, project management, hospitality, tourism, cultural and arts management and health and medical administration. He was appointed Director and a member of the Audit Committee of S P Setia Berhad on 19 December 2001. On 21 September 2005, he was appointed as a member of the Remuneration Committee and was subsequently appointed as a Chairman of the Nomination Committee on 2 October 2006.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.



MR NG SOON LAI @ NG SIEK CHUAN
Independent Non-Executive Director

- Malaysian, 55 years of age
- Fellow of the Institute of Chartered Accountants in England and Wales

Mr Ng had several years of experience in the accounting profession with Coopers & Lybrand in London and Kuala Lumpur before moving on to the financial sector in 1980. Prior to joining Alliance Bank Malaysia Berhad in July 1991 as General Manager of Credit, he had served in various positions in a leading local merchant bank and a finance company.

He was appointed as Chief Executive Director of Alliance Bank Malaysia Berhad on 21 January 1994 and to the Board of Alliance Merchant Bank Berhad on 22 July 2002 until his resignation on 31 August 2005. He was appointed Director, member of the Audit Committee and member of the Nomination Committee of S P Setia Berhad on 21 September 2005.

His directorships in other public companies include Deutsche Bank (M) Berhad, Unico-Desa Plantations Berhad and Hiap Teck Venture Berhad.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.



**TAN SRI DATO' DR. WAN MOHD ZAHID
BIN MOHD NOORDIN**
Non-Independent Non-Executive Director

- Malaysian, 69 years of age
- B.A. Honours Degree from University of Malaya
- Masters from Stanford University, Palo Alto, California
- PhD from University of California, Berkeley
- Completed an Advanced Management Programme from Harvard Business School

Tan Sri Dato' Dr. Wan Mohd Zahid is currently the Chairman of Universiti Teknologi Mara (UiTM), Kolej Teknologi dan Pengurusan Lanjutan Sdn Bhd, Management and Science University and FEC Cables (M) Sdn Bhd. He was formerly the Chairman of Berger International Ltd in Singapore and Deputy Chairman of International Bank Malaysia Berhad.

Tan Sri Dato' Dr. Wan Mohd Zahid started his career as a teacher, moving up to principal level and eventually held various positions in the Ministry of Education before his retirement as Director General of Education. Subsequent to his retirement, Tan Sri Dato' Dr Wan Mohd Zahid was an advisor with special functions to the Minister of Education and also an advisor to Sekolah Bahasa Teikyo.

Tan Sri Dato' Dr. Wan Mohd Zahid was appointed Director of S P Setia Berhad on 18 June 2009.

His directorships in other public companies include Permodalan Nasional Berhad, Amanah Saham Nasional Berhad, Perbadanan Usahawan Nasional Berhad, Sime Darby Berhad and Amanah Mutual Berhad.

He does not have any family relationship with any Director and/or major shareholder of S P Setia Berhad except by virtue of being a nominee Director of Permodalan Nasional Berhad. He does not have any conflict of interest with the Company and has not been convicted of any offences over the past 10 years.



DATO' NOOR FARIDA BINTI MOHD ARIFFIN

Non-Independent Non-Executive Director

- Malaysian, 63 years of age
- Barrister-at-Law (Gray's Inn), United Kingdom

Dato' Noor Farida is currently the Director-General at the Research, Treaties and International Law Department of the Ministry of Foreign Affairs and is the Ambassador-At-Large for the High Legal Experts Group on Follow-up to the ASEAN Charter (HLEG). She is also an Alternate Director at the Maritime Institute of Malaysia (MIMA).

After completing her legal studies at the Inns of Court in London, she joined the Judicial and Legal Service in February 1971 where she served in various capacities including magistrate, senior assistant registrar in the High Courts of Kuala Lumpur and Penang, legal officer with the Economic Planning Unit of the Prime Minister's Department, Director of the Legal Aid Bureau and Sessions Court Judge.

Dato' Noor, the Co-Agent of Malaysia for the Pulau Batu Puteh Case before the International Court of Justice in the Hague, has had a long and distinguished career spanning 36 years in the Public Service.

Prior to her appointment as Director-General, Dato' Noor held a number of key positions, including the Director at the Women and Development Programme, Human Resource and Development Group at the Commonwealth Secretariat in London, headed the newly established Legal Division of the Ministry in 1993 and in 1996 was appointed the Under-Secretary of the newly formed Territorial and Maritime Division of the Foreign Ministry.

Between 2000 and 2007, she was the Ambassador of Malaysia to the Kingdom of the Netherlands and was also concurrently appointed the Malaysian Co-Agent to the International Court of Justice for the Pulau Ligitan and Pulau Sipadan Case against Indonesia, and was the Malaysian Permanent Representative to the Organisation for the Prohibition of Chemical Weapons ("OPCW") which is based in the Hague. She was subsequently elected to the Chair of the 8th Conference of States Parties of the Chemical Weapons Convention in October 2003. Prior to this at the First Review Conference of the above Convention (April/May 2003), she was elected to chair the Drafting Group on the Political Declaration.

Dato' Noor was again appointed the Malaysian Co-Agent by the Government when Malaysia and Singapore agreed to submit the Pulau Batu dispute to the International Court of Justice.

Dato' Noor was appointed Director of S P Setia Berhad on 18 June 2009.

She does not have any family relationship with any Director and/or major shareholder of S P Setia Berhad except by virtue of being a nominee Director of Permodalan Nasional Berhad. She does not have any conflict of interest with the Company and has not been convicted of any offences over the past 10 years.



Carica show unit at Setia Pearl Island, Penang



CORPORATE GOVERNANCE

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CORPORATE GOVERNANCE STATEMENT

The Board of Directors (“Board”) is committed to maintaining a high standard of corporate governance throughout the Group by adopting and applying the Malaysian Code of Corporate Governance (Revised 2007) (“Code”) for the protection and enhancement of shareholders’ value and the financial performance of the Group.

The Board is pleased to disclose below how the Group has applied the principles set out in the Code and except where stated otherwise, its compliance with the best practices of the Code for the year ended 31 October 2009.

A. BOARD OF DIRECTORS

The Board

The Company is led and controlled by the Board which assumes overall responsibility for corporate governance, strategic direction and investments made by the Company.

The Board delegates certain responsibilities to the Board Committees, all of which operate within defined terms of reference to assist the Board in the execution of its duties and responsibilities. The Board Committees include the Audit Committee, Employees’ Share Option Scheme Committee, Executive Committee, Nomination Committee, Remuneration Committee and Risk Management Committee. The respective Committees report to the Board on matters considered and their recommendation thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board. The composition of the Board Committees are set out on page 42 of this Annual Report.

Board Balance

The Board at the date of this statement consists of twelve (12) members, comprising four (4) Executive Directors and eight (8) Non-Executive Directors. Four (4) out of the eight (8) Non-Executive Directors, are independent which fulfils the prescribed requirement for one third of the Board to be independent as stated in Paragraph 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad. (“Bursa Securities Listing Requirements”). A brief profile of each Director is presented in page 47 to 53 of this Annual Report. The current composition of the Board provides the Group with a wealth of knowledge, experience, and core competencies to draw on with a comprehensive mix of skills which includes legal, financial, technical, banking and business expertise which are vital for the continued successful direction of the Group.

There is a clear segregation of responsibilities between the Chairman and the President to ensure a balance of power and authority. The Chairman is responsible for conducting meetings of the Board and shareholders and ensuring all Directors are properly briefed during Board discussion and shareholders are informed of the subject matters requiring their approval. The President is responsible for the overall management of the Group, ensuring that strategies, policies and matters set by the Board are effectively implemented. All Directors are jointly responsible for determining the Group’s strategic business direction.

The Executive Directors together with the Executive Vice Presidents of the Group are responsible for overseeing the day-to-day management of financial and operational matters in accordance with the objectives and business strategies established by the Board. The Independent Non-Executive Directors fulfill a pivotal role in corporate accountability; providing unbiased and independent views, advice and evaluation of the strategies proposed by executive members of the Board and management, ensuring that the long term interests of all stakeholders, namely the Company’s shareholders, employees, customers, business associates and the community as a whole, are always well protected.

Board Meetings

The Board meets at least once every quarter and additional meetings are convened as and when necessary. Meetings are scheduled at the start of each financial year to enable Board members to plan their schedules accordingly. All proceedings, deliberations and conclusions of the Board Meetings are duly minuted and signed by the Chairman of the Meeting. During the financial year under review, the Board met five times and the attendance record for each Director is as follows:

Name of Director	Total Meetings Attended	Percentage of Attendance (%)
Tan Sri Abdul Rashid Bin Abdul Manaf	5/5	100
Tan Sri Dato' Sri Liew Kee Sin	5/5	100
Dato' Voon Tin Yow	5/5	100
Yap Kok Weng #	3/3	100
Teow Leong Seng *	4/4	100
Khor Chap Jen ^	2/2	100
Chang Khim Wah	5/5	100
Tan Sri Datuk Seri Lee Lam Thye	5/5	100
Tan Sri Dato' Hari Narayanan A/L Govindasamy	5/5	100
Dato' Leong Kok Wah	5/5	100
Datuk Ismail Bin Adam	5/5	100
Ng Soon Lai @ Ng Siek Chuan	5/5	100
Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin £	3/3	100
Dato' Noor Farida Binti Mohd Ariffin	2/3	67

Notes

- # Mr Yap resigned from the Board w.e.f 20.07.2009
- * Mr Teow resigned from the Board on 18.06.2009 and was subsequently re-appointed on 20.07.2009
- ^ Mr Khor resigned from the Board w.e.f 18.06.2009
- £ Tan Sri Dato' Dr. Wan Mohd Zahid and Dato' Noor Farida were appointed to the Board w.e.f 18.06.2009

All the directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated by the Bursa Securities Listing Requirements.

Supply of Information

The Directors have full and unrestricted access to all information pertaining to the Group's business and affairs including inter alia, financial results, annual budgets, business reviews against business plans and progress reports on the Group's developments and business strategies, to enable them to discharge their duties effectively. All Directors are provided with the agenda together with the Board papers prior to the Board Meetings to allow sufficient time for the Directors to review, consider and deliberate knowledgeably on the issues and, where necessary, to obtain further information and explanations to facilitate informed decision making.

In addition there is a schedule of matters reserved specifically for the Board's decision which includes the approval of corporate plans and budgets, material acquisitions and disposals of assets, major capital projects, financial results, dividend recommendations and Board appointments.

Senior management officers and external advisers may be invited to attend Board Meetings when necessary, to furnish the Board with explanations and comments on the relevant agenda items tabled at the Board meetings or to provide clarification on issue(s) that may be raised by any Director.

All Directors have access to the advice and services of the Company Secretary and Senior Management and may seek independent professional advice, at the Company's expense, if required, in furtherance of their duties.

Appointment and Re-election to the Board

The Nomination Committee comprises entirely of Independent Non-Executive Directors. Members of the Nomination Committee are listed on page 42 of this Annual Report. The Nomination Committee is empowered to identify and recommend new appointments of Executive and Non Executive Directors to the Board. In discharging this duty, the Nomination Committee will assess the suitability of an individual to be appointed to the Board by taking into account the individual's skills, knowledge, expertise and experience, professionalism and integrity. All decisions on appointments are made by the Board of Directors after considering the recommendations of the Nomination Committee.

In accordance with the Company's Articles of Association, all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

Directors' Training

All Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities"). During the financial year, Directors and senior management attended the following training programmes and seminars to further broaden their skills, knowledge and perspectives to keep them abreast with new and relevant developments pertaining to changes in legislation, regulations and the market place:

- (1) Corporate Governance Guide-Towards Boardroom Excellence;
- (2) FRS Application Course on the following:
 - Financial Statements Presentation and Disclosures;
 - Accounting for Non-Current Non Financial Assets;
 - Accounting for Revenue, Inventories, Borrowing Costs, Provisions and Income Taxes;
 - Group Financial Statements and Business Combinations;
 - Accounting for Specific Transactions;
 - Accounting for Financial Instruments;
 - Additional Disclosures for Public Listed Companies.
- (3) Essentials of Fundamental Analytics: Analysing Company Performance;
- (4) Economics and Capital Markets: Forces Shaping Global Capital Markets;
- (5) Corporate Strategic Analytics: Essentials of Corporate Proposal Analysis;
- (6) Corporate Governance and Ethics: Strengthening Professionalism through Ethics; and
- (7) Developing Key Performance Indicators to enhance organization performance.

The Directors will continue to undergo other relevant training programmes and seminars to ensure that they remain well-equipped with the relevant knowledge as well as emergent strategic directions and ideas to discharge their duties effectively.

B. DIRECTOR'S REMUNERATION

Objective

The Company's remuneration policy for Directors is tailored to support the Company's overall objective of delivering long-term value to its shareholders. The remuneration packages are designed to encourage the creativity and innovation appropriate for a property, infrastructure and construction company of its size and to enable the Company to recruit and retain individuals of the necessary calibre relevant to the achievement of the Company's strategic objectives.

Remuneration Procedures

The Remuneration Committee, consisting wholly of Independent Non-Executive Directors, recommends to the Board the remuneration package for the Executive Directors. It is the ultimate responsibility of the entire Board to approve the remuneration of these Directors with the Executive Directors concerned abstaining from deliberations and voting on their own remuneration.

The determination of the remuneration of the Non-Executive Directors is a matter decided by the Board as a whole, with the Non-Executive Directors concerned abstaining from deliberations and voting on their own remuneration.

Remuneration Package

The remuneration package of Directors is as follows:

(a) Basic salary

The basic salary (inclusive of statutory employer's contributions to the Employees Provident Fund) for each Executive Director is recommended by the Remuneration Committee, taking into account the individual responsibility, contribution, performance, and additional responsibilities of the Directors, as well as the market-rate for similar positions in comparable companies.

(b) Allowance

The allowance given to the Non-Executive Directors is based on the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned.

(c) Bonus scheme

The Group operates a bonus scheme for all employees, including the Executive Directors. The criteria for the scheme include the level of profit achieved by the Group from its business activities against targets, together with an assessment of each individual's performance during the period. Bonuses payable to the Executive Directors are reviewed by the Remuneration Committee and approved by the Board.

(d) Benefits-in-kind

Other benefits (such as chauffeur, security services and travelling allowance) are made available as appropriate.

The details of the remuneration of each Director of the Company who served during the financial year ended 31 October 2009 are as follows:

Category	Basic Salary RM'000	Allowance RM'000	Bonus RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Directors					
Tan Sri Dato' Sri Liew Kee Sin	4,376.78	–	3,136.00	856.65	8,369.43
Dato' Voon Tin Yow	2,920.78	–	1,792.00	256.73	4,969.51
Yap Kok Weng <i>(resigned w.e.f 20.07.2009)</i>	844.21	–	537.60	40.67	1,422.48
Teow Leong Seng <i>(resigned on 18.06.2009 and re-appointed on 20.07.2009)</i>	915.98	–	459.20	20.24	1,395.42
Khor Chap Jen <i>(resigned w.e.f 18.06.2009)</i>	738.63	–	537.60	3.78	1,280.01
Chang Khim Wah	1,066.51	–	498.40	5.19	1,570.10
Non-Executive Directors					
Tan Sri Abdul Rashid Bin Abdul Manaf	–	1,103.71	–	28.48	1,132.19
Tan Sri Datuk Seri Lee Lam Thye	–	572.88	–	–	572.88
Tan Sri Dato' Hari Narayanan A/L Govindasamy	–	221.65	–	–	221.65
Dato' Leong Kok Wah	–	221.65	–	–	221.65
Datuk Ismail Bin Adam	–	153.45	–	–	153.45
Ng Soon Lai @ Ng Siek Chuan	–	136.40	–	–	136.40
Tan Sri Dato' Dr Wan Mohd Zahid Bin Mohd Noordin <i>(appointed w.ef. 18.06.2009)</i>	–	22.17	–	–	22.17
Dato' Noor Farida Binti Mohd Ariffin <i>(appointed w.e.f 18.06.2009)</i>	–	22.17	–	–	22.17

C. SHAREHOLDERS

Communications between the Company and Investors

The Company is aware that a key element of good corporate governance is the effective communication and dissemination of clear, relevant and comprehensive information which is timely and readily accessible by all stakeholders. Effective communication channels with the Company's shareholders, stakeholders and the public are maintained through the dissemination of press releases, press conferences, timely announcements and disclosures made to Bursa Securities.

The Company's quarterly interim and full year audited financial results are released within two (2) months from the end of each quarter / financial year and the Annual Report, which remains a key channel of communication, is published within four (4) months after the financial year end. The Annual Report is not merely a factual statement of financial information and performance of the Group; but through the Chairman's Statement and the President's Report provides an insightful interpretation of the Group's performance, operations, and other matters affecting shareholders' interest. It is hoped that such insights will allow shareholders and investors to make more informed investment decisions based not only on past performance but also the future direction of the Group.

Given the fact that the Group has a very strong following amongst domestic and international institutional investors, fund managers and equity research analysts, the Company's Investor Relations Department ("IR Department") plays a pivotal role in providing ongoing updates on the Group's development activities and conducting regular dialogues and discussions. These meetings provide a vital avenue and direct channel of communication where financial analysts and institutional fund managers can gain a better understanding of the businesses and direction of the Group; enter into constructive dialogues and discussions based on the mutual understanding of objectives; and where relevant feedback is factored into the Company's business decisions.

To maintain a high level of transparency, corporate presentations and financial information utilized during analyst and fund manager briefings are also available on the Group's website:

www.spsetia.com.my

During the financial year, the Company participated in 6 investor conferences locally and abroad and in addition to that had 133 meetings with 335 individual financial analysts and investors. A total of 24 local and foreign research houses and brokerages contribute to the Bloomberg earnings estimates for the Company.

Annual General Meeting ("AGM")

The Company's AGM remains the principal forum for dialogue and communication with shareholders in particular private investors. Shareholders are encouraged and given sufficient time and opportunity to participate in the proceedings, ask questions about the resolutions being proposed and the operations of the Group, and communicate their expectations and possible concerns. All Board members, senior management and the Group's external auditor are available to respond to shareholders' questions during the AGM.

A press conference is held after each AGM whereat the President/Chief Executive Officer, Deputy President/Chief Operating Officer, Chief Financial Officer and Executive Vice Presidents together with the relevant senior management would advise the media on the resolutions approved by the shareholders and brief the media on the operations, performance and financial results of the Group for the year under review and clarify issues and answer questions posed by the media. As such, the press conferences are intended not only to promote the dissemination of the financial results of the Group to as wide an audience as possible, but also to keep the investing public and shareholders updated on the progress and development of the business of the Group.

Any queries or concerns relating to the Group may be conveyed to the following persons:

Tan Sri Dato' Hari Narayanan A/L Govindasamy,
Chairman of the Audit Committee

Email address : hari@leighton.com.my
Telephone Number : 03-2035 1788
Fax Number : 03-2692 7187

Lee Wai Ngan
Chan Toye Ying
Company Secretaries

Email address : systems@ssassociates.com.my
Telephone Number : 03-2161 5466
Fax Number : 03-2163 6968

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual audited financial statements and quarterly announcement of results to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The Audit Committee assists the Board by reviewing the information to be disclosed, to ensure completeness, accuracy and adequacy prior to release to Bursa Securities and Securities Commission.

Internal Control

The Statement on Internal Control set out on page 66 of this Annual Report provides an overview of the state of internal controls within the Group.

Relationship with Auditors

The Board via the Audit Committee maintains a formal and transparent professional relationship with the Group's auditors, both internal and external. The role of the Audit Committee in relation to the auditors is described in the Audit Committee Report set out on page 63 to page 65 of this Annual Report.

Directors' Responsibility Statement

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the provisions of the Act and applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group and of the Company for the financial year ended 31 October 2009, the Group has used the appropriate accounting policies and applied them consistently. The Directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

ADDITIONAL COMPLIANCE INFORMATION

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year ended 31 October 2009, 68,988,500 options were granted pursuant to the Employees Share Option Scheme but have not been vested and hence, are not exercisable by employees.

During the financial year, 107,350 warrants were exercised from the 160,360,647 outstanding detachable warrants 2008/2013. The Company did not issue any convertible securities during the financial year ended 31 October 2009.

NON-AUDIT FEES

There were no non-audit fees paid by the Group to the external auditors for the financial year ended 31 October 2009.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving directors' and major shareholders' interest which were still subsisting as at the end of the financial year under review or which were entered into since the end of the previous financial year except as disclosed in note 47(a) of the financial statements.

RECURRENT RELATED PARTY TRANSACTIONS

At the Thirty Fourth Annual General Meeting of the Company held on 25 February 2009, the Company had obtained the approval for the renewal of the shareholders' mandate to enter into recurrent related party transactions of a revenue or trading nature, which are necessary for its day-to-day operations and in the ordinary course of its business, with related parties.

The said mandate took effect on 25 February 2009 and will continue until the conclusion of the forthcoming Annual General Meeting of the Company.

At the forthcoming Annual General Meeting to be held on 3 March 2010, the Company intends to seek its shareholders' approval to renew the existing mandate for recurrent related party transactions of a revenue or trading nature. The details of the shareholders' mandate to be sought will be furnished in the Circular to Shareholders dated 9 February 2010 attached to this Annual Report.

REVALUATION OF LANDED PROPERTIES

The Company does not have a revaluation policy on landed properties.

AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE

TAN SRI DATO' HARI NARAYANAN A/L GOVINDASAMY
(Chairman & Independent Non-Executive Director)

DATO' LEONG KOK WAH
(Independent Non-Executive Director)

DATUK ISMAIL BIN ADAM
(Independent Non-Executive Director)

NG SOON LAI @ NG SIEK CHUAN
(Independent Non-Executive Director)

SECRETARIES

LEE WAI NGAN

CHAN TOYE YING

TERMS OF REFERENCE

1.0 Purpose

The primary objective of the Audit Committee (as a sub-committee of the Board) is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, timely and accurate financial reporting and development of sound internal controls.

2.0 Composition

- i. The Audit Committee shall be appointed by the Directors amongst their numbers, who fulfils the following requirements:
 - comprised no fewer than 3 members;
 - all members must be non-executive Directors;
 - all members should be financially literate and at least one member must be a member of the Malaysian Institute of Accountants or having the relevant qualifications and experience as specified in the Listing Requirements of Bursa Malaysia Securities Berhad.
- ii. The Chairman of the Audit Committee shall be an Independent Director.

3.0 Reporting Responsibilities

The Audit Committee will report to the Board on the nature and extent of the functions performed by it and may make such recommendations to the Board on any audit and financial reporting matters as it may think fit.

4.0 Attendance at Meetings

- i. The Chief Financial Officer, Head of Internal Audit and a representative of the External Auditor shall normally attend meetings.
- ii. Other Directors and employees may attend any particular Audit Committee meeting only upon the invitation of the Audit Committee specific to the relevant meeting.
- iii. The Company Secretary shall be the secretary of the Committee.

5.0 Frequency of Meetings

A minimum of four (4) meetings a year shall be planned, although additional meetings may be called at any time at the Chairman's discretion.

The Committee should meet with the External Auditors without Executive Board members present at least twice a year.

The Audit Committee would meet regularly, with due notice of issues to be discussed, and should record its conclusions in discharging its duties and responsibilities.

The Chairman of the Audit Committee would engage on a continuous basis with Senior Management, such as the Chairman, the Chief Executive Officer, the Chief Financial Officer, the Head of Internal Audit and the External Auditors in order to keep abreast of matters affecting the Group.

The Audit Committee held four (4) meetings during the financial year ended 31 October 2009. The details of attendance of the Audit Committee members are as follows:

Name of Audit Committee Member	Total attendance of meetings
Tan Sri Dato' Hari Narayanan A/L Govindasamy	4/4
Dato' Leong Kok Wah	4/4
Datuk Ismail Bin Adam	4/4
Ng Soon Lai @ Ng Siek Chuan	4/4

The Chief Financial Officer, Head of Internal Audit and the External Auditors have attended the abovesaid meetings together with the Audit Committee members.

6.0 Quorum

The quorum for a meeting shall be two (2) members. The majority of members present shall be Independent Directors.

7.0 Authority

- i. The Audit Committee is authorised by the Board to investigate any activity within its Terms of Reference. It is authorised to seek any information it requires from any employee for the purpose of discharging its functions and responsibilities.
- ii. The Committee may, with the approval of the Board, obtain legal or other advice from independent professionals and appoint external parties with relevant experience and expertise to assist the Committee if it considers this necessary.

8.0 Duties

The duties of the Committee shall be:

- i. To consider the appointment of the External Auditors, the audit fees and any questions of resignation or dismissal.
- ii. To review the nature and scope of the audit by the External Auditors before commencement.
- iii. To review the quarterly and year end financial statements before submission to the Board, focusing particularly on:
 - any changes in accounting policies and practices;
 - significant audit adjustments from the external auditors;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- iv. To discuss problems and reservations arising from the interim and final audits and any matter the auditors may wish to discuss (in the absence of management, where necessary).
- v. To review the External Auditors' management letter and management's response.
- vi. To do the following, in relation to the internal audit function:
 - review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of senior staff members of the internal audit function; and
 - take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit reasons for resigning.
- vii. To review any related party transactions that may arise within the Company or Group.
- viii. To consider other related matters, as defined by the Board.

SUMMARY OF ACTIVITIES OF THE COMMITTEE DURING THE YEAR

The Audit Committee met four times during the financial year ended 31 October 2009. The activities of the Audit Committee for the financial year were summarised as follows:

- (a) Reviewed the quarterly financial results announcements for each quarter of the Group prior to the Board of Directors' approval, focusing particularly on:
 - the overall performance of the Group;
 - the prospects for the Group;
 - the changes in or implementation of major accounting policy changes; and
 - compliance with accounting standards and other legal requirement.
- (b) Discussed significant audit findings in respect of the financial statements of the Group with the External Auditors;
- (c) Reviewed the reports prepared by the Internal Auditors on the state of internal control of the Group; and
- (d) Reviewed the related party transactions entered into by the Company and the Group.

INTERNAL AUDIT FUNCTION

The Group has an in-house Internal Audit Department that directly reports to the Audit Committee. The Committee is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal controls.

The internal audit activities carried out for the financial year include, inter alia, the following:

- Ascertained the extent of compliance with the established Group policies, procedures and statutory requirements;
- Reviewed the system of internal controls and key operating processes based on the approved annual plan by adopting a risk based approach and recommending improvements to the existing system of controls.
- Reviewed related party transactions.

Arising from the above activities, Internal Audit reports, incorporating the audit findings, audit recommendations and management response were issued to the Audit Committee. Follow-up audit was also conducted and the status of implementation on the agreed upon recommendations were issued to the Audit Committee.

STATEMENT ON EMPLOYEES SHARE OPTION SCHEME

The Audit Committee has reviewed and verified that during the financial year ended 31 October 2009, the allocation of share options pursuant to the ESOS to eligible employees of S P Setia Berhad Group had been made in accordance with the eligibility and entitlement criteria determined by the ESOS Committee and the share options have been granted in accordance with the By-Laws.

INTERNAL CONTROL STATEMENT

BOARD RESPONSIBILITY

The Board acknowledges that it is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. The system is designed to provide reasonable assurance of effective operations and compliance with laws and regulations. The Board ensures the effectiveness of the system through regular reviews.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives, and as such, can only provide reasonable but not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

The Board is pleased to disclose that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group throughout the financial year.

The said process is regularly reviewed by the Board and accords with the Statement of Internal Control – Guidance for Directors or Public Listed Companies.

INTERNAL CONTROL

The Board summarises below the process applied in reviewing the adequacy and integrity of the system of internal control:

- a) The Board has appointed the Audit Committee to examine the effectiveness of the Group's system of internal control on behalf of the Board. This is accomplished through the review of the Group Internal Audit Department's work, which focused on areas of priority as identified by risk analysis and in accordance with the annual audit plan approved by the Audit Committee.
- b) The Group's Risk Management Framework is outlined in the Risk Management Policy. The Group has a Risk Management Committee who reports to the Board on quarterly basis on all major risk areas. The Risk Management Committee coordinates the overall risk management activities within the Group.
- c) The framework of the Group's system of internal control and key procedure include:
 - There is in place an organisation structure, which formally defines lines of responsibility and delegation of authority.
 - Key functions such as finance, tax, treasury, corporate, legal matters and contract awarding are controlled centrally.
 - There is a strategic planning, annual budgeting and target-setting process, which includes forecasts for each area of business with detailed reviews at all levels of operations. The Board reviews and approves the annual budget.
 - Actual performance compared with budget is reviewed with detailed explanation of any major variances.
 - The President/Chief Executive Officer, Deputy President/Chief Operating Officer and Executive Vice-Presidents meet on a monthly basis with all Divisional Heads and Business Unit Heads to consider the Group's financial performance, business development, management and corporate issues.
 - Standard Operating Procedures which include policies and procedures within the Group are in place and continuously updated.
 - The Divisional Heads and Business Unit Heads are responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls.
 - Corporate values, which emphasise ethical behavior, quality products and services are set out in the Group's Employee Handbook.

The Group's system of internal control does not apply to Associate Companies and Jointly Controlled Entities where the Group does not have full management control over them.



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CORPORATE INFORMATION

DOMICILE

Malaysia

LEGAL FORM AND PLACE OF INCORPORATION

Public listed company limited by way of shares incorporated in Malaysia under the Companies Act, 1965

REGISTERED OFFICE

Plaza 138, Suite 18.03
18th Floor, 138 Jalan Ampang
50450 Kuala Lumpur

PRINCIPAL PLACE OF BUSINESS

Setia Corporate Tower
5A, Jalan Setia Nusantara U13/17
Seksyen U13 Setia Alam
40170 Shah Alam
Selangor Darul Ehsan
Malaysia



DIRECTORS' REPORT For the year ended 31 October 2009

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 October 2009.

PRINCIPAL ACTIVITIES

The Company is engaged in business as building contractors. It is also an investment holding company. The principal activities of the subsidiary companies are indicated in note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit attributable to shareholders of the Company	171,233	8,218
Retained earnings brought forward	945,936	652,457
Profit available for appropriation	1,117,169	660,675
Dividends	(114,390)	(114,390)
Retained earnings carried forward	1,002,779	546,285

DIVIDENDS

During the financial year, the Company paid the following dividends:

- A final dividend of 10 sen per ordinary share of RM0.75 each less 25% income tax amounting to RM76,260,434 in respect of the financial year ended 31 October 2008, as proposed in the directors' report for that year; and
- An interim dividend of 5 sen per ordinary share of RM0.75 each less 25% income tax amounting to RM38,130,215 in respect of the financial year ended 31 October 2009.

The directors now recommend a final dividend of 9 sen per ordinary share of RM0.75 each less 25% income tax amounting to RM68,634,393 in respect of the financial year ended 31 October 2009.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the statements of changes in equity set out on pages 79 and 80.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its paid up share capital from 1,016,698,468 to 1,016,805,818 by the issuance of 107,350 new ordinary shares of RM0.75 each for cash arising from the exercise of Warrants at an exercise price of RM4.48 per ordinary share.

The new ordinary shares rank pari passu in all respects with the existing ordinary shares.

The Company did not issue any debentures during the financial year.

DIRECTORS' REPORT For the year ended 31 October 2009 (Cont'd)

EMPLOYEES' SHARE OPTIONS SCHEME

Options granted under the employees' share options scheme ("ESOS") during the financial year were as follows:

Date options granted	Exercise price RM	At 1.11.2008	Granted	Exercise	At 31.10.2009
6 May 2009	2.96	–	68,988,500	–	68,988,500

The main features of the ESOS are disclosed in note 24 to the financial statements.

DIRECTORS

The directors in office since the date of the last report are:

Tan Sri Abdul Rashid Bin Abdul Manaf

Tan Sri Dato' Sri Liew Kee Sin

Dato' Voon Tin Yow

Tan Sri Dato' Hari Narayanan A/L Govindasamy

Dato' Leong Kok Wah

Datuk Ismail Bin Adam

Ng Soon Lai @ Ng Siek Chuan

Chang Khim Wah

Tan Sri Datuk Seri Lee Lam Thye

Tan Sri Dato' Dr Wan Mohd Zahid Bin Mohd Noordin (Appointed on 18.06.2009)

Dato' Noor Farida Binti Mohd Ariffin (Appointed on 18.06.2009)

Teow Leong Seng (Resigned on 18.06.2009, re-appointed on 20.07.2009)

Yap Kok Weng (Resigned on 20.07.2009)

Khor Chap Jen (Resigned on 18.06.2009)

In accordance with the Company's Articles of Association, Mr Teow Leong Seng, Tan Sri Dato' Dr Wan Mohd Zahid Bin Mohd Noordin and Dato' Noor Farida Binti Mohd Ariffin who were appointed subsequent to the last annual general meeting retire at the forthcoming annual general meeting with Tan Sri Abdul Rashid Bin Abdul Manaf, Dato' Voon Tin Yow and Dato' Leong Kok Wah who retire by rotation. The retiring directors, being eligible, offer themselves for re-election.

DIRECTORS' REPORT For the year ended 31 October 2009 (Cont'd)

DIRECTORS' INTEREST IN SHARES, SHARE OPTIONS AND WARRANTS

The following directors who held office at the end of the financial year had an interest in shares in the Company during the financial year required to be disclosed in accordance with Section 169(6)(g) of the Companies Act, 1965, as follows:

	No. of ordinary shares of RM0.75 each			
	At 1.11.2008/ date of appointment	Acquired	Disposed	At 31.10.2009
Tan Sri Abdul Rashid Bin Abdul Manaf				
– direct	67,000	–	–	67,000
– indirect	7,074,000	104,000	–	7,178,000
Tan Sri Dato' Sri Liew Kee Sin				
– direct	93,463,839	–	–	93,463,839
– indirect	28,201,297	–	–	28,201,297
Dato' Voon Tin Yow				
– direct	19,932	–	–	19,932
Teow Leong Seng				
– direct	10,933	–	–	10,933
Chang Khim Wah				
– direct	62,106	–	–	62,106
Tan Sri Datuk Seri Lee Lam Thye				
– indirect	18,000	–	–	18,000

The following directors had an interest in share options under the ESOS and in Warrants of the Company during the financial year as follows:

	Exercise price RM	No. of unissued shares of RM0.75 each			
		At 1.11.2008/ date of appointment	Granted	Exercised	At 31.10.2009
Dato' Voon Tin Yow	2.96	–	3,000,000	–	3,000,000
Teow Leong Seng	2.96	–	3,000,000	–	3,000,000
Chang Khim Wah	2.96	–	3,000,000	–	3,000,000

DIRECTORS' REPORT For the year ended 31 October 2009 (Cont'd)

DIRECTORS' INTEREST IN SHARES, SHARE OPTIONS AND WARRANTS (CONT'D)

	No. of Warrants			At 31.10.2009
	At 1.11.2008/ date of appointment	Acquired	Disposed	
Tan Sri Abdul Rashid Bin Abdul Manaf				
– indirect	1,150,000	900,000	–	2,050,000
Tan Sri Dato' Sri Liew Kee Sin				
– direct	15,747,403	–	–	15,747,403
– indirect	14,970,235	–	–	14,970,235
Dato' Voon Tin Yow				
– direct	1,768,402	–	–	1,768,402
Teow Leong Seng				
– direct	1,822	–	–	1,822
Chang Khim Wah				
– direct	13,700	–	–	13,700
Tan Sri Datuk Seri Lee Lam Thye				
– indirect	3,000	–	–	3,000

By virtue of his interests in shares in the Company, Tan Sri Dato' Sri Liew Kee Sin is also deemed to have interests in shares in all its subsidiary companies to the extent the Company has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefit which may be deemed to have arisen from the transactions disclosed in note 47(a) to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain the action taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

DIRECTORS' REPORT For the year ended 31 October 2009 (Cont'd)

OTHER STATUTORY INFORMATION (CONT'D)

- (b) At the date of this report, the directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Company or its subsidiary companies which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Company or its subsidiary companies which has arisen since the end of the financial year.
- (d) No contingent or other liability of the Company or its subsidiary companies has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Company or its subsidiary companies to meet their obligations as and when they fall due.
- (e) At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.
- (f) In the opinion of the directors:
- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Mazars, Chartered Accountants, have expressed their willingness to continue in office.

Signed on behalf of the directors in accordance with a directors' resolution dated 10 December 2009

TAN SRI DATO' SRI LIEW KEE SIN

Director

Kuala Lumpur

DATO' VOON TIN YOW

Director

INDEPENDENT AUDITORS' REPORT To the members of S P Setia Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of S P Setia Berhad, which comprise the balance sheets as at 31 October 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 76 to 151.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 October 2009 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment material to the consolidated financial statements and did not include any adverse comment required to be made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT To the members of S P Setia Berhad (Cont'd)

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

MAZARS

No. AF: 1954

Chartered Accountants

Kuala Lumpur

Date: 10 December 2009

GAN MORN GHUAT

No. 1499/5/11 (J)

Partner

BALANCE SHEETS 31 October 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000 As restated	2009 RM'000	2008 RM'000 As restated
ASSETS					
Non-current assets					
Property, plant and equipment	3	146,014	89,821	312	200
Investment properties	4	197,587	178,236	1,105	1,157
Land held for property development	5	1,211,522	1,220,058	–	–
Prepaid lease payments	6	870	880	870	880
Investment in subsidiary companies	7	–	–	254,251	291,077
Investment in associated companies	8	2,282	2,730	650	650
Investment in jointly controlled entities	9	–	–	85,981	79,330
Other investments	10	337	553	–	–
Amounts owing by subsidiary companies	11	–	–	1,315,226	1,405,224
Amounts owing by associated companies	12	–	2	–	2
Amount owing by joint venture partner	13	7,166	6,447	–	–
Amounts owing by jointly controlled entities	14	15,900	302	58,600	286
Deferred tax assets	15	33,141	26,829	–	441
Total non-current assets		1,614,819	1,525,858	1,716,995	1,779,247
Current assets					
Property development costs	16	897,949	853,984	–	–
Gross amount due from customers	17	39,464	53,479	–	5,080
Inventories	18	27,318	35,178	–	–
Accrued billings	19	135,872	105,567	–	–
Trade receivables	20	230,135	271,257	–	3,066
Amounts owing by subsidiary companies	11	–	–	152,172	159,652
Amounts owing by associated companies		–	1,309	–	–
Amounts owing by jointly controlled entities	14	19,367	10,944	29,295	26,720
Other receivables, deposits and prepayments	21	71,130	55,166	665	6,027
Current tax assets		30,656	25,460	22,704	10,421
Deposits	22	610,315	407,599	338,886	313,524
Cash and bank balances	23	275,226	215,083	8,045	3,228
Total current assets		2,337,432	2,035,026	551,767	527,718
TOTAL ASSETS		3,952,251	3,560,884	2,268,762	2,306,965

BALANCE SHEETS 31 October 2009 (Cont'd)

	Note	Group		Company	
		2009 RM'000	2008 RM'000 As restated	2009 RM'000	2008 RM'000 As restated
EQUITY AND LIABILITIES					
Equity					
Share capital	24	762,604	762,524	762,604	762,524
Share premium account		218,017	217,584	218,017	217,584
Option reserve (<i>non-distributable</i>)		6,988	–	6,988	–
Warrant reserve (<i>non-distributable</i>)		47,766	47,798	47,766	47,798
Exchange translation reserve (<i>non-distributable</i>)		(933)	1,500	–	–
Retained earnings		1,002,779	945,936	546,285	652,457
Equity attributable to shareholders of the Company		2,037,221	1,975,342	1,581,660	1,680,363
Minority interests		357	358	–	–
Total equity		2,037,578	1,975,700	1,581,660	1,680,363
Non-current liabilities					
Redeemable serial bonds	25	472,791	460,577	472,791	460,577
Redeemable cumulative preference shares	26	65,625	65,625	–	–
Amounts owing to subsidiary companies	11	–	–	132,991	131,738
Long term loans	27	568,768	490,907	–	–
Other loans	28	1,446	1,446	–	–
Hire purchase and finance lease liabilities	29	107	1,890	–	–
Deferred tax liabilities	30	981	1,194	9,521	–
Total non-current liabilities		1,109,718	1,021,639	615,303	592,315
Current liabilities					
Gross amount due to customers	17	7,537	8,042	3,823	6,573
Trade payables	31	290,100	275,856	8,358	6,830
Progress billings	19	45,024	28,684	–	–
Amounts owing to subsidiary companies	11	–	–	5,853	4,660
Other payables and accruals	32	122,101	136,472	15,896	16,224
Hire purchase and finance lease liabilities	29	80	1,187	–	–
Short term borrowings	33	144,273	82,730	–	–
Bank overdrafts	34	186,167	21,100	37,869	–
Current tax liabilities		9,673	9,474	–	–
Total current liabilities		804,955	563,545	71,799	34,287
Total liabilities		1,914,673	1,585,184	687,102	626,602
TOTAL EQUITY AND LIABILITIES		3,952,251	3,560,884	2,268,762	2,306,965

Notes to and forming part of the financial statements are set out on pages 84 to 151
Auditors' Report – Pages 74 to 75

INCOME STATEMENTS For the year ended 31 October 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000 As restated	2009 RM'000	2008 RM'000
Revenue	35	1,408,415	1,471,357	28,660	2,649
Cost of sales	36	(1,104,153)	(1,090,573)	(28,283)	(2,674)
Gross profit		304,262	380,784	377	(25)
Other operating income		17,373	13,911	844	868
Selling and marketing expenses		(32,171)	(34,111)	–	–
Administrative and general expenses		(86,461)	(98,983)	(29,133)	(31,926)
Profit/(Loss) from operations	37	203,003	261,601	(27,912)	(31,083)
Net profit from investing activities	38	36,609	44,109	75,282	68,011
Share of net profits less losses of associated companies		(448)	4,401	–	–
Finance costs	39	(8,052)	(12,244)	(22,973)	(21,157)
Profit before tax		231,112	297,867	24,397	15,771
Tax expense	40	(59,880)	(84,412)	(16,179)	(8,026)
Profit for the year		171,232	213,455	8,218	7,745
Attributable to:					
Shareholders of the Company		171,233	213,456	8,218	7,745
Minority interests		(1)	(1)	–	–
		171,232	213,455	8,218	7,745
Basic earnings per share (sen)	41	16.8	21.0		
Diluted earnings per share (sen)	41	16.7	–*		
Dividend per share (net of tax) (sen)		10.5	12.7	10.5	12.7

* *Anti-dilutive*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 October 2009

	<----- Attributable to shareholders of the Company ----->						<----- Non-distributable ----->			
Note	Share capital RM'000	Share premium RM'000	Option reserve RM'000	Warrant reserve RM'000	Exchange translation reserve RM'000	Distributable retained earnings RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000	
Balance at 1.11.2007	504,454	438,430	-	-	-	897,999	1,840,883	492	1,841,375	
Translation differences for the year	-	-	-	-	1,500	-	1,500	-	1,500	
Profit for the year	-	-	-	-	-	213,456	213,456	(1)	213,455	
Net income/(expense) recognised directly in equity	-	-	-	-	1,500	213,456	214,956	(1)	214,955	
Dividends paid	42	-	-	-	-	(165,519)	(165,519)	-	(165,519)	
Issue of Warrants	-	-	-	50,120	-	-	50,120	-	50,120	
Issue of ordinary shares pursuant to										
- bonus issue	252,227	(252,227)	-	-	-	-	-	-	-	
- exercise of Warrants	5,843	31,381	-	(2,322)	-	-	34,902	-	34,902	
Acquisition of additional shares in an existing subsidiary company	-	-	-	-	-	-	-	(133)	(133)	
Balance at 31.10.2008	762,524	217,584	-	47,798	1,500	945,936	1,975,342	358	1,975,700	
Translation differences for the year	-	-	-	-	(2,433)	-	(2,433)	-	(2,433)	
Profit for the year	-	-	-	-	-	171,233	171,233	(1)	171,232	
Net (expense)/income recognised directly in equity	-	-	-	-	(2,433)	171,233	168,800	(1)	168,799	
Dividends paid	42	-	-	-	-	(114,390)	(114,390)	-	(114,390)	
Issue of ordinary shares pursuant to										
- exercise of Warrants	80	433	-	(32)	-	-	481	-	481	
- ESOS	-	-	6,988	-	-	-	6,988	-	6,988	
Balance at 31.10.2009	762,604	218,017	6,988	47,766	(933)	1,002,779	2,037,221	357	2,037,578	

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 October 2009

	<----- Non-distributable ----->						
	Note	Share capital RM'000	Share premium RM'000	Option reserve RM'000	Warrants reserve RM'000	Distributable retained earnings RM'000	Total RM'000
Balance at 1.11.2007		504,454	438,430	–	–	810,231	1,753,115
Profit for the year		–	–	–	–	7,745	7,745
Dividends paid	42	–	–	–	–	(165,519)	(165,519)
Issue of Warrants		–	–	–	50,120	–	50,120
Issue of ordinary shares pursuant to							
– bonus issue		252,227	(252,227)	–	–	–	–
– exercise of Warrants		5,843	31,381	–	(2,322)	–	34,902
Balance at 31.10.2008		762,524	217,584	–	47,798	652,457	1,680,363
Profit for the year		–	–	–	–	8,218	8,218
Dividends paid	42	–	–	–	–	(114,390)	(114,390)
Options granted under ESOS		–	–	6,988	–	–	6,988
Issue of ordinary shares pursuant to exercise of Warrants		80	433	–	(32)	–	481
Balance at 31.10.2009		762,604	218,017	6,988	47,766	546,285	1,581,660

CASH FLOW STATEMENTS For the year ended 31 October 2009

	Group		Company	
	2009 RM'000	2008 RM'000 As restated	2009 RM'000	2008 RM'000 As restated
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	231,112	297,867	24,397	15,771
Adjustments for:				
Allowance for doubtful debts no longer required	(80)	(383)	(1,298)	(150)
Bad and doubtful debts	915	900	2,662	–
Depreciation				
– property, plant and equipment	9,043	9,810	119	103
– investment properties	2,043	1,679	2	2
Loss/(Gain) on disposal of property, plant and equipment	2,268	(683)	–	(22)
Property, plant and equipment written off	97	5,754	–	–
Amortisation of prepaid lease payments	10	10	10	10
Amortisation of bond discounts	–	–	12,214	10,948
Loss/(Profit) retained in associated companies	448	(4,401)	–	–
Realisation of profit of jointly controlled entities	(2,074)	(1,464)	–	–
Gain on disposal of an associated company	–	(26,878)	–	–
Gain on disposal of an investment property	(8,052)	–	–	–
Gain on disposal of quoted investment	(25)	–	–	–
Impairment of investment properties	52	593	50	393
Impairment of investments in subsidiary companies	–	–	36,926	–
Employees' share options	6,834	–	1,519	–
Gain on deemed disposal of a subsidiary company	–	(94)	–	–
Diminution in value of quoted investments/(write back)	166	(76)	–	–
Goodwill on acquisition written off	–	19	–	–
Discount on acquisition of jointly controlled entities	(6,879)	(43)	–	–
Development expenditure written off	–	129	–	–
Unrealised loss on foreign exchange	–	46	–	–
Inventories written down	–	133	–	–
Interest expense	8,052	12,244	10,759	10,209
Dividend income	–	–	(74,000)	(31,757)
Interest income	(15,756)	(23,345)	(40,162)	(37,191)
Rental income	(11,642)	(1,178)	–	(3)
Operating profit/(loss) before working capital changes	216,532	270,639	(26,802)	(31,687)
Changes in property development costs	111,108	169,047	–	–
Changes in accrued billings/progress billings	(13,965)	9,856	–	–
Changes in gross amount due from/to customers	19,452	(22,011)	2,330	5,269
Changes in inventories	12,478	3,271	–	–
Changes in receivables	50,821	(46,754)	5,306	7,125
Changes in payables	33,173	3,740	3,335	1,526
Cash generated from/(used in) operations	429,599	387,788	(15,831)	(17,767)

CASH FLOW STATEMENTS For the year ended 31 October 2009 (Cont'd)

	Note	Group		Company	
		2009 RM'000	2008 RM'000 As restated	2009 RM'000	2008 RM'000 As restated
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)					
Rental received		593	401	–	–
Interest received		4,932	6,465	17	697
Interest paid		(50,019)	(52,703)	(72)	(60)
Tax paid		(71,552)	(91,845)	–	(709)
Net cash generated from/(used in) operating activities		313,553	250,106	(15,886)	(17,839)
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to land held for property development		(171,650)	(254,245)	–	–
Purchase of property, plant and equipment	43	(47,358)	(110,929)	(231)	(25)
Purchase of investment properties		(8,676)	(6,889)	–	–
Proceeds from disposal of property, plant and equipment		6,159	842	–	22
Proceeds from disposal of associated company		–	82,670	–	–
Proceeds from disposal of investment property		15,583	–	–	–
Proceeds from disposal of other investment		75	–	–	–
Acquisition of additional shares in an existing subsidiary company	44	–	(90)	–	(90)
Subscription of additional shares in an existing subsidiary company		–	–	(100)	–
Acquisition of additional shares in an existing associated company		–	(2,291)	–	–
Acquisition of additional shares in an existing jointly controlled entity	45	1,138	–	(500)	–
Acquisition of preference shares in existing jointly entities		–	–	–	(16,100)
Repayment from/(Advances to) subsidiary companies		–	–	150,942	(279,786)
Advances to associated companies		–	(1,307)	–	(2)
(Advances to)/Repayment from jointly controlled entities		(23,649)	4,802	(57,236)	4,583
Advances to joint venture partner		(195)	(6,151)	–	–
Deposit and part consideration paid for acquisition of land		–	(8,397)	–	–
Deposit refunded for acquisition of land		–	22,060	–	–
Development expenditure paid		(22,535)	(1,455)	–	–
Placement of fixed deposits, sinking fund, debt service reserve and escrow accounts		(15,809)	(6,828)	–	–
Dividend received from an associated company		–	1,009	–	–
Preference shares dividend received from an associated company		–	–	–	3,980
Dividends received		–	–	27,188	23,500
Interest received		9,777	16,584	12,418	13,395
Rental received		11,049	777	–	3
Net cash (used in)/generated from investing activities		(246,091)	(269,838)	132,481	(250,520)

CASH FLOW STATEMENTS For the year ended 31 October 2009 (Cont'd)

	Group		Company	
	2009 RM'000	2008 RM'000 As restated	2009 RM'000	2008 RM'000 As restated
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares	481	34,902	481	34,902
Proceeds from issue of redemption bonds	–	449,629	–	449,629
Proceeds from issue of Warrants	–	50,120	–	50,120
Repayment from subsidiary companies	–	–	366	52,178
Drawdown of bank term loans	302,011	136,281	–	–
Repayment of bank term loans	(185,421)	(321,106)	–	–
Drawdown of bridging loan	892	–	–	–
Drawdown of banker acceptance	–	1,758	–	–
Repayment of banker acceptance	(1,758)	–	–	–
Drawdown of revolving credit	57,580	48,700	–	–
Repayment of revolving credit	(41,639)	(55,200)	–	–
Repayment to a corporate shareholder	–	(38)	–	–
Payment of hire purchase and finance lease liabilities	(2,890)	(1,595)	–	–
Interest paid	(35)	(184)	(10,742)	(5,738)
Dividends paid	(114,390)	(167,122)	(114,390)	(165,519)
Net cash generated from/(used in) financing activities	14,831	176,145	(124,285)	415,572
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	82,293	156,413	(7,690)	147,213
EFFECT OF EXCHANGE RATE CHANGES	(310)	248	–	–
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	590,520	433,859	316,752	169,539
CASH AND CASH EQUIVALENTS CARRIED FORWARD	672,503	590,520	309,062	316,752
Represented by:				
Deposits	587,604	403,159	338,886	313,524
Cash and bank balances	271,066	208,461	8,045	3,228
Bank overdrafts	(186,167)	(21,100)	(37,869)	–
	672,503	590,520	309,062	316,752

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements comply with applicable approved Financial Reporting Standards (“FRS”) issued by the Malaysian Accounting Standards Board and with the provisions of the Companies Act, 1965.

The measurement bases applied in the preparation of the financial statements include cost, recoverable value, realisable value and fair value. Estimates are used in measuring these values.

The financial statements are presented in Ringgit Malaysia (“RM”), which is also the Company’s functional currency. Unless otherwise indicated, the amounts in these financial statements have been rounded to the nearest thousand, unless otherwise stated.

(b) New FRSs, Amendments to FRSs and Interpretations that are not yet effective

The Group and the Company have not adopted the following new FRSs, Amendment to FRSs and Interpretations that have been issued:

New FRSs, Amendments to FRSs and Interpretations		Effective for financial periods beginning on or after
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 101	Presentation of Financial Statements (as revised in 2009)	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 7	Financial Instruments: Disclosures	1 January 2010
Amendments to FRS 132	Financial Instruments: Presentation	1 January 2010
Amendments to FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Improvement to FRSs (2009)	Improvement to FRSs (2009)	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13	Customer Royalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010

The above new FRSs, Amendments to FRSs and Interpretations are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the changes arising from the adoption of FRS 7 and FRS 139.

The Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application of FRS 7 and FRS 139.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(c) Significant accounting judgements and estimates**

The preparation of financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the balance sheet date, and reported amounts of income and expenses during the financial year.

Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factors, including expectations for future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(i) Critical judgement made in applying accounting policies

The followings are judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on amounts recognised in the financial statements:

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed certain criteria based on *FRS 140* in making that judgement.

In making its judgement, the Group considers whether a property generates cash flows largely independently of other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to the property, but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods and services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately.

If the portions could not be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production and supply of goods and services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

Revenue recognition of property development activities and construction contracts

The Group recognises property development activities and construction contracts based on the percentage of completion method. The stage of completion of the property development activities and construction contracts is measured in accordance with the accounting policies set out in (m) and (n) below.

Significant judgement is required in determining the percentage of completion, the extent of the development project and contract costs incurred, the estimated total revenue and total costs and the recoverability of the development project and contract. In making these judgements, management relies on past experience and the work of specialists.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(c) Significant accounting judgements and estimates (cont'd)***(ii) Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

Depreciation of property, plant and equipment and investment properties

Property, plant and equipment and investment properties are depreciated on a straight-line basis to write off their costs to their residual values over their estimated useful lives. Management estimates the useful lives of these assets to be within 3 to 50 years for property, plant and equipment and 50 to 96 years for investment properties.

The carrying amounts of the Group's and Company's property, plant and equipment as at 31 October 2009 were RM146,014,000 and RM312,000 (2008 : RM89,821,000 and RM200,000), respectively.

The carrying amounts of the Group's and Company's investment properties as at 31 October 2009 were RM197,587,000 and RM1,105,000 (2008 : RM178,236,000 and RM1,157,000), respectively.

Changes in the expected level of usage, physical wear and tear and technological development could impact the economic useful lives and residual values of these assets, and therefore future depreciation charges could be revised.

Provision for stock obsolescence and inventories write down

Inventories are stated at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices.

Inventories are reviewed on a regular basis and the Group will make a provision for excess or obsolete inventories based primarily on historical trends and management estimates of expected and future product demand and related pricing.

The carrying amounts of the Group's inventories as at 31 October 2009 were RM27,318,000 (2008 : RM35,178,000).

Demand levels, technological advances and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories and additional provisions for slow moving inventories may be required.

Allowance for doubtful debts

The collectibility of receivables is assessed on an ongoing basis. An allowance for doubtful debts is made for any receivables considered to be doubtful of collection.

The carrying amounts of the Group's and Company's trade and other receivables as at 31 October 2009 were RM343,698,000 and RM1,555,958,000 (2008 : RM345,427,000 and RM1,600,977,000), respectively.

The allowance for doubtful debts is made based on a review of all outstanding amounts as at the balance sheet date. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer. If the financial condition of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Income taxes

Significant judgement is involved in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(c) Significant accounting judgements and estimates (cont'd)***(ii) Key sources of estimation uncertainty (cont'd)**Income taxes (cont'd)*

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amounts of the Group's and the Company's tax assets as at 31 October 2009 were RM63,797,000 and RM22,704,000 (2008 : RM52,289,000 and RM10,862,000), respectively.

The carrying amounts of the Group's and the Company's tax liabilities as at 31 October 2009 were RM10,654,000 and RM9,521,000 (2008 : RM10,668,000 and RM Nil), respectively.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unutilised tax losses to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and tax losses can be utilised.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying amounts of the Group's recognised and unrecognised deferred tax assets as at 31 October 2009 were RM33,141,000 (2008 : RM26,829,000) and RM54,362,000 (2008 : RM46,666,000), respectively.

(d) Subsidiary companies

A subsidiary company is an entity controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible, are considered when assessing whether the Group has the power to govern the financial and operating policies of another entity.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses. Impairment losses are charged to the income statement.

On disposal, the difference between the net disposal proceeds and the carrying amounts of the subsidiary company disposed off is taken to the income statement.

(e) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and of all its subsidiary companies and jointly controlled entities made up to the end of the financial year. The consolidated financial statements are prepared using uniform accounting policies for like transactions in similar circumstances.

All intra-group balances, transactions, income and expenses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.

All subsidiary companies and jointly controlled entities are consolidated on the purchase method of accounting from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases except for Syarikat Kemajuan Jerai Sdn Bhd and Wawasan Indera Sdn Bhd which are consolidated on the merger method of accounting in accordance with the provisions of *Malaysian Accounting Standard No. 2*.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(e) Basis of consolidation (cont'd)**

The Group has chosen to adopt the provisions of *FRS 3 - Business Combinations* prospectively, as permitted under the transitional provisions of *FRS 3*. Accordingly, the effects of the merger method of accounting under *Malaysian Accounting Standard No. 2* have been retained.

Under the purchase method of accounting, the cost of an acquisition is measured as the aggregate of the fair values of the assets given, liabilities incurred or assumed and equity instruments issued at the date of exchange, plus any costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured at their fair values at the acquisition date.

The excess of the acquisition cost over the fair values of the identifiable assets, liabilities, contingent liabilities acquired is retained in the balance sheet as goodwill, while the shortfall is immediately credited to the consolidated income statement. The goodwill is accounted for in accordance with the accounting policy set out in (u)(i) below.

Goodwill arising on the acquisition of subsidiary companies is presented separately in the balance sheet.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is tested for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired.

Minority interests represent the portion of the profit or loss and net assets of subsidiary companies not held by the Group.

(f) Associated companies

An associated company is an entity in which the Group has significant influence and that is neither a subsidiary company nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

In the Company's separate financial statements, investments in associated companies are stated at cost less impairment losses. Impairment losses are charged to income statement.

On disposal, the difference between the net disposal proceeds and the carrying amount of the associated company disposed off is taken to the income statement.

Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting. Under the equity method, the investments in associated companies are initially recognised at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associated companies.

The Group's share of net profits or losses and changes recognised directly in the equity of the associated companies are recognised in the consolidated income statement and consolidated statement of changes in equity, respectively.

An investment in an associated company is accounted for using the equity method from the date on which the Group obtains significant influence until the date the Group ceases to have a significant influence over the associated company.

Premium relating to an associated company is included in the carrying value of the investment and it is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment in accordance with the accounting policy set out in (u)(ii) below.

Discount on acquisition is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated company's profit or loss in the period in which the investment is acquired.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(f) Associated companies (cont'd)**

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

Equity accounting is discontinued when the carrying amount of the investment in an associated company diminishes by virtue of losses to zero, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associated company.

The results and reserves of associated companies are accounted for in the consolidated financial statements based on audited and/or unaudited management financial statements made up to the end of the financial year and prepared using accounting policies that conform to those used by the Group for like transactions in similar circumstances.

(g) Interests in joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

A jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest. A jointly controlled operation is a joint venture that involves the use of the assets and other resources of the venture rather than the establishment of a corporation, partnership or other entity, or a financial structure that is separate from the venturers themselves.

Investments in jointly controlled entities and jointly controlled operation are accounted for in the consolidated financial statements using the proportionate consolidation method of accounting. The Group combines its share of each of the assets, liabilities, income and expenses of the jointly controlled entities and jointly controlled operation with the similar items, line by line, in its consolidated financial statements. The audited financial statements or the unaudited management accounts of the joint ventures are made up to the end of the financial year and prepared using accounting policies that conform to those used by the Group for like transactions in similar circumstances.

In the Company's separate financial statements, investments in jointly controlled entities and jointly controlled operation are stated at cost less impairment losses. Impairment losses are charged to the income statement.

On disposal, the difference between the net disposal proceeds and the carrying amount of the jointly controlled entity disposed off is taken to the income statement.

(h) Other investments

Other investments are stated at cost. An allowance for diminution in value is made if the directors are of the opinion that there is a decline in the value of such investments which is other than temporary. The diminution in value is charged to the income statement.

On disposal, the difference between the net disposal proceeds and the carrying amount of the investment disposed off is taken to the income statement.

(i) Property, plant and equipment**(i) Measurement basis**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of an asset.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the asset will flow to the Group and the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(i) Property, plant and equipment (cont'd)***(ii) Depreciation*

Freehold land and capital work-in-progress are not depreciated.

Depreciation is calculated to write off the depreciable amount of other property, plant and equipment on a straight-line basis over their estimated useful lives. The depreciable amount is determined after deducting residual value from cost.

The principal annual rates used for this purpose are:

Freehold buildings	1% – 2%
Plant, machinery, cranes and trucks	20%
Office equipment, renovations, furniture and fittings	10% – 40%
Motor vehicles	16%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date.

(j) Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both rather than for use in the production or supply of goods and services or for administrative purposes, or sale in the ordinary course of business.

(i) Measurement basis

Investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of investment properties includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

(ii) Depreciation

Freehold land is not depreciated.

Depreciation is calculated to write off the depreciable amount of other investment properties on a straight-line basis over their estimated useful lives. Depreciable amount is determined after deducting the residual value from the cost of the investment property.

The principal annual rates used for this purpose are:

Freehold buildings	2%
Leasehold buildings	Over the remaining period of the lease

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(k) Leases**

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments for the right to use an asset for an agreed period of time.

(i) Finance lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Property, plant and equipment acquired by way of finance leases are stated at amounts equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and any impairment losses.

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is determinable; if not, the Group's incremental borrowing rate is used.

(ii) Operating lease

An operating lease is a lease other than a finance lease.

Operating lease income or operating lease rentals are credited or charged to the income statement on a straight-line basis over the period of the lease.

(l) Prepaid lease payments

Leasehold land that has an indefinite economic life and title that is not expected to pass to the Group by the end of the lease term is classified as operating lease. The up-front payments for right to use the leasehold land over a predetermined period are accounted for as prepaid lease payments.

(i) Measurement basis

Prepaid lease payments are stated at cost less amounts amortised and impairment losses, if any.

(ii) Amortisation

The prepaid lease payments are amortised on a straight-line basis over the remaining period of the lease.

(m) Development properties

Development properties are classified under two categories i.e. land held for property development and property development costs.

Land held for property development is defined as land on which development is not expected to be completed within the normal operating cycle. Usually, no significant development work would have been undertaken on these lands. Accordingly, land held for property development is classified as non-current assets on the balance sheet and is stated at cost plus incidental expenditure incurred to put the land in a condition ready for development.

Land on which development has commenced and is expected to be completed within the normal operating cycle is included in property development costs. Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Where the outcome of a development can be reasonably estimated, revenue is recognised on the percentage of completion method. The stage of completion is determined by the proportion that costs incurred to-date bear to estimated total costs. In applying this method of determining stage of completion, only those costs that reflect actual development work performed are included as costs incurred.

Where the outcome of a development cannot be reasonably estimated, revenue is recognised to the extent of property development costs incurred that is probable will be recoverable, and the property development costs on the development units sold shall be recognised as an expense in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(m) Development properties (cont'd)**

When it is probable that total costs will exceed total revenue, the foreseeable loss is immediately recognised in the income statement irrespective of whether development work has commenced or not, or of the stage of completion of development activity, or of the amounts of profits expected to arise on other unrelated development projects.

The excess of revenue recognised in the income statement over the billings to purchasers of properties is recognised as accrued billings under current assets.

The excess of billings to purchasers of properties over revenue recognised in the income statement is recognised as progress billings under current liabilities.

(n) Long term construction contracts

The Group's long term construction contracts are all fixed price contracts and where their outcome can be reasonably estimated, revenue is recognised on the percentage of completion method. The stage of completion is determined by the proportion that costs incurred to-date bear to estimated total costs, and for this purpose, only those costs that reflect actual contract work performed are included as costs incurred.

Where the outcome of a long term construction contract cannot be reasonably estimated, revenue is recognised only to the extent of contract costs incurred that are expected to be recoverable. At the same time, all contract costs incurred are recognised as an expense in the period in which they are incurred.

Costs that relate directly to a contract and which are incurred in securing the contract are also included as part of contract costs if they can be separately identified and measured reliably and it is probable that the contract will be obtained.

When it is probable that total costs will exceed total revenue, the foreseeable loss is immediately recognised in the income statement irrespective of whether contract work has commenced or not, or of the stage of completion of contract activity, or of the amounts of profits expected to arise on other unrelated contracts.

On the balance sheet, contracts in progress are reflected either as gross amounts due from or due to customers, where a gross amount due from customers is the surplus of (i) costs incurred plus profits recognised under the percentage of completion method over (ii) recognised foreseeable losses plus progress billings. A gross amount due to customers is the surplus of (ii) over (i).

(o) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. In the case of finished goods and work-in-progress, cost comprises materials, direct labour, other direct charges and an appropriate proportion of factory overheads.

In the case of completed houses held for sale, cost is determined based on specific identification method.

Net realisable value represents the estimated selling price in the ordinary course of business, less selling and distribution costs and all other estimated cost to completion.

(p) Receivables

Receivables are initially recognised at their costs when the contractual right to receive cash or another financial asset from another entity is established. Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Known bad debts are written off and allowance is made for any receivables considered to be doubtful of collection.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(q) Share capital**

Ordinary shares are recorded at nominal value and proceeds received in excess, if any, of the nominal value of shares issued, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Costs incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to the income statement.

Dividends to shareholders are recognised in equity in the period in which they are declared.

(r) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(s) Income recognition

- (i) Revenue from construction contracts and sale of development properties which are under development is recognised on the percentage of completion method, where the outcome of the contracts and development projects can be reliably estimated.

Revenue from construction contracts represents the proportionate contract value on construction contracts attributable to the percentage of contract work performed during the financial year.

Revenue from the sale of development properties represents the proportionate sales value of development properties sold attributable to the percentage of development work performed during the financial year.

- (ii) Revenue from the sale of completed development properties is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.
- (iii) Revenue from the sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.
- (iv) Dividend income is recognised when the right to receive payment is established.
- (v) Interest income is recognised on a time proportion basis.
- (vi) Rental income is recognised on a straight-line basis over the specific tenure of the respective leases.

(t) Foreign currencies*(i) Functional currency*

Functional currency is the currency of the primary economic environment in which an entity operates.

The financial statements of each entity within the Group are measured using their respective functional currency.

(ii) Transactions and balances in foreign currencies

Transactions in currencies other than the functional currency ("foreign currencies") are translated to the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary items denominated in foreign currencies at the balance sheet date are translated at foreign exchange rates ruling at that date.

Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated at foreign exchange rates ruling at the date of the transaction.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(t) Foreign currencies (cont'd)***(ii) Transactions and balances in foreign currencies (cont'd)*

Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the foreign exchange rates ruling at the date when the fair values were determined.

Exchange differences arising on the settlement of monetary items and the translation of monetary items are included in the income statement for the period.

When a gain or loss on a non-monetary item is recognised directly in equity, any corresponding exchange gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in the income statement, any corresponding exchange gain or loss is recognised in the income statement.

(iii) Translation of foreign operations

For consolidation purposes, all assets and liabilities of foreign operations that have a functional currency other than RM (including goodwill and fair value adjustments arising from the acquisition of the foreign operations) are translated at the exchange rates ruling at the balance sheet date.

Income and expense items are translated at exchange rates approximating those ruling on transactions dates.

All exchange differences arising from the translation of the financial statements of foreign operations are dealt with through the exchange translation reserve account within equity. On the disposal of a foreign operation, the exchange translation differences relating to that foreign operation are recognised in the income statement as part of the gain or loss on disposal.

(u) Impairment of assets*(i) Goodwill*

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the goodwill may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from synergies of the business combination.

An impairment loss is recognised in the income statement when the carrying amount of the cash-generating unit, including the goodwill, exceeds the recoverable amount of the cash-generating unit. Recoverable amount of the cash-generating unit is the higher of the cash-generating unit's fair value less cost to sell and its value in use.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit and then to the other assets of the cash-generating unit proportionately on the basis of the carrying amount of each asset in the cash-generating unit.

Impairment loss recognised on goodwill is not reversed in the event of an increase in recoverable amount in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(u) Impairment of assets**

- (ii) *Property, plant and equipment, investment properties, land held for property development, prepaid lease payments, investment in subsidiary companies, associated companies and jointly controlled entities*

Property, plant and equipment, investment properties, land held for property development, prepaid lease payments, investment in subsidiary companies, associated companies and jointly controlled entities are assessed at each balance sheet date to determine whether there is any indication of impairment.

If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are charged to the income statement.

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

(v) Employee benefits

- (i) *Short-term employee benefits*

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees other than those that are attributable to property development activities or construction contract in which case such expenses are recognised in the property development costs or contract costs.

- (ii) *Post-employment benefits*

The Company and its Malaysian subsidiary companies pay monthly contributions to the Employees Provident Fund ("EPF") which is a defined contribution plan.

The legal or constructive obligation of the Company and its Malaysian subsidiary companies is limited to the amount that they agree to contribute to the EPF. The contributions to the EPF are charged to the income statement in the period to which they relate.

- (iii) *Share-based payment transactions*

The Group operates an equity-settled share-based compensation plan for its employees. The fair value of share options granted to employees is recognised as an employee cost over the vesting period with a corresponding increase in the share option reserve within equity.

The amount to be expensed over the vesting period is determined by reference to the fair value of the share options at the date of the grant. The fair value of the share option is computed using the *binomial* model.

The fair value of share options recognised in the share option reserve is transferred to share premium when the share option is exercised, or transferred directly to distributable retained earnings when the share option expires or lapses.

(w) Borrowing costs

Borrowing costs incurred on assets under development that take a substantial period of time for completion are capitalised into the carrying value of the assets. Capitalisation of borrowing costs ceases when that assets are completed or during extended periods when active development is interrupted.

All other borrowing costs are charged to the income statement in the period in which they are incurred. The interest component of hire purchase payments is charged to the income statement over the hire purchase period so as to give a constant periodic rate of interest on the remaining tenure of the hire purchase liabilities.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(x) Taxation**

The tax expense in the income statement represents the aggregate amount of current tax and deferred tax included in the determination of profit or loss for the financial year.

On the balance sheet, a deferred tax liability is recognised for taxable temporary differences while a deferred tax asset is recognised for deductible temporary differences and unutilised tax losses only to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and tax losses can be utilised.

No deferred tax is recognised for temporary differences arising from the initial recognition of:

- (i) goodwill, or
- (ii) an asset or liability which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured based on tax consequences that would follow from the manner in which the asset or liability is expected to be recovered or settled, and based on tax rates enacted or substantively enacted by the balance sheet date that are expected to apply to the period when the asset is realised or when the liability is settled.

Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, whether in the same or a different period, directly to equity.

(y) Cash equivalents

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

For the purposes of the cash flow statements, cash and cash equivalents are presented net of bank overdrafts and exclude fixed deposits, sinking fund, debt service reserve and escrow accounts pledged to secure banking facilities.

(z) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

(i) Financial instruments recognised in the balance sheet

The Group's financial instruments which are recognised in the balance sheet comprise cash and cash equivalents, other investments, receivables, payables, bank borrowings, hire purchase liabilities, redeemable serial bonds, redeemable cumulative preference shares and ordinary shares.

These financial instruments are recognised when a contractual relationship has been established. The accounting policies and methods adopted, including the basis of measurement applied, are disclosed above, where relevant.

The information about the extent and nature of these recognised financial instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows are disclosed in the respective notes below, where applicable.

(ii) Financial instruments not recognised in the balance sheet

The Group and the Company have provided corporate guarantees to banks for credit facilities granted to jointly controlled entities and subsidiary companies, respectively, which represent present obligations existing at the balance sheet date. The corporate guarantees are not recognised in the financial statements at inception because it is not probable that an outflow of economic benefits will be required to settle the obligations.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(aa) Segment reporting**

Segment revenue, expense, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and a relevant portion that can be allocated on a reasonable basis to the segment.

Segment revenue, expense, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment.

(ab) Disclosure of fair value

Cash and cash equivalents, trade and other receivables, trade and other payables, short term investments and short term borrowings

The carrying amounts of these financial instruments approximate fair values because of their short maturities.

Long term investments

The fair value of quoted investments is estimated based on quoted market price.

For unquoted investments, a reasonable estimate of fair value is not practical due to the lack of comparable quoted market prices and available market data for valuation. Therefore, such investments are valued at cost subject to review for diminution in value.

Long term borrowings, redeemable serial bonds and debts

The carrying amounts of the Group's long term floating-rate borrowings approximate fair value.

The fair value of the Group's long term fixed-rate borrowings and debts is estimated using discounted cash flow analyses, based on current market interest rates available to the Group for similar types of lending and borrowing arrangements.

Hire purchase and finance lease liabilities

The fair value of the Group's hire purchase and finance lease liabilities approximate their carrying amounts.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities are exposed to a variety of financial risks, including interest rate risk, credit risk, market risk, foreign currency exchange risk, liquidity and cash flow risks. The Group's overall financial risk management objective is to minimise potential adverse effects on the financial performance of the Group.

Financial risk management is carried out through risk review, internal control systems and adherence to Group financial risk management policies. The Board regularly reviews these risks and approves the policies covering the management of these risks. The Group does not trade in derivative instruments.

(a) Interest rate risk

The Group is exposed to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. Exposure to interest rate risk relates primarily to the Group's deposits and interest-bearing borrowings.

Surplus funds are placed with licensed financial institutions to earn interest income based on prevailing market rates. The Group manages its interest rate risks by placing such funds on short tenures of 12 months or less.

The Group's policy is to borrow principally on a floating rate basis but to retain a proportion of fixed rate borrowings. The objective of a mix of fixed and floating rate borrowings is to reduce the impact of a rise in interest rates and to enable savings to be enjoyed if interest rates fall. The Group does not generally hedge interest rate risks. The Group has a policy to ensure that interest rates obtained are competitive.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**(b) Credit risk**

Credit risk arises from the possibility that a counter party may be unable to meet the terms of a contract in which the Group has a gain position.

The Group minimises and monitors its credit risk by dealing with credit worthy counter-parties and applying credit approval controls for material contracts. If necessary, the Group may obtain collaterals from counter-parties as a means of mitigating losses in the event of default.

In respect of trade receivables arising from the sale of development properties, the Group mitigates its credit risk by maintaining its name as the registered owner of the development properties until full settlement by the purchaser of the self-financed portion of the purchase consideration or upon undertaking of end-financing by the purchaser's end-financier.

(c) Market risk

The Group's principal exposure to market risk arises from changes in value caused by movements in market prices of its quoted investments. The risk of loss is minimised via thorough analyses before investing and continuous monitoring of the performance of the investments. The Group optimises returns by disposing of investments after thorough analyses.

Common to all businesses, the overall performance of the Group's investments is also driven externally by global and domestic economic that are largely unpredictable and uncontrollable.

(d) Foreign currency exchange risk

The Group is exposed to foreign currency exchange risk on transactions that are denominated in currencies other than Ringgit Malaysia. The Group does not hedge against foreign currencies exchange risk based on its current level of operations.

(e) Liquidity and cash flow risks

The Group seeks to ensure all business units maintain optimum levels of liquidity at all times, sufficient for their operating, investing and financing activities.

Therefore, the policy seeks to ensure that each business unit, through efficient working capital management (i.e. inventory, accounts receivable and accounts payable management), must be able to convert its current assets into cash to meet all demands for payment as and when they fall due.

Owing to the nature of its businesses, the Group always maintain sufficient credit lines available to meet its liquidity requirements while ensuring an effective working capital management within the Group.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

3. PROPERTY, PLANT AND EQUIPMENT

Group
2009

	----- Freehold -----		Leasehold building RM'000	Plant, machinery, crane and trucks RM'000	Office equipment, renovations, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
	Land RM'000	Buildings RM'000						
Cost								
At 1.11.2008	4,163	50,126	–	12,366	33,773	34,210	16,741	151,379
Additions	–	863	–	29	5,785	1,749	46,748	55,174
Acquisition of additional shares in an existing jointly controlled entity	–	84	–	–	196	79	–	359
Disposals	–	–	–	–	(608)	(19,671)	–	(20,279)
Write-offs	–	–	–	–	(270)	(223)	–	(493)
Reclassification from capital work-in-progress	–	–	3,662	(8)	4,200	–	(7,854)	–
* Reclassification from land held for property development (see note 5)	11	129	–	–	–	–	41,983	42,123
* Reclassification from property development cost (see note 16)	–	–	–	–	–	–	649	649
Transfer to investment properties upon completion (see note 4)	–	–	–	–	–	–	(23,667)	(23,667)
Exchange differences	–	–	–	(9)	(54)	(5)	(175)	(243)
At 31.10.2009	4,174	51,202	3,662	12,378	43,022	16,139	74,425	205,002
Accumulated depreciation								
At 1.11.2008	–	9,723	–	11,057	21,042	19,736	–	61,558
Charge for the year	–	1,472	–	420	5,350	2,207	–	9,449
Acquisition of additional shares in an existing jointly controlled entity	–	12	–	–	173	53	–	238
Disposals	–	–	–	–	(203)	(11,649)	–	(11,852)
Write-offs	–	–	–	–	(248)	(148)	–	(396)
Exchange differences	–	–	–	(1)	(8)	–	–	(9)
At 31.10.2009	–	11,207	–	11,476	26,106	10,199	–	58,988
Net carrying amount								
At 31.10.2009	4,174	39,995	3,662	902	16,916	5,940	74,425	146,014

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)Group
2008

	----- Freehold -----		Plant, machinery, crane and trucks RM'000	Office equipment, renovations, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
	Land RM'000	Buildings RM'000					
Cost							
At 1.11.2007	2,784	27,551	13,183	28,617	33,234	23,330	128,699
Additions	924	15,780	145	6,061	4,419	84,271	111,600
Disposals	–	–	(221)	(70)	(3,131)	–	(3,422)
Deemed disposal of a subsidiary company	–	–	–	(114)	–	–	(114)
Write-offs	–	(6,204)	(746)	(730)	(313)	–	(7,993)
Reclassification from capital work-in-progress	–	12,999	–	–	–	(12,999)	–
Transfer from investment properties (<i>see note 4</i>)	455	–	–	–	–	–	455
Transfer to investment properties upon completion (<i>see note 4</i>)	–	–	–	–	–	(77,861)	(77,861)
Exchange differences	–	–	5	9	1	–	15
At 31.10.2008	4,163	50,126	12,366	33,773	34,210	16,741	151,379
Accumulated depreciation							
At 1.11.2007	–	8,431	11,307	18,149	18,754	–	56,641
Charge for the year	–	2,009	592	3,667	4,196	–	10,464
Disposals	–	–	(100)	(40)	(3,124)	–	(3,264)
Deemed disposal of a subsidiary company	–	–	–	(45)	–	–	(45)
Write-offs	–	(717)	(742)	(690)	(90)	–	(2,239)
Exchange differences	–	–	–	1	–	–	1
At 31.10.2008	–	9,723	11,057	21,042	19,736	–	61,558
Net carrying amount							
At 31.10.2008	4,163	40,403	1,309	12,731	14,474	16,741	89,821

* *Reclassification of stamp duty and common infrastructure costs*

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)Company
2009

	Plant, machinery, cranes and trucks RM'000	Office equipment, renovations, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1.11.2008	1,706	3,878	149	5,733
Additions	–	6	225	231
Disposals	–	–	–	–
Write-offs	–	(22)	–	(22)
At 31.10.2009	1,706	3,862	374	5,942
Accumulated depreciation				
At 1.11.2008	1,705	3,683	145	5,533
Charge for the year	–	86	33	119
Disposals	–	–	–	–
Write-offs	–	(22)	–	(22)
At 31.10.2009	1,705	3,747	178	5,630
Net carrying amount				
At 31.10.2009	1	115	196	312

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)Company
2008

	Plant, machinery, cranes and trucks RM'000	Office equipment, renovations, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1.11.2007	1,706	4,172	249	6,127
Additions	–	21	4	25
Disposals	–	–	(104)	(104)
Write-offs	–	(315)	–	(315)
At 31.10.2008	1,706	3,878	149	5,733
Accumulated depreciation				
At 1.11.2007	1,705	3,896	248	5,849
Charge for the year	–	102	1	103
Disposals	–	–	(104)	(104)
Write-offs	–	(315)	–	(315)
At 31.10.2008	1,705	3,683	145	5,533
Net carrying amount				
At 31.10.2008	1	195	4	200

Freehold land and buildings, including capital work-in-progress of the Group included above at a net carrying amount of RM28,402,000 (2008 : RM33,818,000), have been charged to partially secure the long term loans, revolving credit and bank overdrafts referred to in notes 27, 33 and 34 below.

Included in property, plant and equipment are assets acquired under unexpired finance lease and hire purchase arrangements with net carrying amounts as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Plant and machinery	255	289	–	–
Motor vehicles	186	5,068	–	–

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

4. INVESTMENT PROPERTIES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cost				
At 1 November	180,741	96,446	1,571	1,571
Additions	8,676	6,889	–	–
Disposals	(7,531)	–	–	–
Transfer from property, plant and equipment upon completion (see note 3)	23,667	77,861	–	–
Transfer/Reclassification to land held for property development (see note 5)	(3,366)	–	–	–
Transfer to property, plant and equipment (see note 3)	–	(455)	–	–
At 31 October	202,187	180,741	1,571	1,571
Accumulated depreciation				
At 1 November	1,912	233	21	19
Charge for the year	2,043	1,679	2	2
At 31 October	3,955	1,912	23	21
Accumulated impairment losses				
At 1 November	593	–	393	–
Charge for the year	52	593	50	393
At 31 October	645	593	443	393
Net carrying amount				
At 31 October	197,587	178,236	1,105	1,157
<i>Comprising:</i>				
Freehold land	93,359	96,348	928	978
Freehold buildings	103,721	81,374	–	–
Leasehold buildings	507	514	177	179
	197,587	178,236	1,105	1,157
Fair value at 31 October	853,854	803,556	1,375	1,380

Title deeds to certain of the Group's and Company's investment properties costing RM1,005,000 and RM200,000 (2008 : RM1,005,000 and RM200,000), respectively, have yet to be issued in or transferred to the name of the Company and subsidiary companies concerned.

Title deeds to certain of the Group's investment properties at a net carrying amount of RM66,279,000 (2008 : RM61,106,000) have been charged to banks to secure the long term loans referred to in note 27 below.

The fair values of the investment properties at 31 October 2009 are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experiences in the locations and category of properties being valued.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

5. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Freehold land at cost RM'000	Leasehold land at cost RM'000	Development expenditure at cost RM'000	Total RM'000
At 1 November 2008	772,405	28,211	419,442	1,220,058
Additions	65,466	–	78,337	143,803
* Reclassification to property, plant and equipment (see note 3)	(11)	–	(42,112)	(42,123)
Transfer from investment properties (see note 4)	9,288	–	–	9,288
* Reclassification to investment properties (see note 4)	(2,097)	–	(3,825)	(5,922)
Transfer to current assets as property development costs (see note 16)	(59,755)	(18,361)	(35,466)	(113,582)
At 31 October 2009	785,296	9,850	416,376	1,211,522

Group	Freehold land at cost RM'000	Leasehold land at cost RM'000	Development expenditure at cost RM'000	Total RM'000
At 1 November 2007	624,381	3,200	311,260	938,841
Additions	209,626	18,361	139,485	367,472
Transfer (to)/from current assets as property development costs (see note 16)	(61,602)	6,650	(31,303)	(86,255)
At 31 October 2008	772,405	28,211	419,442	1,220,058

* Reclassification of stamp duty and common infrastructure costs

Included in additions is interest expense of RM13,096,000 (2008 : RM27,549,000) incurred during the financial year.

Land held for property development included above at a carrying amount of RM969,979,000 (2008 : RM937,553,000) have been charged to banks to partially secure the long term loans, revolving credit, and bank overdrafts referred to in notes 27, 33 and 34 below.

6. PREPAID LEASE PAYMENTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Long leasehold land				
Cost				
At 1 November	978	978	978	978
Additions/(Disposals)	–	–	–	–
At 31 October	978	978	978	978
Accumulated amortisation				
At 1 November	98	88	98	88
Amortisation for the year	10	10	10	10
At 31 October	108	98	108	98
Net carrying amount				
At 31 October	870	880	870	880

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2009 RM'000	2008 RM'000
Unquoted shares in Syarikat Kemajuan Jerai Sdn Bhd and Wawasan Indera Sdn Bhd, at cost	115,186	115,186
Unquoted shares in other subsidiary companies, at cost	179,319	179,219
Impairment loss	(40,254)	(3,328)
	254,251	291,077

Following an assessment of the underlying value of subsidiary companies, the Company noted that the net asset values of certain subsidiaries were lower than their carrying values, due mainly to the payment of dividends to the Company in prior years. In this connection, the Company has recognised the shortfall, amounting to RM36,926,000, between the subsidiaries' net asset values and their respective carrying values as impairment losses. The impairment losses have no effect on the current year profit of the Group as they are reversed on consolidation.

The subsidiary companies are as follows:

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2009 %	2008 %	2009 %	2008 %		
Bandar Setia Alam Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
Setia Indah Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
Setia Duta One Sdn Bhd	100	100	–	–	Malaysia	Property development
* Syarikat Kemajuan Jerai Sdn Bhd	100	100	–	–	Malaysia	Property development and investment holding
* S P Setia Project Management Sdn Bhd	–	–	100	100	Malaysia	Property development project management
* Lagavest Sdn Bhd	–	–	100	100	Malaysia	Investment holding
* Wawasan Indera Sdn Bhd	50	50	50	50	Malaysia	Property development
* S P Setia Eco-Projects Management Sdn Bhd	–	–	100	100	Malaysia	Property development project management
* Setia Recreation Sdn Bhd	–	–	100	100	Malaysia	Club operator
* Ambleside Sdn Bhd	–	–	100	100	Malaysia	Property development
* Bukit Indah (Johor) Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
Setia Bina Raya Sdn Bhd	100	100	–	–	Malaysia	Road contractor
Setia Precast Sdn Bhd	–	–	100	100	Malaysia	Building contractors
Setia-Wood Industries Sdn Bhd	100	100	–	–	Malaysia	Prefabrication, installation, sale of wood products and provision of kiln dry services

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies are as follows:

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2009 %	2008 %	2009 %	2008 %		
S P Setia Marketing Sdn Bhd	–	–	100	100	Malaysia	Sale of wood products and buildings materials
S P Setia Estate Management Sdn Bhd	60	60	–	–	Malaysia	Property management services
S P Setia Construction Sdn Bhd	100	100	–	–	Malaysia	Building contractors
Bukit Indah (Perak) Sdn Bhd	100	100	–	–	Malaysia	Property development
S P Setia Management Services Sdn Bhd	100	100	–	–	Malaysia	Investment holding
Futurecrest (M) Sdn Bhd	100	100	–	–	Malaysia	Investment holding
Shabra Development Sdn Bhd	100	100	–	–	Malaysia	Property development
KL Eco City Sdn Bhd <i>(formerly known as Pelita Dunia Sdn Bhd)</i>	100	100	–	–	Malaysia	Property investment
S. P. Setia Security Services Sdn Bhd	51	51	–	–	Malaysia	Provision of security services
Setia Prefab Sdn Bhd	100	100	–	–	Malaysia	Investment holding
Manih System Construction Sdn Bhd	–	–	100	100	Malaysia	Investment holding
Suharta Sdn Bhd	–	–	60	60	Malaysia	Investment holding
Suharta Development Sdn Bhd	–	–	51	51	Malaysia	Property development
Suharta Management Sdn Bhd	–	–	100	100	Malaysia	Dormant
Suharta Properties Sdn Bhd	–	–	100	100	Malaysia	Dormant
Yunikhas Sdn Bhd	8	8	70	70	Malaysia	Investment holding
Aneka Baru (M) Sdn Bhd	–	–	100	100	Malaysia	Property development
Tenaga Raya Sdn Bhd	91	91	–	–	Malaysia	Dormant
Cosmotek Sdn Bhd	100	100	–	–	Malaysia	Investment holding
SJ Classic Land Sdn Bhd	–	–	60	60	Malaysia	Dormant
* Indera Perasa Sdn Bhd	100	70	–	–	Malaysia	Investment holding
* Dian Mutiara Sdn Bhd	–	–	100	100	Malaysia	Dormant
* Kenari Kayangan Sdn Bhd	100	100	–	–	Malaysia	Investment holding
Bukit Indah (Selangor) Sdn Bhd	100	100	–	–	Malaysia	Dormant
S P Setia Property Holdings Sdn Bhd	100	100	–	–	Malaysia	Property investment
Setia Hicon Sdn Bhd	100	100	–	–	Malaysia	Dormant
S P Setia Technology Sdn Bhd	100	100	–	–	Malaysia	Contractor for home automation and alarm systems
Setia Alam Property Holdings Sdn Bhd	100	100	–	–	Malaysia	Dormant

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies are as follows:

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2009 %	2008 %	2009 %	2008 %		
Setia Promenade Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
* Bukit Indah Property Management Sdn Bhd	70	70	–	–	Malaysia	Property development
* Kewira Jaya Sdn Bhd	100	100	–	–	Malaysia	Property development
Aeropod Sdn Bhd	70	70	–	–	Malaysia	Property development and property investment holding
Setia Eco Villa Sdn Bhd	100	100	–	–	Malaysia	Dormant
Sentosa Jitra Sdn Bhd	100	100	–	–	Malaysia	Dormant
Setiahomes (MM2H) Sdn Bhd <i>(formerly known as Kayan Setegas Sdn Bhd)</i>	100	100	–	–	Malaysia	Dormant
Setia International Limited	100	100	–	–	British Virgin Islands	Investment holding
Setia MyPhuoc Limited	–	–	100	100	British Virgin Islands	Investment holding
Setia D-Nine Limited	–	–	100	100	British Virgin Islands	Investment holding
Setia Saigon East Limited	–	–	100	100	British Virgin Islands	Investment holding
Setia Capital (Vietnam) Limited	–	–	100	100	British Virgin Islands	Investment holding
Setia Land (Vietnam) Limited	–	–	100	100	British Virgin Islands	Investment holding
Setia Lai Thieu Limited	–	–	100	–	British Virgin Islands	Investment holding
Setia Land (China) Limited	–	–	100	–	Hong Kong	Investment holding
Setia (Hangzhou) Development Company Limited	–	–	100	–	Hong Kong	Investment holding
S P Setia International (S) Pte Ltd	100	–	–	–	Singapore	Promotions, marketing and other activities related to property development

* Not audited by Mazars

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

8. INVESTMENT IN ASSOCIATED COMPANIES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unquoted ordinary shares, at cost	3,022	3,049	650	677
Accumulated impairment loss	–	–	–	(27)
Group's share of post-acquisition profits less losses	(740)	(319)	–	–
	2,282	2,730	650	650

The summarised financial information of the associated companies are as follows:

	2009 RM'000	2008 RM'000
Assets and liabilities		
Total assets	4,004	7,879
Total liabilities	116	4,776
Results		
Revenue	531	167
(Loss)/Profit for the year	(897)	43

The associated companies, all incorporated in Malaysia, are as follows:

	Equity interest				Principal activities
	Direct		Indirect		
	2009 %	2008 %	2009 %	2008 %	
Golden Klang Valley Sdn Bhd ("GKV")	50	50	–	–	Property development
* PTB Property Developer Sdn Bhd ("PTB")	–	–	49	49	Property development
+ Konsortium Lebuhraya Wangsa-Keramat Sdn Bhd ("KLWK")	–	40	–	–	Dormant
+ KLWK Sdn Bhd ("KLWKS")	–	40	–	–	Dormant
* Icfax (Malaysia) Sdn Bhd ("Icfax")***	–	–	20	20	Development of internet websites
Greenhill Resources Sdn Bhd ("GRSB")	–	–	–**	50	Property investment

* Not audited by Mazars

** Became a jointly controlled entity during the financial year.

*** The financial year of this associated company end on 31 December. The financial year of the others end on 31 October.

+ In the process of striking off by the Registrar of Companies.

For the purpose of applying the equity method of accounting, audited financial statements made up to the end of the financial year have been used, except for Icfax where management financial statements made up to 31 October have been used.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

9. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

	Company	
	2009 RM'000	2008 RM'000
Unquoted ordinary shares, at cost	49,931	43,280
Unquoted cumulative redeemable preference shares, at cost	36,050	36,050
	85,981	79,330

The jointly controlled entities are as follows:

	Proportion of ownership interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2009 %	2008 %	2009 %	2008 %		
Exceljade Sdn Bhd	70	70	–	–	Malaysia	Property development
Sendiman Sdn Bhd	70	70	–	–	Malaysia	Property development
Kemboja Mahir Sdn Bhd	70	70	–	–	Malaysia	Property development
* Setia Putrajaya Sdn Bhd #	60	50	–	–	Malaysia	Property development and building construction
Bandar Eco-Setia Sdn Bhd #	50	50	–	–	Malaysia	Property development and property investment
Ganda Anggun Sdn Bhd	–	–	70	70	Malaysia	Property development
Kesas Kenangan Sdn Bhd	–	–	70	70	Malaysia	Property development and property investment
Greenhill Resources Sdn Bhd	–	–	50	–	Malaysia	Property investment
Setia Becamex Joint Stock Company **	–	–	55	55	Vietnam	Property development

* Not audited by Mazars

** The financial year of the jointly controlled entity ends on 31 December. The financial year of the others end on 31 October.

These companies were previously classified as associated companies and were accounted for according to the accounting policy set out in Note 1(f) above. During the year, the shareholders agreements in respect of these companies were re-examined taking into consideration the substance and economic reality of the relationship between the group vis-à-vis the other shareholders of these companies. Following such re-examination, it was determined that these companies should more fairly be classified as jointly-controlled entities to be accounted for in accordance with the accounting policy set out in Note 1(g) above. The reclassification has been effected with retrospective effect, and the comparative financial statements have been restated. The reclassification has no effect on the net results for the current and previous financial years. There is also no effect on retained earnings.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

9. INVESTMENT IN JOINTLY CONTROLLED ENTITIES (CONT'D)

The Group's aggregate share of the jointly controlled entities' non-current assets, current assets, non-current liabilities and current liabilities as at 31 October 2009 and revenue and profit for the year ended 31 October 2009, which are included in the consolidated financial statements are as follows:

	2009 RM'000	2008 RM'000
Assets and liabilities		
Non-current assets	385,610	376,229
Current assets	545,127	416,340
Total assets	930,737	792,569
Non-current liabilities	401,399	369,273
Current liabilities	324,537	241,825
Total liabilities	725,936	611,098
Results		
Revenue	277,022	177,669
Profit for the year/period	12,244	1,633

The jointly controlled entities have no material contingencies and capital commitments at year end.

The Group's shares of operating lease commitments of the jointly controlled entities are disclosed in note 48 to the financial statements.

10. OTHER INVESTMENTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Shares quoted in Malaysia, at cost	–	878	–	–
Diminution in value	–	(662)	–	–
	–	216	–	–
Unquoted shares, at cost	462	462	–	–
Diminution in value	(125)	(125)	–	–
	337	337	–	–
	337	553	–	–
Market value of shares quoted in Malaysia	–	216	–	–

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

11. AMOUNTS OWING BY/TO SUBSIDIARY COMPANIES

Amounts owing by subsidiary companies included under non-current assets

The amounts owing by subsidiary companies included under non-current assets represent unsecured advances which are not expected to be recalled within the next 12 months and are analysed as follows:

	Company	
	2009 RM'000	2008 RM'000
Bearing interest at 2.0% to 4.45% (2008: 2.0% to 4.33%) per annum	818,571	776,183
Interest free	516,682	647,706
	1,335,253	1,423,889
Allowance for doubtful debts	(20,027)	(18,665)
	1,315,226	1,405,224

Amounts owing by subsidiary companies included under current assets

	Company	
	2009 RM'000	2008 RM'000
Trade accounts		
Retention sums receivable	4,635	7,108
Allowance for doubtful debts	(795)	(795)
	3,840	6,313
Unsecured advances		
– bearing interest at 2.0% (2008 : 2.0%) per annum	15,105	51,631
– interest free	104,915	101,708
Dividend receivable	28,312	–
	152,172	159,652

The trade accounts are expected to be settled within the normal credit periods.

The unsecured advances and dividend receivable are repayable within the next 12 months.

Amounts owing to subsidiary companies included under non-current liabilities

The amounts owing to subsidiary companies included under non-current liabilities represent unsecured interest free advances which are not expected to be recalled within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

11. AMOUNTS OWING BY/TO SUBSIDIARY COMPANIES (CONT'D)Amounts owing to subsidiary companies included under current liabilities

	Company	
	2009 RM'000	2008 RM'000
Trade accounts		
Sub-contract claims	2,424	344
Retention sums	1,985	1,985
	4,409	2,329
Unsecured interest free advances	1,444	2,331
	5,853	4,660

The trade accounts are expected to be settled within the normal credit periods.

The unsecured interest free advances are payable on demand.

12. AMOUNTS OWING BY/TO ASSOCIATED COMPANIESAmounts owing by associated companies included under non-current assets

The amounts owing by associated companies included under non-current assets represent unsecured interest free advances which are not expected to be recalled within the next 12 months:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Gross amount of advances	73	1,752	–	1,679
Allowance for doubtful debts	(73)	(1,750)	–	(1,677)
	–	2	–	2

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

13. AMOUNT OWING BY JOINT VENTURE PARTNER

The amount owing by the joint venture partner represents unsecured advances bearing interest at 8.0% (2008 : 8.0%) per annum which are not expected to be recalled within the next 12 months.

The amount owing by the joint venture partner comprises of:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Principal sum	6,346	6,151	–	–
Interest receivable	820	296	–	–
	7,166	6,447	–	–

14. AMOUNTS OWING BY JOINTLY CONTROLLED ENTITIES

The amounts owing by jointly controlled entities included under non-current assets represent unsecured advances which are not expected to be recalled within the next 12 months and are analysed as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Bearing interest at 7.55% per annum	12,900	–	43,000	–
Interest free	3,000	302	15,600	286
	15,900	302	58,600	286

The amounts owing by jointly controlled entities included under current assets are analysed as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade accounts	2,591	3,650	–	–
Interest bearing advances at 7.55% – 8.00% (2008 : 8.75%) per annum	8,650	4,232	28,831	14,106
Interest free advances	8,126	3,062	464	12,614
	19,367	10,944	29,295	26,720

The trade accounts are expected to be settled within the normal credit period.

Interest bearing and interest free advances are unsecured and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

15. DEFERRED TAX ASSETS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At beginning of the year	26,829	33,389	441	899
Originating/(Reversal) during the year	6,312	(6,560)	(441)	(458)
At end of the year	33,141	26,829	–	441

The Group has recognised the deferred tax assets as it is probable that its existing construction contracts and housing development projects would generate sufficient taxable profit in the future against which the deferred tax assets can be utilised.

The temporary differences on which deferred tax assets have been recognised are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Tax effects of:				
– unabsorbed capital allowances	97	221	–	69
– unutilised tax losses	5,134	2,343	–	–
– property development and construction profits	27,439	24,470	–	394
– excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	(246)	(610)	–	(22)
– excess of accumulated depreciation on property, plant and equipment over capital allowances claimed	167	–	–	–
– unpaid qualifying expenditure of hire purchase and finance lease liabilities	–	22	–	–
– others	550	383	–	–
	33,141	26,829	–	441

The following temporary differences and unutilised tax losses as at 31 October of which have not been recognised as deferred tax benefits in the financial statements are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unutilised tax losses	52,018	45,007	–	–
Unabsorbed capital allowances	1,911	867	–	–
Excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	(231)	(197)	–	–
Others	664	989	–	–
	54,362	46,666	–	–

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

16. PROPERTY DEVELOPMENT COSTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Freehold land at cost	574,591	671,465	–	–
Leasehold land at cost	327	21,841	–	–
Development and construction costs	2,420,528	2,300,670	–	–
Costs recognised as an expense in previous years	(2,141,462)	(2,019,058)	–	–
At 1 November	853,984	974,918	–	–
Costs transferred from/(to) land held for property development (see note 5)				
– freehold land at cost	59,755	61,602	–	–
– leasehold land at cost	18,361	(6,650)	–	–
– development costs	35,466	31,303	–	–
* Reclassification to property, plant and equipment (see note 3)	(649)	–	–	–
Costs incurred during the financial year				
– freehold land at cost	6,345	3,425	–	–
– development and construction costs	863,342	742,937	–	–
Acquisition of additional shares in an existing jointly controlled entity	4,133	–	–	–
Exchange differences	(2,664)	319	–	–
	984,089	832,936	–	–
Costs recognised as an expense in the current year	(935,579)	(939,011)	–	–
Transferred to inventories	(4,545)	(14,859)	–	–
At 31 October	897,949	853,984	–	–

* Reclassification of stamp duty and common infrastructure costs

Property development costs included above at a carrying amount of RM736,691,000 (2008 : RM652,255,000), have been charged to banks to partially secure the long term loans, revolving credit, bridging loan and bank overdrafts referred to in notes 27, 33 and 34 below.

Included under development and construction costs is interest expense of RM32,256,000 (2008 : RM22,957,000) incurred during the financial year.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

17. GROSS AMOUNT DUE FROM/TO CUSTOMERS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Aggregate contract expenditure incurred to-date	945,098	1,032,215	168,900	376,841
Attributable profit recognised to-date	82,163	89,989	7,286	18,345
	1,027,261	1,122,204	176,186	395,186
Progress billings	(995,334)	(1,076,767)	(180,009)	(396,679)
	31,927	45,437	(3,823)	(1,493)
Gross amount due from customers	39,464	53,479	–	5,080
Gross amount due to customers	(7,537)	(8,042)	(3,823)	(6,573)
	31,927	45,437	(3,823)	(1,493)
Progress billings comprise:				
Progress billings				
– received	905,124	1,016,321	177,387	386,003
– receivable	77,462	44,338	–	2,815
Retention sums	12,748	16,108	2,622	7,861
	995,334	1,076,767	180,009	396,679
Advances received for contract work not yet performed by the Group and the Company included under other payables and accruals (see note 32)	20,000	10,000	10,000	10,000

Contract expenditure included the following expenses incurred during the financial year:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Depreciation	406	654	–	–
Hire of machinery	292	3,903	–	–
Interest	1,706	2,218	–	–
Rental expense	37	81	–	–

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

18. INVENTORIES

	Group 2009			Group 2008		
	At cost RM'000	At net realisable value RM'000	Total RM'000	At cost RM'000	At net realisable value RM'000	Total RM'000
Stock of completed properties	21,857	938	22,795	26,166	4,327	30,493
Raw materials	2,315	–	2,315	3,476	–	3,476
Work-in-progress	1,913	–	1,913	697	–	697
Finished goods	200	–	200	86	–	86
Consumable goods	95	–	95	426	–	426
	26,380	938	27,318	30,851	4,327	35,178

19. ACCRUED BILLINGS/PROGRESS BILLINGS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue recognised in income statement to-date	3,103,702	3,670,569	–	–
Progress billings to-date	(3,012,854)	(3,593,686)	–	–
	90,848	76,883	–	–
Accrued billings	135,872	105,567	–	–
Progress billings	(45,024)	(28,684)	–	–
	90,848	76,883	–	–

20. TRADE RECEIVABLES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Gross progress billings receivable	167,766	223,233	502	3,568
Gross retention sums receivable	59,579	40,603	891	891
Other gross receivables	6,516	11,055	–	–
Total gross receivables	233,861	274,891	1,393	4,459
Allowance for doubtful debts	(3,726)	(3,634)	(1,393)	(1,393)
	230,135	271,257	–	3,066

The progress billings are due within 14 to 90 days as stipulated in construction contracts and sale and purchase agreements. The retention sums are due upon the expiry of the defect liability period stated in the respective construction contracts or sale and purchase agreements. The defect liability periods range from 6 to 24 months.

Other receivables are collectible within 14 to 90 days.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Refundable deposit and part purchase consideration paid for the acquisition of development land in				
– Mukim 10 and 12, District of Barat Daya	–	6,788	–	–
– Bandar and Daerah Kuala Lumpur	1,609	1,609	–	–
Development expenditure	20,081	1,146	–	–
Compensation paid to squatters (<i>see note 54(a)</i>)	3,600	3,600	–	–
Refundable deposit placed with stakeholder for impending acquisition of development land	2,540	–	–	–
Other sundry receivables, deposits and prepayments	46,471	44,511	665	6,027
	74,301	57,654	665	6,027
Allowance for doubtful debts	(3,171)	(2,488)	–	–
	71,130	55,166	665	6,027

The refundable deposit of RM1,609,000 is paid for the acquisition of a piece of freehold land in Bandar and Daerah Kuala Lumpur, for a total cash consideration of RM16,089,000 pursuant to a conditional Sale and Purchase Agreement entered into by Ambleside Sdn Bhd, a wholly-owned subsidiary company, on 25 July 2008. The acquisition has not been completed as at 31 October 2009. The balance of the purchase consideration is disclosed as a capital commitment in note 49 below.

22. DEPOSITS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deposits				
– with licensed banks	594,449	388,538	338,886	313,524
– with other licensed financial institutions	15,866	19,061	–	–
	610,315	407,599	338,886	313,524

Included in deposits with licensed banks of the Group are amounts of RM1,689,000 (2008 : RM3,909,000) which have been pledged to banks as security for bank guarantee facilities granted to subsidiary companies.

Included in deposits with licensed banks are funds maintained under sinking fund accounts and escrow accounts amounting to RM21,022,000 (2008 : RM531,000) which were opened in accordance with terms and conditions set out in the term loan agreements referred to in note 27 below.

The effective interest rates range from 1.50% to 2.50% (2008 : 2.75% to 3.52%) per annum. All deposits have maturities of less than a year.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

23. CASH AND BANK BALANCES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash and bank balances included monies in:				
Housing Development Accounts	213,467	149,826	–	–
Sinking Fund Accounts	3,886	6,473	–	–
Debt Service Reserve Account	255	–	–	–
Escrow Accounts	19	149	–	–

Withdrawals from the Housing Development Accounts are restricted in accordance with the Housing Development (Housing Development Account) Regulations 1991.

Funds maintained in the Housing Development Accounts earn interest ranging from 1.00% to 1.10% (2008 : 1.90% to 2.40%) per annum.

The sinking fund, debt service reserve and escrow accounts were opened in accordance with the terms and conditions set out in the term loan agreements referred to in note 27 below.

24. SHARE CAPITAL

	Group and Company			
	2009		2008	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Authorised:				
Ordinary shares of RM0.75 each	1,600,000	1,200,000	1,600,000	1,200,000
Issued and fully paid:				
Ordinary shares of RM0.75 each				
At beginning of the year	1,016,698	762,524	672,605	504,454
Shares issued pursuant to:				
– bonus issue	–	–	336,302	252,227
– exercise of Warrants	107	80	7,791	5,843
At end of the year	1,016,805	762,604	1,016,698	762,524

ESOS

The main features of the Employees Share Option Scheme (“ESOS” or “Scheme”) as set out in the By-Laws are as follows:

- The maximum number of new shares which may be made available under the Scheme shall not be more than ten per cent (10%) of the issued and paid-up share capital of the Company at the point in time when an Offer is made.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

24. SHARE CAPITAL (CONT'D)**ESOS** (Cont'd)

- (b) Any employee or Executive Director of the S P Setia Group ("Selected Person") shall be eligible to participate in the Scheme and qualify for selection by the Option Committee, if, as at the Date of Allocation (where applicable):
- (i) such employee or Executive Director has attained the age of eighteen (18) years;
 - (ii) such employee or Executive Director has been in the continuous full-time employment of S P Setia Group and his employment has been confirmed;
 - (iii) such employee or Executive Director is not a participant of any other employee share options scheme implemented by any company within the S P Setia Group which is in force for the time being;
 - (iv) in the case of an Executive Director, the specific allocation of the new shares to such Executive Director under the Scheme has been approved by the shareholders of the Company at a general meeting.
- (c) Subject to any adjustments which may be made under (h) below, the aggregate number of shares comprised in the Options to be offered to a Selected Person in accordance with the Scheme shall be determined at the discretion of the Option Committee after taking into consideration the Selected Person's performance, position, seniority and the number of years in service subject to the following:
- (i) that the number of Options made available under the Scheme shall not exceed the amount stipulated in (a) above;
 - (ii) that not more than fifty percent (50%) of the shares available under the Scheme at the point in time when an offer is made shall be allocated, in aggregate, to Executive Directors and senior management; and
 - (iii) that not more than ten percent (10%) of the shares available under the Scheme at the point in time when an offer is made be granted to any individual Selected Person who, either singly or collectively through persons connected with him, holds twenty per cent (20%) or more in the issued and paid-up share capital of the Company.
- (d) The price at which the Grantee is entitled to subscribe for each new S P Setia Share shall be determined by the Options Committee based on the five (5) day weighted average market price of S P Setia Shares immediately preceding the Date of offer of the Options, with a potential discount of not more than ten percent (10%), or at the par value of S P Setia Shares, whichever is higher.
- (e) The Options shall not carry any rights to vote at any general meeting of the Company.
- (f) A Grantee shall not be entitled to any dividends, rights or other entitlement on his unexercised Options.
- (g) The new shares to be allotted and issued upon any exercise of the Options will upon such allotment and issuance, rank *pari passu* in all respects with the then issued and fully paid-up shares except that the shares so issued will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date (namely the date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights, allotments and/or other distributions) of which is declared or paid prior to the date of allotment of the new shares and will be subject to all the provisions of the Articles relating to transfer, transmission and otherwise of the shares.
- (h) The number of shares under option or the exercise price or both, so far as the option remains unexercised, may be adjusted following any variation in the issued share capital of the Company by way of capitalisation of profits or reserves, rights issue, subdivision or consolidation of shares or capital reduction or any other variation of the Company's share capital.
- (i) The ESOS shall be in force for a period of five (5) years from 6 May 2009 (Date of Commencement) subject however to extend the duration of the Scheme provided that the initial period of the Scheme and such extension of the Scheme shall not in aggregate exceed the duration of ten (10) years from the Date of Commencement.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

24. SHARE CAPITAL (CONT'D)Warrants 2008/2013

As at 31 October 2009, 7,898,005 out of the total number of 168,151,302 Warrants had been exercised.

The salient terms of the Warrants 2008/2013 are as follows:

- (a) The Warrants are constituted by a Deed Poll executed on 19 November 2007.
- (b) The Warrants are trade separately.
- (c) The Warrants can be exercised any time during the tenure of 5 years commencing from the date of issue, 22 January 2008 to 21 January 2013 ("Exercise Period"). Warrants not exercised during the Exercise Period will lapse and cease to be valid.
- (d) Each Warrant entitles the registered holder to subscribe for one new ordinary share ("Shares") in the Company.
- (e) RM4.48 is payable in respect of each new share issued upon exercise of the Warrants ("the Exercise Price"). The Exercise Price and the number of outstanding Warrants shall be subjected to the adjustments in accordance with the terms and provisions of the Deed Poll during the Exercise Period.
- (f) Subject to the provisions in the Deed Poll, the Exercise Price and the number of Warrants held by each Warrant holder shall from time to time be adjusted by the Company in consultation with the approved adviser and certified by the auditors appointed by the Company.
- (g) Subject to the provisions in the Deed Poll, the Company is free to issue shares to shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit but the Warrant holders will not have any participating rights in such issues unless otherwise resolved by the Company in general meeting.

25. REDEEMABLE SERIAL BONDS

On 23 November 2007, the Company issued RM500 million nominal value of 2.00% redeemable serial bonds ("Bonds") in 2 series, as follows:

Series	Nominal value RM'000	Maturity date
1	250,000	23 November 2010
2	250,000	23 November 2012

The Bonds are required to be redeemed fully by the Company at nominal value on the date of maturity and the interest on the Bonds at 2.00% per annum is payable semi-annually in arrears with the last payment on the date of the maturity of the Bonds.

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Redeemable serial bonds (<i>unsecured</i>)	500,000	500,000	500,000	500,000
Less:				
Unamortised discount	(27,209)	(39,423)	(27,209)	(39,423)
	472,791	460,577	472,791	460,577

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

25. REDEEMABLE SERIAL BONDS (CONT'D)

The redeemable serial bonds are payable as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Later than one year but not later than five years	472,791	460,577	472,791	460,577

26. REDEEMABLE CUMULATIVE PREFERENCE SHARES

	Group	
	2009 RM'000	2008 RM'000
Issued and fully paid:		
65,625,000 redeemable cumulative preference shares of RM0.01 each	656	656
Share premium of RM0.99 each	64,969	64,969
	65,625	65,625

The redeemable cumulative preference shares are in respect of Bandar Eco-Setia Sdn Bhd ("BESB"), a jointly controlled entity of the Company.

The preference shares are redeemable at any time at the discretion of BESB after the 5th anniversary but before the 7th anniversary of the issue date, 13 October 2004, provided that at the request of any holders of the redeemable cumulative preference share and subject to the unanimous approval of all the shareholders, such option may be exercised by BESB at any time after the 2nd anniversary but before the 5th anniversary of the issue date, provided always that the redemption sum to be determined shall not be less than the nominal value plus share premium of RM0.99 and any amount of dividend payable on the redemption date (including the aggregate amount of any arrears or accruals of dividend, whether or not declared, at the time of redemption).

The preference shares confer on their holders the following rights and privileges:

- (i) The right to receive, as a first charge, a cumulative preferential dividend of 7.5% per annum on the issue price for the first three years, 8.0% per annum for the subsequent two years and 9% for the final two years.
- (ii) The right in a winding up or return of capital (other than on the redemption of the preference shares) to receive, in priority to the holders of any other class of shares in the capital of BESB, repayment in full of the nominal value plus share premium of RM0.99 and the payment of any cumulative preferential dividend calculated up to the date of commencement of the winding up or return of capital, but no further right to share in surplus assets; and
- (iii) The right to receive notice of and attend all general meetings of BESB, and shall have the right on a poll at any general meeting of BESB to one vote for each preference share held:
 - (a) upon any resolution which varies or is deemed to vary the rights attached to the preference shares,
 - (b) upon any resolution for the reduction of capital of BESB, and
 - (c) upon any resolution for the winding up of BESB,

but shall otherwise have no right to vote at general meetings of BESB.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

27. LONG TERM LOANS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<i>Secured</i>				
Total outstanding balances on long term loans	651,157	531,179	–	–
Repayments due within the next 12 months included under short term borrowings (<i>see note 33</i>)	(82,389)	(40,272)	–	–
Repayments due later than 12 months included under non-current liabilities	568,768	490,907	–	–
The term loans are repayable as follows:				
– not later than one year	82,389	40,272	–	–
– later than one year but not later than five years	539,604	466,245	–	–
– later than five years	29,164	24,662	–	–
	651,157	531,179	–	–

The long term loans are secured by various fixed charges and deeds of assignment over various lands belonging to the Group as indicated in notes 3, 4, 5 and 16 above, sinking fund, debt service reserve and escrow accounts as indicated in notes 22 and 23 above.

The long term loans are analysed as follows:

	2009 RM'000	2008 RM'000
Variable rates loans at:		
– 1.50% above costs of funds of the lending banks, effectively, 3.80% to 4.05% (2008 : 5.31%) per annum	137,364	84,943
– 1.25% above costs of funds of the lending banks, effectively, 3.55% to 4.23% (2008 : 5.05% to 5.11%) per annum	122,411	175,956
– 0.75% above costs of funds of the lending banks, effectively, 3.00% to 3.35% (2008 : 4.62%) per annum	109,500	40,000
– 1.00% above costs of funds of the lending banks, effectively, 3.50% to 5.31% (2008 : 4.71% to 5.08%) per annum	260,582	219,280
– 0.85% above costs of funds of the lending banks, effectively, 4.10% (2008 : 5.30%) per annum	21,300	11,000
	651,157	531,179

28. OTHER LOANS

The other loans are from minority shareholders of certain subsidiary companies. These loans are unsecured and not repayable within the next 12 months. There are no pre-agreed arrangements pertaining to the payment of interest and no interest was charged for the year ended 31 October 2009 (2008 : Nil).

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

29. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Total future instalments payable	200	3,302	–	–
Unexpired term charges	(13)	(225)	–	–
Total outstanding principal	187	3,077	–	–
Future instalments payable				
– not later than one year	87	1,304	–	–
– later than one year but not later than five years	113	1,998	–	–
Total future instalments payable	200	3,302	–	–
Outstanding principal				
– not later than one year <i>(included under current liabilities)</i>	80	1,187	–	–
– later than one year but not later than five years <i>(included under non-current liabilities)</i>	107	1,890	–	–
Total outstanding principal	187	3,077	–	–

The effective interest rates of the hire purchase liabilities are between 2.68% and 7.42% (2008 : 2.68% and 8.47%) per annum.

30. DEFERRED TAX LIABILITIES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At 1 November	1,194	2,637	–	–
(Reversal)/Originating during the year	(213)	(1,443)	9,521	–
At 31 October	981	1,194	9,521	–

The deferred tax liabilities on temporary differences recognised in the financial statements were as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Tax effects of:				
– construction profit	(274)	(80)	(23)	–
– excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	1,310	1,450	24	–
– unabsorbed capital allowances	(95)	–	(95)	–
– unpaid qualifying expenditure of hire purchase and finance lease liabilities	(8)	(33)	–	–
– allowance for doubtful debts	(143)	(143)	–	–
– dividend receivable	–	–	9,437	–
– others	191	–	178	–
	981	1,194	9,521	–

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

31. TRADE PAYABLES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Sub-contractors' claims	119,167	133,546	1,683	580
Retention sums	137,393	116,817	6,043	6,060
Others	33,540	25,493	632	190
	290,100	275,856	8,358	6,830

The normal credit terms extended by sub-contractors and suppliers range from 30 to 90 days. The retention sums are repayable upon the expiry of the defect liability period of 12 to 24 months.

Other trade payables are required to be settled within 30 to 60 days.

32. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Redeemable serial bonds interest payable	4,356	4,411	4,356	4,411
Unsecured advances	8,774	8,774	–	–
Interest accrued	521	1,463	–	–
Contract advances received (<i>see note 17</i>)	20,000	10,000	10,000	10,000
Deposits received				
– from Agreement to Lease	3,510	3,510	–	–
– from others	11,459	4,656	75	4
Dividend accrued on redeemable cumulative preference shares	5,533	5,533	–	–
Unpaid consideration for acquisition of development lands	–	47,731	–	–
Unpaid consideration for property, plant and equipment acquired (<i>see note 43</i>)	56	50	–	–
Other sundry payables and accruals	67,892	50,344	1,465	1,809
	122,101	136,472	15,896	16,224

The unsecured advances are from a minority shareholder of certain subsidiary companies. These advances are interest free and payable on demand.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

33. SHORT TERM BORROWINGS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<i>Secured:</i>				
Current portion of long term loans (see note 27)	82,389	40,272	–	–
Revolving credit	31,500	30,700	–	–
Bridging loan	892	–	–	–
<i>Unsecured:</i>				
Revolving credit	29,492	10,000	–	–
Bankers' acceptance	–	1,758	–	–
	144,273	82,730	–	–

The secured revolving credit and bridging loan of the Group are secured by fixed charges over various land belonging to the Group as indicated in notes 3, 4, 5 and 16 above.

The revolving credits bear interests at 0.75% to 1.00% above the lender banks' cost of funds. The effective interest rates range from 3.45% to 10.50% (2008 : 4.62% to 5.08%) per annum.

The bridging loan bears interest at 1.00% per annum above the lender bank's cost of fund. The effective interest rate is 2.65% per annum.

The bankers' acceptance of the Group in year 2008 bear interest at 4.85% per annum.

34. BANK OVERDRAFTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Secured	7,777	4,933	–	–
Unsecured	178,390	16,167	37,869	–
	186,167	21,100	37,869	–

The secured bank overdraft of the Group is secured by fixed charges over various land belonging to the Group as indicated in notes 3, 4, 5 and 16 above.

The bank overdrafts bear interests at 0.50% to 1.25% above the lender banks' cost of funds and bank lending rate. The effective interest rates range from 3.17% to 6.30% (2008 : 4.61% to 8.00%) per annum.

35. REVENUE

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Sale of development properties	1,216,935	1,177,138	–	–
Contract revenue	119,374	217,651	28,660	2,649
Sale of other goods and services	72,106	76,568	–	–
	1,408,415	1,471,357	28,660	2,649

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

36. COST OF SALES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cost of properties sold	936,511	828,798	–	–
Contract cost recognised as expense	112,564	199,564	28,283	2,674
Cost of other goods and services sold	55,078	62,211	–	–
	1,104,153	1,090,573	28,283	2,674

37. PROFIT/(LOSS) FROM OPERATIONS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Profit/(Loss) from operations is stated after charging:				
Auditors' remuneration				
– current year	639	594	70	70
– special audit	–	3	–	–
– underprovision in prior years	10	37	–	5
Bad and doubtful debts	542	835	–	–
Bad debt written off	371	65	–	–
Depreciation				
– property, plant and equipment	9,043	9,810	119	103
– investment properties	2,043	1,679	2	2
Amortisation of prepaid lease payments	10	10	10	10
Direct operating expenses on				
– revenue generating investment properties	438	57	–	2
– non-revenue generating investment properties	204	428	9	17
Directors' remuneration				
– company's directors				
– emoluments other than fees	20,277	21,709	20,277	21,709
– employee share options	912	–	912	–
– subsidiaries' directors				
– fees	24	28	–	–
– other emoluments	8,153	6,529	786	580
– employee share options	1,439	–	607	–
Ex-gratia for a former director	–	1,000	–	1,000
Goodwill on acquisition written off	–	19	–	–
Property, plant and equipment written off	97	5,754	–	–
Loss on disposal of property, plant and equipment	2,268	–	–	–
Development expenditure written off	–	129	–	–
Hiring charges	111	99	–	–
Inventories written down	–	133	–	–
Rental of				
– office equipment	152	88	87	59
– premises	1,740	1,302	213	217
– motor vehicles	–	126	–	–

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

37. PROFIT/(LOSS) FROM OPERATIONS (CONT'D)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Foreign exchange loss				
– realised	15	4	–	–
– unrealised	–	46	–	–
Preliminary expenses	30	30	–	–
Waiver of liquidated ascertained damages on late completion receivable from contractor	761	1,684	–	–
and crediting:				
Allowance for doubtful debts no longer required	80	383	–	–
Interest income	4,932	6,511	540	697
Gain on disposal of property, plant and equipment	–	683	–	22
Realised foreign exchange gain	130	46	–	–
Rental received from operating leases other than those relating to investing properties	593	401	–	–
Liquidated ascertained damages on late completion receivable from contractor	864	1,279	–	–
Forfeiture income	152	–	–	–
Insurance claim received	482	–	–	–
Compensation received from compulsory land acquisition	2,786	–	–	–

Directors' remuneration does not include the estimated monetary value of benefits-in-kind as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Company's directors	1,212	2,891	1,212	2,891
Subsidiaries' directors	81	262	–	–

38. NET PROFIT FROM INVESTING ACTIVITIES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Gross dividends from subsidiary companies	–	–	74,000	31,757
Interest income from				
– subsidiary companies	–	–	29,008	22,185
– jointly controlled entities	1,548	274	3,410	914
– deposits	9,276	16,560	7,204	13,395
Rental income from investment properties	11,049	777	–	3
Gain on disposal of an associated company	–	26,878	–	–
Discount on acquisition of additional shares in an existing jointly controlled entity	6,879	43	–	–

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

38. NET PROFIT FROM INVESTING ACTIVITIES (CONT'D)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Diminution in value of quoted investments written back	–	76	–	–
Allowance for doubtful debts no longer required	–	–	1,298	150
Gain on disposal of quoted investment	25	–	–	–
Gain on disposal of investment property	8,052*	–	–	–
Gain on deemed disposal on a subsidiary company	–	94	–	–
	36,829	44,702	114,920	68,404
Impairment of investment in subsidiary companies	–	–	(36,926)	–
Impairment of investment properties	(52)	(593)	(50)	(393)
Impairment loss on other investments	(166)	–	–	–
Bad and doubtful debts	(2)	–	(2,662)	–
	36,609	44,109	75,282	68,011

* The gain on disposal of investment property was derived from the disposal of the Stage 1 Land referred to in Note 54(e) below. Under the Amended and Restated Sale and Purchase Agreement (SPA) with Greenhill Resources Sdn Bhd (the Purchaser and a jointly controlled entity of the Group), the sale consideration for the Stage 1 Land is split into 2 portions.

The first portion is a fixed amount of RM31,167,000.

The second portion is an amount (which shall not exceed RM24,934,000) which varies depending on the extent to which certain parameters are achieved.

The gain on disposal recognised during the year is based only on the first portion of the sales consideration. No gain in respect of the second portion has been recognised as the ultimate amount receivable under the second portion cannot be reliably determined at this stage.

39. FINANCE COSTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Interest paid and payable on:				
Amortisation of bond discount	–	–	12,214	10,948
Bank overdrafts	508	416	72	60
Bond interest	1,264	5,515	10,000	9,397
Revolving credits	570	752	569	752
Bankers' acceptance	2	21	–	–
Term loan interest	116	–	–	–
Hire purchase and finance lease	35	183	–	–
Interest charged by subsidiary company	–	–	118	–
Dividend on redeemable cumulative preference shares	5,250	5,264	–	–
Others	307	93	–	–
	8,052	12,244	22,973	21,157

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

40. TAX EXPENSE

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Malaysian taxation based on results for the year				
– current	67,564	80,341	6,689	4,730
– deferred	(6,258)	(998)	9,824	238
	61,306	79,343	16,513	4,968
(Over)/Underprovision in prior years				
– current	(1,959)	(1,161)	(472)	2,838
– deferred	533	6,230	138	220
	59,880	84,412	16,179	8,026

The statutory tax rate applicable to the Company was reduced from 26% in 2008 to 25% in 2009.

The provision for taxation differs from the amount of taxation determined by applying the applicable statutory tax rate of the profit before tax as a result of the following differences:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Accounting profit (excluding share of results in associated companies)	231,560	293,466	24,397	15,771
Taxation at applicable tax rates	57,890	76,239	6,099	4,100
Tax effects arising from:				
– Non-deductible expenses	(5,606)	14,498	10,738	915
– Non-taxable income	7,778	(11,763)	(324)	(37)
Unavailable group relief	1	52	–	–
Originating of deferred tax assets not recognised	1,242	227	–	–
Effect on reduction in future tax rate	1	90	–	(10)
(Over)/Underprovision in prior years	(1,426)	5,069	(334)	3,058
	59,880	84,412	16,179	8,026
Tax savings during the financial year arising from:				
Utilisation of current year tax losses	1,524	741	1,524	741
Utilisation of previously unrecognised tax losses	981	607	–	–

Subject to agreement with the Inland Revenue Board, based on estimated tax credits available and the prevailing tax rate applicable to dividends and the balance on the tax exempt account, the entire retained earnings of the Company is available for distribution by way of dividends.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

41. EARNINGS PER SHAREBasic earnings per share

The basic earnings per share has been calculated by dividing the Group's profit for the year attributable to shareholders of the Company of RM171,233,000 (2008 : RM213,456,000) by the weighted average number of shares in issue of 1,016,786,000 (2008 : 1,014,510,000). The weighted average number of shares in issue is calculated as follows:

	2009 '000	2008 '000
Number of ordinary shares at beginning of the year	1,016,698	672,605
Effect of shares issued pursuant to:		
– bonus issue	–	336,303
– exercise of Warrants	88	5,602
Weighted average number of ordinary shares	1,016,786	1,014,510

Diluted earnings per share

The diluted earnings per share has been calculated by dividing the Group's profit for the year attributable to shareholders of the Company of RM171,233,000 (2008 : RM213,456,000) by the weighted average number of ordinary shares that would have been in issue upon full exercise of the options under the ESOS, adjusted for the number of such shares that would have been issued at fair value, calculated as follows:

	2009 '000	2008 '000
Weighted average number of ordinary shares calculated above	1,016,786	– *
Weighted average number of unissued shares under ESOS		
– based on exercise price	33,833	–
– based on average fair value	(27,895)	–
Weighted average number of unexercised warrants		
– based on exercise price	–*	– *
– based on average fair value	–*	–*
Weighted average number of ordinary shares that would have been in issue	1,022,724	– *

* The diluted earnings per ordinary share for the financial year is not presented as the average market value of the ordinary shares of the Company is lower than the exercise price for the outstanding warrants and it is anti dilutive.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

42. DIVIDENDS

	2009 RM'000	2008 RM'000
<i>In respect of the year ended 31 October 2007</i>		
Final dividend of 15 sen per ordinary share of RM0.75 each less 26% income tax	–	112,854
<i>In respect of the year ended 31 October 2008</i>		
Interim dividend of 7 sen per ordinary share of RM0.75 each less 26% income tax	–	52,665
Final dividend of 10 sen per ordinary share of RM0.75 each less 25% income tax	76,260	–
<i>In respect of the year ended 31 October 2009</i>		
Interim dividend of 5 sen per ordinary share of RM0.75 each less 25% income tax	38,130	–
	114,390	165,519

Subsequent to 31 October 2009, the directors recommended a final dividend of 9 sen per ordinary share of RM0.75 each less 25% income tax amounting to RM68,634,393 in respect of the financial year ended 31 October 2009.

43. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Aggregate cost of property, plant and equipment acquired	55,174	111,600	231	25
Financed via hire purchase and finance lease	–	(946)	–	–
Unpaid balance included under other payables and accruals (see note 32)	(56)	(50)	–	–
Unpaid balance included under trade payables	(7,810)	–	–	–
Cash paid in respect of previous year acquisition	50	325	–	–
Cash paid during the financial year	47,358	110,929	231	25

44. ACQUISITION OF SHARES IN SUBSIDIARY COMPANIES

(a) Details of the new subsidiary companies acquired during the financial year are as follows:

Name of subsidiary companies acquired	Purchase consideration RM'000	Group's effective interest %	Effective acquisition date
2009			
S P Setia International (S) Pte. Ltd.	^	100	9 April 2009
2008			
Setiahomes (MM2H) Sdn Bhd (formerly known as Kayan Setegas Sdn Bhd)	#	100	3 July 2008
Sentosa Jitra Sdn Bhd	#	100	11 June 2008

Represent RM2

^ Represent RM5

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

44. ACQUISITION OF SHARES IN SUBSIDIARY COMPANIES (CONT'D)

(a) Details of the new subsidiary companies acquired during the financial year are as follows: (cont'd)

Details of the assets, liabilities and net cash outflow arising from the acquisition of new subsidiary company are as follows:

	Carrying/Fair value	
	2009 RM'000	2008 RM'000
Cash and cash equivalents	–	–**
Other payables and accruals	–	(19)
Net liability acquired	–	(19)
Goodwill on acquisition written off	–	19
Total purchase consideration	*	–
Less: Cash and cash equivalents acquired	–	–**
Net cash outflow on acquisition of new subsidiary company	*	–

* Represent RM5

** Represent RM4

The revenue and net profit for the year in which the acquisition took place and their post acquisition contribution included in the consolidated income statement are as follows:

	2009 RM'000	2008 RM'000
Revenue		
During the financial year	–	–
Pre-acquisition	–	–
Post-acquisition	–	–
Net profit/(loss) for the year		
During the financial year	80	(3)
Pre-acquisition	–	(19)
Post-acquisition	80	(22)

The net assets of the acquired new subsidiary company included in the consolidated balance sheet at the end of the financial year are as follows:

	2009 RM'000	2008 RM'000
Non-current assets	330	–
Current assets	1,357	–*
Current liabilities	(1,605)	(2)
Non-current liabilities	–	(20)
Group's share of net assets/(liabilities)	82	(22)

* Represent RM4

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

44. ACQUISITION OF SHARES IN SUBSIDIARY COMPANIES (CONT'D)

(b) Details of additional of interest in an existing subsidiary company are as follows:

Name of subsidiary companies acquired	Purchase consideration RM'000	Group's effective interest %	Effective acquisition date
2009			
Indera Perasa Sdn Bhd	*	30	18 September 2009
2008			
Tenaga Raya Sdn Bhd	90	4	15 February 2008

The minority interest acquired and the net cash outflow arising from the acquisition of additional interest in the existing subsidiary company are as follows:

	2009 RM'000	2008 RM'000
Minority interest acquired	–	133
Goodwill/(Discount) on acquisition	*	(43)
Net cash outflow on acquisition	*	90

* Represent RM3

45. ACQUISITION OF ADDITIONAL SHARES IN AN EXISTING JOINTLY CONTROLLED ENTITY

The details of acquisition of additional interest in an existing jointly controlled entity during 2009 are as follows:

Name of jointly controlled entity	Purchase consideration	Additional interest acquired	Effective acquisition date
Setia Putrajaya Sdn Bhd	RM6,652,000	10%	29 October 2009

The share of net assets acquired and the net cash inflows arising from the acquisition of additional interest in the existing jointly controlled entity are as follows:

	Group	
	2009 RM'000	2008 RM'000
Share of net assets acquired	13,531	–
Discount on acquisition	(6,879)	–
Total purchase consideration	6,652	–
Less: Portion contra against the outstanding balance due from acquiree	(6,152)	–
Portion discharged by cash	500	–
Less: Cash and cash equivalents acquired	(1,638)	–
Net cash inflows on acquisition	(1,138)	–

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

46. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Employee benefits expense	113,828	97,808	20,401	21,479

Include in the employee benefits expense was as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
EPF	9,045	9,190	1,994	2,208
Employee share options	6,834	–	1,519	–

47. RELATED PARTY DISCLOSURES

(a) Significant related party transactions during the financial year are as follows:

	----- Transaction value -----				----- Balance outstanding -----			
	Group		Company		Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<i>Transactions with subsidiary companies</i>								
Construction services rendered to subsidiary companies	–	–	1,176	1,020	–	–	–	1,020
Interest received and receivable	–	–	29,008	22,185	–	–	23,794	22,185
Management fee received and receivable	–	–	120	135	–	–	–	–
Purchase of building materials	–	–	9,168	–	–	–	2,017	–
Security management fee paid	–	–	1,934	2,055	–	–	–	–
<i>Transactions with jointly controlled entities</i>								
Administrative, accounting and management fee charged	6,572	4,293	–	–	694	727	–	–
Construction services rendered	1,931	14,738	–	–	1,931	4,935	–	–
Disposal of freehold land	15,584	–	–	–	–	–	–	–
Interest receivable	1,024	274	3,410	914	1,173	296	3,410	914
Marketing expenses charged	133	185	–	–	–	–	–	–
Office rental received	–	16	–	–	–	–	–	–
Purchase of property, plant and equipment	61	–	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

47. RELATED PARTY DISCLOSURES (CONT'D)

(a) Significant related party transactions during the financial year are as follows: (cont'd)

	----- Transaction value -----				----- Balance outstanding -----			
	Group		Company		Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Rental paid	287	154	213	124	–	–	–	–
Security services rendered	336	376	–	–	85	37	–	–
Sales of building material	7,493	4,708	–	–	750	1,275	–	–
Sale of development properties to								
a) Directors of the Company								
– Chang Khim Wah	–	1,639	–	–	–	819	–	–
– Dato' Voon Tin Yow	2,602	1,098	–	–	47	–	–	–
– Tan Sri Datuk Seri Lee Lam Thye	1,420	–	–	–	18	–	–	–
– Tan Sri Abdul Rashid Bin Abdul Manaf	–	6,137	–	–	–	2,455	–	–
– Teow Leong Seng	1,537	–	–	–	20	–	–	–
b) Directors of subsidiary companies								
– Hoe Mee Ling	1,126	–	–	–	13	–	–	–
– Jamalullail Bin Abu Bakar	1,155	–	–	–	14	–	–	–
– Khor Chap Jen (former director of the Company)	824	1,434	–	–	5	–	–	–
– Kow Choong Ming	–	2,433	–	–	–	1,829	–	–
– Koe Peng Kang	–	5,120	–	–	–	290	–	–
– Norhayati Binti Subali	2,138	–	–	–	20	–	–	–
– Wong Sheue Yann	1,686	–	–	–	22	–	–	–
– Wong Tuck Wai	914	–	–	–	6	–	–	–
c) Former directors of subsidiary companies								
– Koe Peng Kang	1,261	–	–	–	32	–	–	–
– Heah Kok Boon	1,469	–	–	–	19	–	–	–

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

47. RELATED PARTY DISCLOSURES (CONT'D)

(a) Significant related party transactions during the financial year are as follows: (cont'd)

	----- Transaction value -----				----- Balance outstanding -----			
	Group		Company		Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Sale of development properties to companies in which Tan Sri Dato' Sri Liew Kee Sin has financial interest								
- Maya Sepadu Sdn Bhd	2,259	-	-	-	113	-	-	-
- Gito Gaya Sdn Bhd	2,111	-	-	-	106	-	-	-
- Citra Budaya Sdn Bhd	2,163	-	-	-	108	-	-	-
- Arca Unggul Sdn Bhd	-	8,055	-	-	-	-	-	-
- Tanjung Inai Sdn Bhd	-	7,677	-	-	-	-	-	-
<i>Transactions with directors of the Company, close family members of the directors and companies, firms in which they have interests</i>								
Sale of development properties to								
- Dato' Voon Tin Yow	3,076	7,709	-	-	-	-	-	-
- Chang Khim Wah	379	-	-	-	-	-	-	-
- Lee Hsein Loong, close family member of Tan Sri Datuk Seri Lee Lam Thye	341	-	-	-	-	-	-	-
Sale of development properties to Rekasemi Resources Sdn Bhd, a company in which Tan Sri Dato' Hari Narayanan A/L Govindasamy has financial interest	-	3,200	-	-	-	-	-	-
Sale of development properties to Oracle Power Sdn Bhd, a company in which Yap Kok Weng (former director of the Company) has financial interest	-	2,252	-	-	-	968	-	-

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

47. RELATED PARTY DISCLOSURES (CONT'D)

(a) Significant related party transactions during the financial year are as follows: (cont'd)

	----- Transaction value -----				----- Balance outstanding -----			
	Group		Company		Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<i>Transactions with directors of the Company, close family members of the directors and companies, firms in which they have interests (cont'd)</i>								
Deposit to be refunded for the revocation of sale of development properties to								
– Dato' Voon Tin Yow	–	–	–	–	–	66	–	–
– Maya Sepadu Sdn Bhd, a company in which Tan Sri Dato' Sri Liew Kee Sin has financial interest	–	–	–	–	–	122	–	–
Rental paid to:								
– Dato' Voon Tin Yow	–	13	–	13	–	–	–	–
– Alsirat Sdn Bhd, a company in which Tan Sri Abdul Rashid Bin Abdul Manaf has financial interest	72	72	–	–	–	–	–	–
Security services rendered to Tan Sri Abdul Rashid Bin Abdul Manaf	127	162	–	–	–	–	–	–
Disposal of motor vehicle in connection to Group's revised policy on car benefits to								
– Dato' Voon Tin Yow	315	–	–	–	–	–	–	–
– Dato' Leong Kok Wah	300	123	–	–	–	–	–	–
– Chang Khim Wah	108	–	–	–	–	–	–	–
– Teow Leong Seng	108	–	–	–	–	–	–	–
– Tan Sri Abdul Rashid Bin Abdul Manaf	636	–	–	–	–	–	–	–
– Tan Sri Dato' Hari Narayanan A/L Govindasamy	–	100	–	–	–	–	–	–
– LKS Properties Sdn Bhd, a company in which Tan Sri Liew Kee Sin has financial interest	630	–	–	–	–	–	–	–
– Emrail Sdn Bhd, a company in which Tan Sri Dato' Hari Narayanan A/L Govindasamy has financial interest	300	–	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

47. RELATED PARTY DISCLOSURES (CONT'D)

(a) Significant related party transactions during the financial year are as follows: (cont'd)

	----- Transaction value -----				----- Balance outstanding -----			
	Group		Company		Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Transactions with directors of subsidiary companies								
Sale of development properties to								
– Puan Sri Nik Sazlina Binti Mohd Zain	–	5,712	–	–	–	–	–	–
– Wong Tuck Wai	360	2,482	–	–	33	–	–	–
– Khor Chap Jen (former director of the Company)	763	–	–	–	32	–	–	–
– Phan Yan Chan	516	–	–	–	515	–	–	–
Sale of development properties to Wisdom Link Sdn Bhd, a company in which Hoe Mee Ling has financial interest	1,385	–	–	–	1,316	–	–	–
Disposal of motor vehicle in connections to the Group's revised policy on car benefits to								
(a) Directors of subsidiary companies								
– Hoe Mee Ling	55	–	–	–	–	–	–	–
– Yap Kok Weng (former director of the Company)	79	–	–	–	–	–	–	–
– Khor Chap Jen (former director of the Company)	79	–	–	–	–	–	–	–
– Norhayati Binti Subali	53	–	–	–	–	–	–	–
– Wong Tuck Wai	90	–	–	–	–	–	–	–
– Captain Liew Siong Sing	67	–	–	–	–	–	–	–
– Sundarajoo A/L Somu	50	–	–	–	–	–	–	–
– Wong Sheue Yann	53	–	–	–	–	–	–	–
– Kow Choong Ming	90	–	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

47. RELATED PARTY DISCLOSURES (CONT'D)

(a) Significant related party transactions during the financial year are as follows: (cont'd)

	----- Transaction value -----				----- Balance outstanding -----			
	Group		Company		Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
(b) Former director of subsidiary companies								
– Ho Kai Meng	19	–	–	–	–	–	–	–
– Thum Kok Mun	50	–	–	–	–	–	–	–
– Heah Kok Boon	67	–	–	–	–	–	–	–
– Ong Kek Seng	84	–	–	–	–	–	–	–
– Lim Eng Tiong	45	–	–	–	–	–	–	–
– Ng Han Seong	23	–	–	–	–	–	–	–
– Gan Ber Koon	67	–	–	–	–	–	–	–
– Koe Peng Kang	97	–	–	–	–	–	–	–
Sales of building materials to								
– Norhayati Binti Subali	31	–	–	–	2	–	–	–
– Kow Choong Ming	14	–	–	–	–	–	–	–
– Khor Chap Jen <i>(former director of the Company)</i>	24	–	–	–	–	–	–	–
Transaction with joint venture partner of subsidiary company								
Interest receivable	524	296	–	–	820	296	–	–
Others related party transactions								
Security management fee charged to a body established under the Trust Deed, Setia Badminton Academy	86	83	–	–	7	21	–	–
Rental charged to a body established under the Trust Deed, Setia Badminton Academy	72	–	–	–	142	70	–	–
Car rental charged to Setia Foundation	25	–	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

47. RELATED PARTY DISCLOSURES (CONT'D)

(b) Key management personnel compensation

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<i>Directors</i>				
Remuneration	18,188	19,600	18,188	19,600
Estimated monetary value of benefits-in-kind	1,212	2,891	1,212	2,891
Total short-term employee benefits	19,400	22,491	19,400	22,491
Post-employment benefits				
– EPF	2,089	2,109	2,089	2,109
– Employee share options	912	–	912	–
	22,401	24,600	22,401	24,600
<i>Former director</i>				
Ex-gratia for a former director	–	1,000	–	1,000
<i>Other key management personnel</i>				
Fees	24	28	–	–
Salary, allowances and bonuses	7,328	5,857	702	518
Estimated monetary value of benefits-in-kind	81	262	–	–
Total short-term employee benefits	7,433	6,147	702	518
Post-employment benefits				
– EPF	825	672	84	62
– Employee share options	1,439	–	607	–
	9,697	6,819	1,393	580
Total compensation	32,098	32,419	23,794	26,180

Movements in share options granted under the ESOS to key management personnel during the financial year are as follows:

	2009 '000	2008 '000
<i>Directors</i>		
At beginning of the year	–	–
Granted	9,000	–
At end of the year	9,000	–
<i>Other key management personnel</i>		
At beginning of the year	–	–
Granted	14,206	–
At end of the year	14,206	–

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

48. OPERATING LEASE COMMITMENTS*The Group as lessee*

The Group leases premises from various parties under operating leases. These leases are cancellable and typically run for a period ranging from 1 to 3 years, with the option to renew the leases after the expiry dates. None of the leases includes contingent rentals. There are no restrictions placed upon the Group by entering into these leases.

Jointly controlled entities of the Group lease office under non-cancellable operating lease agreement. The Group's share of the non-cancellable operating lease rentals payable are as follows:

	2009 '000	2008 '000
Not later than one year	518	749
Later than one year but not later than 5 years	77	424
	595	1,173

The Group as lessor

The Group leases out its investment properties under cancellable operating leases. With the exception of 1 operating lease which run for 30 years, these leases typically run for a period of 1 to 20 years with the option to renew the leases after the expiry date. None of the leases include contingent rentals.

The future aggregate minimum lease payments receivable under the non-cancellable operating lease contracted for as at balance sheet date but not recognised as assets are as follows:

	Group	
	2009 RM'000	2008 RM'000
Not later than one year	10,615	8,834
Later than one year but not later than five years	42,849	35,549
Later than five years	215,936	220,123
	269,400	264,506

49. OTHER COMMITMENTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Commitments to purchase development land in (see note 21)				
– Contracted				
Mukim 10 and 12, District of Barat Daya	–	61,080	–	–
Bandar and Daerah Kuala Lumpur	14,481	14,481	–	–
– Approved but not contracted	22,857	–	–	–

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

49. OTHER COMMITMENTS (CONT'D)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Contractual commitment to subscribe for ordinary shares in a jointly controlled entity	72,767	–	–	–
Contractual commitment to acquire investment properties	4,405	5,128	–	–
Commitment to acquire of property, plant and equipment				
– approved and contracted	6,174	3,185	–	–
– approved but not contracted	49	–	–	–
	120,733	83,874	–	–

50. CONTINGENT LIABILITIES (unsecured)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Guarantees given to banks to secure banking facilities granted to subsidiary companies	–	–	858,609	843,934
Guarantees given to banks for performance bonds granted to subsidiary companies	–	–	15,342	12,917
Guarantees given to the suppliers of goods for credit terms granted to subsidiary companies	–	–	1,799	3,722
Guarantees given to banks for performance bonds granted to jointly controlled entities	379	240	1,262	800
Guarantees given to banks to secure banking facilities granted to jointly controlled entities	43,073	40,200	492,783	334,474
Contingent liabilities arising from potential liabilities	706	5,795	–	–
	44,158	46,235	1,369,795	1,195,847

Additionally, the Company has given a guarantee to the holders of 131,250,000 preference shares issued on 13 October 2004 by BESB, for the prompt payment of dividends on the preference shares. The guarantee is enforceable after the third anniversary of the date of issue of the preference shares in respect of dividends payable for the first 3 years; after the sixth anniversary in respect of dividends payable for the fourth, fifth and sixth year; and after the seventh anniversary in respect of the dividend payable for the seventh year.

The accrued dividend, net of tax, subject to the guarantee up to 31 October 2009 amounted to RM5,533,279 (2008 : RM5,533,279).

51. FINANCIAL INSTRUMENTS*(i) Credit risk*

At balance sheet date, the Group did not have any significant concentration of credit risk that may arise from exposure to a single debtor or group of debtors.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

51. FINANCIAL INSTRUMENTS (CONT'D)*(ii) Fair value*

The carrying amounts of the financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the following:

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
2009				
<i>Non-current assets</i>				
Amounts owing by subsidiary companies	–	–	1,315,226	*
Amounts owing by jointly controlled entities	15,900	*	58,600	*
Amount owing by joint venture partner	7,166	*	–	–
<i>Other investments</i>				
Unquoted shares	337	**	–	–
<i>Non-current liabilities</i>				
Redeemable serial bonds	472,791	480,362	472,791	480,362
Redeemable cumulative preference shares	65,625	68,215	–	–
Other loans	1,446	*	–	–
Amounts owing to subsidiary companies	–	–	132,991	*
2008				
<i>Non-current assets</i>				
Amounts owing by subsidiary companies	–	–	1,405,224	*
Amounts owing by associated companies	2	*	2	*
Amounts owing by jointly controlled entities	302	*	286	*
Amount owing by joint venture partner	6,447	*	–	–
<i>Other investments</i>				
Unquoted shares	337	**	–	–
<i>Non-current liabilities</i>				
Redeemable serial bonds	460,577	456,653	460,577	456,653
Redeemable cumulative preference shares	65,625	67,468	–	–
Other loans	1,446	*	–	–
Amounts owing to subsidiary companies	–	–	131,738	*

Guarantees given

It is not practical to estimate the fair values of the guarantees referred to in note 50 due to the uncertainties of timing, costs and eventual outcome.

* *It is not practical to estimate the fair values of these financial instruments due principally to the absence of fixed repayment terms.*

** *It is not practical to estimate the fair values of these financial instruments due to the lack of quoted market values and available observable market data. Such investments are valued at cost subject to review for impairment.*

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

52. SEGMENTAL ANALYSIS

	Property development RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
2009					
REVENUE					
External sales	1,216,935	119,374	72,106	–	1,408,415
Inter-segment sales	52,450	11,211	66,513	(130,174)	–
Total revenue	1,269,385	130,585	138,619	(130,174)	1,408,415
RESULTS					
Segment results	192,790	6,636	3,577	–	203,003
Net profit from investing activities					36,609
Share of associated companies' loss	(448)	–	–	–	(448)
Finance costs					(8,052)
Profit before tax					231,112
Tax expense					(59,880)
Profit for the year					171,232
OTHER INFORMATION					
Segment assets	2,951,384	320,653	614,135	–	3,886,172
Investment in associated companies	2,240	–	42	–	2,282
Current and deferred tax assets	38,133	25,610	54	–	63,797
Consolidated total assets					3,952,251
Segment liabilities	1,191,731	679,630	32,658	–	1,904,019
Current and deferred tax liabilities	9,211	201	1,242	–	10,654
Consolidated total liabilities					1,914,673
Capital expenditure	56,544	1,182	6,124		
Amortisation and depreciation	10,172	734	596		
Other non-cash items	(2,518)	2,683	(6,495)		

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

52. SEGMENTAL ANALYSIS (CONT'D)

	Property development RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
2008					
REVENUE					
External sales	1,177,138	217,651	76,568	–	1,471,357
Inter-segment sales	50,090	23,606	21,003	(94,699)	–
Total revenue	1,227,228	241,257	97,571	(94,699)	1,471,357
RESULTS					
Segment results	242,968	12,556	6,077	–	261,601
Net profit from investing activities					44,109
Share of associated companies' profit	26	4,375	–	–	4,401
Finance costs					(12,244)
Profit before tax					297,867
Tax expense					(84,412)
Profit for the year					213,455
OTHER INFORMATION					
Segment assets	2,780,972	264,478	460,415	–	3,505,865
Investment in associated companies	2,688	–	42	–	2,730
Current and deferred tax assets	39,392	12,844	53	–	52,289
Consolidated total assets					3,560,884
Segment liabilities	955,647	593,154	25,715	–	1,574,516
Current and deferred tax liabilities	9,402	128	1,138	–	10,668
Consolidated total liabilities					1,585,184
Capital expenditure	117,787	341	361		
Amortisation and depreciation	10,250	1,238	665		
Other non-cash items	(4,597)	4,179	26,866		

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

52. SEGMENTAL ANALYSIS (CONT'D)

(a) Primary reporting format – business segment

The operations of the Group are primarily organised in Malaysia into three main segments:

- (i) Property development – Property development
- (ii) Construction – Building and highway construction
- (iii) Others – Manufacturing, trading and investing

Transactions between segments were entered into in the normal course of business and were established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. The effects of such inter-segmental transactions are eliminated on consolidation.

(b) Secondary reporting format – geographical segment

The operations of the Group are primarily carried out in Malaysia.

53. COMPARATIVE FIGURES

The comparative figures have been restated to give effect to the treatments of investments in Bandar Eco-Setia Sdn Bhd and Setia Putrajaya Sdn Bhd as disclosed in note 9 above.

	Group		Company	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Balance Sheets				
<i>Non-current assets</i>				
Property, plant and equipment	89,821	80,226	–	–
Investment properties	178,236	167,931	–	–
Land held for property development	1,220,058	1,133,456	–	–
Investment in associated companies	2,730	106,560	650	39,249
Investment in jointly controlled entities	–	–	79,330	40,731
Amounts owing by associated companies	2	304	2	288
Amounts owing by jointly controlled entities	302	–	286	–
Deferred tax assets	26,829	14,520	–	–

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

53. COMPARATIVE FIGURES (CONT'D)

	Group		Company	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
<i>Current assets</i>				
Property development costs	853,984	786,262	–	–
Gross amount due from customers	53,479	10,163	–	–
Inventories	35,178	29,630	–	–
Accrued billings	105,567	56,164	–	–
Trade receivables	271,257	240,656	–	–
Amounts owing by associated companies	1,309	14,877	–	–
Amounts owing by jointly controlled entities	10,944	5,032	–	–
Other receivables, deposits and prepayments	55,166	46,087	–	–
Current tax assets	25,460	23,449	–	–
Deposits	407,599	393,598	–	–
Cash and bank balances	215,083	199,225	–	–
<i>Non-current liabilities</i>				
Redeemable cumulative preference shares	65,625	–	–	–
Long term loans	490,907	424,307	–	–
Hire purchase and finance lease liabilities	1,890	1,885	–	–
<i>Current liabilities</i>				
Gross amount due to customers	8,042	–	–	–
Trade payables	275,856	220,750	–	–
Other payables and accruals	136,472	117,947	–	–
Hire purchase and finance leases liabilities	1,187	1,161	–	–
Short term borrowings	82,730	66,105	–	–
Bank overdrafts	21,100	6,790	–	–
<i>Income Statements</i>				
Revenue	1,471,357	1,328,325	–	–
Cost of sales	1,090,573	976,853	–	–
Other operating income	13,911	13,031	–	–
Selling and marketing expenses	34,111	32,016	–	–
Administrative and general expenses	98,983	93,534	–	–
Net profit from investing activities	44,109	43,876	–	–
Share of net profits less losses of associated companies	4,401	15,162	–	–
Finance costs	12,244	6,976	–	–
Tax expense	84,412	77,560	–	–

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

53. COMPARATIVE FIGURES (CONT'D)

	Group		Company	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Cash Flow Statements				
<i>Cash flow from operating activities</i>				
Profit before tax	297,867	291,015	–	–
Adjustments for:				
Allowance for doubtful debts no longer required	(383)	–	–	–
Bad and doubtful debts	900	692	–	–
Depreciation				
– property, plant and equipment	9,810	9,152	–	–
– investment properties	1,679	1,487	–	–
Gain on disposal of property, plant and equipment	(683)	(675)	–	–
Profit retained in associated companies	(4,401)	(15,162)	–	–
Inventories written down	133	–	–	–
Interest expense	12,244	6,976	–	–
Interest income	(23,345)	(22,546)	–	–
Rental income	(1,178)	(1,168)	–	–
Changes in property development costs	169,047	168,933	–	–
Changes in accrued billings/progress billing	9,856	(34,559)	–	–
Changes in gross amount due from/to customers	(22,011)	(1,209)	–	–
Changes in inventories	3,271	2,827	–	–
Changes in receivables	(46,754)	(33,067)	–	–
Changes in payables	3,740	(7,182)	–	–
Rental received	401	417	–	–
Interest received	6,465	5,919	–	–
Interest paid	(52,703)	(49,190)	–	–
Tax paid	(91,845)	(82,614)	–	–
<i>Cash flows from investing activities</i>				
Additions to land held for property development	(254,245)	(245,096)	–	–
Purchase of property, plant and equipment	(110,929)	(100,231)	–	–
Proceeds from disposal of property, plant and equipment	842	832	–	–
(Advances to)/Repayment from associated companies	(1,307)	(2,645)	(2)	8
Repayment from jointly controlled entities	4,802	5,286	4,583	4,573
Placement of fixed deposits, sinking fund, debt service reserve and escrow accounts	(6,828)	(6,299)	–	–
Interest received	16,584	16,331	–	–
Rental received	777	751	–	–

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

53. COMPARATIVE FIGURES (CONT'D)

	Group		Company	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
<i>Cash flows from financing activities</i>				
Drawdown of bank term loans	136,281	68,731	–	–
Repayment of bank term loans	(321,106)	(223,356)	–	–
Drawdown of revolving credit	48,700	28,700	–	–
Repayment of revolving credit	(55,200)	(37,000)	–	–
Repayment to a corporate shareholder	(38)	–	–	–
Payment of hire purchase and finance lease liabilities	(1,595)	(1,566)	–	–
Interest paid	(184)	(179)	–	–
Dividends paid	(167,122)	(165,519)	–	–

54. SIGNIFICANT EVENT PENDING COMPLETION

The following are the status of corporate proposals that have been announced by the Company but not completed as at 31 October 2009:

- (a) Conditional Shareholders' Agreement entered into on 20 December 2000 between S P Setia Berhad and YGP Holdings Sdn. Bhd. ("YGP") to govern the relationship between S P Setia Berhad and YGP ("the Parties") as proposed shareholders in KL Eco City Sdn Bhd (formerly known as Pelita Dunia Sdn Bhd) ("KLEC") and to set out the respective rights, duties and obligations of the Parties in relation to the proposed mixed residential and commercial development project.

On 21 August 2007, a Memorandum of Understanding was entered into between Datuk Bandar Kuala Lumpur ("DBKL") and KLEC, currently a wholly owned subsidiary of S P Setia Berhad, pertaining to the proposed mixed residential and commercial development of the State Lands and Private Lands;

Pending the signing of the Privatisation Agreement, both parties have on 23 April 2009 entered into an interim agreement to set out, amongst others, the Parties' respective rights and obligations and the steps to be taken in procuring the eventual issuance of the title to the said lands by the State Authority. As announced on 26 October 2009, KLEC and DBKL have agreed to extend the period for the execution of the Privatisation Agreement up to 20 February 2010.

To-date, pursuant to the Memorandum of Understanding, KLEC has paid a compensation of RM3,600,000, through DBKL to squatter families occupying the said lands;

- (b) Conditional agreement to lease between Bukit Indah (Johor) Sdn Bhd, a wholly owned subsidiary of S P Setia Berhad and Tesco Stores (Malaysia) Sdn Bhd of approximately 9.69 acres of freehold land together with building in the Mukim of Pulai, District of Johor Bahru, State of Johor as announced on 29 October 2007. The agreement became unconditional on 13 March 2009;
- (c) Cooperation agreement as announced on 3 January 2009 by Setia Saigon East Limited and Setia D-Nine Limited, both wholly owned subsidiaries of S P Setia Berhad and Saigon Hi-Tech Park Development Company to jointly develop a mixed real property development on a parcel of land measuring approximately 32 hectares or 79 acres located in District 9, Ho Chi Minh City, Vietnam. On 6 July 2009, the parties have mutually agreed to extend the period for fulfilment of the conditions precedent to expire on 3 January 2010;

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 October 2009 (Cont'd)

54. SIGNIFICANT EVENT PENDING COMPLETION (CONT'D)

- (d) Development agreement entered into by Aeropod Sdn Bhd, a 70% owned subsidiary of S P Setia Berhad and the State Government of Sabah for the proposed development of a piece of land measuring approximately 59.21 acres in Tanjung Aru, Kota Kinabalu, Sabah as announced on 29 January 2008.

As announced on 29 October 2009, the parties have mutually agreed to extend the period for fulfillment of the conditions precedent to expire on 29 April 2010;

- (e) Proposed disposal by Bandar Setia Alam Sdn Bhd ("BSA"), a wholly owned subsidiary of S P Setia Berhad, of approximately 30.5 acres of freehold land located within Precinct 1 of the Setia Alam township ("Said Land") to Greenhill Resources Sdn Bhd, a jointly controlled entity of BSA, for a total consideration of RM119,572,200 and proposed joint venture between BSA and Lend Lease Asian Retail Investment Fund 2 Limited, a wholesale real estate development fund managed by Lend Lease Investment Management Pte Ltd, for the development of a retail mall on the Said Land, as announced on 2 July 2008.

Subsequently on 15 July 2009, BSA had entered into several agreements to reflect certain changes to the earlier Proposals announced on 2 July 2008. The agreements include the Amended and Restated Sale and Purchase Agreement between GR Investment Ltd ("GRI") and Greenhill for the disposal by BSA to Greenhill of approximately 14.31 acres ("Stage 1 Land") of the Original Land for a total consideration of approximately RM56.1 million and the Sale and Purchase Agreement between BSA and Greenhill and GRI for the disposal by BSA to Greenhill of approximately 16.19 acres of the Original Land ("Stage 2 Land") for a total consideration of approximately RM63.5 million. The agreement for Stage 1 Land became unconditional on 15 July 2009;

- (f) Co-operation Agreement entered into by S P Setia Berhad and Hangzhou Ju Shen Construction Engineering Limited ("Hangzhou Ju Shen") to jointly plan, evaluate, develop, design, construct, manage and operate a mixed real property development ("Project") on a parcel of land measuring approximately 25 acres located in Hangzhou City, Zhejiang Province, The People's Republic of China as announced on 4 June 2009.

On 28 October 2009, Setia (Hangzhou) Development Company Limited, a subsidiary of S P Setia Berhad, had entered into a Joint Venture Contract with Hangzhou Ju Shen to establish a limited liability joint-venture company ("JV Co"). The purpose of the JV Co is to undertake the Project on a piece of land measuring approximately 5 acres will be developed as the first phase of the Project; and

- (g) 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 / 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 United States Dollars Sixteen Million Two Hundred and Sixty Thousand (US\$16,260,000) only.

55. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 10 December 2009 by the board of directors.

ANALYSIS OF SHAREHOLDINGS As at 31 December 2009

Authorised Share Capital	:	RM1,200,000,000
Issued Share Capital	:	1,016,805,818
Paid Up Share Capital	:	RM762,604,364
Class of Shares	:	Ordinary Shares of RM0.75 each
Voting Rights	:	One Vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
less than 100	498	9.03	15,568	0.00
100 – 1,000	1,245	22.57	914,318	0.09
1,001 – 10,000	2,785	50.48	10,506,706	1.03
10,001 – 100,000	686	12.43	20,503,691	2.02
100,001 to less than 5% of issued shares	299	5.42	514,460,554	50.60
5% and above of issued shares	4	0.07	470,404,981	46.26
Total	5,517	100.00	1,016,805,818	100.00

LIST OF THIRTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	%
1. Amanah Raya Nominees (Tempatan) Sdn Bhd – Skim Amanah Saham Bumiputera	208,139,898	20.47
2. Employees Provident Fund Board	118,821,885	11.69
3. Permodalan Nasional Berhad	75,770,650	7.45
4. HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)	67,672,548	6.66
5. EB Nominees (Tempatan) Sendirian Berhad – Pledged Securities Account for Tan Sri Dato' Sri Liew Kee Sin (KLM)	38,092,987	3.75
6. Tan Sri Dato' Sri Liew Kee Sin	37,245,855	3.66
7. Amanah Raya Nominees (Tempatan) Sdn Bhd – Amanah Saham Wawasan 2020	29,157,950	2.87
8. Puan Sri Datin Sri How Teng Teng	19,451,298	1.91
9. Amanah Raya Nominees (Tempatan) Sdn Bhd – Amanah Saham Malaysia	18,849,900	1.85
10. Valuecap Sdn Bhd	16,708,700	1.64
11. CIMB Group Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Tan Sri Dato' Sri Liew Kee Sin	12,874,999	1.27
12. HSBC Nominees (Asing) Sdn Bhd – CS (Lux) S.A. for Credit Suisse Equity Fund (Lux) Infrastructure Aberdeen	9,500,000	0.93
13. Citigroup Nominees (Tempatan) Sdn Bhd – Exempt An for American International Assurance Berhad	9,049,300	0.89
14. Sakura Gold Sdn Bhd	8,749,999	0.86

ANALYSIS OF SHAREHOLDINGS At as 31 December 2009 (Cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS (CONT'D)

Name of Shareholders	No. of Shares	%
15. Dynamic Growth Management Limited	8,250,000	0.81
16. HSBC Nominees (Asing) Sdn Bhd – BBH And Co Boston for Vanguard Emerging Markets Stock Index Fund	8,129,852	0.80
17. Cartaban Nominees (Asing) Sdn Bhd – State Street for Ishares MSCI Emerging Markets Index Fund	7,912,100	0.78
18. HSBC Nominees (Asing) Sdn Bhd – Exempt An for J.P. Morgan Bank Luxembourg S.A.	7,762,000	0.76
19. Lee Siew Choong	7,429,700	0.73
20. Citigroup Nominees (Asing) Sdn Bhd – CBNY for E.I.I International Property Fund	7,235,000	0.71
21. Alsirat Sdn Bhd	7,004,000	0.69
22. HSBC Nominees (Asing) Sdn Bhd – CS (Lux) S.A. for Credit Suisse Equity Fund (Lux) Asian Property Aberdeen	7,000,000	0.69
23. Cartaban Nominees (Asing) Sdn Bhd – The Governor and Company of the Bank of Ireland for Ishares Public Limited Company	6,812,250	0.67
24. Amanahraya Trustees Berhad – Public Islamic Dividend Fund	6,229,000	0.61
25. HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (U.A.E.)	6,087,759	0.60
26. Citigroup Nominees (Asing) Sdn Bhd – CB SGP for AIG International Funds-Acorns of Asia Balanced Fund	6,050,000	0.60
27. Pertubuhan Keselamatan Sosial	5,681,867	0.56
28. HSBC Nominees (Tempatan) Sdn Bhd – Nomura Asset Management Malaysia for Employees Provident Fund	5,608,500	0.55
29. Citigroup Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Tan Sri Dato' Sri Liew Kee Sin	5,249,998	0.52
30. Cartaban Nominees (Asing) Sdn Bhd – State Street for Ishares, Inc	5,085,000	0.50
	777,612,995	76.48

SUBSTANTIAL SHAREHOLDERS

Name	No. of Ordinary Shares Held			
	Direct	%	Indirect	%
Amanah Raya Nominees (Tempatan) Sdn Bhd – Skim Amanah Saham Bumiputera	208,139,898	20.47	–	–
Employees Provident Fund Board	141,714,235	13.94	–	–
Tan Sri Dato' Sri Liew Kee Sin	93,463,839	9.19	*28,201,297	2.77
Permodalan Nasional Berhad	75,770,650	7.45	–	–
Yayasan Pelaburan Bumiputra	–	–	75,770,650	7.45

^a Deemed interested by virtue of the shareholdings held by Sakura Gold Sdn Bhd and his spouse.

ANALYSIS OF SHAREHOLDINGS AND WARRANT HOLDINGS

As at 31 December 2009

DIRECTORS AND THEIR SHAREHOLDINGS

Name	No. of Ordinary Shares Held			
	Direct	%	Indirect	%
Tan Sri Abdul Rashid Bin Abdul Manaf	67,000	0.01	^a 7,178,000	0.71
Tan Sri Dato' Sri Liew Kee Sin	93,463,839	9.19	^b 28,201,297	2.77
Dato' Voon Tin Yow	19,932	*	–	–
Teow Leong Seng	10,933	*	–	–
Chang Khim Wah	62,106	0.01	–	–
Tan Sri Datuk Seri Lee Lam Thye	–	–	^c 18,000	*
Tan Sri Dato' Hari Narayanan A/L Govindasamy	–	–	–	–
Dato' Leong Kok Wah	–	–	–	–
Datuk Ismail Bin Adam	–	–	–	–
Ng Soon Lai @ Ng Siek Chuan	–	–	–	–
Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin	–	–	–	–
Dato' Noor Farida Binti Mohd Ariffin	–	–	–	–

^a Deemed interested by virtue of the shareholdings held by Alsirat Sdn Bhd and his daughter.

^b Deemed interested by virtue of the shareholdings held by Sakura Gold Sdn Bhd and his spouse.

^c Deemed interested by virtue of the shareholdings held by his son.

* Insignificant.

DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Warrant Holders	%	No. of Warrants	%
less than 100	31	0.89	1,349	0.00
100 – 1,000	887	25.53	431,470	0.27
1,001 – 10,000	1,474	42.43	8,140,304	5.08
10,001 – 100,000	923	26.57	31,026,896	19.36
100,001 to less than 5% of issued shares	156	4.49	80,259,573	50.08
5% and above of issued shares	3	0.09	40,393,705	25.21
Total	3,474	100.00	160,253,297	100.00

LIST OF THIRTY LARGEST WARRANT HOLDERS

Name Of Warrants Holders	No. of Warrants	%
1. Tan Sri Dato' Sri Liew Kee Sin	15,747,403	9.83
2. Puan Sri Datin Sri How Teng Teng	13,511,902	8.43
3. HSBC Nominees (Asing) Sdn Bhd - BNY Brussels for Alpine International Real Estate Equity Fund	11,134,400	6.95
4. CIMB Group Nominees (Tempatan) Sdn Bhd - BHLB Trustee Berhad for HLG Asia-Pacific Property Income Plus Fund	5,778,000	3.60

ANALYSIS OF WARRANT HOLDINGS As at 31 December 2009

LIST OF THIRTY LARGEST WARRANT HOLDERS (CONT'D)

	Name Of Warrants Holders	No. of Warrants	%
5.	HSBC Nominees (Asing) Sdn Bhd – RBS Coutts Sg for Grandly Star Capital Limited	5,000,000	3.12
6.	Citigroup Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Koh Kim Teck	4,985,000	3.11
7.	Lim Beng Leong	2,926,000	1.83
8.	Amanah Raya Nominees (Tempatan) Sdn Bhd – Amanah Saham Wawasan 2020	2,457,375	1.53
9.	Inter-Pacific Equity Nominees (Asing) Sdn Bhd – Kim Eng Securities Pte Ltd for Chumpon Chantharakulpongsa	2,100,000	1.31
10.	Alsirat Sdn Bhd	2,050,000	1.28
11.	Amanah Raya Nominees (Tempatan) Sdn Bhd – Skim Amanah Saham Bumiputera	1,698,849	1.06
12.	Citigroup Nominees (Asing) Sdn Bhd – UBS AG Singapore for Boston Private Capital Limited	1,690,000	1.05
13.	Dato' Voon Tin Yow	1,595,000	1.00
14.	Citigroup Nominees (Asing) Sdn Bhd – Chase Manhattan Trustees Limited for Pacific Trust (CBLDN)	1,554,400	0.97
15.	Sakura Gold Sdn Bhd	1,458,333	0.91
16.	Teoh Aik Ping	1,425,500	0.89
17.	Dynamic Growth Management Limited	1,375,000	0.86
18.	RHB Nominees (Tempatan) Sdn Bhd – Amara Investment Management Sdn Bhd for Wong Yee Hui	1,284,500	0.80
19.	Mayban Nominees (Tempatan) Sdn Bhd – Mayban Trustees Berhad for CIMB-Principal Strategic Bond Fund	1,250,000	0.78
20.	Citigroup Nominees (Asing) Sdn Bhd – UBS AG Singapore for Zurich Capital Management Limited	1,200,000	0.75
21.	Teng Li Ling	1,184,000	0.74
22.	CIMB Group Nominees (Tempatan) Sdn Bhd – BHLB Trustee Berhad for Prugrowth Fund	1,175,000	0.73
23.	Citigroup Nominees (Tempatan) Sdn Bhd – Exempt An for Prudential Fund Management Berhad	1,110,000	0.69
24.	Kong Sum Mooi	1,105,000	0.69
25.	RHB Capital Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Susy Ding	1,050,000	0.65
26.	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Chia Siya Heng	1,036,000	0.65
27.	TA Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Kho Chai Yam	950,000	0.59
28.	Permodalan Nasional Berhad	928,250	0.58
29.	Low Chin Yow	836,000	0.52
30.	Mayban Securities Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Chin Shih Shyong	827,200	0.52
		90,423,112	56.42

ANALYSIS OF WARRANT HOLDINGS As at 31 December 2009 (Cont'd)

DIRECTORS' WARRANT HOLDINGS

Name	No. of Warrants Held			
	Direct	%	Indirect	%
Tan Sri Abdul Rashid Bin Abdul Manaf	–	–	^a 2,050,000	1.28
Tan Sri Dato' Sri Liew Kee Sin	15,747,403	9.82	^b 14,970,235	9.34
Dato' Voon Tin Yow	1,768,402	1.10	–	–
Teow Leong Seng	1,822	*	–	–
Chang Khim Wah	13,700	0.01	–	–
Tan Sri Datuk Seri Lee Lam Thye	–	–	^c 3,000	*
Tan Sri Dato' Hari Narayanan A/L Govindasamy	–	–	–	–
Dato' Leong Kok Wah	–	–	–	–
Datuk Ismail Bin Adam	–	–	–	–
Ng Soon Lai @ Ng Siek Chuan	–	–	–	–
Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin	–	–	–	–
Dato' Noor Farida Binti Mohd Ariffin	–	–	–	–

^a Deemed interested by virtue of the warrants held by Alsirat Sdn Bhd.

^b Deemed interested by virtue of the warrants held by Sakura Gold Sdn Bhd and his spouse.

^c Deemed interested by virtue of the warrants held by his son.

* Insignificant.

LIST OF MATERIAL PROPERTIES HELD BY THE GROUP as at 31 October 2009

No.	Location	Description	Date of Acquisition	Land Area (sq. ft.)	Tenure	Net Book Value (RM)
1.	Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Land under development and held for development	30/03/02	48,900,317	Freehold	615,531,907
2.	Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim	Land under development and held for development	10/01/07	36,157,292	Freehold	320,867,818*
3.	Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Land under development and held for development	13/12/03	10,347,062	Freehold	259,433,021*
4.	Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Land under development and held for development	04/08/04	16,461,752	Freehold	233,372,596
5.	Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim	Land under development and held for development	15/02/96	5,983,895	Freehold	117,764,684
6.	Mukim 12, Daerah Barat Daya, Pulau Pinang	Land under development and held for development	27/09/05	1,692,659	Freehold	97,287,887
7.	Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Land under development and held for development	23/08/99	2,761,238	Freehold	90,752,299
8.	Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Commercial land	30/03/02	6,346,256	Freehold	76,132,137
9.	Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim	Land under development and held for development	25/10/01	3,835,248	Freehold	72,066,607
10.	Mukim 10 & Mukim 12, Daerah Barat Daya, Pulau Pinang	Land held for development	19/01/09	1,256,793	Freehold	68,965,445

* These amounts represent 100% of the net book value of the properties held by jointly controlled entities.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty Fifth Annual General Meeting of the Company will be held at Nusantara Hall, Setia Alam Welcome Centre, No. 2, Jalan Setia Indah AD U13/AD, Seksyen U13, Setia Alam, 40170 Shah Alam, Selangor Darul Ehsan on Wednesday, 3 March 2010 at 11.00 a.m. for the following purposes:-

AGENDA

- | | |
|---|---------------------|
| 1. To receive the audited financial statements of the Company for the financial year ended 31 October 2009 together with the reports of the Directors and auditors thereon. | Resolution 1 |
| 2. To declare a final dividend of 9 sen per share less 25% tax for the financial year ended 31 October 2009. | Resolution 2 |
| 3. To re-elect the following Directors who retire in accordance with Article 93 of the Company's Articles of Association and, being eligible, offer themselves for re-election: | Resolution 3 |
| (a) Tan Sri Abdul Rashid Bin Abdul Manaf | Resolution 4 |
| (b) Dato' Voon Tin Yow | Resolution 5 |
| (c) Dato' Leong Kok Wah | Resolution 6 |
| 4. To re-elect the following Directors who retire in accordance with Article 98 of the Company's Articles of Association and, being eligible, offer themselves for re-election: | Resolution 7 |
| (a) Mr Teow Leong Seng | Resolution 8 |
| (b) Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin | Resolution 9 |
| (c) Dato' Noor Farida Binti Mohd Ariffin | Resolution 9 |
| 5. To re-appoint Mazars, Chartered Accountants, the retiring auditors, as the auditors for the ensuing year and to authorise the Directors to fix their remuneration. | Resolution 9 |

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolution:

6. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AS SPECIFIED IN SECTION 2.3.1 OF THE CIRCULAR TO SHAREHOLDERS DATED 9 FEBRUARY 2010**
- "THAT, subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("S P Setia Group") to enter into and give effect to specified recurrent related party transactions of a revenue or trading nature of the S P Setia Group with specified classes of Related Parties (as defined in the Listing Requirements of Bursa Malaysia Securities Berhad and as specified in Section 2.3.1 of the Circular to Shareholders dated 9 February 2010) which are necessary for the day to day operations in the ordinary course of business and are carried out at arms' length basis on normal commercial terms of the S P Setia Group on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to minority shareholders of the Company and such approval shall continue to be in force until:
- (i) the conclusion of the next Annual General Meeting of the Company ("AGM") at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - (ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

NOTICE OF ANNUAL GENERAL MEETING

(iii) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier,

THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things as they may consider necessary or expedient in the best interest of the Company (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”

7. To transact any other business of which due notice shall have been given.

Resolution 10

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a Final Dividend of 9 sen per share less 25% tax for the financial year ended 31 October 2009, if approved by the shareholders at the 35th Annual General Meeting, will be paid on 31 March 2010 to shareholders whose names appear in the Record of Depositors on 18 March 2010.

A depositor shall qualify for entitlement only in respect of:

- i) shares transferred into the depositor's securities account before 4.00 p.m. on 18 March 2010, in respect of transfers; and
- ii) shares bought on Bursa Malaysia Securities Berhad (“Bursa Securities”) on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board

LEE WAI NGAN (LS 00184)
 CHAN TOYE YING (LS 00185)
 Company Secretaries

9 February 2010
 Kuala Lumpur

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. The Form of Proxy, in the case of an individual, shall be signed by the appointor or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.
3. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. The Form of Proxy duly completed and signed must be deposited at the Registered Office of the Company at Plaza 138, Suite 18.03, 18th Floor, 138, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.

Explanatory Notes on Special Business

The proposed Resolution 10, if approved, will allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue and trading nature relating to sale of properties by the S P Setia Group to related parties. For further details, please refer to the Circular to Shareholders dated 9 February 2010 which is circulated together with the Annual Report 2009.

I/We _____ NRIC No./Company No. _____
(full name in block letters)of _____
(full address)being a member / members of S P SETIA BERHAD, hereby appoint _____
(full name in block letters)NRIC No.: _____ of _____
(full address)and/or failing him/her, _____
(full name in block letters)NRIC No.: _____ of _____
(full address)

or failing him / her, the Chairman of the Meeting as * my / our proxy to attend and vote for * me / us and on * my / our behalf at the Thirty Fifth Annual General Meeting of the Company to be held at Nusantara Hall, Setia Alam Welcome Centre, No. 2, Jalan Setia Indah AD U13/AD, Seksyen U13, Setia Alam, 40170 Shah Alam, Selangor Darul Ehsan on Wednesday, 3 March 2010 at 11.00 a.m. and at any adjournment thereof in the manner as indicated below:

No.	RESOLUTION	FOR	AGAINST
1.	Receipt of Financial Statements and Reports		
2.	Payment of Final Dividend		
3.	Re-election of Director : Tan Sri Abdul Rashid Bin Abdul Manaf		
4.	Re-election of Director : Dato' Voon Tin Yow		
5.	Re-election of Director : Dato' Leong Kok Wah		
6.	Re-election of Director : Mr Teow Leong Seng		
7.	Re-election of Director : Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin		
8.	Re-election of Director : Dato' Noor Farida Binti Mohd Ariffin		
9.	To re-appoint Mazars, Chartered Accountants as Auditors and to authorise the Directors to fix their remuneration		
10.	Proposed Shareholders' Mandate as specified in Section 2.3.1 of the Circular to Shareholders dated 9 February 2010		

* Strike out whichever not applicable

(Please indicate with an "X" in the spaces above how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion).

Dated this _____ day of _____ 2010.

Signature of Member(s)**Notes:**

A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.

The Form of Proxy, in the case of an individual, shall be signed by the appointor or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.

Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

The Form of Proxy duly completed and signed must be deposited at the Registered Office of the Company at Plaza 138, Suite 18.03, 18th Floor, 138, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.

Fold this flap to seal

2nd fold here

STAMP

The Company Secretary
S P SETIA BERHAD
Plaza 138, Suite 18.03,
18th Floor, 138 Jalan Ampang,
50450 Kuala Lumpur.

1st fold here

GROUP DIRECTORY

HEAD OFFICE

S P SETIA BERHAD (19698-X)

Setia Corporate Tower
5A, Jalan Setia Nusantara U13/17,
Seksyen U13 Setia Alam,
40170 Shah Alam,
Selangor Darul Ehsan, Malaysia.
TEL : 03-3344 8800
FAX : 03-3344 3232
EMAIL : corp@spsetia.com.my
WEBSITE : www.spsetia.com.my

BANDAR SETIA ALAM SDN BHD (566140-D)

GREENHILL RESOURCES SDN BHD (813548-H)

S. P. SETIA SECURITY SERVICES SDN BHD (512181-H)

Setia Alam Welcome Centre
2, Jalan Setia Indah AD U13/AD,
Seksyen U13 Setia Alam,
40170 Shah Alam,
Selangor Darul Ehsan, Malaysia.
TEL : 03-3343 2255 (Sales)
03-3361 7755 (Technical)
03-3344 9949 (Greenhill)
FAX : 03-3345 2255 (Sales)
03-3345 2525 (Technical)
03-3344 3546 (Greenhill)
EMAIL : bsa-sales@spsetia.com.my
corp@spsetia.com.my

BANDAR ECO-SETIA SDN BHD (566138-A)

5B/1/3, 1st Floor,
Jalan Setia Nusantara U13/17,
Seksyen U13 Setia Alam,
40170 Shah Alam,
Selangor Darul Ehsan, Malaysia.
TEL : 03-3343 2228
FAX : 03-3343 7228
EMAIL : eco-sales@spsetia.com.my

S P SETIA CONSTRUCTION SDN BHD (405936-P)

SETIA PRECAST SDN BHD (347177-A)

Support Center Setia Alam
Unit 23A-2, Setia Avenue,
2, Jalan Setia Prima S U13/S,
Seksyen U13 Setia Alam,
40170 Shah Alam,
Selangor Darul Ehsan, Malaysia.
TEL : 03-3344 1900 (GQM/GCD)
03-3344 3033 (Precast)
FAX : 03-3344 1702 (GQM)
03-3344 1381 (GCD)
03-3344 3733 (Precast)
EMAIL : corp@spsetia.com.my
setiaprecast@spsetia.com.my

EXCELJADE SDN BHD (765480-D)

SENDIMAN SDN BHD (729054-X)

SYARIKAT KEMAJUAN JERAI SDN BHD (23898-U)

Sky Pod, Setia Sky Residences
No. 78, Jalan Raja Muda Abdul Aziz,
Off Jalan Tun Razak,
50300 Kuala Lumpur, Malaysia.
TEL : 03-2697 2255
FAX : 03-2697 2552
EMAIL : sky-sales@spsetia.com.my
grande-sales@spsetia.com.my

S P SETIA ESTATE MANAGEMENT SDN BHD (251637-X)

2, Jalan Setia Tropika U13/20,
Seksyen U13 Setia Alam,
40170 Shah Alam,
Selangor Darul Ehsan, Malaysia.
TEL : 03-3342 7222 / 4292 8633
FAX : 03-3342 3030 / 4297 3719
EMAIL : estate@spsetia.com.my
support@spsetia.com.my

KL ECO CITY SDN BHD (185140-X)

(Formerly known as PELITA DUNIA SDN BHD)

WAWASAN INDERA SDN BHD (230831-A)

Wisma S P Setia,
1, Jalan Bandar Satu,
Pusat Bandar Puchong,
47160 Puchong,
Selangor Darul Ehsan, Malaysia.
TEL : 03-5882 2000
FAX : 03-5882 1230
EMAIL : KLEC@spsetia.com.my
leasing_group@spsetia.com.my
corp@spsetia.com.my

SETIAWALK GALLERIA

BANDAR SETIA ALAM SDN BHD (566140-D)

Jalan Bandar Dua,
Pusat Bandar Puchong,
47160 Puchong,
Selangor Darul Ehsan, Malaysia.
TEL : 03-5882 2255
FAX : 03-5882 2722
EMAIL : setiawalk-sales@spsetia.com.my

SETIA-WOOD INDUSTRIES SDN BHD (23725-V)

S P SETIA MARKETING SDN BHD (175198-P)

Lot 5 & 6, Jalan Indah 1/3,
Taman Industri Rawang Indah,
48000 Rawang,
Selangor Darul Ehsan, Malaysia.
TEL : 03-6092 8022
FAX : 03-6092 0322
EMAIL : setiawood@spsetia.com.my

SETIA PUTRAJAYA DEVELOPMENT SDN BHD (424955-P)

3A, Jalan P9G/7,
62250 Putrajaya, Malaysia.
TEL : 03-8887 8008
FAX : 03-8887 8010
EMAIL : spj-sales@spsetia.com.my

EASTERN REGION

AEROPOD SDN BHD (767765-P)

B-10-1, 1st Floor, Block B,
KK Times Square,
Off Coastal Highway,
88100 Kota Kinabalu,
Sabah, Malaysia.
TEL : 08-848 6255
FAX : 08-848 6299
EMAIL : corp@spsetia.com.my

NORTHERN REGION

SETIA PEARL ISLAND

SETIA VISTA

SETIA PROMENADE SDN BHD (388384-W)

KEWIRA JAYA SDN BHD (504851-V)

Pearl Island Country Club
8, Persiaran Kelicap,
11900 Bayan Lepas,
Penang, Malaysia.
TEL : 04-641 2255
FAX : 04-642 2255
EMAIL : spi-sales@spsetia.com.my

SOUTHERN REGION

BUKIT INDAH (JOHOR) SDN BHD (307260-V)

Wisma S P Setia,
1, Jalan Indah 15/1,
Bukit Indah,
81200 Johor Bahru,
Johor Darul Takzim, Malaysia.
TEL : 07-241 2255
FAX : 07-241 5955/2855
EMAIL : bukitindah@spsetia.com.my

SETIA ECO GARDENS

KESAS KENANGAN SDN BHD (745817-H)

Pejabat Tapak, Lot 2110, KM 5.5,
Jalan Gelang Patah-Ulu Choh,
81550 Johor Darul Takzim, Malaysia.
TEL : 07-555 2525
FAX : 07-555 2552/2555
EMAIL : seg-sales@spsetia.com.my

SETIA INDAH SDN BHD (185555-H)

Wisma S P Setia,
1, Jalan Setia 3/6,
Taman Setia Indah,
81100 Johor Bahru,
Johor Darul Takzim, Malaysia.
TEL : 07-351 2255
FAX : 07-351 2525
EMAIL : setiaindah@spsetia.com.my

SETIA TROPIKA

SETIA INDAH SDN BHD (185555-H)

Wisma S P Setia,
1, Jalan Setia Tropika,
Taman Setia Tropika, Kempas,
81200 Johor Bahru,
Johor Darul Takzim, Malaysia.
TEL : 07-237 2255
FAX : 07-237 2225
EMAIL : setiatropika@spsetia.com.my

INTERNATIONAL

S P SETIA INTERNATIONAL (S) PTE LTD (200906303E)

1, Harbourfront Place #01-06,
Harbourfront Tower One,
Singapore 098633.
TEL : +65 6271 2255
FAX : +65 6271 3522
EMAIL : corp@spsetia.com.my

ECOLAKES

SETIABECAMEX JOINT STOCK COMPANY

NE2 Highway,
Ecolakes My Phuoc,
3A Hamlet, Thoi Hoa Commune,
Ben Cat District,
Bin Duong Province, Vietnam.
TEL : +84 650 3577 577
FAX : +84 650 3577 225
EMAIL : Ecolakes-Sales@setiabecamex.vn

SETIA (HANGZHOU) DEVELOPMENT CO. LTD (1352999)

Setia Corporate Tower
5A, Jalan Setia Nusantara U13/17,
Seksyen U13 Setia Alam,
40170 Shah Alam,
Selangor Darul Ehsan, Malaysia.
TEL : 03-3344 8800
FAX : 03-3344 3232
EMAIL : corp@spsetia.com.my

Builder of Distinction
Setia
SP SETIA BHD GROUP

Setia Corporate Tower

5A, Jalan Setia Nusantara U13/17,
Seksyen U13 Setia Alam,
40170 Shah Alam,
Selangor Darul Ehsan,
Malaysia.

