

SETIA

INSPIRED

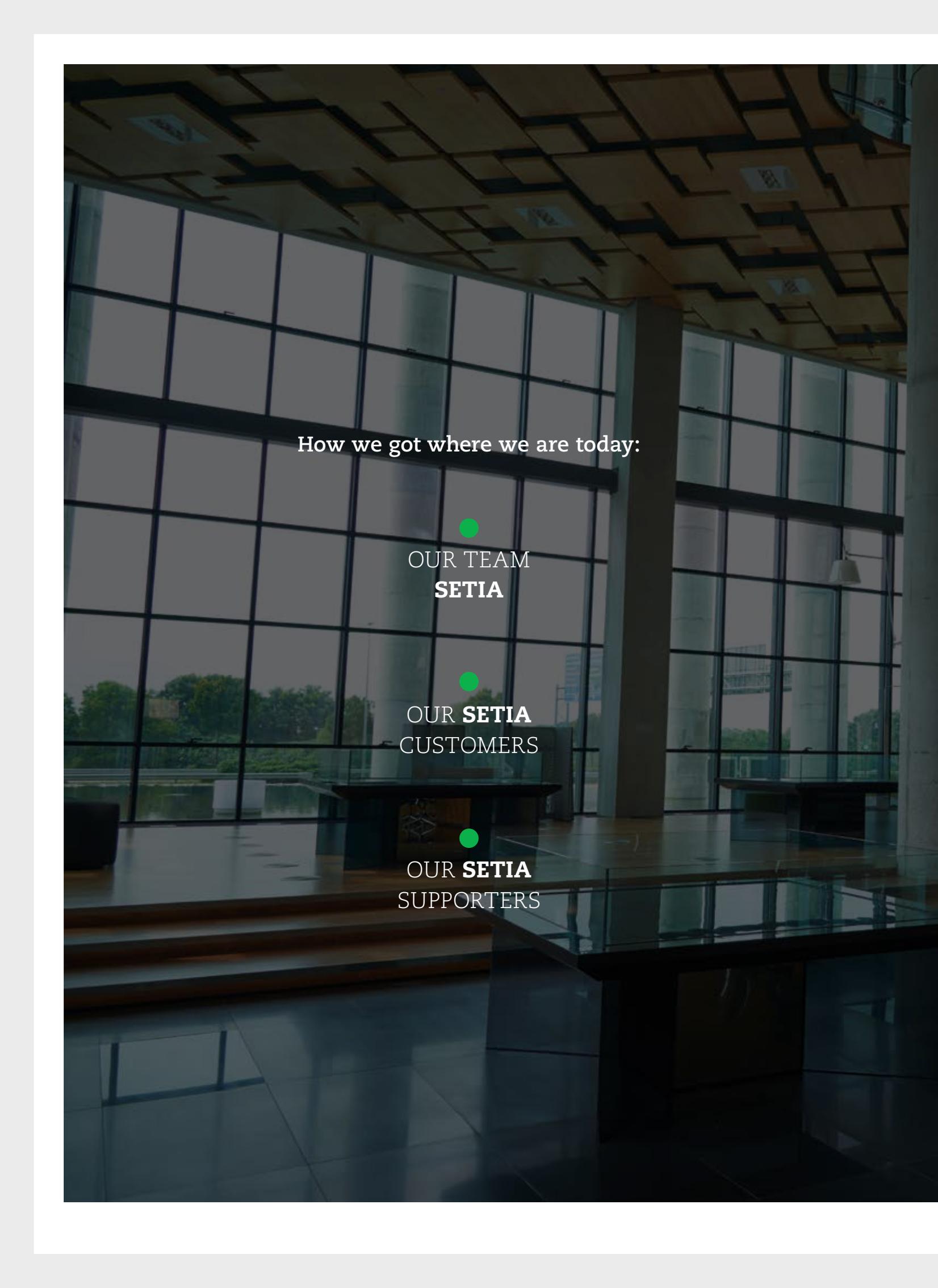


Builder of Distinction

Setia

S P SETIA BHD GROUP

Annual Report 2014

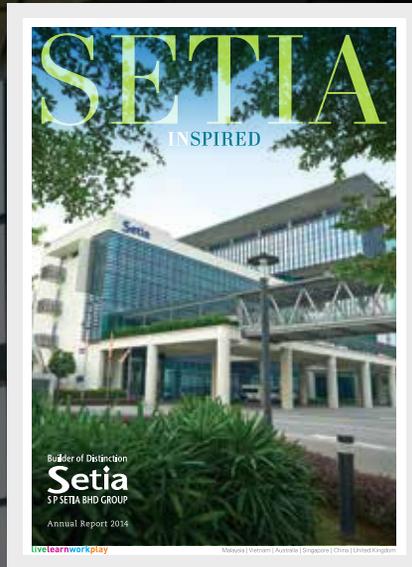
A photograph of a modern office interior. The room features large, multi-paned windows that offer a view of a cityscape and greenery. The ceiling is made of dark wood with a geometric, grid-like pattern. The floor is polished and reflects the light from the windows. In the foreground, there are dark wooden tables and a glass display case. The overall atmosphere is professional and contemporary.

How we got where we are today:

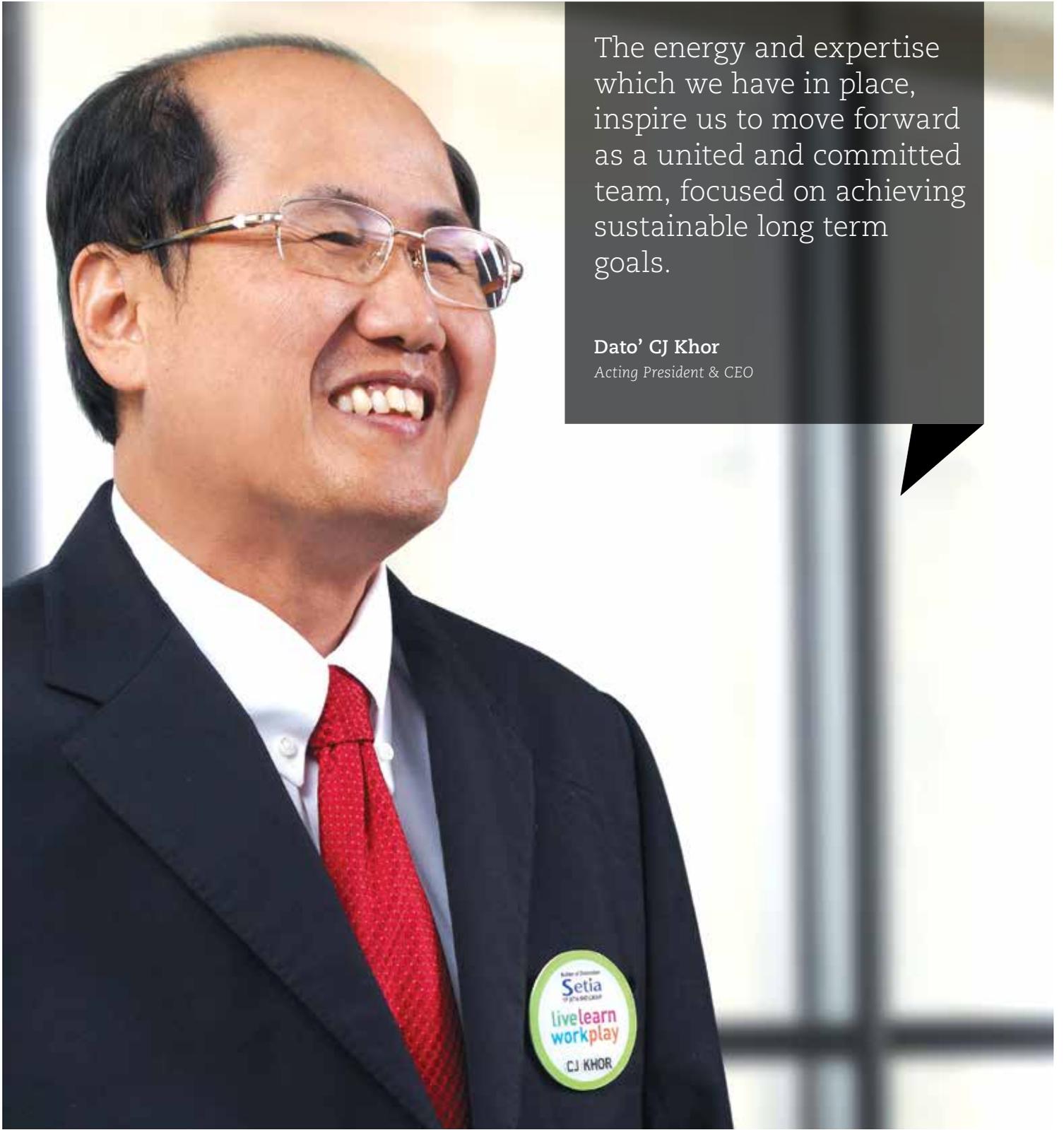
●
OUR TEAM
SETIA

●
OUR **SETIA**
CUSTOMERS

●
OUR **SETIA**
SUPPORTERS



Our new iconic headquarters in the heart of our award-winning township, Setia Alam, graces our cover this year. Inspired through absolute design, it represents our commitment to sustainability, our exemplary leadership, our international profile and our ability to once again transform suburban landscapes. Accorded a GBI platinum rating, it stands proud with strong foundations amidst a visionary integrated community. This iconic building houses majority of Team Setia, the many talented and experienced individuals who are the driving forces behind our company. With our strong track record in property developments, ability to continually understand and create award-winning townships, and Team Setia at our core, we are inspired to continue delivering excellence in our products and services.



The energy and expertise which we have in place, inspire us to move forward as a united and committed team, focused on achieving sustainable long term goals.

Dato' CJ Khor
Acting President & CEO

We are **INSPIRED** to meet our long term goals



Tan Mui Hiang
General Manager, Group Legal

Jeffrey Thum
Chief Internal Auditor

June Lee
Senior Manager, Corporate Secretariat



Lam Shuh Pow
Group Financial Controller

Choy Kah Yew
Acting Chief Financial Officer



Salim Bin Mohamad Shafie
Head of Facilities Management

William J. Rachaganathan
General Manager, Group Landscape

Chandrasegaran a/l Govindasamy
General Manager, Group Security Services



Alex Gwee
Senior Manager, Risk Management

Goh Gek Ling
General Manager, Group Quality Management

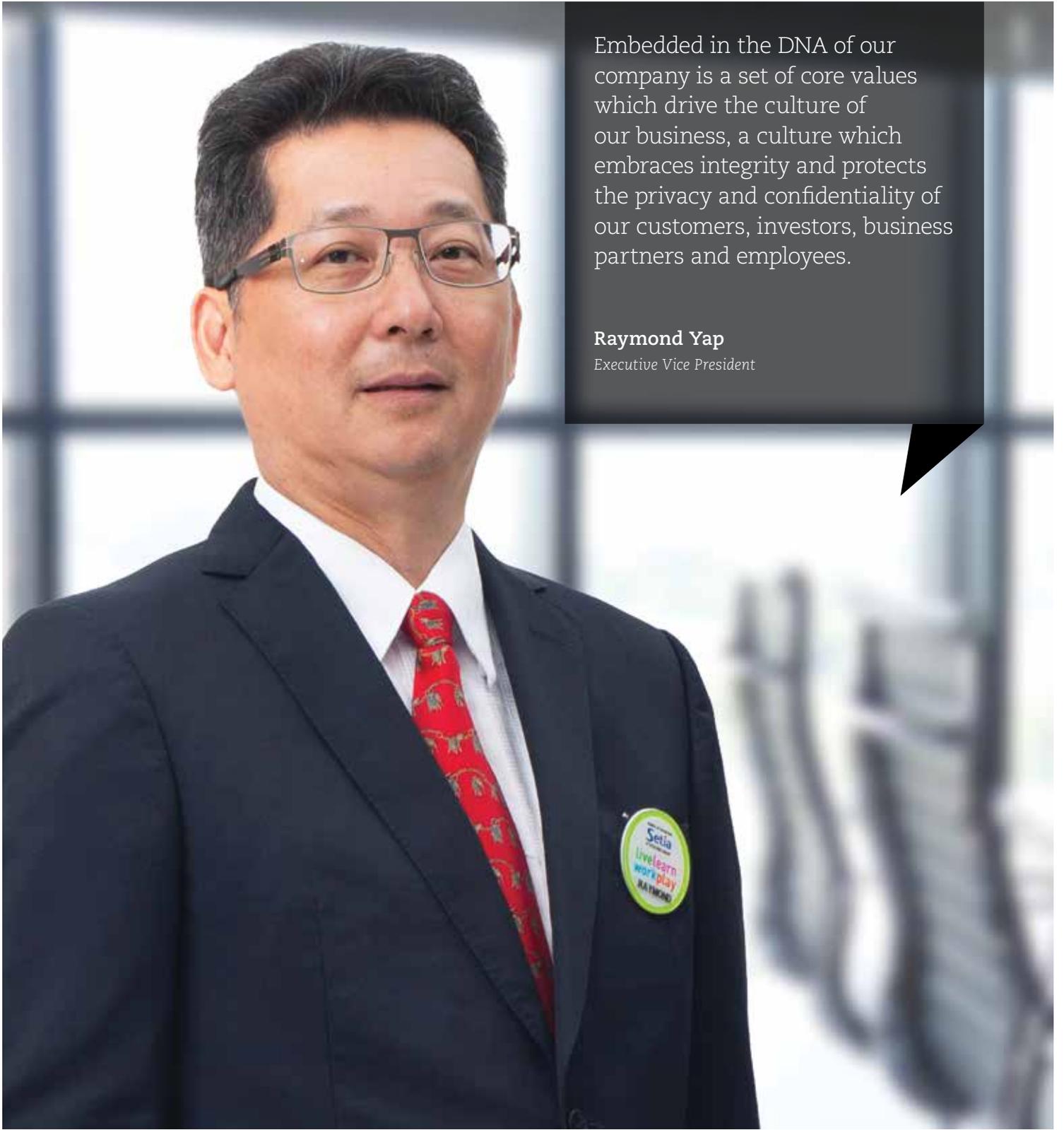
We understand more than others the importance of excellent customer service. Our commitment to constantly push the boundaries and go the extra mile for our customers are paramount to our future success.

Datuk Wong Tuck Wai

Acting Deputy President & COO



We are **INSPIRED** to maintain a culture of excellence



Embedded in the DNA of our company is a set of core values which drive the culture of our business, a culture which embraces integrity and protects the privacy and confidentiality of our customers, investors, business partners and employees.

Raymond Yap

Executive Vice President

We are **INSPIRED** to
safeguard our business integrity



Tan Hon Lim
Divisional General Manager

Paul Soh
Divisional General Manager

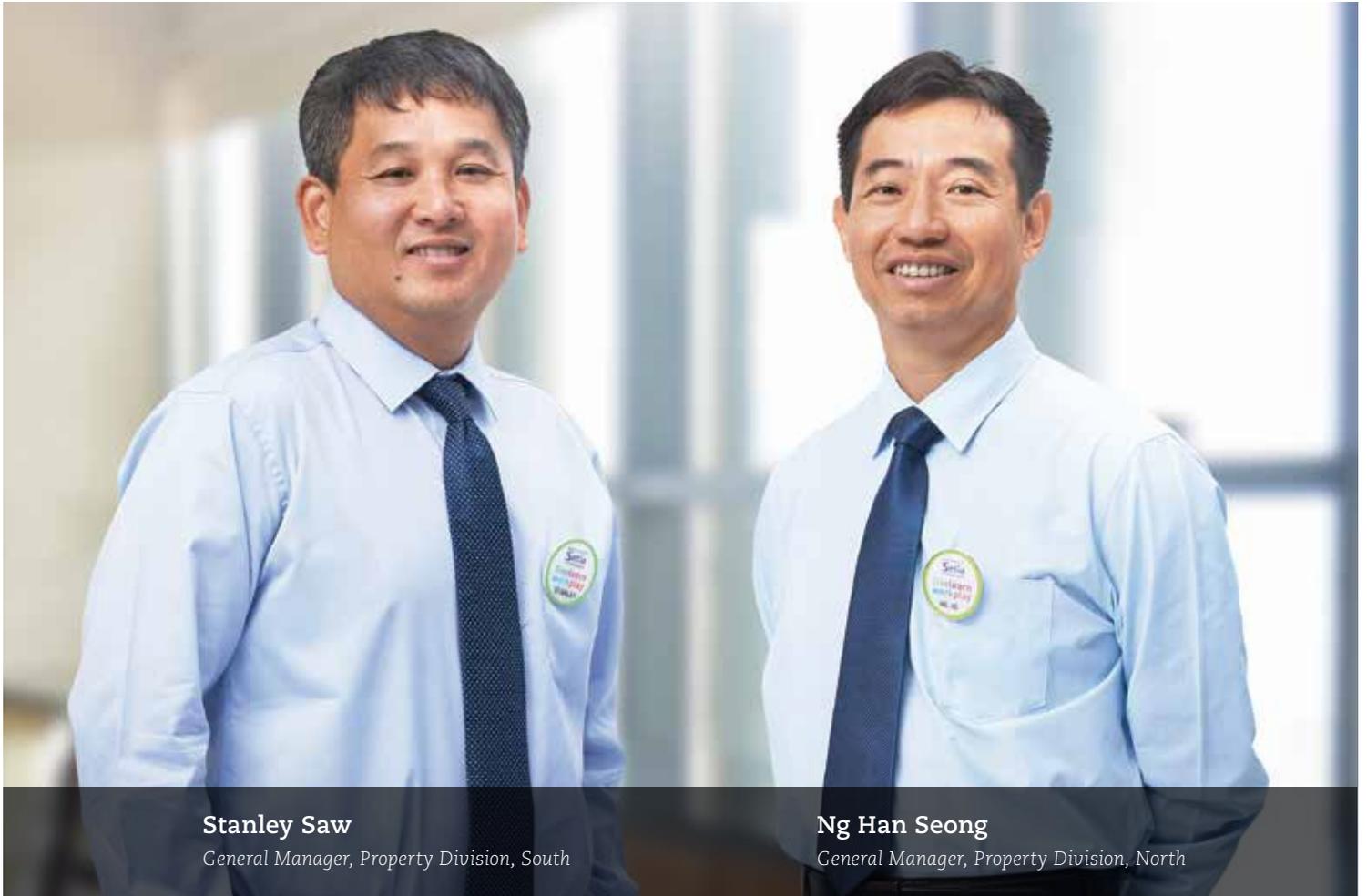


Ho Wei Siang
*Manager, Customer Relations,
 Setia Alam & Setia EcoHill*

Azlin binti Mohd Aris
*Head, Customer Relations,
 Estate Management*

Eric Kamel Krishnan
*Manager, Customer Care,
 Property Division, North*

Ivy Tan
*Head, Customer Care,
 Setia Eco Park & Setia Eco Glades*



Stanley Saw

General Manager, Property Division, South

Ng Han Seong

General Manager, Property Division, North



Necia binti Abdullah

Head of Corporate Relations

Adelene Wong

Head of Group Corporate Communications

Kelly Mah

Acting Head of Group Human Resources

Michelle Loh

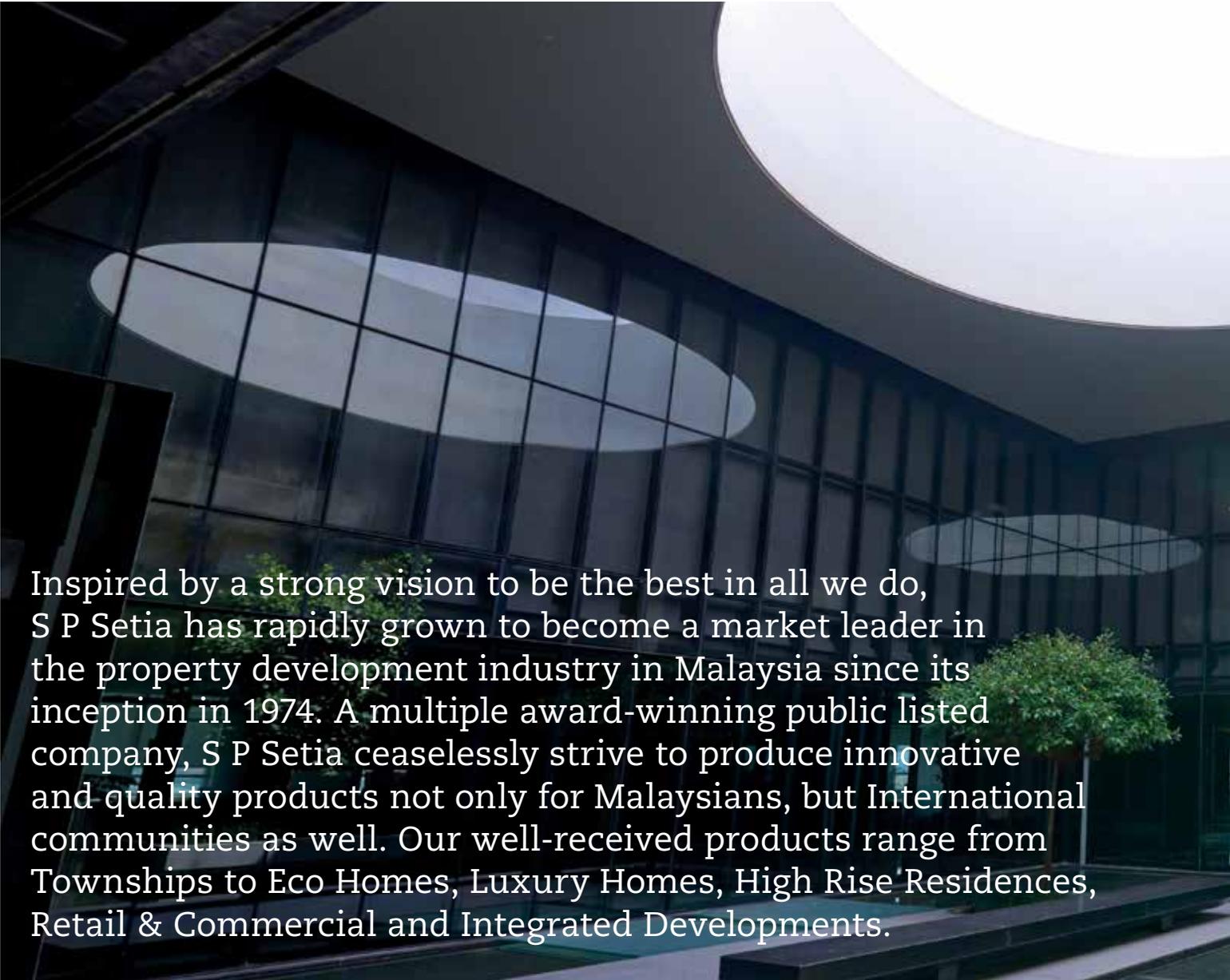
Senior Manager, Investor Relations



Kow Choong Ming
Divisional General Manager

Datuk Koe Peng Kang
Divisional General Manager

We are **INSPIRED** to provide
the best customer service



Inspired by a strong vision to be the best in all we do, S P Setia has rapidly grown to become a market leader in the property development industry in Malaysia since its inception in 1974. A multiple award-winning public listed company, S P Setia ceaselessly strive to produce innovative and quality products not only for Malaysians, but International communities as well. Our well-received products range from Townships to Eco Homes, Luxury Homes, High Rise Residences, Retail & Commercial and Integrated Developments.

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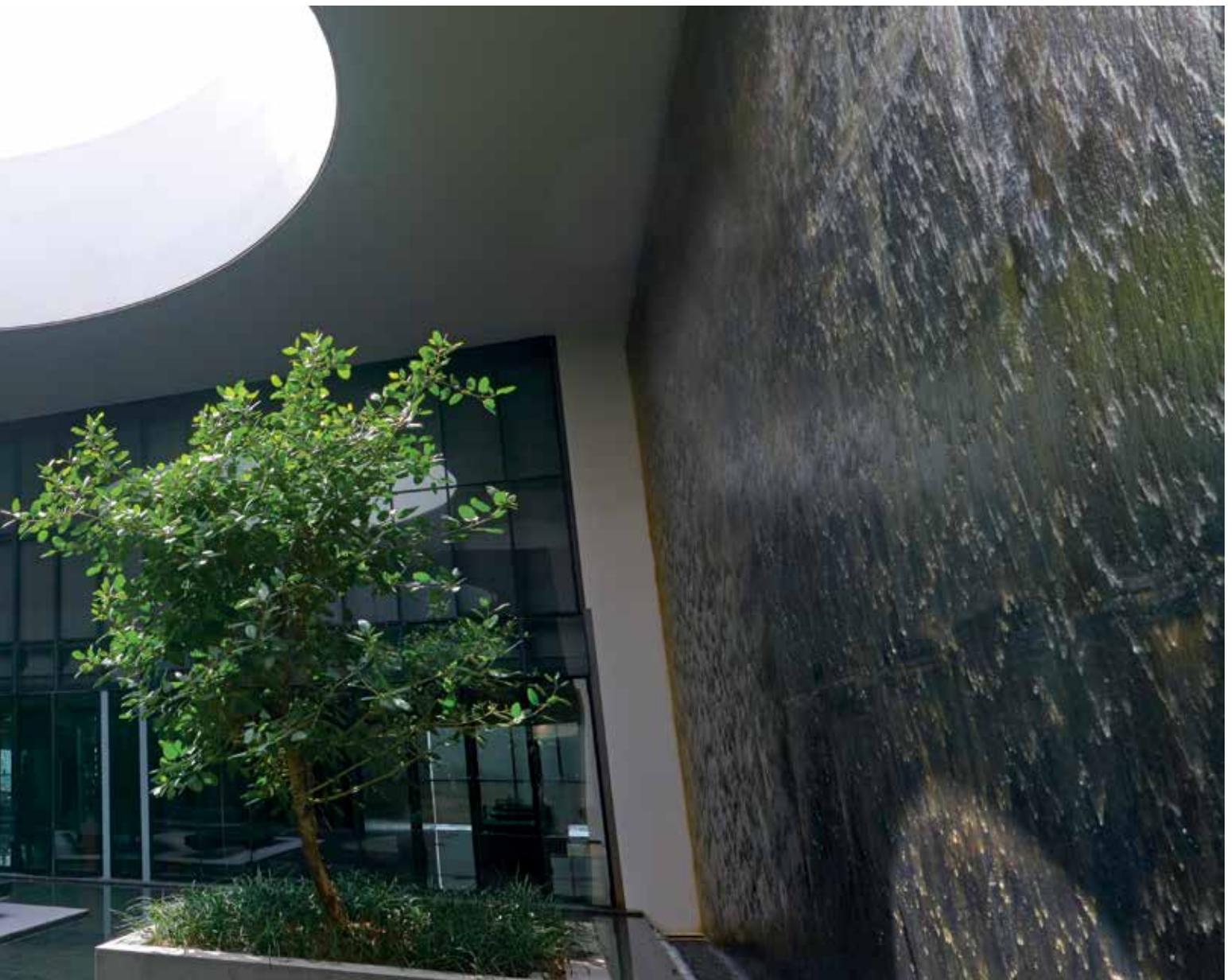
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OUR VISION

To be the BEST in all we do

MISSION

1. To provide superior customer service and satisfy customer needs through a culture of excellence
2. To enhance shareholder's value
3. To be a caring and responsible employer
4. To be mindful of our social responsibilities



Hanson Ch'ng
Senior Manager, Corporate Affairs

Takrimi Ahmad
Senior Manager, Project Planning & Implementation

Chua Wei San
Senior Manager, Group Treasury

SETIA VALUES

1. I build life-long relationships with my customers
2. I am responsive to the expressed and unexpressed needs of my customers
3. I create magical moments at every opportunity
4. I embrace integrity and protect the privacy of my customers and the company's confidential information
5. I understand my role and responsibility in achieving SETIA's success
6. I have the opportunity to learn and grow
7. I perform my work professionally and with continuous improvement
8. I am responsible for ensuring a safe and clean environment
9. I support and respect my fellow team members
10. We are TEAM SETIA

Our values inspire us to achieve our highest potential while keeping our feet grounded.







PERFORMANCE REVIEW

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S P Setia Berhad Corporate Headquarter (Setia Corporate HQ) is the first private sector corporate office and only the third building in Malaysia to be accorded a GBI Platinum rating. We pursued the highest rating for our corporate headquarters to reflect our commitment to sustainability.

**CORPORATE
PROFILE**

S P SETIA BERHAD

Incorporated in 1974, S P Setia started out as a construction company and was listed on the Kuala Lumpur Stock Exchange (now Bursa Malaysia) in 1993. With a clear vision, bold plan and strong team, the company refocused its core business to property development with supporting business in construction, infrastructure and wood-based manufacturing in 1996.

Now, 40 years later, S P Setia Berhad is a renowned Malaysia’s leading listed real estate player with a proven track record of innovation-driven and standard-setting developments. The Group’s strength lies in its prowess in creating meaningful environments based on its development philosophy of LiveLearnWorkPlay.

Over the years, S P Setia has built a solid base in Malaysia offering an extensive product range which includes Townships, Eco Homes, Luxury Homes, High Rise Residences, Retail & Commercial Properties and Integrated Developments.

**INSPIRED BY A PASSION
FOR EXCELLENCE &
INNOVATION**

Driven by its vision – to be the best in all we do – S P Setia earned numerous awards locally as well as internationally for its outstanding performance over the years.

Its passion for excellence was rewarded with six award recognition by the International Real Estate Federation (FIABCI), the only Malaysian property developer to be bestowed this prestige for six times. S P Setia won three Best Master Plan Developments, one Best Residential (Low-Rise) Development, a Specialised Project (Purpose-Built) and a Best Retail Development award. The projects that

received this accolade are Setia Eco Park in Selangor (2007 & 2011), Setia Eco Gardens in Johor Bahru (2009 & 2012), Setia Alam (2013) and Setia City Mall (2014).

Locally, the Group has garnered eight FIABCI Malaysia Property Awards. Two Best Residential (Low-Rise) Developments won by Setia Eco Park in 2010 and Duta Nusantara in 2006; three Best Master Plan Developments won by Setia Eco Park in 2006, Setia Eco Gardens in 2008 and Setia Alam in 2012; one award for Specialised Project (Purpose-Built) won by Setia Eco Gardens in 2011; one award for Best Retail Development won by Setia City Mall in 2013 and the Property Man of the Year Award given to its then CEO Tan Sri Liew Kee Sin in 2007.

S P Setia’s product and service quality is recognised by the industry and attested by its No.1 ranking in The Edge Malaysia Top Property Developers Awards which it won for the 8th time in 2013. This award is given by The Edge Malaysia, the country’s leading business weekly paper. No other developer has achieved this feat since the inception of the awards.

Apart from the Group’s property development awards, it also made it to the Aon Hewitt Best Employers list five times in 2003, 2005, 2009, 2011 and 2013. In 2011, the Group also emerged as the Overall Best Employer in Malaysia and among one of the Best Employers in Asia Pacific. In 2013, the Group was recognised as Malaysia’s Best of the Best Employer in the same study.





Battersea Power Station

INSPIRING INNOVATION IN THE LOCAL PROPERTY SCENE

S P Setia has established a strong presence in the state of Selangor, Penang, Johor and Sabah, four key economic regions in Malaysia.

With a wide property portfolio of townships, eco homes, luxury homes, high-rise residences, retail & commercial properties and integrated developments, S P Setia offers a plethora of property types to accommodate communities from all walks of life.

In the state of Selangor, its flagship projects, the 2,525-acre Setia Alam and 791-acre Setia Eco Park continues to launch innovative products with high take up rate. Carefully crafted, the township is emerging to be a self-contained township with banks, F&B outlets, a neighborhood mall, hypermarkets, commercial areas and office towers.

Recently developed townships include Setia EcoHill in Semenyih and Setia Eco Glades in Cyberjaya, both developed with environmental friendly features and green design concepts across the masterplan.

In the city of Kuala Lumpur, the upcoming mixed-use integrated development – KL Eco City with its focus on sustainable development will function as a nexus of residential, commercial and recreational interests for the estimated six million inhabitants of Kuala Lumpur and Selangor.

The developer has also built three high-end projects which are Duta Nusantara, Duta Tropika and SetiaHills in Kuala Lumpur.

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, Setia Avenue and the Group's maiden retail mall project called Setia City Mall, located within the township of Setia Alam.

In Johor, Penang and Sabah, the Group continues to deliver quality products such as Setia Business Park I & II, Setia Eco Cascadia, S P Setia's latest eco township in Johor, Setia Vista and Setia V Residences in Penang and Aeropod, in Kota Kinabalu Sabah.

DRIVING THE INSPIRATION TO GLOBAL FRONTIERS

In the last seven years, the Group has also spread its wings to Vietnam, Singapore, Australia and more recently the United Kingdom.

S P Setia's foray overseas began in 2007 when Vietnam's top state-owned conglomerate, Becamex IDC Corp, chose S P Setia as its joint-venture partner to launch its 558-acre, USD880 million GDV township project. Known as EcoLakes at My Phuoc, this groundbreaking eco sanctuary located 30km outside Ho Chi Minh City was named First Runner-up in the FIABCI Prix d'Excellence Award for Best

Development Master Plan in 2010. Following this success, the Group has also launched a mixed development project called Eco Xuan at Lai Thieu in Tuan An District, Binh Dong Province.

In 2009, S P Setia established an office in Singapore and two years later, the Group acquired a 29,440 sq ft site to develop a high-rise condominium called 18 Woodsville. The successful launch of this project spurred the developer to acquire another parcel of land for the luxury high-rise project of Eco Sanctuary.

In June 2011, the Group previewed its first project in Melbourne called Fulton Lane. This high-rise condominium with distinctive architecture designed by the acclaimed Karl Fender of Fender Katsalidis Architects is expected to enhance the northern end of the CBD by offering quality dwellings.

Fulton Lane's successful launch in November 2011 spurred S P Setia to look at more opportunities in Melbourne and the Group acquired another piece of land, this time on the upmarket St Kilda Road, also in the City of Melbourne for its Parque project.

In April 2012, S P Setia was invited by the Malaysian Government to lead the Malaysian consortium formed to jointly develop the China-Malaysia Qin Zhou Industrial Park (QIP). In September the same year, S P Setia acquired Battersea Power Station together with Sime Darby Berhad and the Employees Provident Fund through a joint-venture consortium.

GLOBAL PRESENCE



MALAYSIA

NORTHERN REGION

- Setia Pearl Island
- Setia Vista
- Setia Greens
- Setia V Residences
- 11 Brook Residences
- Setia Raintrees Residences
- Setia Sky Vista
- Setia Sky Hill
- Setia Sky Cube
- Setia Eco Forest
- SPICE

CENTRAL REGION

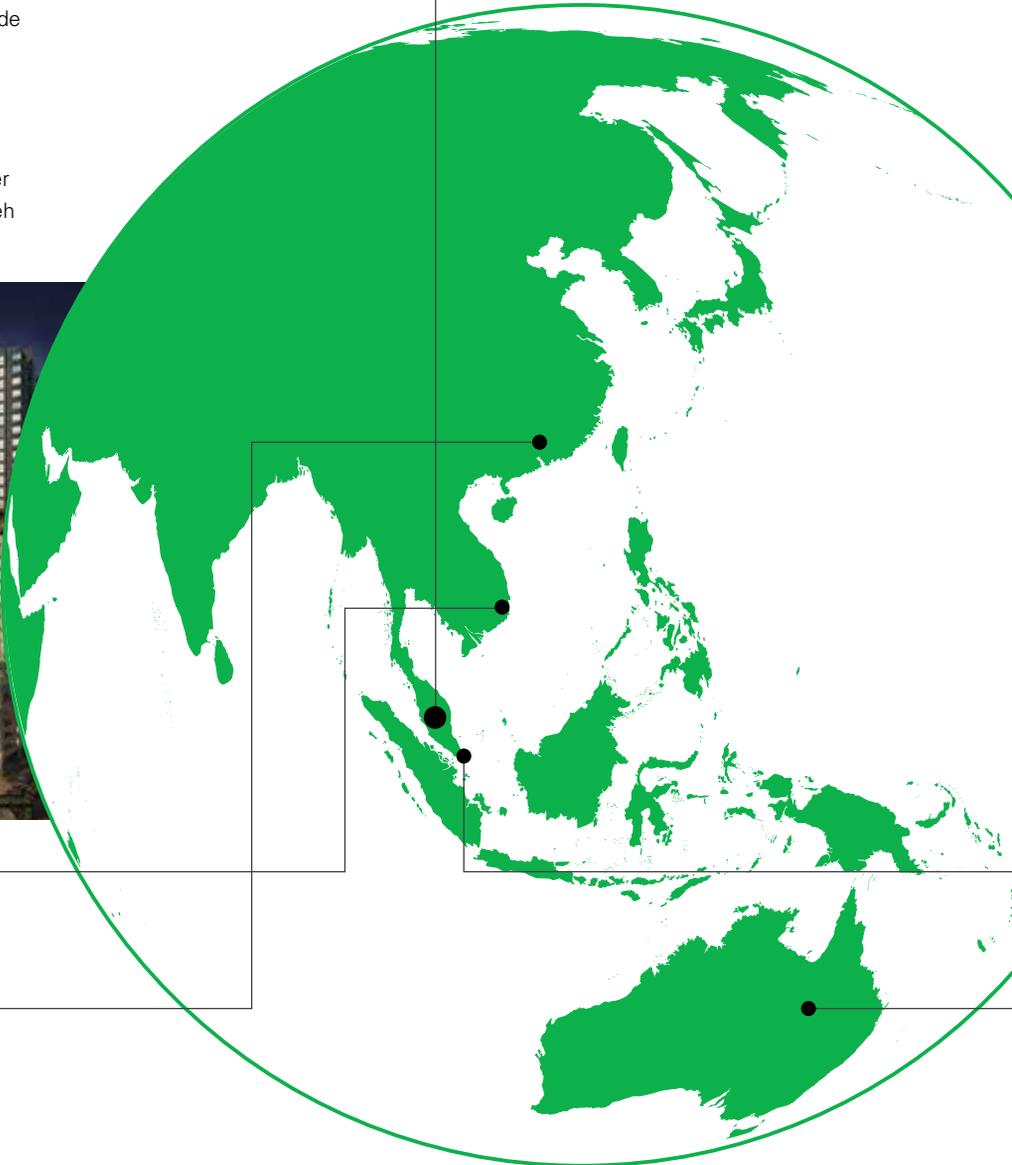
- Setia Alam
- Setia Eco Park
- Setia City
- Setia Sky Residences
- Dwiputra Residences
- SetiaWalk
- KL Eco City
- Setia EcoHill
- Setia Eco Glades
- Kenny Hills Grande
- Setia Federal Hill
- Duta Nusantara
- Duta Tropika
- Setiahills
- Setia Eco Templer
- Setia Sky Seputeh

SOUTHERN REGION

- Bukit Indah Johor
- Setia Indah
- Setia Tropika
- Setia Eco Gardens
- Setia Eco Cascadia
- Setia Business Park I & II
- Setia Sky 88

EASTERN REGION

- Aeropod



VIETNAM

- EcoLakes
- EcoXuan

CHINA

- Qinzhou Industrial Park



KL Eco City



Battersea Power Station



UNITED KINGDOM

LONDON

- Battersea Power Station



Eco Sanctuary



Fulton Lane

SINGAPORE

- 18 Woodville
- Eco Sanctuary

AUSTRALIA

MELBOURNE

- Fulton Lane
- Parque



Parque

GROUP FINANCIAL SUMMARY

Profit Before Tax Increased by



10%

from Previous Year

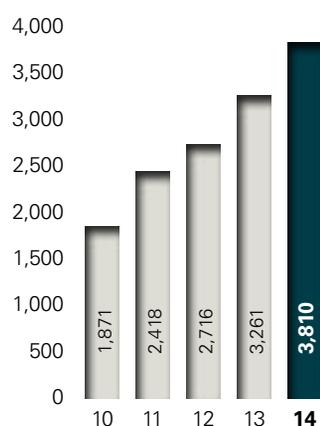
GROUP FIVE-YEAR SUMMARY

Year Ended 31 October (RM'000)	2014	2013	2012	2011	2010
Revenue	3,810,102	3,261,159 [@]	2,716,173 [@]	2,417,736 [@]	1,871,011 [@]
Profit Before Tax	722,438	658,415 [@]	624,362 [@]	463,254 [@]	364,317 [@]
Profit After Tax	516,719	484,432 [@]	430,535 [@]	341,283 [@]	272,006 [@]
Profit Attributable to Shareholders	405,676	418,348 [@]	386,613 [@]	302,172 [@]	247,713 [@]
Paid-Up Capital	1,903,748	1,844,034	1,504,250	1,374,554	762,606
Shareholders' Equity	5,858,581	5,475,696 [@]	3,993,634 [@]	3,391,089 [@]	2,161,014 [@]
Total Assets Employed	13,107,619	11,991,987 [@]	9,236,468 [@]	5,844,009 [@]	4,666,376 [@]
Total Net Tangible Assets	5,758,474	5,423,567 [@]	3,981,926 [@]	3,391,089 [@]	2,161,014 ^{#@}
Earnings Per Share (sen)	16.3	18.0 [@]	20.1 [@]	17.7 [@]	16.2 ^{^@}
Gross Dividend Per Share (sen)	9.7	11.0	14.0	14.0	20.0
Net Tangible Assets Per Share (RM)	2.31	2.23 [@]	1.99 [@]	1.85 [@]	2.13 ^{^@}
Return on equity (%)	6.92%	7.64% [@]	9.68% [@]	8.91% [@]	11.46% [@]
Net gearing ratio (times)	0.29	0.33 [@]	0.49 [@]	N/A	0.32 [@]
Dividend payout ratio (%)	60.5	62.3 [@]	62.3 [@]	64.9 [@]	61.7 [@]
Share Price - High (RM)	3.65	3.99	4.10	4.62	5.27
Low (RM)	2.75	2.98	3.49	2.97	3.51

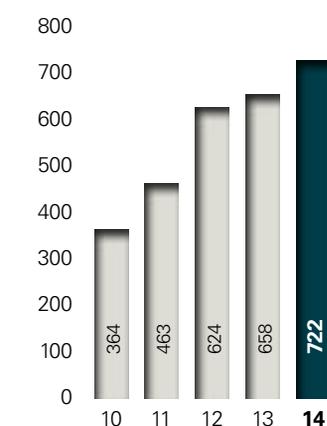
GROUP FIVE-YEAR SUMMARY

YEAR ENDED 31 OCTOBER

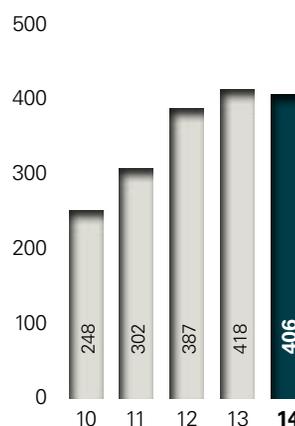
REVENUE
(RM'000)



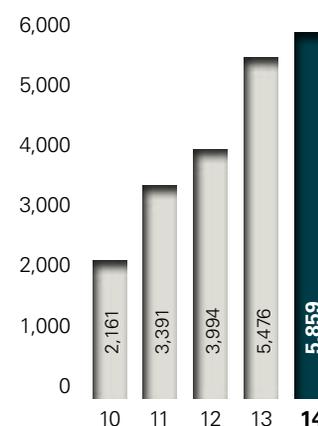
PROFIT BEFORE TAX
(RM'000)



PROFIT ATTRIBUTABLE TO SHAREHOLDERS
(RM'000)



SHAREHOLDERS' EQUITY
(RM'000)



[@] Restated due to effects of adopting FRS 10 and FRS 11 for the financial years ended 31 October 2010 to 31 October 2013

[^] 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 2011

[#] Restated due to effects of adopting the Amendments to FRS 117 in the financial year ended 31 October 2011

GROUP FINANCIAL SUMMARY

The Group Achieved a Revenue of

RM3.81

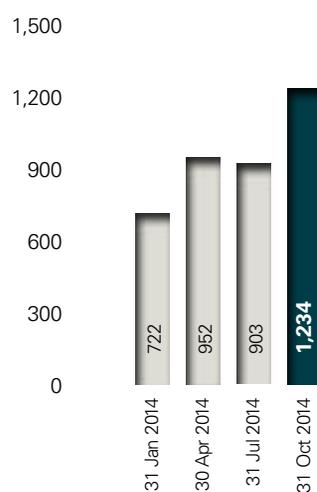
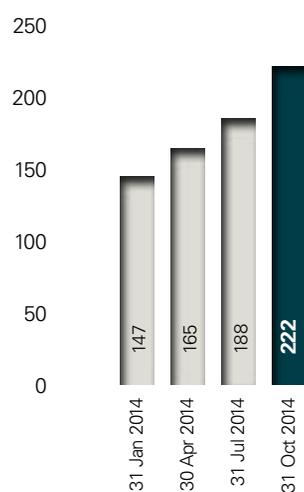
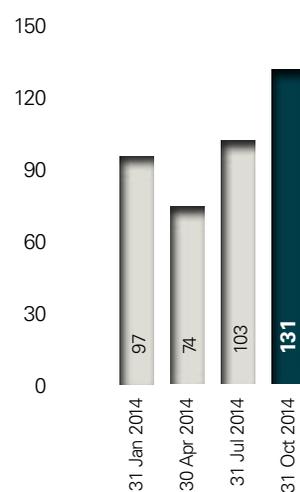
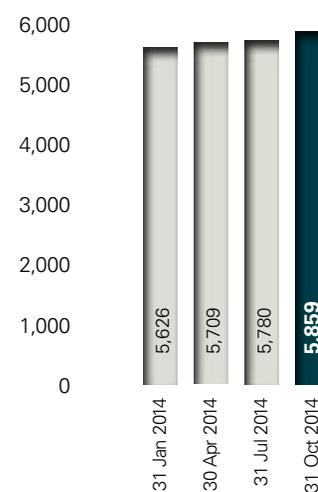
billion in FY2014

GROUP QUARTERLY SUMMARY

QUARTER ENDED (RM'000)	31 October 2014	31 July 2014	30 April 2014	31 January 2014
Revenue	1,233,528	902,663	952,352	721,559
Profit Before Tax	222,305	187,597	165,372	147,164
Profit After Tax	154,901	126,431	118,398	116,989
Profit Attributable to Shareholders	131,310	103,319	74,271	96,776
Paid-Up Capital	1,903,748	1,891,303	1,844,034	1,844,034
Shareholders' Equity	5,858,581	5,780,027	5,708,825	5,625,998
Total Assets Employed	13,107,619	12,979,623	12,990,028	12,783,537
Total Net Tangible Assets	5,758,474	5,689,826	5,629,289	5,562,093
Earnings Per Share (sen)	5.2	4.1	3.0	3.9
Gross Dividend Per Share (sen)	5.7	-	4.0	-
Net Tangible Assets Per Share (RM)	2.31	2.29	2.32	2.29

GROUP QUARTERLY SUMMARY

FINANCIAL YEAR 2014

REVENUE
(RM'000)PROFIT BEFORE TAX
(RM'000)PROFIT ATTRIBUTABLE TO
SHAREHOLDERS (RM'000)SHAREHOLDERS' EQUITY
(RM'000)





CORPORATE INFORMATION

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Setia Eco Glades Product Information:

A superbly designed collection of thematically different islands inspired by cultural diversity and perfected by nature and technology. Setia Eco Glades is the latest personification of S P Setia's unique expertise that combines residential luxury with eco-consciousness.



For more information on this project, please log on to www.setiaecoglades.com.my

CORPORATE INFORMATION



BOARD OF DIRECTORS

Tun Dato' Seri Zaki Bin Tun Azmi
(Independent Non-Executive Chairman)

Dato' Khor Chap Jen
(Acting President/Chief Executive Officer)

Ng Soon Lai @ Ng Siek Chuan
(Senior Independent Non-Executive Director)

**Tan Sri Dato' Hari Narayanan A/L
Govindasamy**
(Independent Non-Executive Director)

Datuk Ismail Bin Adam
(Independent Non-Executive Director)

Dato' Noor Farida Binti Mohd Ariffin
(Independent Non-Executive Director)

**Tan Sri Dato' Dr. Wan Mohd Zahid Bin
Mohd Noordin**
(Non-Independent Non-Executive Director)

Encik Zainal Abidin Bin Jamal
(Non-Independent Non-Executive Director)

Dato' Halipah Binti Esa
(Non-Independent Non-Executive Director)

Dato' Ahmad Pardas Bin Senin
(Independent Non-Executive Director)

Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob
(Independent Non-Executive Director)

Dato' Zuraidah Binti Atan
(Non-Independent Non-Executive Director)

Tengku Dato' Ab. Aziz Bin Tengku Mahmud
(Non-Independent Non-Executive Director)

CORPORATE INFORMATION**AUDIT COMMITTEE**

Ng Soon Lai @ Ng Siek Chuan
(Chairman)
Tan Sri Dato' Hari Narayanan A/L
Govindasamy
Datuk Ismail Bin Adam

REMUNERATION COMMITTEE

Tan Sri Dato' Hari Narayanan A/L
Govindasamy (Chairman)
Datuk Ismail Bin Adam
Ng Soon Lai @ Ng Siek Chuan

NOMINATION COMMITTEE

Tun Dato' Seri Zaki Bin Tun Azmi
(Chairman)
Datuk Ismail Bin Adam
Ng Soon Lai @ Ng Siek Chuan

RISK MANAGEMENT COMMITTEE

Dato' Ahmad Pardas Bin Senin
(Chairman)
Tan Sri Dato' Hari Narayanan A/L
Govindasamy
Zainal Abidin Bin Jamal

LONG TERM INCENTIVE PLAN COMMITTEE

Dato' Khor Chap Jen
(Chairman)
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: +603-21615466
Fax: +603-21636968

SHARE REGISTRAR

Systems & Securities Sdn Bhd
Plaza 138, Suite 18.03
18th Floor, 138 Jalan Ampang
50450 Kuala Lumpur
Tel: +603-21615466
Fax: +603-21636968

MAJOR BANKERS

Malayan Banking Berhad
CIMB Bank Berhad
OCBC Bank (Malaysia) Berhad
Standard Chartered Bank
DBS Bank Ltd

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
Cheang & Ariff

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

INDICES

FTSE Bursa Malaysia Indices
Standard & Poor's Indices

WEBSITE

www.spsetia.com

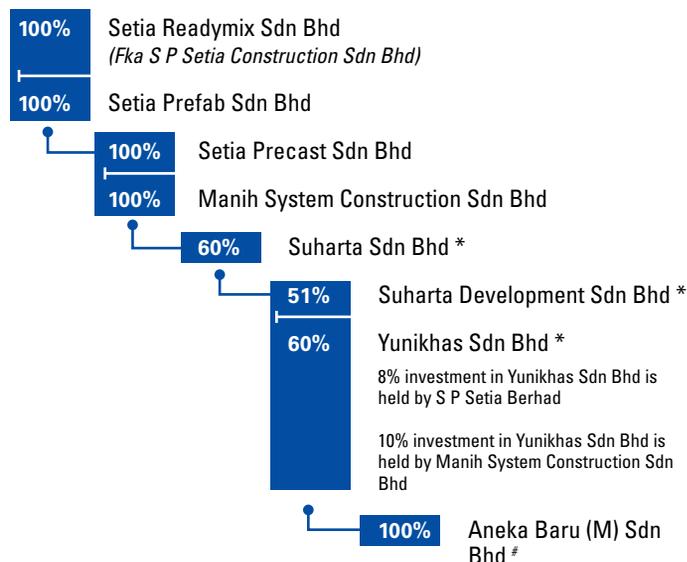
CORPORATE STRUCTURE

Builder of Distinction
Setia
 S P SETIA BHD GROUP

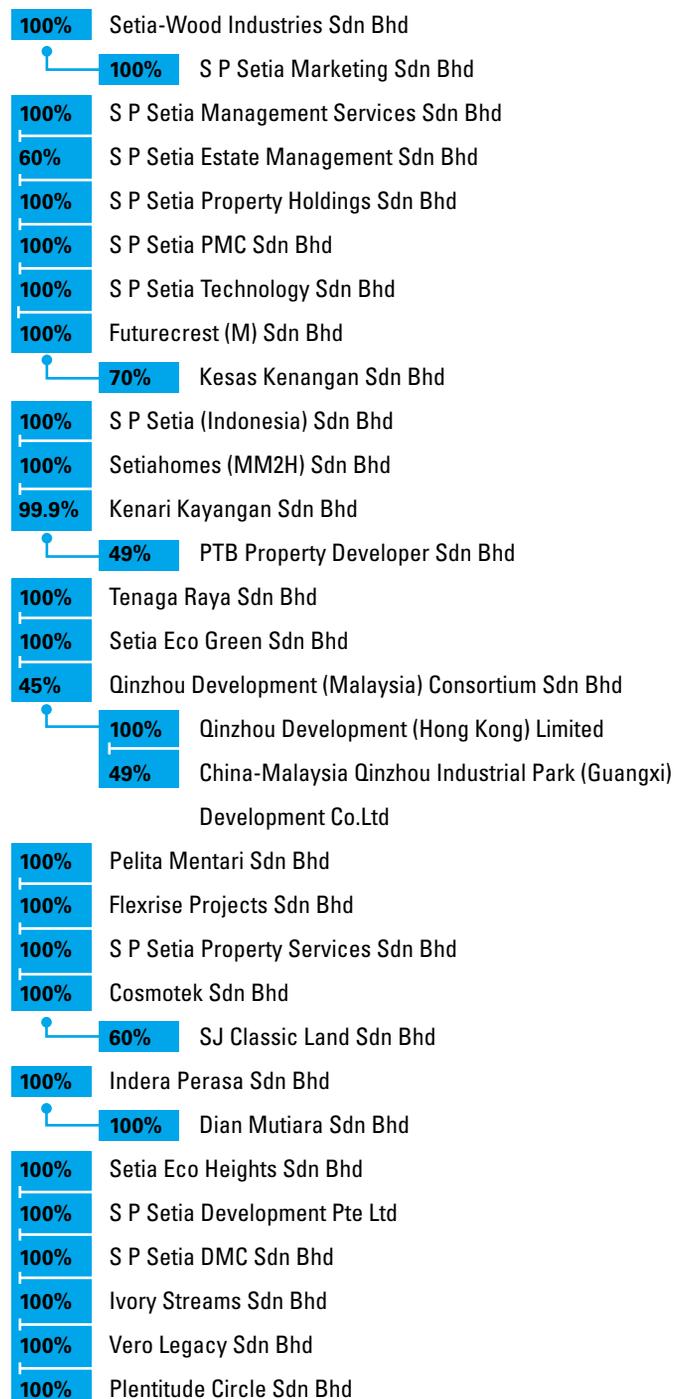
PROPERTY DEVELOPMENT

100%	Bandar Setia Alam Sdn Bhd	50%	Greenhill Resources Sdn Bhd	
100%	Setia Duta One Sdn Bhd	100%	Setia Alam Recreation Sdn Bhd	
50%	Bandar Eco-Setia Sdn Bhd	100%	Setia Eco Park Recreation Sdn Bhd	
100%	Bukit Indah (Johor) Sdn Bhd			
100%	Setia Indah Sdn Bhd			
100%	Shabra Development Sdn Bhd			
100%	Syarikat Kemajuan Jerai Sdn Bhd	100%	S P Setia Project Management Sdn Bhd	
100%	Bukit Indah (Perak) Sdn Bhd	100%	Lagavest Sdn Bhd	
100%	Setia Promenade Sdn Bhd		50%	Wawasan Indera Sdn Bhd 50% investment in Wawasan Indera Sdn Bhd is held by S P Setia Berhad
70%	Bukit Indah Property Management Sdn Bhd		100%	S P Setia Eco-Projects Management Sdn Bhd
50%	Golden Klang Valley Sdn Bhd #		100%	Setia Recreation Sdn Bhd
100%	Sendiman Sdn Bhd		100%	Ambleside Sdn Bhd
100%	Exceljade Sdn Bhd			
100%	Aeropod Sdn Bhd			
70%	Setia Eco Glades Sdn Bhd			
70%	Kemboja Mahir Sdn Bhd	100%	Ganda Anggun Sdn Bhd	
100%	Kewira Jaya Sdn Bhd	100%	Kay Pride Sdn Bhd	
60%	Setia Putrajaya Sdn Bhd	100%	Setia Putrajaya Construction Sdn Bhd	
100%	KL Eco City Sdn Bhd	100%	Setia Putrajaya Development Sdn Bhd	
100%	Setia International Limited	100%	Setia MyPhuoc Limited	
100%	Setia EcoHill Sdn Bhd	100%	Setia Capital (Vietnam) Limited	
100%	Setia City Development Sdn Bhd	100%	Setia Land (Vietnam) Limited	
100%	Gita Kasturi Sdn Bhd	100%	Setia Land (China) Limited	
50%	Retro Highland Sdn Bhd	95%	Setia Lai Thieu Limited	
100%	Setia Ecohill 2 Sdn Bhd		100%	Setia Lai Thieu One Member Company Limited
100%	Setia Hicon Sdn Bhd	100%	Setia Australia Limited	
100%	S P Setia International (S) Pte. Ltd	100%	Setia Jersey Investment Holding Company Limited	
50%	Setia Federal Hill Sdn Bhd		100%	Setia (Melbourne) Development Company Pty Ltd
100%	Eco Meridian Sdn Bhd	100%	Setia Bac Ninh Limited	
100%	Setia Bina Raya Sdn Bhd	40%	Battersea Project Holding Company Limited & subsidiaries	
100%	Intra Hillside Sdn Bhd	40%	Battersea Power Station Development Company Limited	
100%	Setia Eco Templer Sdn Bhd (Fka Rockbay Streams Sdn Bhd)	40%	Battersea Power Station Estates Limited	
100%	Setia Eco Land Sdn Bhd			
100%	KL East Sdn Bhd			

CONSTRUCTION & INFRASTRUCTURE



MANUFACTURING / INVESTMENT & PROPERTY HOLDING / PROPERTY MANAGEMENT / OTHERS



* in creditors' voluntary liquidation

in members' voluntary liquidation

OUR AWARDS

8-TIME WINNER

1. THE EDGE MALAYSIA TOP PROPERTY DEVELOPERS AWARDS

Ranked No.1

2013, 2012, 2011, 2010, 2008, 2007, 2006, 2005

Best Qualitative Attributes

Category

2013, 2012

The Edge-PEPS Value Creation Excellence Awards

2013 – SetiaWalk, Selangor

The Edge-PAM Green Excellence Awards

2013 – Setia City Mall, Selangor

6-TIME WINNER

2. FIABCI PRIX D'EXCELLENCE AWARDS

Best Retail Development

2014 – Setia City Mall, Selangor

Best Master Plan Development

2013 – Setia Alam, Selangor
2009 – Setia Eco Gardens, Johor
2007 – Setia Eco Park, Selangor

Best Purpose-Built/Specialised Project

2012 – Eco Greens, Setia Eco Gardens, Johor

Best Residential (Low-Rise) Development

2011 – Setia Eco Park, Selangor

Runner-up Best Master Plan Development

2010 – EcoLakes, Vietnam

8-TIME WINNER

3. FIABCI MALAYSIA PROPERTY AWARDS

Best Retail Development

2013 – Setia City Mall, Selangor

Best Master Plan Development

2012 – Setia Alam, Selangor
2008 – Setia Eco Gardens, Johor
2006 – Setia Eco Park, Selangor

Best Purpose-Built/Specialised Project

2011 – Eco Greens, Setia Eco Gardens, Johor

Best Residential (Low-Rise) Development

2010 – Setia Eco Park, Selangor
2006 – Duta Nusantara, Kuala Lumpur

Property Man of the Year

2007 – Tan Sri Liew Kee Sin



OUR AWARDS

4. BCI ASIA TOP 10 DEVELOPERS AWARDS

2014, 2013, 2012, 2011

5. PUTRA BRAND AWARDS

2014, 2013, 2012 – Gold Award in Property Development

2014 – Most Enterprising Brand of the Year

6. READER’S DIGEST ASIA TRUSTED BRANDS STUDY

2014 – Gold Trusted Brands Award for Property Development
 2013 – Gold Trusted Brands Award for Property Development
 2012 – Gold Trusted Brands Award for Property Development
 2011 – Gold Trusted Brands Award for Property Development

7. REHDA RECOGNITION AWARDS

2013 – Outstanding Developer

8. SOUTH EAST ASIA PROPERTY AWARDS

Best Condo Development (Malaysia)

2014 – Setia Sky Residences, Kuala Lumpur

9. BCA GREEN MARK

Platinum Award

2012 – Eco Sanctuary, Singapore

Gold Award

2014 – Gold Award for 18 Woodsville, Singapore
 2014 – Provisional Certification for KL Eco City - Residential Tower 1 (Vogue Suites One), Kuala Lumpur
 2012 – Setia City Mall, Setia Alam, Selangor
 2010 – Gold Award for Eco Gallery, Setia Eco Gardens, Johor

10. GREEN BUILDING INDEX (GBI)

Platinum (Provisional)

2012 – S P Setia Berhad Corporate HQ

Gold (Provisional)

2012 – KL Eco City Sales Gallery

11. MGBC LEADERSHIP IN SUSTAINABILITY AWARD

2014 – Winner, Business Leadership Award for S P Setia Bhd

12. AON HEWITT BEST EMPLOYERS STUDY

2013 – Best of the Best Employer in Malaysia
 2011 – Overall Best Employer in Malaysia & one of the best Employers in Asia

Top 10 Best Employers in Malaysia

2009, 2005, 2003



7



8



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BUSINESS REVIEW

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Setia EcoHill Product Information:

Setia EcoHill is a 673-acre freehold eco township planned and built with long-term sustainability in mind. Located in Semenyih, in the state of Selangor, EcoHill was conceptualised as a sustainable master-township with environmental friendly infrastructure and green design concepts, created for the body, mind and soul.



For more information on this project, please log on to www.setiaecohill.com.my

BOARD OF DIRECTORS

**TENGGU DATO' AB. AZIZ
BIN TENGGU MAHMUD**

Non-Independent Non-Executive Director

**DATO' SERI IR. HJ. MOHD NOOR
BIN YAACOB**

Independent Non-Executive Director

**TAN SRI DATO' DR. WAN MOHD ZAHID
BIN MOHD NOORDIN**

Non-Independent Non-Executive Director

DATO' HALIPAH BINTI ESA

Non-Independent Non-Executive Director



**TAN SRI DATO' HARI NARAYANAN
A/L GOVINDASAMY**

Independent Non-Executive Director

DATO' KHOR CHAP JEN

Acting President/Chief Executive Officer

BOARD OF DIRECTORS

DATUK ISMAIL BIN ADAM
Independent Non-Executive Director

ENCIK ZAINAL ABIDIN BIN JAMAL
Non-Independent Non-Executive Director

**DATO' NOOR FARIDA
BINTI MOHD ARIFFIN**
Independent Non-Executive Director

DATO' ZURAIHAH BINTI ATAN
Non-Independent Non-Executive Director



TUN DATO' SERI ZAKI BINTUN AZMI
Independent Non-Executive Chairman

DATO' AHMAD PARDAS BIN SENIN
Independent Non-Executive Director

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

PROFILE OF BOARD OF DIRECTORS

TUN DATO' SERI ZAKI BIN TUN AZMI

(Independent Non-Executive Chairman)
Malaysian
69 years of age
Barrister-at-Law (Lincoln's Inn)



Tun Dato' Seri Zaki bin Tun Azmi obtained his Barrister-at-Law qualification from the Lincoln's Inn in 1969. He joined the Malaysian Judicial and Legal Services as a Magistrate in 1970 and later transferred to the Attorney General's Chambers where he held several positions for 15 years before going into private legal practice in 1985.

He left legal practice in 2007 when he was appointed as a Judge of the Federal Court of Malaysia and shortly thereafter, he was appointed as the President of Court of Appeal of Malaysia, the second highest judicial office. He was appointed as the 12th Chief Justice of Malaysia on 18 October 2008 and became the first Chairman of the Judicial Appointment Commission on 16 February 2009 until his retirement as Chief Justice in September 2011. During his tenure as the Chief Justice of Malaysia, he reduced substantially the backlog of cases pending at the Malaysian courts and also introduced technological and managerial systems that enabled cases at the High Courts to be disposed of within nine months to one year from the date of filing and within six months from the date of filing at the Sessions Courts and Magistrates' Courts.

In August 2014, Tun Dato' Seri Zaki was appointed by the Government to head the Committee to study and recommend to the Government actions to prevent leakages and frauds in public examinations.

Tun Dato' Seri Zaki is currently the Chairman of Astro Malaysia Holdings Berhad and Nationwide Express Courier Services Berhad. He is the Chancellor of MAHSA University College as well as Chancellor of the Multimedia University. He is also on the board of a few sendirian berhad companies and Chairman of the Board of Directors of University Malaysia Sabah.

He was appointed Director and Chairman of the Board of S P Setia Berhad on 25 October 2012. On 26 February 2013, he was appointed as Chairman of the Nomination Committee.

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.

PROFILE OF BOARD OF DIRECTORS



DATO' KHOR CHAP JEN

(Acting President/Chief Executive Officer)

Malaysian

55 years of age

Bachelor of Engineering (Hons) (University of Malaya)

Fellow of the Institution of Engineers, Malaysia

Professional Engineer registered with the Board of Engineers, Malaysia

Dato' Khor Chap Jen is currently the Acting President / Chief Executive Officer of S P Setia Berhad, a role he assumed effective 1 January 2015. He was the Acting Deputy President / Chief Operating Officer of S P Setia Berhad from 1 May 2014 to 31 December 2014. Prior to that, he was the Executive Vice President of S P Setia Berhad Group, overseeing the northern and central region of the Property Division, the Construction Division of the Group as well as Group's overseas subsidiaries in Australia and Vietnam.

Dato' Khor joined the S P Setia Berhad Group in 1995 and was previously the General Manager of the Property Division prior to being seconded to Setia Putrajaya Sdn Bhd as the Deputy Chief Executive Officer. His secondment to this Joint-Venture company from year 1997 to 2000 was to lead the team in the development of the Government's New Administrative Centre in Putrajaya. During his stint there, he played a prominent role in the successful completion of the prestigious Prime Minister's Office Complex and the Prime Minister's Official Residence. He has also successfully delivered over 5,000 apartment units to house the civil servants in Putrajaya.

Prior to joining the S P Setia Berhad Group, Dato' Khor was the Associate Director for Jurutera Perunding Kemajuan Sdn Bhd, an engineering consultancy firm. He was involved in the design and construction of housing, industrial, highways and infrastructure projects. Among the notable projects are the North-South Expressway and the KESAS Highway. Dato' Khor has in all, over 30 years of experience in the construction and property development industry.

Dato' Khor also sat on the Board of S P Setia Berhad from year 2002 to 2009. He was subsequently re-appointed as an Executive Director of S P Setia Berhad on 27 June 2013.

Dato' Khor is the current REHDA (Selangor Branch) Chairman. He is also an EXCO member of REHDA National and Chairman of the Planning Policies & Standards Committee.

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.

PROFILE OF BOARD OF DIRECTORS

MR NG SOON LAI @ NG SIEK CHUAN

(Senior Independent Non-Executive Director)

Malaysian

60 years of age

Fellow of the Institute of Chartered Accountants in England and Wales



Mr Ng Siek Chuan 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. On 22 March 2012,

he was redesignated as the Chairman of the Audit Committee of S P Setia Berhad. He was appointed as a member of the Remuneration Committee on 26 February 2013 and Long Term Incentive Plan Committee on 30 April 2013.

His directorships in other public companies include Deutsche Bank (M) Berhad, Hiap Teck Venture Berhad, Tune Insurance Malaysia Berhad, Tune Ins Holdings Berhad and ELK-Desa Resources 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.

PROFILE OF BOARD OF DIRECTORS



TAN SRI DATO' HARI NARAYANAN A/L GOVINDASAMY

(Independent Non-Executive Director)

Malaysian

64 years of age

Bachelor of Engineering in Electrical & Electronic (University of Northumbria, England)

Tan Sri Dato' Hari Narayanan a/l Govindasamy 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. He was the Chairman of the Audit Committee from 28 April 1997 until 22 March 2012. On 3 April 2001, he was appointed as a member of the Remuneration

Committee and was re-designated as the Chairman of the Remuneration Committee on 22 March 2012. He was appointed as member of the Risk Management Committee on 17 September 2014.

Tan Sri Dato' Hari Narayanan also sits on the Board of Puncak Niaga Holdings Berhad and the Chairman of IEV Holdings Limited, Singapore. He also holds directorships in 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.

PROFILE OF BOARD OF DIRECTORS

DATUK ISMAIL BIN ADAM

(Independent Non-Executive Director)

Malaysian

69 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 bin Adam 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 the Chairman of the Nomination Committee on 2 October 2006. He was re-designated as member of the Nomination Committee on 26 February 2013. He was appointed as a member of the Long Term Incentive Plan Committee on 30 April 2013.

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.

PROFILE OF BOARD OF DIRECTORS



DATO' NOOR FARIDA BINTI MOHD ARIFFIN

(Independent Non-Executive Director)

Malaysian

68 years of age

Barrister-at-Law (Gray's Inn), United Kingdom

Dato' Noor Farida binti Mohd Ariffin completed 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 Farida, the Co-Agent of Malaysia for the Sipadan and Ligitan Case against Indonesia before the International Court of Justice in the Hague, has had a long and distinguished career spanning more than 40 years in the Public Service before her retirement.

Dato' Noor Farida previously held a number of key positions, including Special Adviser on the Maritime Issues to the Minister of Foreign Affairs Malaysia, an Alternate Director at the Maritime Institute of Malaysia (MIMA), Director-General of the Research, Treaties and International Law Department of the Ministry of Foreign Affairs, Ambassador-

At-Large for the High-Level Group on Follow-up to the ASEAN Charter (HLEG), Director of 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 Farida was again appointed the Malaysian Co-Agent by the Government when Malaysia and Singapore agreed to submit the Pulau Batu Puteh dispute to the International Court of Justice. She was appointed as Director of S P Setia Berhad on 18 June 2009.

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

PROFILE OF BOARD OF DIRECTORS

TAN SRI DATO' DR. WAN MOHD ZAHID BIN MOHD NOORDIN

(Non-Independent Non-Executive Director)

Malaysian

74 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 Bin Mohd Noordin is currently the Chairman of University Technology 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. He was appointed Director of S P Setia Berhad on 18 June 2009.

His directorships in other public companies include Amanah Saham Nasional Berhad, Perbadanan Usahawan Nasional Berhad, Sime Darby Berhad and Amanah Mutual Berhad. He is a member of the Investment Committee of 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.

PROFILE OF BOARD OF DIRECTORS



ENCIK ZAINAL ABIDIN BIN JAMAL

(Non-Independent Non-Executive Director)

Malaysian

61 years of age

LL.B (Honours), University of Singapore

Encik Zainal Abidin bin Jamal is a practising corporate and commercial lawyer and established his firm, Zainal Abidin & Co in 1987, where he is the Founder and Senior Partner. He was enrolled as an Advocate & Solicitor of the High Court of Malaya in 1986. Between 1983 and 1986, he served as the Company Secretary of Harrisons Malaysian Plantations Berhad. Prior to that, he had practised in Singapore where he was enrolled in 1980 as an Advocate and Solicitor of the Supreme Court of Singapore and had also served as a First Class Magistrate in Brunei Darussalam.

Encik Zainal Abidin Jamal was appointed as Director of S P Setia Berhad on 12 September 2013. He was appointed as a member of the Risk Management Committee on 17 September 2014.

His directorships in other public companies include Maybank Islamic Berhad, Etiqa Insurance Berhad, Etiqa Takaful Berhad, Mayban Trustees Berhad and Lam Soon (M) 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.

PROFILE OF BOARD OF DIRECTORS

DATO' HALIPAH BINTI ESA

(Non-Independent Non-Executive Director)

Malaysian

65 years of age

Bachelor of Arts (Honours) degree in Economics, University of Malaya

Master of Economics, University of Malaya

Certificate in Economic Management, IMF Institute, Washington and
the Kiel Institute for World Economics, Germany

Certificate in Advanced Management Programme, Adam Smith
Institute, London



Dato' Halipah binti Esa is the former Director-General of the Economic Planning Unit ("EPU") in the Prime Minister's Department. She started her career as Assistant Secretary, Administration and Diplomatic Services in 1973 in the EPU. During her tenure in the EPU, she had served in various capacities in the areas of infrastructure, water supply, energy, health, education, housing, telecommunications, urban services, macro economy, international economy, distribution, human resource development, environment and regional development. She held various senior positions in the EPU and retired as the Director General in 2006. She had also served in the Ministry of Finance as Deputy Secretary General.

Dato' Halipah Esa was appointed as Director of S P Setia Berhad on 29 August 2014.

Her directorships in other public companies include MISC Berhad, KLCC Property Holdings Berhad, Malaysia Marine and Heavy Engineering Holdings Berhad, NCB Holdings Berhad, Cagamas Berhad and Malaysia Deposit Insurance Corporation.

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.

PROFILE OF BOARD OF DIRECTORS



DATO' AHMAD PARDAS BIN SENIN

(Independent Non-Executive Director)

Malaysian

62 years of age

Fellow of the Chartered Institute of Management Accountants

Member of the Malaysian Institute of Accountants

Member of the Institute of Internal Auditors Inc

Dato' Ahmad Pardas bin Senin had a 40-year experience in the corporate sector, including more than 20 years at board level. He retired as the Managing Director and Chief Executive Officer of UEM Group Berhad in June 2009, after having served the UEM Group for more than 17 years since 1992. During his tenure at UEM Group, he had held various key positions including as Managing Director of UEM World Berhad, Renong Berhad, TIME Engineering Berhad, TIME dotCom Berhad, EPE Power Corporation Berhad, and had also served as Director & Chief Executive Officer of Silterra Malaysia Sdn Bhd. He was also Deputy Chairman of PLUS Expressways Berhad, UEM Land Holdings Berhad, UEM Builders Berhad and Costain Group plc., as well as a board member of Faber Group Berhad, Pharmaniaga Berhad, Opus Group Berhad, UEM Environment Sdn Bhd, The Malaysian Industry-Government Group for High Technology and Universiti Teknologi MARA.

Prior to UEM Group, he worked for the British American Tobacco (BAT) Group for more than 17 years, including a 3-year stint

at their London office. His last position in BAT Group was as the Financial Controller of Malaysian Tobacco Company Berhad.

Dato' Ahmad Pardas was appointed as Director of S P Setia Berhad and Chairman of the Risk Management Committee on 17 September 2014.

Dato' Ahmad Pardas is currently the Chairman of Malaysian Directors Academy, Desaru Development Corporation Sdn Bhd and Desaru Development Holdings One Sdn Bhd.

He is also a member of the Board of Destination Resorts and Hotels Sdn Bhd, Sime Darby Industrial Holdings Sdn Bhd, Sime Darby Energy Sdn Bhd, Silterra Malaysia Sdn Bhd and Universiti Malaysia Kelantan.

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.

PROFILE OF BOARD OF DIRECTORS

DATO' SERI IR. HJ. MOHD NOOR BIN YAACOB

(Independent Non-Executive Director)

Malaysian

60 years of age

Bachelor of Engineering, Universiti Teknologi Malaysia



Dato' Seri Ir. Hj. Mohd Noor bin Yaacob is presently the President of Road Engineering Association of Malaysia. He was previously the Director-General of the Public Works Department, a position he held since 2011 until 31 March 2014. He had joined the civil service in 1977 as a works Engineer in the Public Works Department and has served in various capacities within the Public Works Department. He is also the Former President of the Board of Engineers of Malaysia.

Dato' Seri Ir. Hj. Mohd Noor was appointed as Director of S P Setia Berhad on 15 October 2014.

He is also a director of PBLT 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.

PROFILE OF BOARD OF DIRECTORS



DATO' ZURAIDAH BINTI ATAN

(Non-Independent Non-Executive Director)

Malaysian

55 years of age

LL.B (Hons) from the University of Buckingham, England
Certificate in Legal Practice, Malaysia

Dato' Zuraidah binti Atan is a member of the Malaysian Bar. She is currently in legal practice with her own legal firm, Chambers of Zuraidah Atan since year 2004. Starting her career as an officer in a bank, she has more than 25 years experience in the banking industry. She also served for a period as President/Chief Executive Officer of an investment bank.

She is an arbitrator in the KL Regional Centre for Arbitration and serves as an Honorary Advisor to National Cancer Society of Malaysia, a non-governmental organisation engaged in cancer awareness and charity. She is the Chairman of Yayasan Sukarelawan Siswa / Students Volunteer Foundation, a wholly-owned entity of Government of Malaysia (via Ministry of Education).

She is an Independent member of the Consultation and Corruption Prevention Panel of Malaysian Anti-Corruption Commission.

Dato' Zuraidah Atan was appointed as Director of S P Setia Berhad on 16 December 2014.

Her directorships in other public companies include Bursa Malaysia Berhad, NCB Holdings Berhad, Petron Malaysia Refining and Marketing Bhd, Kenanga Islamic Investors Berhad and Northport (Malaysia) Bhd and she is a member of the Board of Governors of University Sains Malaysia.

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.

PROFILE OF BOARD OF DIRECTORS

TENGGU DATO' AB. AZIZ BIN TENGGU MAHMUD

(Non-Independent Non-Executive Director)

Malaysian

57 years of age

Master in Business Administration from Cranfield Institute of Technology, United Kingdom

Bachelor of Science (Hons) in Civil Engineering, Loughborough University of Technology, United Kingdom

Diploma in Management with Merit from Malaysian Institute of Management



Tengku Dato' Ab. Aziz bin Tengku Mahmud is currently the Chief Executive Officer ("CEO") of PNB Merdeka Ventures Sdn Bhd, a wholly-owned subsidiary of Permodalan Nasional Berhad. He is responsible for the development of Warisan Merdeka project, comprising 118-storey tower, retail mall, hotels and condominiums.

Prior to his appointment as the CEO of PNB Merdeka Ventures Sdn Bhd on 1 April 2010, he was the Head, Property Development of Sime Darby Property Berhad from August 2008 to March 2010. He was responsible for the Property Development Operations in addition to the Hospitality, Leisure and Asset Management of the Property Division. He also served Kumpulan Guthrie Berhad as Head, Property and the CEO, Guthrie Property Development Holding Berhad from 2005 to 2007.

Tengku Dato' Ab. Aziz was appointed as Director of S P Setia Berhad on 12 January 2015. He is a member of the Council on Tall Buildings and Urban Habitat, the Institution of Engineers Malaysia and Malaysian Institute of Management.

He does not have any family relationship with any Director and/or major shareholder of S P Setia 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.

CHAIRMAN'S STATEMENT



CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS,

The Group achieved a profit before taxation (PBT) of RM722.4 million on the back of revenue totalling RM3.8 billion. This represents a 10% increase in PBT and 17% increase in revenue as compared to the preceding year.



The slower rate of increase in PBT compared to the percentage increase in revenue is mainly due to a mismatch between initial expenses incurred and revenue recognition in the United Kingdom and Australia as revenue is recognised at a point in time when the construction of the assets are completed and handed over to the customers. It is also due to the Goods and Services Tax (GST) financial impact of RM47 million charged out during the FY2014.

The Group sales performance in FY2014 has grown the total unbilled billings to be carried forward to FY2015 to RM11.1 billion, which will contribute strongly to the Group's earnings and cash generation over the next few financial years.

For the year under review, the Group recorded strong sales performance despite challenging environment with total combined sales of RM4.6 billion for its financial year ended 31 October 2014. This is due to the Group's clear strategic direction

with ventures into global cities as well as an established brand name and innovative products range. 40% of the Group sales is represented by international sales namely Fulton Lane and Parque at Melbourne, Eco Sanctuary and 18 Woodville at Singapore and Battersea Power Station at London.

Battersea Power Station, S P Setia's joint venture project in the United Kingdom, with Sime Darby Berhad and the Employees Provident Fund (EPF), continues to generate strong sales and keen interest worldwide. Launch of Phase 2 proved to be a great success with a take up rate of 85% to date. Meanwhile, the simultaneous global launch of Phase 3a in October 2014, carrying the momentum from Phase 1 and Phase 2, resulted in 50% take up rate within 3 weeks of the launch and is expected to contribute significantly to FY2015 sales.

On top of that, S P Setia further stamps its brand presence in the international front with the unveiling of Malaysia Square, the public

The Group recorded strong sales performance despite challenging environment with total combined sales of RM4.6 billion for its financial year ended 31 October 2014.

CHAIRMAN'S STATEMENT

space at the heart of the Battersea Power Station, on 1 December 2014. Officially unveiled by the Prime Minister of Malaysia, Dato' Sri Najib Razak and the Mayor of London, Mr. Boris Johnson, the Malaysia Square will be the pride of Malaysian when it is completed in 2018.

Our overseas venture also saw the successful topping out of two of our overseas maiden project, 18 Woodville in Singapore and Fulton Lane in Melbourne Australia. Both projects will be delivered ahead of schedule.

On the local front, Malaysian sales performance is resilient with sales in the central region spurred by the greater Klang Valley boom. Sales from the central region contributed RM2.1 billion to the overall Group sales with Setia EcoHill and Setia Alam contributing 37.7% and 35.6% respectively.

This was largely due to the overwhelming response towards the various category of products launched throughout the year. Our quality products as well as acumen towards customers' needs inspired us to create products that cater to the entire market, ranging from self-contained townships to upscale boutique developments.

Over in the Southern region of Johor Bahru, the group recorded RM500 million of sales. The Johor Baru market has been challenging due to various measures instituted by the

government such as disallowing DIBS, real property gain tax increases and loan eligibility based on nett instead of gross income.

Penang recorded sales of RM199 million while Aeropod in Kota Kinabalu recorded sales of RM25 million for the year under review.

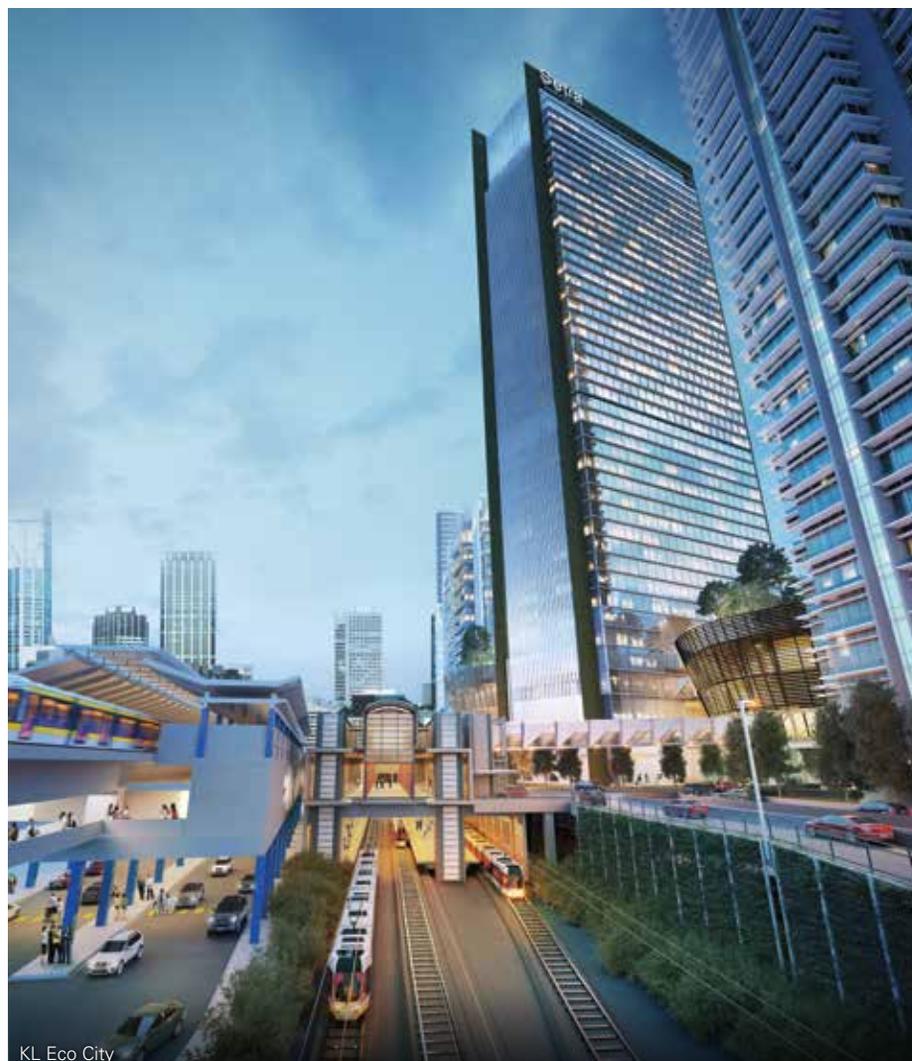
Ongoing projects which contributed to the profit and revenue achieved included Setia Alam and Setia Eco-Park in Shah Alam, Setia Ecohill in Semenyih, Setia Eco Glades in Cyberjaya, Setia Sky Residences

at Jalan Tun Razak, KL Eco City at Jalan Bangsar, Aeropod in Kota Kinabalu, Bukit Indah, Setia Indah, Setia Tropika, Setia Eco Cascadia, Setia Business Park II, Setia Eco Gardens and Setia Sky 88 in Johor Bahru, Setia Pearl Island, Setia Vista, Setia Greens, Setia V Residences and Brook Residences in Penang.

Accordingly, it is my pleasure to announce that the board has proposed a gross final dividend of 5.7 sen per share and an interim dividend of 4 sen per share totalling 9.7 sen per share for the year representing a 60.5% pay out of its profit attributable to the owner of the company.



Aeropod



KL Eco City

CHAIRMAN'S STATEMENT

ORGANISATION – INSPIRING A CULTURE OF EXCELLENCE

Staying true to our corporate vision – to be the BEST in all we do – S P Setia is once again humbled by the various industry recognition which the Group garnered in 2014.

One major achievement for the year under review was Setia City Mall being named Best Retail Development at the international FIABCI Prix d'Excellence award held in Taichung, Taiwan after winning the FIABCI Malaysia Property Award in year 2013. This award is regarded as the Oscars of the property industry where property developers compete at an international level and this win marks the sixth FIABCI Prix d'Excellence for the Group.

On top of that, S P Setia is still the only property developer to be named The Edge Malaysia's No.1 Property Developer for 8 times, holding on to the record, which no other property developer has achieved thus far.

Other industry recognition in the year under review includes the BCI Asia Top 10 Developers Award, which the Group has also won from year 2011 onwards as well as the South East Asia Property Awards 2014 which Setia Sky Residences, Kuala Lumpur won the Best Condo Development for the

One major achievement for the year under review was Setia City Mall being named Best Retail Development at the international FIABCI Prix d'Excellence award. This win marks the sixth FIABCI Prix d'Excellence for the Group.

Malaysian Chapter, triumphant over local favourites in the same category.

Being an eco-developer, with a strong sense of responsibility towards sustainability for the future, we are honoured that our inherent strength in developing sustainable townships and projects are recognised by various notable organisations such as the Malaysia Green Building Confederation for acknowledging S P Setia as the winner in Business Leadership Award during the MGBC Leadership in Sustainability Award ceremony. This award was presented to organisations with exemplary leadership in promoting green efforts as well as having projects fully completed and awarded the Green Building Index (GBI) certification.

On this note, we are also delighted to announce that S P Setia Corporate HQ, located in Setia Alam is a GBI Platinum

(provisional) certified green building. It is only the third building in Malaysia as well as the first private sector corporate office to be accorded a GBI Platinum rating, a remarkable achievement by the Group, truly reflecting our commitment to sustainability as well as our expertise in delivering quality eco products.

KL Eco City is another green development accorded the Gold Award (provisional) certification in year 2014 for its Residential Tower 1 (Vogue Suites One) by the BCA Green Mark, which is a true testament to the project name. KL Eco City is the Group's first integrated green luxury development anchored by prime commercial offices, high-end retail outlets, world-class service apartments and luxury residential towers. The sales gallery achieved the GBI Gold Certification in year 2012.



Having established the S P Setia brand name among our stakeholders over the years, we are truly grateful to our communities who voted for S P Setia at the survey conducted for the Putra Brand Awards as well as the Readers' Digest Asia Trusted Brands Study. This resulted in S P Setia being named the winner of the Gold Award in Property Development category as well as the Most Enterprising Brand of the Year in the Putra Brand Awards 2014 and the Gold Trusted Brands Award for Property Development at the Readers' Digest Asia Trusted Brands Study Awards 2014 respectively. The Putra Brand Awards is organised by the Association of Accredited Advertising Agents Malaysia where winners are voted by 6,000 consumers nationwide, while the Readers' Digest Brand Trusted Brand Study is one of the most representative and objective branding surveys in the region.

While we are humbled by these awards and recognition, they also serve as an inspiration to Team Setia to keep striving for better results and innovation to maintain a reputable top property developer in Malaysia while we spread our passion for excellence across the region and to the international arena.

CORPORATE RESPONSIBILITIES – INSPIRING CHANGE FOR A SUSTAINABLE FUTURE

In our continuous pursuit of excellence, we are ever mindful of our responsibility as a corporate citizen towards our Environment, Community and Organisation (ECO).

Celebrating the World Environment Day (WED) has been part of S P Setia's corporate responsibility calendar since 2008 in our effort to build a sustainable future. In 2014, S P Setia observes World Environment Day year-round with the #LiveGreenEveryDay campaign. The #LiveGreenEveryDay campaign encouraged the adoption of a new green habit each month. More than 100 staff of S P Setia were behind the campaign's launch in three different venues of Setia City Mall, Setia Alam; Setia Eco Gardens, Johor and Setia V Residences, Penang.

However, the Group's efforts at creating sustainability are not confined to WED and other corporate social responsibility initiatives alone. Many of the Group's projects, like Setia Eco Park, KL Eco City, Setia Eco Glades, Setia Eco Gardens, Setia Eco Cascadia, Eco Sanctuary, and most

recently Setia Eco Hill are premised on sustainability bringing the philosophy of LiveLearnWorkPlay to new heights.

The Group welcomed another 87 new members to the Auxiliary Police Force, also known as Polis Bantuan S P Setia, which was set up in year 2013. With this second passing out ceremony, the total manpower of Polis Bantuan S P Setia today stands at 200. Having additional police presence in S P Setia's townships will help reduce concerns among residents of crime incidents through a more visible and frequent presence of auxiliary police personnel who will be doing their patrols regularly. All members of the force underwent a training session at PULAPOL Ayer Hitam in Negeri Sembilan from 19 January to 20 March in 2014.

Through the S P Setia Foundation, the Group continues to engage with the communities through various philanthropic activities. S P Setia Foundation continues to nurture students under its Setia Adoption Programme (SAP) and the students' achievements are acknowledged at the UPSR Excellence Award ceremony. The Foundation provides assistance to more than 2,400 primary and secondary school students from 119 schools



CHAIRMAN'S STATEMENT

across Kuala Lumpur, Selangor, Johor, Penang, Kedah, Perlis and Pahang. In recent years, the programme has also extended its reach to Sabah & Sarawak. 2014 is the 13th year since the inception of the Setia Adoption Programme. Since the launch of the Setia Adoption Programme in 2000, the Foundation has spent approximately RM26.6 million to carry out the SAP.

The Foundation also constantly make donations and sponsorships towards education as well as healthcare programmes. In the year under review, the Foundation supported education in the country through provision of a rural hostel to SK Mattunggong in the Kota Marudu constituency, Kudat, Sabah, the installation of an additional awning between two school blocks at SMK Raja Ali which will enable it to accommodate more students during assembly, donations of new school desks and chairs, school books and bags to various schools across the country on top of its contribution to Malaysia's first sign language

dictionary which will finally be able to enhance sign language communication for the hearing impaired community.

Besides its contribution to the education sector, the S P Setia Foundation has donated two haemodialysis machines worth RM83,000 to Eagles Dialysis Centre (EDC) to assist the organisation in continuing with its valuable service to the public. EDC is a non-profit organisation which aims to provide affordable quality dialysis treatment for end-stage kidney failure patients from the urban poor and lower income groups irrespective of race or religion.

The Board recognises that human capital is an organisation's greatest asset and we are constantly seeking ways to reward and retain talents. The Long Term Incentive Plan (LTIP) initiated in FY2013 aims to retain key talents whose contributions are vital to the Group as well as to motivate employees to a greater level of commitment and enhance productivity.

PROSPECTS AND OUTLOOK

As we enter into the new financial year, the Group is cautious but optimistic of the prospects in 2015. Amid the continued property cooling measures, the Group is targeting to maintain our sales target for financial year 2015 ending Oct 31 at RM4.6bil.

We will focus our launches on specific product type such as mid-range homes to meet the current market demands and in land banks that have ready infrastructure and amenities such as Setia Alam and Setia Eco Park as well as projects like Setia EcoHill and Setia Eco Glades that have benefitted from new infrastructure projects such as the Klang Valley Mass Rapid Transit (KVMRT) project.

With a total of 4,610 acres of prime land bank yet to be developed with approximately RM73.6 billion of effective shares in the remaining gross development value, coupled with strong foundation and brand name, S P Setia is positive that we are able to achieve the sales target set for this year.



The foundation constantly make donations and sponsorships towards education as well as healthcare programmes.



Furthermore, the unbilled sales of RM11.1 billion will keep the Group busy for the next two to three years, as well as putting the Group in a solid position to weather any challenges in the coming financial year.

ACKNOWLEDGEMENT

On behalf of the board, I would like to thank our customers, financiers, investors, shareholders, suppliers, contractors, respective government bodies and not least of all, Team Setia, for your continuous support and dedication to S P Setia. Your unwavering support has encouraged us to reach for greater heights and to deliver the best we can offer.

On the other aspect, we are saddened by the departure of a key senior executive of the company effective 1 January 2015 – Dato' Voon Tin Yow, who had served as the Acting President and Chief Executive Officer of S P Setia. Dato' Voon was on the pioneering team of S P Setia and also the driving force behind the Group after he took over the helm from Tan Sri Liew in May 2014. His contribution to the company has been invaluable. We would like to sincerely thank Dato' Voon for his outstanding services and strong leadership for the past two decades, a feat that is not easily replicated. The Board wishes Dato' Voon all the best in his future undertakings.

With the departure of Dato' Voon, the Board also welcomes Dato' CJ Khor to helm Team Setia towards greater successes. Dato' Khor has been with S P Setia since 1995 and has been one of the driving forces behind the successes of S P Setia. Assisting Dato' Khor would be Acting Deputy President and COO, Datuk Wong Tuck Wai, another instrumental figure in the success of S P Setia. Both appointment was effected on 1 January 2015.

Tun Dato' Seri Zaki Bin Tun Azmi
Chairman

**PRESIDENT'S
REPORT**



DEAR VALUED SHAREHOLDERS,

S P Setia recorded strong sales performance with a total combined sales of RM 4.6 billion. The strong financial performance came on the back of strong sales performance from international project launches. With a total unbilled sales of RM11.1 billion as of October 31 2014, we are kept busy in ensuring we deliver our products according to the standard that is expected of the S P Setia brand.

The overall review of financial year 2014 saw S P Setia clocking in strong sales despite a challenging business environment in the markets in which we operate. The Group's ongoing projects in the Klang Valley, Johor, Penang and Sabah contributed a total combined sales of RM2.8 billion while the balance of RM1.8 billion sales came from our international ventures in Singapore, Melbourne, Vietnam and London.

The 40% international sales representation of the overall Group sales validates our decision to strategically diversify into the various carefully selected cities across

the globe. With a growing brand presence overseas especially in the City of London, S P Setia took the opportunity to globally launch Phase 3a of the Battersea Power Station in October of 2014. The launch saw simultaneous exhibitions at various leading cities such as London, Paris, New York, Shanghai, Hong Kong, Singapore, Dubai and not least Kuala Lumpur before moving on to Milan, Tokyo, Beijing and Doha. Carrying the momentum from Phase 1 and Phase 2 of the Battersea Power Station, the take up rate of Phase 3a stands at 50% within three weeks of launch and that is expected to contribute significantly to the FY2015 sales.

DELIVERING PROMISES

For the year under review, S P Setia saw the topping out of two of our maiden overseas venture – 18 Woodsville in Singapore and Fulton Lane in Melbourne. 18 Woodsville is 95% sold with a total unbilled sales of RM187 million while Fulton Lane is 99% sold with total unbilled sales of RM1.4 billion. Both projects will be delivered ahead of scheduled timeline with 18 Woodsville being 4 months ahead of project delivery and Fulton Lane 2 months ahead of practical completion date.

PRESIDENT'S REPORT

Parque Melbourne, the Group's second development in Australia has a total unbilled sales of RM684 million with 100% take up rate as of October 2014. Construction has commenced and the project is expected to complete in FY2017.

Over in Singapore, Eco Sanctuary, also the Group's second development across the Malaysian border is 80% sold with delivery expected in mid FY2016. Eco Sanctuary recorded total unbilled sales of RM810 million.

Total unbilled sales generated by Phase 1 and Phase 2 of the Battersea Power Station is RM3.7 billion, (of which S P Setia's share is RM1.4 billion) and RM2.6 billion (of which S P Setia's share is RM1 billion) respectively. With remarkable 99% take up rate for Phase 1 and 85% take up rate for Phase 2 as of October 2014, the Group is focusing on delivering Phase 1 by FY2016 and Phase 2 by FY2018.

On the local front, S P Setia saw the launch of Circle Collection and Setia Taipan II at our flagship township of Setia Alam. Phase 2 at Setia EcoHill, offered in three designs – Begonia, Bellucia and Bartonina was also launched in 2014 amidst overwhelming response. Over 70% of the 149 units released for sale was taken up by the first day of launch.

In the Southern region of Johor, the long-awaited Altus, the final tower of Setia Sky 88 was also launched. The iconic building also houses a plethora of facilities such as a theatre room, children's centre, infinity swimming pool, a gym, carefully landscaped surrounding, a spa zone, rooftop dining and more. Sales achieved during the year in review stands at RM39 million.

Besides property launches, the Group is steadfast in our commitment to the community. Residents at EcoHill, Semenyih

can look forward to the EcoHill Link which will connect Setia EcoHill directly to the Lekas, SKVE, Silk, PLUS and LDP highways while communities in Eco Glades, Cyberjaya can anticipate a dedicated interchange which is currently under construction. Upon completion, it will make Setia Eco Glades the nearest gateway in Cyberjaya to major highways such as the North-South Expressway Central Link (ELITE) and the Maju Expressway (MEX).



Battersea Power Station



Eco Sanctuary

PRESIDENT'S REPORT



We promote a culture of integrity and mutual trust amongst the team.

FURTHER STAMPING OUR MARK IN THE UK

We were extremely pleased with the launch of Phase 2 and Phase 3a of the Battersea Power Station in May and October 2014 respectively, both receiving overwhelming response from purchasers across the globe, vying to own a part of this iconic development. Majority of the 254 properties in Phase 2 were sold within the first week of sales with 75% of purchasers being UK residents and many of the buyers intending to owner occupy. This speaks volume of the brand trust which S P Setia has built over the past 2 years in the UK.

Phase 3a saw the global launch of two buildings designed by world-renowned architects Gehry Partners and Foster + Partners. The two architectural practices were chosen for the bold and innovative design they had for the new homes and a new pedestrianised retail street in the area to the south of the Power Station, named the Electric Boulevard. Being the gateway to the entire development, Phase 3 will be connecting the Northern Line Extension station with the Power Station itself, and is at the heart of the vibrant new community being created.

Two years into the signing of the contract of sales for the acquisition of the Battersea Power Station, the shareholders' consortium made up of S P Setia, Sime Darby and the Employees Provident Fund (EPF) officially unveiled the Malaysia Square design. Officiated by the Prime Minister of Malaysia, Dato' Sri Najib Razak and the Mayor of London, Mr. Boris Johnson, this national pride, which is a public space at the heart of the Battersea Power Station, further stamps S P Setia's strong branding in the international front. The Malaysia Square is expected to be completed in 2018.

GROWING THE STRENGTH OF TEAM SETIA

At S P Setia, we are ready to inspire our community to Live, Learn, Work and Play to enjoy a balanced and holistic lifestyle. With our growing workforce strength, currently at 1,800 and counting, we aspire to sustain our leadership positions, while inspiring passion and team spirit in our people. We also place emphasis on capital development in terms of competencies such as interpersonal skills, delivering excellent customer service, product innovation and strategic thinking among Team Setia. Above all, we promote a culture of integrity and mutual trust amongst the team.

Succession planning remained a high priority for the organisation. Various talent development and engagement programmes have been in place to ensure that talents are identified and groomed with proper career development path. Another key programme that the Group organises on a bi-annually basis is the CEO dialogue which provides a platform for all employees, including those who are based overseas, to interact with the CEO and key senior management of the company on any issues they might be facing. These sharing of experiences aim to inculcate a sense of belonging as well as managing expectations between the senior management and employees.

Besides the Work aspect, Team Setia is also encouraged to live a work-life balance lifestyle. Various activities such as S P Setia's annual dinner, festive celebration, family day as well as sports and team-building activities are also organised. This foster great rapport amongst the team while employees from different business units get to know each other and work together to make every event a success.

SETTING THE DIRECTION AND STRATEGY FOR FY2015

We aim to retain our position as the top developer in Malaysian in terms of sales. As such, we would hereby like to announce our sales target for FY2015 of RM4.6 billion.

In order to achieve that, the Group will be focusing its attention on marketing our existing stock, set targeted launch as well as launch more mid-range products to suit market demand.

We will be putting in aggressive marketing efforts to sell off the balance stock including the remaining units of Phase 3a of the Battersea Power Station which delivers a GDV of RM5.1 billion (S P Setia's effective share of GDV is RM2.1 billion).

Backed by a massive unbilled sales of RM11.1 billion, S P Setia will look towards delivering properties sold in the past and launch more mid-ranged products. We will also be selectively launching projects with product types that will fare well in 2015. These launches will be focused in areas with established infrastructures and amenities.

Among the key launches in FY2015 include the launch of 1,344 properties with an estimated GDV of RM250 million within the established township of Setia Alam. 1,200 units is expected to be launched under the affordable segment while 144 units will be launched under the mid-range segment. Products in the pipeline for mid-range launches include 3-storey semi-d homes and 3-storey terrace houses while those in the affordable range are Seri Sentosa Apartment and Seri Pinang Apartment.

The demand for property is still very strong as proven by our recent almost sold-out launches of Caffra and Serrata in northern Setia Alam in Q1 of 2015 which saw 100% and 95% take-up rate of Caffra, 3-storey terrace houses and Serrata, 3-storey linked semi-d houses on the first day of launch.

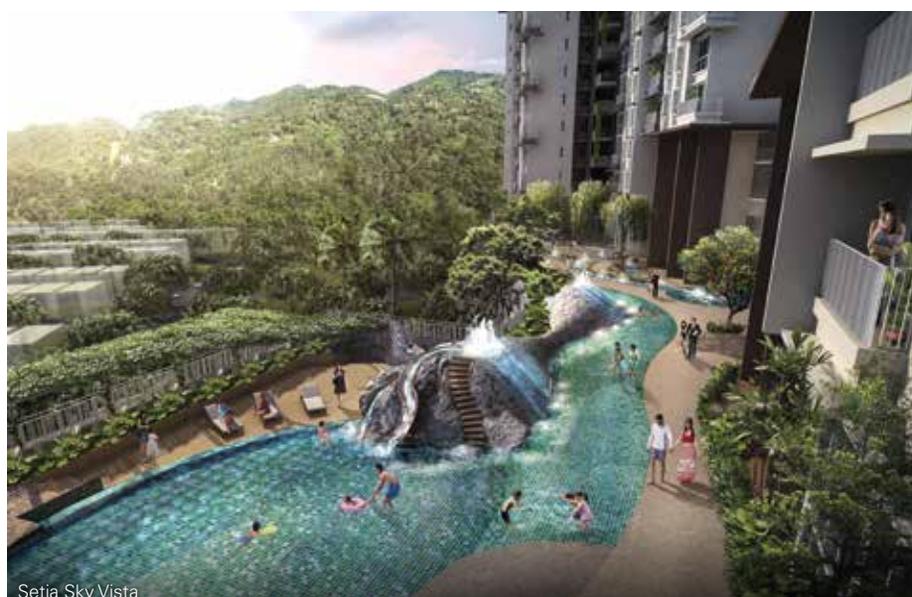
Other mid-range products which will be launched are terrace and superlink homes in Setia EcoHill with an estimated GDV of RM250 million and Setia Sky Vista in Penang with an estimated GDV of RM320 million.

We will also be anticipating our maiden launch of Setia Eco Templer, a 195-acre eco township located in Rawang, just 20 minutes' drive from Kuala Lumpur city centre. Setia Eco Templer is a leasehold gated and guarded estate, where living amidst misty mountains, forest reserve and crafted creeks is made possible at the fringe of Kuala Lumpur. Setia Eco Templer's FY2015 launch GDV is estimated at RM260 million.

I would like to take this opportunity to thank the Board for entrusting me the responsibility of leading Team Setia from hereon. I would also like to thank Team Setia for the commitment and commendable efforts put in to achieve our company vision which is to be the BEST in all we do. I hope we will continue to inspire each other, demonstrating the strength of our team and transferring that energy to our products and services quality. Last but definitely not the least, our customers, without whose support, S P Setia will not be the leading property developer we are in the country today. Thank you and may 2015 take us all onto greater heights.

Dato' Khor Chap Jen

Acting President & Chief Executive Officer



Setia Sky Vista

REVIEW OF OPERATIONS



Setia Alam

KLANG VALLEY

Our projects in Klang Valley recorded strong sales performance with a total combined sales of RM2.1 billion despite the challenging environment in 2014. The projects contributed to this sales are Setia Alam, Setia Eco Park, Setia Sky Residences, KL Eco City, Setia Eco Glades, Setia EcoHill and Setia Putrajaya.

Setia Alam, Shah Alam

S P Setia's flagship township personifying our philosophy of LiveLearnWorkPlay, the 2,525 acre Setia Alam continues to grow with the addition of Seri Mutiara apartment and Setia Taipan II shop lot, both of which are fully taken up. On top of that, Setia Alam also saw the launch of The Circle Collection, comprising completed semi-detached and bungalow units.

With amenities such as Setia City Mall, Setia City Convention Centre and various commercial centres packed with F&B outlets and convenience store in place, Setia Alam township was further equipped with the completion of the access road (P11) at the northern part of the township. The year also saw the handover of Seri Jati and Seri Baiduri Apartment to the respective owners. S P Setia Berhad's corporate headquarter was also completed and the relocation of Team Setia to our new corporate office was completed by Q1 of 2014.

With a growing community at Setia Alam, our team continues to cultivate sustainable values among residents with activities such as the monthly recycling campaign. The community brings in recyclable items such as newspaper, paper and aluminium cans every month.

Setia Eco Park

The multiple award-winning Setia Eco Park continue to draw discerning buyers with its Eco concept. In 2014, Setia Eco Park recorded a sales of RM 133.8 million for the year under review.

Setia Eco Park launched the Nusantara Series comprising 16 units of 2-storey semi-detached homes (sold out) and sold 23 out of 27 units of 2-storey bungalow homes.

Setia Eco Park was also awarded Honours Award by the Institute of Landscape Architects Malaysia (ILAM) Property Developer Award for its carefully crafted landscaping at Rymba Creek.

In the year under review, Setia Eco Park rebranded its 'Wellness Hub' to 'Lifestyle Hub' – which houses Ko Skin Specialist, R.E.A.L Kids, a lifestyle coffee house which saw the addition of 2 new tenants; My Hani Corner and Eco Park Impian Maju.

SetiaWalk, Pusat Bandar Puchong

SetiaWalk marked S P Setia's foray into the arena of commercial developments in year 2008. An innovative all-in-one development, where one embrace the live, learn, work & play philosophy all under the same



Setia Eco Park

REVIEW OF OPERATIONS

roof, SetiaWalk comprises retail outlets, offices, apartments, SOHOs, hotel and entertainment centre, featuring unique retail and office spaces that overlook waterways and fountains form a relaxing place to work, shop and dine. It offers the entire spectrum of lifestyle living, working and entertainment within a safe, comfortable and friendly environment. The development has since matured and is self-sustained.

Setia Sky Residences, Kuala Lumpur

Setia Sky Residences is a freehold luxury service residence with an ultra chic facade inspired by the idea of curtains blowing in the wind and echoing the fluid lines of natural landforms to create a powerful silhouette against the skyline. The landscape design was inspired by the terraced paddy fields of Bali as well as the works of legendary Brazilian landscape architect and artist, Roberto Burle Marx. The development, with a breathtaking view of the Kuala Lumpur city skyline is the epitome of luxury with a spectacular Sky Deck at level 5 and Sky Club at level 33A, offering the biggest facilities floors measuring 120,062 sq. ft. within the KLCC vicinity, when combined. For the year in review, Setia Sky Residences recorded sales of RM828 million.



Setia Sky Residences

KL Eco City, Kuala Lumpur

KL Eco City is a world-class city-within-a-city that exudes extraordinary architectural boldness. This new mixed-use landmark development sits on 25 acres of prime land, and an integrated green luxury development anchored by prime commercial offices, a high-end retail mall, world-class serviced apartments and luxury residential towers.

One key feature of KL Eco City is the high level of connectivity and convenience it provides with the Integrated Rail Hub comprising the existing Abdullah Hukum LRT station, which will be integrated with the new KTM commuter station, to be completed in 2016. A covered pedestrian bridge will further link KL Eco City to The Gardens and Mid Valley City Shopping Mall.

KL Eco City is also flanked by two of the city's busiest thoroughfares – Federal Highway and Jalan Bangsar. Ensuring smooth traffic in and out of the development is a key priority. There will be 6 new ramps and bridges linking KL Eco City's internal two-tier road systems to the highways. Two of the flyovers seen across the Federal Highway are completed up to the superstructure works. Over 75% of the overall infrastructure works have been



KL Eco City

completed and the other ramps around the site are fast taking shape around the project site. The flyovers are expected to be ready well ahead of the handover of the 1st phase of the project in 2016.

The Gross Development Value of KL Eco City is recorded at RM6.5 billion. Half of the total GDV has been launched since the official inauguration in 2011 with 90% of those phases launched sold.

Corporate Office Tower 2, built to achieve GBI Gold accreditation and is designed to meet the high expectations of the MNC & foreign companies, is targeted to be completed by mid-2017. KL Eco City has setup a corporate leasing department well ahead of the completion of this Grade A office tower to market commercial office space to potential tenants.

Setia Eco Glades, Cyberjaya

Setia Eco Glades is one of the latest additions to the booming Cyberjaya. It is developed based on the award-winning Setia Eco Park master plan which includes semi-detached homes, terraces, bungalows, apartments and commercial units surrounded by lush greenery and waterways.

The township offers all the essential features for nurturing a wholesome, vibrant community for people from all walks of life in line with S P Setia's LiveLearnWorkPlay development philosophy. It is encircled by 8 unique fountains and 8 islands where the residences fronting those waterways will enjoy an island resort environment every day.

Setia Eco Glades is designed in such a way that it will help towards minimizing the effects of global warming. To date, a total of 2,000 grown trees and 3,000 saplings have been successfully transplanted, making it possibly the world's largest transplanting and rehabilitation task undertaken by a property developer. Approximately 160 tons of CO² is reduced annually due to this effort.

REVIEW OF OPERATIONS



Bukit Indah

As part of S P Setia's continuous improvement of our products and services with innovative ideas to meet the evolving needs of our customers, Setia Eco Glades signed an agreement with Singapore's ST Electronics to install its state-of-the-art AgilFence Perimeter Intrusion Detection System (PIDS) for the entire Eco Glades' development. The AgilFence PIDS is the first-of-its kind perimeter intrusion detection and security system in the world and is currently adopted by Singapore's Changi Airport.

In FY2014, Setia Eco Glades recorded a total of RM113.4 million in sales.

Setia EcoHill, Semenyih

Created with sustainability in mind, Setia EcoHill is an eco-township located in Semenyih, in the state of Selangor. Setia EcoHill is master-planned and built with myriad of opportunities for residents to lower their energy consumption, complete with a network of pedestrian and bicycle paths, ensuring that facilities are within walking distance, and building energy-saving houses with solar power or renewable energy capabilities.

On top of that, Setia EcoHill has made provisions for a commercial centre as well as a farmer's market to provide opportunities for the nearby organic farms and market gardens to sell their produce directly to the residents, truly ensuring a sustainable lifestyle.

Besides sustainability, connectivity and convenience to residents is also a priority. Construction of the EcoHill Link (interchange to Lekas Highway) was kicked off on December 2013 with target completion date by Q2 2015. Upon completion of the highway, the Kuala Lumpur City Centre is a mere 30 minutes away.

Construction of the next Tenby International School within the township also commenced in October 2014, targeting for completion by September 2016, providing additional convenience to parents.

Setia EcoHill recently saw overwhelming response at the launch of Begonia, Bellucia and Barton link houses with 70% take up rate on the day of the launch. Upcoming launches at Setia EcoHill will be Vircia and Grandlis super link houses targeted for Q1 of 2015.

The project recorded a total of RM762.3 million for the year under review.

JOHOR

The eight ongoing projects which contributed to FY2014 sales in the southern region of Johor are Bukit Indah, Setia Indah, Setia Tropika, Setia Eco Gardens, Setia Eco Cascadia, Setia Business Park I & II and Setia Sky 88. For the year under review, these projects contributed a combined sales of RM500 million.

Bukit Indah Johor

Launched in 1997, Bukit Indah, S P Setia's maiden project in the state of Johor, has matured into a vibrant and verdant township. Located in the heart of Iskandar Malaysia, the township is merely 10 minutes away from the city centre and 10 minutes from Singapore, making it one of the most sought-after addresses in Johor Bahru.

For the year under review, the Group handed over Sky Loft Premium Suites, D'Verde and D'Jardine cluster homes. Bukit Indah recorded total sales of RM177 million in FY2014.

Setia Indah

Setia Indah, S P Setia's mature township in the Tebrau Corridor recorded RM23 million in sales for the year under review. A self-contained integrated township following the success of Bukit Indah, Setia Indah contain an 18-acre Balinese-concept town park, which has since become a hallmark of S P Setia's township developments.

With the handing over of Echelon I and Echelon II and the launch of Sky Oasis Residences, the final project in the masterplan, the township is almost complete. Being the final phase of the township, Sky Oasis Residences achieved remarkable take up, with only limited units available. Designed to combine the sophistication of an urban, luxurious lifestyle with the natural pleasures of lakeside living,

REVIEW OF OPERATIONS



Setia Business Park



Setia Eco Cascadia

Sky Oasis Residences is built to cover an expansive lake lined with manicured grounds surrounded by verdant landscapes with panoramic views of the stunning land and waterscapes which offers residents an experiential lakeside living.

Setia Tropika

With its defining features and groundbreaking designs that lend the homes a contemporary twist yet remain functional for family living, Setia Tropika has gained a reputation of being one of the fastest growing development in Johor Bahru.

Spanning across 740 acres of prime land and strategically located next to the North South Highway, Setia Tropika is known for its striking architectural elements such as rooftop garden terraces, indoor water features, built-in courtyards and double volume porches. The project recorded sales of RM74 million in FY2014.

The year under review also saw the handing over of 116 units of The Glitz cluster homes, 58 units of Livistonia shop offices, 420 units of Sky Garden apartment and 12 units of The Resort bungalows.

Setia Eco Gardens

Winner of the 2009 international FIABCI Prix d'Excellence Best Masterplan Development, Setia Eco Gardens is a 948-acre eco township offering discerning homeowners

an eco-living experience within a tranquil rainforest environment. Each precinct is gated and guarded to ensure privacy and peace of mind.

For the year under review, Setia Eco Gardens won the Excellence Award for sustainable drainage system at 13th International Conference on Urban Drainage for Best Development. On top of that, the township also emerge victorious at the Pertandingan Landskap Peringkat Majlis Perbandaran Johor Bahru Tengah.

In FY2014, Setia Eco Gardens recorded sales of RM85 million.

Setia Business Park I

Featuring a centrally located office, plant or warehouse that is contemporary, well-planned, Setia Business Park is one of the first ecologically friendly industrial zone, located within the bustling Iskandar region of Malaysia. In line with S P Setia's holistic philosophy of LiveLearnWorkPlay in an eco and sustainable manner, Setia Business Park proves that thriving organisations can also be about business efficiency, equipped with notable green features such as North-South orientation and provision of water efficiency and recycling systems.

Setia Business Park I recorded total sales value of RM19 million in FY2014.

Setia Business Park II

Following in the successful footsteps of Setia Business Park I, Setia Business Park II broke new ground in Iskandar Malaysia by setting the benchmark for an eco-friendly development catering specifically to business that has strong green credentials as well as those which required clean manufacturing facilities.

Designed to meet the high environmental standards of green businesses and clean technology industries, Setia Business Park II is 60% completed and ready for business. Phase 1 of Setia Business Park II, comprising 144 units, was sold out within two weeks of its launch, while Phase 2 comprising 100 units, received positive response from industrialists.

For the year under review, Setia Business Park II recorded sales of RM28 million.

Setia Eco Cascadia

This ecologically planned township, also S P Setia's latest addition to its list of successful townships in the Southern region recorded RM55 million in sales for FY2014. Planned and built around a breathtaking waterfall with 15% of the total land area dedicated to greenery, landscaping and cultivation of flora, Setia Eco Cascadia offers lifestyle comparable to living amidst mountains, surrounded by the majesty of the landscape, enveloped by nature.

REVIEW OF OPERATIONS



Setia Sky 88

Setia Sky 88

Touted as the first iconic building in Iskandar Malaysia, Setia Sky 88 luxury service apartment is located approximately two minutes from the Integrated Customs, Immigration and Quarantine (ICIQ) complex in Johor Bahru city centre. Altus, the final tower of Setia Sky 88 which was launch in early FY2014 continues to set new landmark standards in Johor. Setia Sky 88 recorded sales of RM39 million in FY2014.

PENANG

The on-going projects in Penang contributed a combined sales of RM198.9 million in FY2014. The projects are Setia Pearl Island, Setia Greens, 11 Brook Residences and Setia V Residences. With positive response from previous launches, the Group is planning to launch Setia Sky Vista, a condominium development comprising two residential towers, in FY2015.

Setia Pearl Island

Sprawling across 112.6 acres of the former Pearl Island Country Club, Setia Pearl Island is renowned for its six distinctive Isles, each with its own special characteristics and landscaping theme. Since its inception in 2007, the development has since transformed into a green sanctuary for residents. For the year under review, Setia Pearl Island recorded sales of RM41 million.

Setia Greens

Setia Greens is another true personification of S P Setia's eco themed townships which recorded sales of RM26 million in FY2014. One of the first green townships in the northern region to submit for a Green Building Index (GBI) certification, Setia Greens homes are designed to focus on the marvels of natural resources to provide a contemporary co-community that respects the intricate balance between man and the surroundings and offers a safe and environmental-friendly haven for its residents.

11 Brook Residences

11 Brook Residences offer a picturesque yet comfortable retreat away from the hustle and bustle of the city. Featuring exclusive double and triple storey bungalows, the development offers not only a safe, gated and guarded haven for residents but also a serene abode embraced by lush greenery and a river bank board walk. 11 Brook Residences is also proudly the first development in Penang to be awarded the Green Building Index (GBI) GOLD certification, underlying the Group's philosophy of building eco and sustainable developments. 11 Brook Residences recorded sales of RM6.9 million for the year under review.

Setia V Residences

Setia V Residences, built on 1.8 acres of prime freehold land, is one of Penang's most exclusive developments. The luxury condominium, comprising two towers of 48 and 31 storeys, is set to become an iconic landmark along the famed waterfront promenade of Gurney Drive. Targeted for completion in 2016, Setia V Residences has seen good response for its Tower B launch. For the year under review, Setia V Residences recorded RM124 million in sales.



Setia V Residences

REVIEW OF OPERATIONS

SABAH

Aeropod, S P Setia's maiden project in Kota Kinabalu, Sabah contributed RM25 million in sales in FY2014. Recognising the potential of Sabah's state capital, with growth rates of 2.42% and a population that will reach nearly a million in 2020, as well as being the second busiest airport in the nation, the Group ventured into East Malaysia in year 2012. The cohesive masterplan of Aeropod comprises boutique retail offices, SOVO units, hotels, high-rise residential towers, a shopping and lifestyle mall and a transportation hub as well as green parks spread over the 60-acre site. As one of the biggest development in Sabah, it will take up to 10 years to complete.

AUSTRALIA

S P Setia's two projects in Melbourne, Australia – Fulton Lane and Parque – has received incredible results to date. In October 2014, the Group witnessed the topping out of its maiden project in Australia, Fulton Lane, which is expected to commence settlement late February 2015, two months ahead of its scheduled delivery date. Fulton Lane recorded RM265 million sales for the year under review while Parque Melbourne, fully sold recorded RM241 million in sales. Parque is expected to be completed in FY2017.



Parque

VIETNAM

EcoLakes at MyPhuoc and EcoXuan at Lai Thieu are two of S P Setia's projects in Vietnam. A kindergarten facility was set up by a foreign investor in Jan 2015, with the ability to accommodate up to 400 children at EcoLakes. With education being conducted in three languages – English, Chinese and Vietnamese, the facility caters to the needs of the local and expatriates working in My Phuoc Industrial Parks I, II and III. In FY2014, both EcoLakes and EcoXuan recorded total combined sales of RM9 million.

SINGAPORE

FY2014 also witnessed the topping out of 18 Woodville, S P Setia's maiden project in Singapore, slated for completion by mid-2015, four months ahead of schedule. The Group's second development in Singapore – Eco Sanctuary – is nestled within the verdant greenery of Singapore's Central Catchment Nature Reserve, Zheng Hua Garden and reservoirs. The three block luxury condominium is targeted for completion in mid-2016. Both 18 Woodville and Eco Sanctuary recorded combined sales of RM95 million.

UNITED KINGDOM

A 41-acre riverside community made up of all ages and lifestyles, a nexus of culture, commerce, retail and leisure and home to 18-acres of new public space, with its own new Zone 1 underground station, the Battersea Power Station is no longer a stranger to the world. Developed by the consortium consisting of S P Setia, Sime Darby and the Employees Provident Fund (EPF), construction work has commenced on site, where repair work on the iconic chimneys has begun.



Battersea Power Station

Phase 2, the power station itself, was launched in London in May 2014, presenting a unique opportunity to buy a home within this iconic landmark. Majority of the 254 properties were sold within the first week of sales. Designed by award-winning British practice, Wilkinson Eyre Architects, the redevelopment will provide over 2 million square feet of new offices, shops, restaurants, leisure venues and homes, becoming one of the most amazing places in London.

In October 2014, keeping to the momentum from Phase 2 launch, Phase 3a of the Battersea Power Station was launched in an unprecedented global launch in major cities across the world. Phase 3 will be the main gateway to the entire development, connecting the Northern Line Extension Station to the power station itself. 50% of Phase 3a was snapped up at the global launch.

The Group's 40% share in the redevelopment of the Battersea Power Station generated a significant RM1.2 billion in sales in FY2014.

CORPORATE
RESPONSIBILITY



CORPORATE RESPONSIBILITY

S P Setia’s corporate responsibility charter of “Building Sustainable Communities for All” embraces everything S P Setia does, as reflected in the acronym ECO which stands for Environment, Community and Organisation.

Our CSR activities encompass many years of social work carried out through our charity trust, the S P Setia Foundation, which was founded in 2000, under the auspices of S P Setia Berhad. The foundation’s aim is to help underprivileged individuals and charitable bodies. Our key areas of interest are Education, in particular, the Setia Adoption Programme, General and Medical Welfare.

The fund is administered by a Board of Trustees. Our major fundraising activity is the annual charity dinner that has become one of the most highly anticipated and prestigious events of the year. As at 31 October 2014, the Foundation has raised a total of RM65 million, which has been utilised to aid the underprivileged and the deserving throughout Malaysia.

While the Foundation continues to play an important role, we realise that the concept of corporate responsibility encompasses much more than just philanthropy. This led to the framing of our corporate responsibility charter in 2007, to better express our goals and aspirations as a socially responsible corporate entity.



ENVIRONMENT



COMMUNITY



ORGANISATION

Team Setia has raised a total of RM65 million for the foundation, from just the annual charity dinners alone.

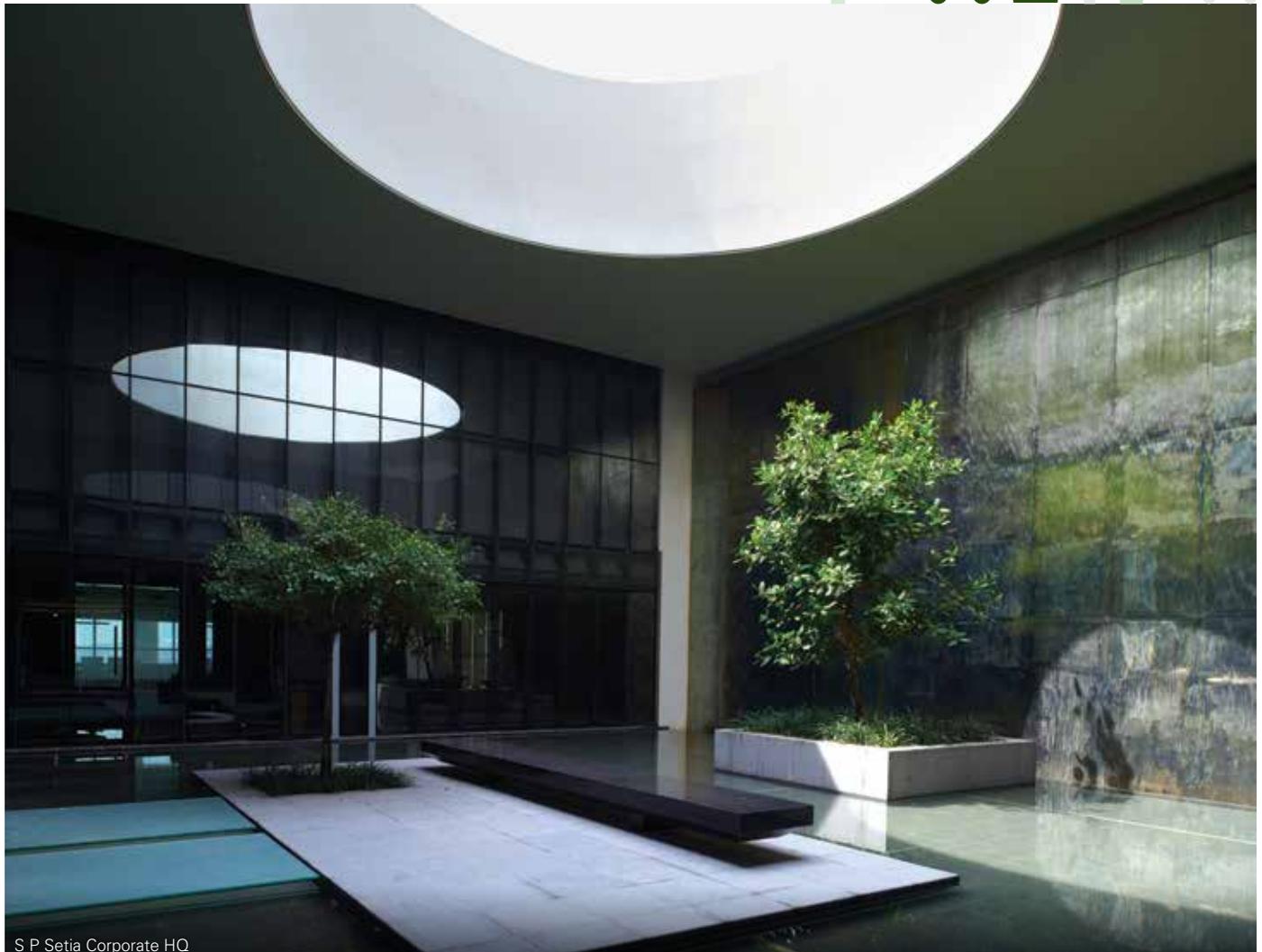




ENVIRONMENT

SUSTAINABLE DEVELOPMENTS

The S P Setia Group is continuously looking for new ways to incorporate sustainability in all our developments. In recent years, we have endeavoured to meet international benchmarks for green architecture as well as sustainable developments, and our efforts are gaining recognition from industry authorities.



S P Setia Corporate HQ

CORPORATE RESPONSIBILITY

In 2014, we achieved a major milestone with the completion of the S P Setia Corporate HQ in Setia City, the town centre of the award-winning township Setia Alam. This green building is only the third building in Malaysia as well as the first private sector corporate office to be accorded a GBI Platinum rating.

The S P Setia Corporate HQ comprises a 9-storey main tower block and a 4-storey annexed building with a combined gross floor area of approximately 370,000 sq ft. This high-tech green building was designed with staff welfare in mind, resulting in expansive, comfortable and egalitarian open-plan spaces with plenty of natural lighting without the heat and glare, as well as beautiful views outside. The design also incorporate many non-standard amenities such as a nursing room on Level 3 of the Annexe building, designated parking lot for expectant mothers, a fully equipped gym and a learning centre.

This year, KL Eco City's Residential Tower 1 (Vogue Suites One) was accorded the BCA Green Mark Gold Certification (Provisional) for incorporating sustainable features within the tower. Among notable energy-efficient examples are lifts equipped with regenerative drive, CO₂ sensors installed in the mechanically ventilated car parks, as well as rainwater harvesting. Environmental protection measures are also in place with the usage of green label materials in the construction of the building.

Setia EcoHill's unique Live Green! concept based on sustainability continued to attract buyers seeking to live responsibly. 2014 saw the launch of a new phase of double-storey terrace houses in this township, which was met with overwhelming response. Interested buyers started to queue early in the morning of the day before launch, for the opportunity to book one of the 149 units released for sale. By the end of the launch, over 70% of the units in the first two parcels, Begonia and Bellucia, had been taken up.



CORPORATE RESPONSIBILITY



Battersea Power Station

On the international front, the Battersea Power Station project in London continues to champion S P Setia's ECO living concept with the promised creation of an estimated 17,000 jobs for the surrounding community upon completion. On top of that, the Battersea Power Station will have its own on-site Learning Academy to provide training and accreditation for the community.

In terms of heritage conservation, every historically important element of the Power Station has been catalogued and photographed to ensure the restoration is as precise as possible. The original brick supplier has been contacted and commissioned to re-create identical bricks for the wall repairs while the ornate glass ceiling of the Control Room and ceramic tiles of the turbine halls are being professionally repaired.

Besides that, a Community Charter has been written to capture all the specific measures being introduced to underpin a strong sense of community between new homeowners and existing neighbours. Battersea Power Station will boast 564 affordable homes as well as medical centres, police accommodation and a nursery.



The development will be served by its own Energy Centre which will provide heating, hot water and cooling, thus saving 6000 tonnes of CO² per year in the process. The Energy Centre has been designed so that it can serve neighbouring buildings in Nine Elms as the Power Station did when it was in operation. Vapour from the Energy Centre will be exhausted via two of the four chimneys when they have been rebuilt.

New habitats are being created for the wide range of established wildlife, including a bespoke nesting tower for the peregrine falcons. At least 25,000 sq. metres of roofs will be green, brown or bio-roofs. Across the site there will be roughly 20 acres of open space with special provision for wildlife such as foraging habitat and wildflower planting.

Besides its focus on sustainable developments and green products, S P Setia is also committed to giving back to the environment through voluntary activities. The Group supported tree-planting activities organised by Dewan Bandaraya Kuala Lumpur (DBKL) to make Taman Metropolitan Batu in Kepong an "Orchard in the City" by sponsoring RM20,000 worth of seedlings and fruit trees. In addition, Team Setia also volunteered to plant 120 fruit tree seedlings in the said orchard.

In 2014, S P Setia was awarded the Malaysia Green Building Confederation (MGBC) Leadership in Sustainability Award, which is presented to organisations with exemplary leadership in promoting the green agenda, having projects fully completed and awarded final GBI (Green Building Index) certification. This award speaks volume of S P Setia's commitment to the environment.

S P Setia is also committed to giving back to the Environment through voluntary activities.





WORLD ENVIRONMENT DAY

Since 2008, the S P Setia Group has been commemorating World Environment Day (WED) in order to create public awareness of major environmental issues.

The #LiveGreenEveryDay campaign launched in 2014 encourages the adoption of a new green habit each month. More than 100 staff of S P Setia were behind the campaign's launch in three different venues of Setia City Mall, Setia Alam; Setia Eco Gardens, Johor and Setia V Residences, Penang.

Adding an interesting twist to getting more people to participate in the campaign, S P Setia organised a flash mob in Setia City Mall that managed to both surprise and delight shoppers as dancers materialised from all corners of the shopping centre to burst into a synchronised environmental theme dance routine.

The flash mob also featured LIVE singing of hits such as Michael Jackson's Heal the World and They Don't Care About Us; Zainal Abidin's Hijau and Stephanie Sun's Green Light. S P Setia staff also distributed the #LiveGreenEveryDay starter kits. The kit contains the campaign's activity calendar for the year starting from June and items that would enable participants to practice green lifestyle the whole year round.

In its activity calendar, June is the month where people are urged to grow a plant. Staff gave away starter kits equipped with a sweet basil plant for this very activity. Other activities in the kit include championing reusable shopping bags; saying no to styrofoam; handkerchiefs over tissue paper and carpooling as the way forward.

In Johor Bahru, a similar flash mob took place on the same day at the S.J.K. (C) PaiTze and Tenby International School Setia Eco Gardens to a crowd of over 1,000 people. While in Penang, the flash mob took place in two different locations, Botanical Gardens and Beach Street, close to the developer's Setia V Residences project.

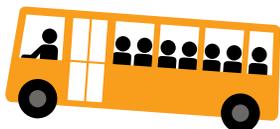
CORPORATE RESPONSIBILITY



COMMUNITY

COMMITMENT TO COMMUNITY

The S P Setia Foundation continued to do excellent work in 2014. As always, its efforts to promote education were exemplary. This year, Setia Adoption Programme marked its 13th year in existence by providing assistance to more than 2,400 primary and secondary school students from 119 schools in Kuala Lumpur, Selangor, Johor, Penang, Kedah, Perlis and Pahang. In recent years, the programme has also extended its reach to Sabah and Sarawak.



The Foundation also provided assistance to schools, helping them to create a more conducive learning environment for students. Its contributions range from providing basic facilities like desks and chairs to enhancements like covered shelters and basketball courts. In SK Matunggong in Kota Marudu, Sabah, the Foundation sponsored the building of a hostel to accommodate 80 students from the interior.

Possibly the Foundation's most interesting contribution to education was the sponsorship of the production of Malaysia's first sign language dictionary, Malaysian Sign Language (MySL) or Kamus Bahasa Isyarat Malaysia (BIM), which was created to help Malaysia's hearing impaired community navigate the areas of communication and education. This project was a joint effort by the hearing impaired community and Universiti Malaya's faculty of Language and Linguistics.

The Foundation also provided support to other charities like Befrienders KL which received a donation of a CCTV, autogate and phone answering system that would enhance the safety of the volunteers as well as their services.

S P Setia's auxiliary police force established in 2013 continues to grow from strength to strength. In the first quarter of 2014, a further 87 auxiliary police personnel were sent for the three-month training course at PULAPOL conducted by PDRM.

This marks the second commissioning ceremony held at Setia City Convention Centre in Setia Alam. The first ceremony held in June last year saw 113 members passing out and deployed across all of S P Setia's projects in the Klang Valley, Johor and Penang to tighten security in S P Setia's developments.

With the second passing out ceremony, the total manpower of Polis Bantuan S P Setia today stands at 200.



On top of our commitment to philanthropic activities, S P Setia is also dedicated to serve the community in which we operate. The Group invested RM70 million to build the Lekas-EcoHill Link which will connect Setia EcoHill to the Lekas, South Klang Valley Expressway (SKVE), Sistem Lingkaran Lebuhraya Kajang (SILK), Projek Lebuhraya Utara-Selatan (PLUS) and Lebuhraya Damansara Puchong (LDP) highways. Targeted to complete by mid-2015, the link will shorten gap between Setia EcoHill in Semenyih to Kuala Lumpur, which will take approximately 15 minutes.

Setia Eco Glades in Cyberjaya was also designed to include a highway which will make the development the nearest gateway in Cyberjaya to major highways such as Maju Express Highway (MEX), North South Central-Link (ELITE), LDP, SKVE and the B15 Road Extension through Dengkil, ensuring utmost convenience and connectivity for EcoHill communities.



Dedicated highway interchange to Setia Eco Glades



EcoHill Link closes the gap between Setia EcoHill and Kuala Lumpur



ORGANISATION

COMMITMENT TO ORGANISATION

S P Setia also continues to invest in our own people and organisation as we believe that this is as important as our philanthropic and community CSR endeavours.

Honing talent, creativity and execution power of Team Setia will continue to be the key to the Group’s success. Human capital development is a high priority with the Group spending 2% of total salary budgeted on trainings on employee development.

In addition, the health and well-being of the staff are also prioritised. The Group organises an annual campaign to promote healthy living. This year, the month-long campaign saw the staff receive daily tips on a range of topics including general health, hygiene, nutrition and exercise, which were supplemented by the distribution of healthy food and snacks.

The Group also spends approximately RM4.3 million yearly to subsidise employees’ lunches as it realises the best time to bond is over a more casual and relaxed environment.

In order to reinforce the sense of camaraderie among Team Setia, annual Family Days and Dinners are also organised. Both events are eagerly anticipated by management and staff alike.

Recognised as the Best of the Best Employer in Malaysia, S P Setia endeavours to continue investing in its most valuable asset – Team Setia, in order to remain Malaysia’s No.1 Property Developer.



CORPORATE CALENDAR



GOLD AWARD IN PROPERTY DEVELOPMENT CATEGORY FOR 3RD CONSECUTIVE YEAR

S P Setia was once again the recipient of the 2014 Putra Brand Gold Award in the Property Development category. This reaffirmed the S P Setia brand as a widely accepted brand among target market as it is measured by consumer preference through a survey consisting of some 6,000 consumers. The Putra Brand Awards is also the only brand awards in the country endorsed by Matrade and supported by the Branding Association of Malaysia (BAM), the Malaysian Advertisers Association (MAA), and the Media Specialists Association (MSA).

On top of the Gold Award in Property Development category, S P Setia is also the proud recipient of the Putra Most Enterprising Brands of the Year, a special award highlighting the brand leadership of the winners.



S P SETIA RECOGNISED FOR ITS EXEMPLARY LEADERSHIP IN SUSTAINABILITY

S P Setia was presented with the Malaysia Green Building Confederation (MGBC) Leadership in Sustainability Award at MGBC's inaugural annual dinner and awards night. The award was presented to organisations with exemplary leadership in promoting the green agenda, having projects fully completed and awarded final GBI (Green Building Index) certification. S P Setia was one of the shortlisted four awards recipients at the ceremony.



6TH INTERNATIONAL RECOGNITION FROM FIABCI PRIX D'EXCELLENCE

Setia City Mall, Malaysia's first green retail mall, was accorded international recognition with the Gold Award in the Retail Category at the Federation of International Real Estate (FIABCI) Prix d'Éxcellence Awards 2014 in Luxembourg, Germany. Setia City Mall is located in S P Setia's 4,000-acre Setia Alam township, has over 740,000 sq ft of nett lettable areas with over 2,500 car parks and 240 retailers over four levels.





S P SETIA – A TRUSTWORTHY BRAND

For the fourth consecutive year, S P Setia was awarded the Reader’s Digest Gold Trusted Brands Award for Property Development. The BrandTrust study is one of the most comprehensive in this region, with over 16 years of collective feedback from consumers.



4TH CONSECUTIVE WIN AT BCI ASIA AWARDS

S P Setia was once again named the Top 10 Property Developers in Malaysia by BCI Asia. The winners were identified as the firms with the greatest aggregate value of projects under construction during the last full calendar year by the extent of their sustainability efforts and Green building ratings.



TOPPING OUT AT 18 WOODSVILLE, S P SETIA’S MAIDEN PROJECT IN SINGAPORE

The topping out ceremony at 18 Woodsville marks a significant milestone for S P Setia’s maiden development in Singapore as it marks the final stages of the structure of the building as well as the Group’s achievement in overseas venture. 18 Woodsville is another project that stays true to S P Setia’s development philosophy of LiveLearnWorkPlay. It is surrounded by prestigious local & international schools, supermarkets, hypermarkets and shopping malls just a few minutes away from the development.



CORPORATE CALENDAR



S P SETIA NAMED ONE OF MALAYSIA'S TOP PROPERTY DEVELOPER

S P Setia emerge as Malaysia's Top Property Developer at the annual The Edge Property Excellence Awards 2014.



SETIA SKY RESIDENCES AWARDED BEST LUXURY CONDO

Setia Sky Residences, sited on 2.4ha of prime freehold land in Kuala Lumpur, clinched the coveted Best Luxury Condo Award (Malaysia) at the prestigious South East Asia Property Awards 2014 held in Singapore. Over 300 entries were shortlisted by BDO Advisory, one of the world's largest auditing firms, which acted as an independent auditor for the awards ceremony and Setia Sky Residences trumped in the said category. Setia Sky Residences also won the Best Luxury Condo for Central Malaysia at the Malaysian chapter of the awards.



FULTON LANE, MELBOURNE TOPPING OUT CEREMONY – CELEBRATION OF S P SETIA'S SUCCESSFUL INTERNATIONAL VENTURE

The Bunga Raya was planted by S P Setia Acting President and CEO Datuk Voon Tin Yow, the Australian gum tree by renowned Australian architect Karl Fender and the olive tree by project builder, the Hickory Group CEO Michael Argyrou, who is of Greek heritage to mark the topping out ceremony at level 45 of Fulton Lane, S P Setia's maiden project in Melbourne, Australia. Fulton Lane is expected to commence settlement by February 2015.





BATTERSEA POWER STATION PROJECT SECURES ONE OF UK’S BIGGEST REAL ESTATE FINANCING

Battersea Power Station successfully closed a syndicated debt facility totalling £1.35 billion. The financing, which is one of the largest real estate financing transactions in recent years, comprises:

- a £750m facility to fund the development of the Power Station building; and
- a £600m facility to fund the development of London’s newest high street, Electric Boulevard, comprising buildings designed by Gehry Partners and Foster + Partners.

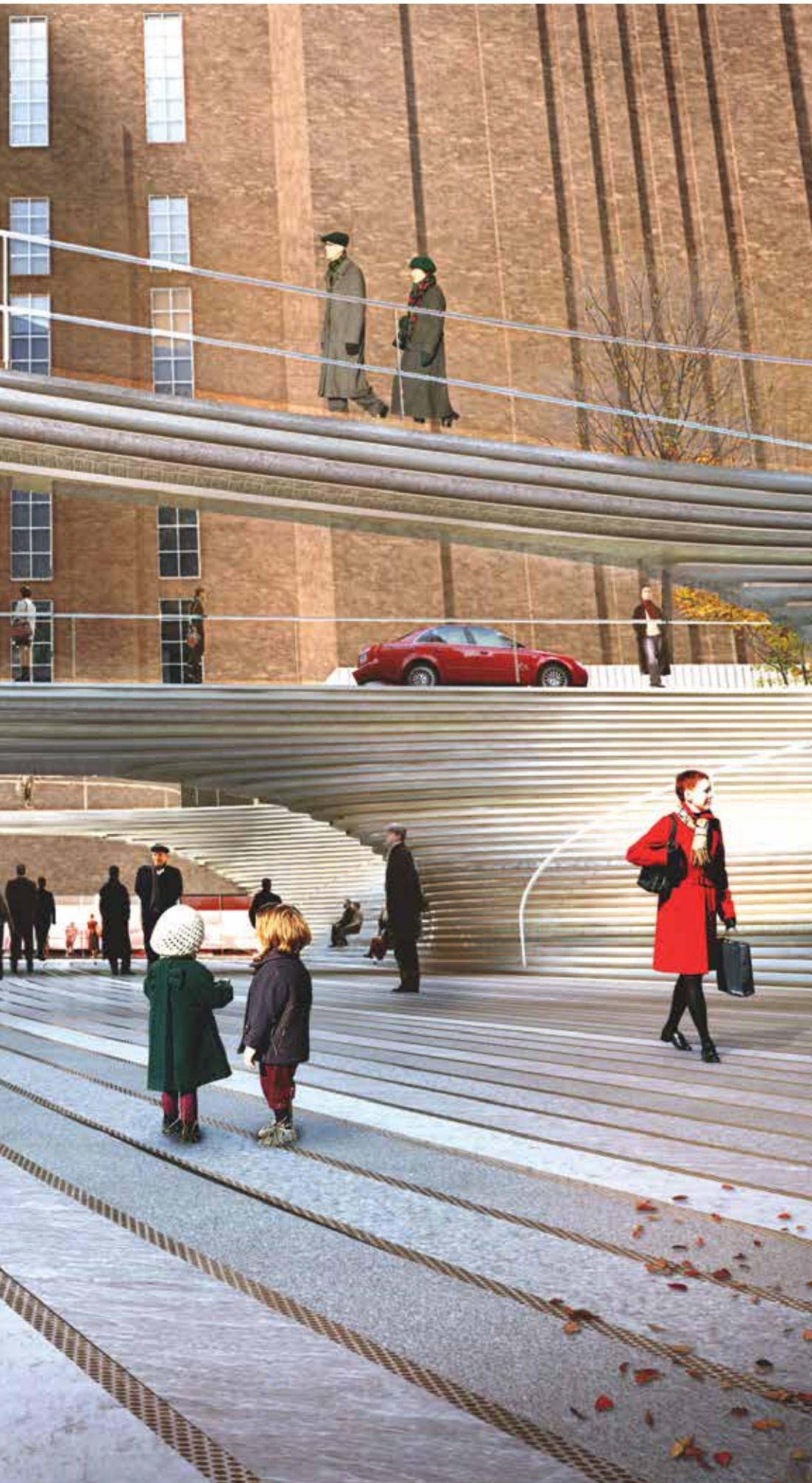


BATTERSEA POWER STATION PHASE 3 GLOBAL LAUNCH

Datuk Rahman Dahlan, Minister of Urban Wellbeing, Housing and Local Government officiated the launch of the global tour at Battersea Power Station in London, United Kingdom. The global launch of Battersea Power Station Phase 3, designed by famed architects Gehry Partners (Prospect Place) and Foster + Partners (Battersea Roof Gardens), kicked off with a simultaneous live screening of the London official launch in Kuala Lumpur, Singapore and Hong Kong. Phase 3a, comprising 539 apartment units, were simultaneously launched in Paris, New York, Shanghai, Singapore, Hong Kong and Kuala Lumpur followed by sales in Dubai, Tokyo, Los Angeles, Beijing, Doha and Milan.







CORPORATE GOVERNANCE

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Information of Malaysia Square

The sinuous shapes of Malaysia Square, conceived as a two-level urban canyon with integrated bridges and stairways, is inspired by the famed Mulu Caves in Sarawak, a UNESCO World Heritage Site renowned for the largest and most spectacular network of limestone caves on earth. At the same time the design also celebrates Malaysian culture and heritage with colourful terrazzo layering system making reference to traditional Malaysian textile weaving while the glass blocks between each step is a modern interpretation of the Wayang Kulit, showcasing traditional and contemporary artworks.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (“Board”) is committed to maintain good corporate governance throughout S P Setia Berhad (“the Company”) and group of companies (“the Group”) for long-term sustainable business growth and to safeguard, protect and enhance shareholders’ value.

The following describes how the Group has applied the principles set out in the Malaysian Code on Corporate Governance 2012 (“Code”) and except where stated otherwise, its compliance with the recommendations of the Code for the year ended 31 October 2014.

1. THE BOARD OF DIRECTORS

1.1 Roles and Responsibilities

The Board is responsible for the overall governance of the Group and plays an active role in determining the long term direction and strategy of the Group in order to enhance shareholders’ value.

The responsibilities of the Board include defining and determining the strategic direction, directing future expansion, implementing corporate governance, identifying principal risk and ensuring the implementation of appropriate systems to manage these risk, human resource planning and development, reviewing investments made by the Company, overseeing the proper conduct of business, reviewing the adequacy and the integrity of the Company’s internal control system and management information system. The Executive Directors together with the Executive Vice Presidents of the Group are accountable for the day-to-day management of financial and operational matters of the Group.

The Board has delegated 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 respective Committees report to the Board on matters discussed and deliberated and make recommendations to the Board for final decision. The Board Committees include Audit Committee, Nomination Committee, Remuneration Committee, Risk Management Committee and Long Term Incentive Plan Committee. The minutes of Committee meetings are tabled to the Board to keep the Board apprised of matters being considered and deliberated by the respective Committees.

The composition of the Board Committees are set out on page 25 of this Annual Report.

1.2 Code of Conduct and Business Ethics

The Company has formalised a Code of Conduct and Business Ethics (“Code of Conduct”) to actively promote and establish a corporate culture which promotes ethical conduct that permeates throughout the Group. The Code of Conduct serves as a road map to help guide actions and behaviors while working for and/or dealing with the Company to maintain high standards of business ethics and encourage performance with integrity. Provisions covered include relationships between Staff and Management, the Company and Customers, Suppliers, Vendors and Contractors. All employees are required to read, understand, accept and abide by the terms of Code of Conduct and all new staff are briefed on the requirements of the Code of Conduct as part of the Company’s induction programme. The Code of Conduct is actively and effectively communicated via the Company’s intranet and is also subject to regular review and updates, as necessary, by the Risk Management Committee.

1.3 Sustainability

The Board is committed to build a sustainable business by taking into consideration the impact on the environment, social and governance aspect of business operations. The Group’s corporate responsibility charter, “Building Sustainable Communities for All” was launched in 2007.

CORPORATE GOVERNANCE STATEMENT**1.4 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. The agenda and board papers are circulated to the Board members 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 annual business 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.

The Chairman of the Audit Committee and Risk Management Committee would report the outcome of the committee meetings to the Board and such reports are incorporated as part of the minutes of the Board meetings.

All Directors have direct and unrestricted 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.

1.5 Board Charter

The Board has formalised and adopted a Board Charter which sets out the roles and responsibilities of the Board. The Board will review the Board Charter as and when required to ensure compliance with the regulations.

1.6 Board Composition

As at 31 October 2014, the Board consisted of thirteen (13) members of whom two (2) were Executive Directors, eight (8) were Independent Non-Executive Directors and three (3) were Non-Independent Non-Executive Directors. The composition of the Board fulfills the prescribed requirement for at least one third (1/3) of the Board to be independent as stated in Paragraph 15.02 of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements"). Mr Ng Soon Lai @ Ng Siek Chuan is the Senior Independent Non-Executive Director. The profiles of the Directors are set out on page 34 to page 46 of this Annual Report.

During the financial year, to further strengthen the current mix of the Board, four (4) new Non-Executive Directors, namely Dato' Halipah Binti Esa, Dato' Ahmad Pardas Bin Senin, Tan Sri Dato' Seri Alauddin Bin Dato' Md Sheriff and Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob were appointed to the Board of the Company. The new members of the Board provide the Group with a wealth of knowledge and experience to draw on with a comprehensive mix of skills which include accounting, financial, technical, legal and business expertise that is important for the continued successful direction of the Group.

The composition of the Board reflects a balance of Executive and Non-Executive Directors with a mix of highly qualified and experienced individuals who have distinguished themselves in the legal, financial, engineering, accounting, banking and public service arenas. This combination of different professionals and skills provide much insight and a diversity of perspectives to lead and guide the Group in an increasingly complex and competitive business environment.

CORPORATE GOVERNANCE STATEMENT

1.7 Board Meetings

The Board meets at least four (4) times a year at quarterly intervals with additional meetings convened as and when necessary to approve quarterly financial results, business plans, budgets and other business development activities. The Board meetings for the whole year are scheduled in advance at the beginning of each financial year to enable the Board members to plan their schedules accordingly. Senior Management is invited to attend the Board meetings as and when necessary to brief the Board on proposals submitted for the Board's consideration. All proceedings of the Board meetings are duly minuted, approved and signed by the Chairman of the Meeting. Any Director who has a direct or indirect interest in the subject matter to be discussed during Board meetings will declare his or her interest and abstain from the decision making process.

During the financial year under review, six (6) Board meetings were held and the attendance record for each Director is as follows:-

Name of Director	Total Meetings Attended	Percentage of Attendance (%)
Tun Dato' Seri Zaki Bin Tun Azmi	6/6	100
Tan Sri Dato' Sri Liew Kee Sin <i>(resigned on 30 April 2014)</i>	3/3	100
Dato' Voon Tin Yow	6/6	100
Dato' Teow Leong Seng <i>(resigned on 15 June 2014)</i>	4/4	100
Dato' Khor Chap Jen	6/6	100
Tan Sri Lee Lam Thye <i>(resigned on 20 January 2014)</i>	1/2	50
Mr Ng Soon Lai @ Ng Siek Chuan	5/6	83
Tan Sri Dato' Hari Narayanan A/L Govindasamy	6/6	100
Datuk Ismail Bin Adam	5/6	83
Dato' Noor Farida Binti Mohd Ariffin	5/6	83
Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin	6/6	100
Encik Zainal Abidin Bin Jamal	5/6	83
Dato' Halipah Binti Esa <i>(appointed on 29 August 2014)</i>	2/2	100
Dato' Ahmad Pardas Bin Senin <i>(appointed on 17 September 2014)</i>	1/1	100
Tan Sri Dato' Seri Alauddin Bin Dato' Md Sheriff <i>(appointed on 15 October 2014)</i>	N/A*	N/A
Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob <i>(appointed on 15 October 2014)</i>	N/A*	N/A

* There were no Board meetings held from 16 October 2014 to 31 October 2014.

All the Directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated by the Listing Requirements and the Company's Articles of Association.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at the Board meetings.

CORPORATE GOVERNANCE STATEMENT

1.8 Nomination Committee

The Nomination Committee comprises entirely of Independent Non-Executive Directors. Members of the Nomination Committee are listed on page 25 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. The Nomination Committee will also ensure that women candidates are sought to meet the gender diversity policy as recommended by the Corporate Governance Blueprint 2011. During the financial year, one (1) new woman director was appointed to the Board, thus increasing the total number of woman directors to 2 directors, representing 15% of the Board.

During the financial year, the Nomination Committee reviewed the proposed appointment of new Directors prior to making recommendation for the Board's approval. The Nomination Committee also assisted the Board in the assessment of the independence of Independent Non-Executive Directors.

1.9 Appointment and Re-election to the Board

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board shall retire from office at least once every three (3) years but shall be eligible for re-election at the next Annual General Meeting ("AGM"). The Directors to retire in each year are those who have been longest in office since their last election or appointment. Pursuant to Section 129(6) of the Companies Act, 1965 ("Act"), the office of a director of or over the age of seventy (70) years becomes vacant at every AGM unless he is re-appointed by a resolution passed at such an AGM of which no shorter notice than that required for the AGM has been given and the majority by which such resolution is passed is not less than three-fourths of all members present and voting at such an AGM. The office of Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin is subject to such vacancy and he is available for re-appointment at the forthcoming AGM of the Company.

1.10 Reinforce Independence

The Board acknowledges the importance of Independent Non-Executive Directors, who provide objectivity, impartiality and independent judgement to ensure that there is an adequate check and balance on the Board. The Independent Non-Executive Directors ensure that business and investment proposals presented by management are fully deliberated and examined. They perform a key role by providing unbiased and independent views, advice and judgment, which take into account the interests of the Group and all its stakeholders including shareholders, employees, customers, business associates and the community as a whole.

Although the Code recommends that the tenure of an Independent Director shall not exceed nine (9) years cumulatively, the Board, after deliberating the matter, have included a provision in the Board Charter which states that the tenure of an Independent Director, unless approved by the shareholders for such further period, shall not exceed a cumulative term of twelve (12) years. Upon completion of the twelve (12) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director or upon approval being obtained from the shareholders.

During the year, the Board assessed the independence of the Independent Non-Executive Directors and was satisfied that they could continue to bring sound, independent and objective judgment to board deliberations through active participation in discussions in decision making by the Board and their ability to act in the best interest of the Company. In view thereof, the Board recommends and supports the resolutions for the re-election of Independent Non-Executive Directors which will be tabled for shareholders' approval at the forthcoming AGM of the Company.

1.11 Division of roles and responsibility between Chairman and President/Chief Executive Officer

There is a clear division of responsibilities between the Chairman and the President/Chief Executive Officer ("CEO") to ensure a balance of power and authority. The Group is led by the President/CEO who is responsible for the overall management of the Group, ensuring that strategies, policies and matters set by the Board are effectively implemented. The Chairman, who is an Independent Non-Executive Director is responsible for conducting meetings of the Board and shareholders and ensuring all Directors are properly briefed during Board discussions and shareholders are informed of the subject matters requiring their approval. All Directors are jointly responsible for determining the Group's strategic business direction.

CORPORATE GOVERNANCE STATEMENT

1.12 Directors' Training

All Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities. During the financial year, Directors and Senior Management attended the following training programmes and seminars to further broaden their perspective, skills, knowledge and to keep abreast of the relevant changes in law, regulations and the business environment:-

- (1) Board Chairman Series : The Role of The Board Chairman;
- (2) Enhanced Understanding of Risk Management and Internal Control Workshop;
- (3) Common Breaches of Listing Requirements with Case Study & New Amendments to Listing Requirements;
- (4) PNB Nominee Directors' Convention 2014 : Managing Stakeholder Activism Expectation in the Competitive & Fast Changing Business Trends;
- (5) Corporate Governance Statement Reporting Workshop;
- (6) Briefing session on:-
 - Personal Data Protection Act 2010
 - Construction Industry Payment and Adjudication Act 2012
 - Competition Act 2010;
- (7) Housing Development in Klang Valley : Current Policies and Sharing Best Practices;
- (8) Anti-Money Laundering and Anti-Terrorism Financing for Directors and Senior Management;
- (9) Nominating Committee Program;
- (10) Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers;
- (11) Workshop on ASEAN Corporate Governance Scorecard;
- (12) Presentation & Public Speaking for Business Leader Workshop;
- (13) Great Companies Deserve Great Boards;
- (14) Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) Refresher Session;
- (15) Corporate Governance, The Best Bet;
- (16) PNB Investment Series: Global Competitiveness and The Malaysian Experience;
- (17) Board Education Session on Intervention and Failure Resolution Readiness;
- (18) ASEAN Fixed Income Summit; and
- (19) Breakfast Series with Beverly Behan: How Good Boards Become Great and How Great Boards Stay That Way.

Apart from participating in various discussion sessions and workshops, Tun Dato' Seri Zaki Bin Tun Azmi had delivered lectures at St Catherine's College, Oxford University, England and University Malaysia Sabah in year 2014.

The Directors will continue to undergo other relevant training programmes and seminars from time to time as they consider necessary to equip themselves with the relevant knowledge and ideas to discharge their duties effectively.

1.13 Succession Planning

During the financial year ended 31 October 2014, Tan Sri Dato' Sri Liew Kee Sin resigned as the President/CEO of the Company on 30 April 2014 followed by Dato' Teow Leong Seng who resigned as the Chief Financial Officer of the Company on 15 June 2014. Dato' Voon Tin Yow, the then Deputy President/Chief Operating Officer ("COO"), assumed the role of the Acting President/CEO effective 1 May 2014 arising from the departure of Tan Sri Dato' Sri Liew Kee Sin and has tendered his resignation as the Acting President/CEO of the Company with effect from 1 January 2015. Dato' Khor Chap Jen, who is the current Acting Deputy President/COO, will assume the position of Acting President/CEO of the Company with effect from 1 January 2015 and Datuk Wong Tuck Wai will assume the position as the Acting Deputy President/COO concurrently. The changes above were part of the management succession plan approved by the Board to ensure smooth transition of management and continued success of the Group.

2.0 DIRECTORS' REMUNERATION

The Company's remuneration policy for Directors is designed to enable the Company to attract and retain experienced and knowledgeable individuals of the caliber needed to support the Company's ambitious expansion plans in line with its overall objective of delivering long-term value to its shareholders. The remuneration packages are structured to incentivize and encourage creativity and innovation appropriate for a property, infrastructure and construction company.

CORPORATE GOVERNANCE STATEMENT

2.1 Remuneration Procedures

The Remuneration Committee, consisting wholly of Independent Non-Executive Directors, recommends to the Board the remuneration package for the Executive Directors. The remuneration package for Executive Directors is structured on the basis of linking rewards to corporate and individual performance. Performance is measured against the results achieved by the Group and individual achievement against targets set at the beginning of each year. 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.

In the case of Non-Executive Directors, the remuneration package is determined by the Board as a whole, based on the experience and level of expertise and responsibilities undertaken by the Non-Executive Directors concerned. The respective Non-Executive Directors will abstain from discussing their own remuneration.

2.2 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) 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.

(c) Fees and Other Emoluments

Non-Executive Directors are remunerated by way of Fees and Other Emoluments based on the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned. Fees payable to Non-Executive Directors are subject to shareholders' approval at the AGM.

(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 2014 are as follows:-

		Basic Salary	Bonus	Fees	Other Emoluments	Benefits-in-Kind	Total
		(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Executive Directors							
1.	Tan Sri Dato' Sri Liew Kee Sin (resigned on 30 April 2014)	3,362	7,392	-	-	2,841	13,596
2.	Dato' Voon Tin Yow	4,860	5,174	-	-	488	10,522
3.	Dato' Teow Leong Seng (resigned on 15 June 2014)	1,052	1,552	-	-	168	2,773
4.	Dato' Khor Chap Jen	1,966	1,762	-	-	7	3,735

CORPORATE GOVERNANCE STATEMENT

Non-Executive Directors		Basic Salary (RM'000)	Bonus (RM'000)	Fees (RM'000)	Other Emoluments (RM'000)	Benefits-in-Kind (RM'000)	Total (RM'000)
1.	Tun Dato' Seri Zaki bin Tun Azmi	-	-	154	1,018	7	1,179
2.	Tan Sri Lee Lam Thye <i>(resigned on 20 January 2014)</i>	-	-	34	542	4	580
3.	Ng Soon Lai @ Ng Siek Chuan	-	-	154	174	-	328
4.	Tan Sri Dato' Hari Narayanan a/l Govindasamy	-	-	154	292	-	446
5.	Datuk Ismail bin Adam	-	-	154	155	-	309
6.	Dato' Noor Farida binti Mohd Ariffin	-	-	154	-	-	154
7.	Tan Sri Dato' Dr Wan Zahid bin Mohd Noordin	-	-	154	-	-	154
8.	Zainal Abidin bin Jamal	-	-	69	-	-	69
9.	Dato' Halipah binti Esa <i>(appointed on 29 August 2014)</i>	-	-	10	-	-	10
10.	Dato' Ahmad Pardas bin Senin <i>(appointed on 17 September 2014)</i>	-	-	7	-	-	7
11.	Tan Sri Dato' Seri Alauddin Bin Dato' Md Sheriff <i>(appointed on 15 October 2014)</i>	-	-	3	-	-	3
12.	Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob <i>(appointed on 15 October 2014)</i>	-	-	3	-	-	3

3.0 ACCOUNTABILITY AND AUDIT

3.1 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.

The Directors are required by the Act 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 2014, 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.

The Statement of Directors' Responsibility is also enclosed on page 214 of the Annual Report.

CORPORATE GOVERNANCE STATEMENT

3.2 Relationship with External Auditors

The external auditors play an important role in ensuring the reliability of the Company's financial statements and providing the assurance of accuracy to shareholders. The Board via the Audit Committee maintains a formal and transparent professional relationship with the Group's external auditors. The role of the Audit Committee in relation to the auditors is described in the Audit Committee Report set out on page 90 to page 91 of this Annual Report.

3.3 Risk Management and Internal Control

The Board maintains a sound risk management framework and system of internal control to safeguard shareholders' investment and the Group's asset. The Statement on Risk Management and Internal Control which provides an overview of the state of internal controls within the Group is set out on pages 93 to 94 of this Annual Report.

3.4 Internal Audit Function

The Group has an in-house Internal Audit Department known as Governance Advisory Department that reports directly to the Audit Committee. The internal audit function is described in the Audit Committee Report set out on page 92 of this Annual Report.

4.0 TIMELY AND HIGH QUALITY DISCLOSURE

4.1 Corporate Disclosure Policy

The Company is committed to ensure that all information such as corporate announcements, circular to shareholders and financial results are disseminated to the general public in a timely and accurate manner.

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.

4.2 Leverage on information technology

The Group maintains a website which serves as a forum for the general public to access information on the latest developments. Corporate presentations, annual report, corporate announcements and financial information utilised during analyst and fund manager briefings are also available on the Group's website.

5.0 SHAREHOLDERS

5.1 AGM and Extraordinary General Meeting ("EGM")

The Company's AGM and EGMs remain the principal forum for dialogue and communication with shareholders, in particular private investors. Shareholders are encouraged to attend each AGM and EGM 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. Presentations will also be given by the President/CEO to brief shareholders on project updates or proposals for which the approval of shareholders is being sought. All Board members, Senior Management and the Group's external auditors as well as the Company's adviser are available to respond to shareholders' questions during the AGM/EGM as the case may be. In accordance with the Articles of Association, voting at general meetings will be conducted by show of hands or by poll if so demanded by the shareholders or Chairman of the meeting. Poll voting will be carried out in resolutions involving related party transactions as required by the Listing Requirements.

CORPORATE GOVERNANCE STATEMENT

5.2 Communications between the Company and Investors

The Company values the importance of having effective communication with its shareholders and investors.

Information disseminated is clear, relevant and comprehensive, 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 Investor Relations Department plays an important role in providing ongoing updates on the Group's development activities and conducting regular dialogues and discussions with fund managers, financial analysts, shareholders and media. 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. Media are also invited to attend the Company's major events and property launches where briefings are given on the relevant projects. Currently, the Company is covered by 21 local and foreign research houses and brokerages. The Company will continue to participate in investor conferences/roadshows locally and abroad.

A press conference is held after each AGM where the President/CEO, Deputy President/COO and Chief Financial Officer 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:-

- (i) Mr Ng Soon Lai @ Ng Siek Chuan
Chairman of the Audit Committee and Senior Independent Director
E : siekchuan54@gmail.com
- (ii) Ms Lee Wai Ngan
Ms Chan Toyee Ying
Company Secretaries
E : systems@ssassociates.com.my
T : 03-2161 5466
F : 03-2163 6968

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

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

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Reallocation RM'000	Balance unutilised RM'000
Existing projects and general working capital requirements	550,000	(347,893)	-	202,107
Future expansion plans	181,900	(182,992)	1,092	-
Repayment of bank borrowings	200,000	(200,000)	-	-
Estimated expenses for the Corporate Exercise	10,958	(9,866)	(1,092)	-
Total	942,858	(740,751)	-	202,107

CORPORATE GOVERNANCE STATEMENT

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year ended 31 October 2014, the Company did not issue any options, warrants or convertible securities except for the Employee Share Grant Plan ("ESGP") and Employee Share Option Scheme ("ESOS") issued under the Long Term Incentive Plan ("LTIP") and the Dividend Reinvestment Plan ("DRP"). Further information on the ESGP and ESOS is set out in the Directors' Report and Note 22 of the Annual Audited Financial Statements for FY2014 in this Annual Report.

During the financial year ended 31 October 2014, 58,715,748 and 7,528,522 new ordinary shares of RM0.75 each have been issued pursuant to the DRP at an issue price of RM2.59 and RM3.15 per share respectively.

Brief details on the number of Shares and options granted, vested and outstanding since the commencement of the LTIP on 10 April 2013 and during FY2013 and FY2014 are set out in the table below:

For the period from 10 April 2013 to 31 October 2013	Total	Executive Director/CEO	Senior Management	Other Entitled Employees
ESGP				
Number of Shares granted ('000)	17,035	896	3,354	12,785
Number of Shares vested ('000)	-	-	-	-
Number of Shares lapsed ('000)	(521)	-	-	(521)
Number of Shares outstanding as at 31 October 2013 ('000)	16,514	896	3,354	12,264
ESOS				
Number of Options granted ('000)	80,864	25,600	55,264	-
Number of Options exercised ('000)	-	-	-	-
Number of Options lapsed ('000)	-	-	-	-
Number of Options outstanding as at 31 October 2013 ('000)	80,864	25,600	55,264	-
For the period from 1 November 2013 to 31 October 2014	Total	Executive Director/CEO	Senior Management	Other Entitled Employees
ESGP				
As at 1 November 2013 ('000)	16,514	896	3,354	12,264
Number of Shares granted ('000)	13,110	300	2,608	10,202
Number of Shares vested ('000)	(4,064)	(203)	(759)	(3,102)
Number of Shares lapsed ('000)	(5,145)	(505)	(1,166)	(3,474)
Number of Shares outstanding as at 31 October 2014 ('000)	20,415	488	4,037	15,890
ESOS				
As at 1 November 2013 ('000)	80,864	25,600	55,264	-
Number of Options granted ('000)	3,312	-	3,312	-
Number of Options exercised ('000)	(9,311)	(4,800)	(4,511)	-
Number of Options lapsed ('000)	(27,193)	(12,800)	(14,393)	-
Number of Options outstanding as at 31 October 2014 ('000)	47,672	8,000	39,672	-

CORPORATE GOVERNANCE STATEMENT

Maximum Allowable Allocation of the LTIP

Based on the LTIP By-Laws, the aggregate number of Shares comprised in the LTIP Awards to be awarded to a selected person in accordance with the LTIP shall be determined at the discretion of the LTIP Committee subject to the following:-

- i. The total number of new Shares made available under the LTIP shall not exceed 15% of the issued and paid-up share capital of the Company (excluding treasury shares, if any) at the point in time when an LTIP Award is offered; and
- ii. Not more than ten percent (10%) of the total new Shares to be issued under the LTIP at the point in time when an LTIP Award is offered be allocated 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 (excluding treasury shares, if any).

As of 31 October 2014, 22.4% of the Shares granted pursuant to the ESGP (excluding number of shares lapsed) have been granted to the Executive Director/CEO and Senior Management during FY2014 and since the commencement of the LTIP.

Options under the ESOS were granted only to the Executive Director/CEO and Senior Management of the Company during FY2014 and since the commencement of the LTIP.

NON-AUDIT FEES

The amount of non-audit fee incurred for the services by the external auditors and their affiliated companies to the Group for financial year 31 October 2014 amounted to RM427,697.

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 41(a) of the financial statements.

RECURRENT RELATED PARTY TRANSACTIONS

At the Thirty Ninth AGM of the Company held on 20 March 2014, the Company had obtained the approval from its shareholders 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 20 March 2014 and will continue until the conclusion of the forthcoming AGM of the Company.

At the forthcoming AGM to be held on 26 March 2015, 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 4 March 2015 attached to this Annual Report.

AUDIT COMMITTEE REPORT

Members of The Audit Committee

Ng Soon Lai @ Ng Siek Chuan (*Chairman & Senior Independent Non-Executive Director*)

Tan Sri Dato' Hari Narayanan a/I Govindasamy (*Independent Non-Executive Director*)

Datuk Ismail bin Adam (*Independent Non-Executive Director*)

All three (3) members of the Audit Committee ("AC") are Independent Non-Executive Directors. Mr Ng Soon Lai @ Ng Siek Chuan, who is the Senior Independent Non-Executive Director of the Company, is the Chairman of the AC. Mr Ng is also a qualified chartered accountant and the Fellow of the Institute of Chartered Accountants in England and Wales. The composition of the AC is in compliance with Paragraph 15.09 of Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements").

Terms of Reference

1.0 PURPOSE

The primary objectives of the AC (as a sub-committee of the Board) are 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 AC shall be appointed by the Directors amongst their numbers, who fulfils the following requirements:
 - composed of no fewer than 3 members;
 - all members must be Non-Executive Directors, with a majority of them being independent directors;
 - all members should be financially literate and at least one member must be a member of the Malaysian Institute of Accountants or have the relevant qualifications and experience as specified in the Listing Requirements.
- ii. The Chairman of the AC shall be an Independent Director.

3.0 REPORTING RESPONSIBILITIES

The AC 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 deem fit.

4.0 ATTENDANCE AT MEETINGS

- i. The Chief Financial Officer, Group Financial Controller, Chief Internal Auditor and representatives of the External Auditors will normally attend meetings.
- ii. Other Directors and employees may attend any particular AC meeting only upon the invitation of the AC specific to the relevant meeting.
- iii. The Company Secretary shall be the secretary of the AC.

AUDIT COMMITTEE REPORT

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 AC should meet with the External Auditors without Executive Board members and management present at least twice a year.

The AC 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 AC should engage on a continuous basis with Senior Management such as the Chief Executive Officer, Chief Financial Officer, Chief Internal Auditor and External Auditors in order to keep abreast of matters affecting the Group.

The AC held four (4) meetings during the financial year ended 31 October 2014. The details of attendance of the AC members are as follows:

Name of AC Member	Total attendance of meetings
Ng Soon Lai @ Ng Siek Chuan	4/4
Tan Sri Dato' Hari Narayanan a/l Govindasamy	3/4
Datuk Ismail bin Adam	4/4

The Chief Financial Officer, Chief Internal Auditor and External Auditors have attended the above said meetings together with the AC 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 AC 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 AC 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 AC if it considers this necessary.

8.0 DUTIES

The duties of the AC 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 cognisance 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 AC During The Year

The AC met four (4) times during the financial year ended 31 October 2014. The activities of the AC for the financial year were as follows:

- (a) Reviewed the quarterly financial results announcements and the year end financial statements of the Group prior to the Board's approval, focusing particularly on:
 - the overall performance of the Group;
 - the prospects for the Group;
 - the changes and implementation of major accounting policies and practices;
 - compliance with accounting standards and other legal requirement; and
 - financial impact from the implementation of the Goods and Services Tax to the Group and provisions made in the financial statements of the Group.
- (b) Discussed significant audit findings in respect of the financial statements of the Group for the financial year ended 31 October 2013 with the External Auditors;
- (c) Reviewed the audit plan for the financial year ended 31 October 2014 with the External Auditors including audit fees. The AC also reviewed the declaration of independence by the External Auditors in respect of the audit for the financial year ended 31 October 2014.
- (d) Reviewed the reports prepared by the Internal Auditors on the state of internal control of the Group;
- (e) Reviewed the related party transactions entered into by the Company and the Group; and
- (f) Met with the External Auditors twice without the presence of Executive Board members and management.

AUDIT COMMITTEE REPORT

Internal Audit Function

The Group has an in-house Internal Audit Department known as Governance Advisory Department that reports directly to the AC. The AC 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 included, 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 recommended improvements to the existing system of controls; and
- Reviewed related party transactions.

Arising from the above activities, Internal Audit reports, incorporating the audit finding, audit recommendation and management response were issued to the AC. Follow-up audit was also conducted and the status of implementation on the agreed upon action plans were highlighted to the AC.

The total cost incurred for the internal audit function for the financial year ended 31 October 2014 was approximately RM2.32 million.

Statement on Long Term Incentive Plan (“LTIP”)

The second allocation of shares and options to the eligible employees of S P Setia Berhad Group under the LTIP of the Company was made on 31 October 2014. In view thereof, the AC will review and verify such allocation to ensure that it has been made in accordance with the eligibility and entitlement criteria determined by the LTIP Committee and that the shares and options have been granted in accordance with the By-Laws in the financial year ending 31 October 2015.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 Group's Risk Management Framework is outlined in the Risk Management Policy. The Framework adopts a structured and integrated approach in managing key business risks with the aim of safeguarding the shareholders' interests and the Group's assets.

In September 2014 the Board has reorganized the composition of the Risk Management Committee in line with the best practices as outlined in the Statement on Risk Management and Internal Control. The Committee consists of at least three (3) Board members, two (2) of whom are independent non-executive directors. The Committee is to be chaired by the independent non-executive director.

The Committee coordinates the overall risk management activities within the Group and reports to the Board on a quarterly basis on significant risk issues.

Internal Audit Function

The Group has an in-house Internal Audit Department, known as Governance Advisory Department, which provides reasonable assurance on the efficiency and effectiveness of risk management and internal control systems. A description of the activities of the Internal Audit function can be found in the Audit Committee report included in this Annual Report.

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 review the effectiveness of the Group's system of internal control on behalf of the Board. This is accomplished through the review of the Governance Advisory Department's work, which focused on areas of high priority as identified by risk assessment and in accordance with the annual audit plan approved by the Audit Committee.
- b) The framework of the Group's system of internal control and key procedures include the following:
 - There is an organisation structure in place, 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- There is strategic planning, annual budgeting and target-setting process, which include forecasts for each area of business with detailed reviews at all levels of operations.
- Actual performance compared with budget is reviewed with detailed explanation provided for 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 discuss on the Group's financial performance, business development, management issues and corporate issues.
- Standard Operating Procedures which include policies and procedures within the Group are continuously reviewed and 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 behaviour 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. However, the Group's interest is served through representations on the Board of the respective Associate Companies and Jointly Controlled Entities.

Assurance From Management

The Board has also received reasonable assurance from the President/Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control systems are operating adequately and effectively, in all material respects, based on the risk management framework adopted by the Group.

Review of The Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report for the financial year ended 31 October 2014. Based on their review, the external auditors have reported to the Board that nothing had come to their attention that causes them to believe that the Statement on Risk Management and Internal Control is inconsistent with their understanding of the processes the Board has adopted in the review of the adequacy and integrity of the risk management and internal control of the Group.

FINANCIAL STATEMENTS

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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	: S P Setia Bhd Corporate HQ No.12, Persiaran Setia Dagang Setia Alam, Seksyen U13 40170 Shah Alam Selangor Darul Ehsan

DIRECTORS' REPORT

For The Year Ended
31 October 2014

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 2014.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities of the subsidiary companies are indicated in note 6 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
Net profit for the financial year	516,719	328,734
Attributable to:		
Owners of the Company	405,676	296,668
Holders of Perpetual bond	32,066	32,066
Non-controlling interests	78,977	-
	516,719	328,734

DIVIDENDS

At the Extraordinary General Meeting of the Company held on 20 March 2014, the shareholders of the Company resolved to approve the Company's Dividend Reinvestment Plan ("DRP").

The DRP provides an option to the shareholders to reinvest either all or a portion of the declared dividends in new shares in lieu of receiving cash. Shareholders who elect not to participate in the option to reinvest, will receive the entire dividend wholly in cash.

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

- (a) A single-tier final dividend of 7 sen per ordinary share of RM0.75 each amounting to RM172,109,858 in respect of the financial year ended 31 October 2013 which was approved by the shareholders at the 39th Annual General Meeting of the Company held on 20 March 2014. A total of 58,715,748 new ordinary shares of RM0.75 each were issued at an issue price of RM2.59 per share under the DRP and the remaining portion of RM20,036,070 was paid in cash; and
- (b) A single-tier interim dividend of 4 sen per ordinary share of RM0.75 each amounting to RM100,907,016 in respect of the financial year ended 31 October 2014. A total of 7,528,522 new ordinary shares of RM0.75 each were issued at an issue price of RM3.15 per share under the DRP and the remaining portion of RM77,192,172 was paid in cash.

The directors now recommend a single tier final dividend of 5.7 sen per ordinary share of RM0.75 each amounting to RM144,684,887 in respect of the financial year ended 31 October 2014. The financial statements for the current financial year do not reflect this proposed dividend, which if approved by the shareholders at the 40th Annual General Meeting of the Company, will be accounted for in equity as an appropriation of retained earnings for the financial year ending 31 October 2015.

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 108 to 110 to the financial statements.

DIRECTOR'S REPORT

For the year ended 31 October 2014

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from RM1,844,034,189 to RM1,903,748,516 by way of:

- (a) Issuance of 66,244,270 new ordinary shares of RM0.75 each pursuant to the DRP that provides shareholders with an option to reinvest their cash dividend in new ordinary shares at the following issue prices:

Issue price	(RM)	1st DRP	2nd DRP
		2.59	3.15
No. of shares issued		58,715,748	7,528,522

- (b) Allotment of 4,063,556 new ordinary shares of RM0.75 each pursuant to the exercise of Employee Share Grant Plan ("ESGP"); and

- (c) Issuance of 9,311,276 new ordinary shares of RM0.75 each pursuant to the exercise of Employee Share Option Scheme ("ESOS") at the following option prices:

Exercise price	(RM)	ESOS 1	ESOS 2
		3.07	3.03
No. of shares issued		9,099,250	212,026

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

On 13 December 2013, the Company issued RM609 million in nominal value of unrated subordinated Islamic Perpetual Notes ("Perpetual bond").

EMPLOYEE SHARE GRANT PLAN AND EMPLOYEE SHARE OPTION SCHEME

The Company's Long Term Incentive Plan ("LTIP" or "Scheme") is governed by the By-Laws which was approved by the shareholders on 28 February 2013 and is administered by the LTIP Committee which is appointed by the board of directors, in accordance with the By-Laws. The LTIP shall be in force for a period of 5 years to 9 April 2018, unless extended further.

The LTIP comprises the ESGP and ESOS. The salient features, terms and details of the LTIP are disclosed in note 22 to the financial statements.

During the financial year, the Company granted 1,491,300 shares under the ESGP to eligible executive directors and eligible employees of the Company and/or its eligible subsidiaries. The details of the shares and options granted under LTIP and its vesting conditions are disclosed in note 22 to the financial statements.

DIRECTOR'S REPORT

For the year ended 31 October 2014

The Company has been granted an exemption by the Companies Commission of Malaysia from having to disclose the names who have been awarded LTIP in aggregate of less than 450,000 shares. The names of option holders who were awarded LTIP shares of RM0.75 each of 450,000 and more during the financial year are as follows:

	– No. of share options under the ESOS of RM0.75 each –				At 31.10.2014
	At 1.11.2013	Granted	Exercised	Lapsed	
Dato' Voon Tin Yow	9,600,000	-	(4,800,000)	(4,800,000)	-
Dato' Teow Leong Seng	8,000,000	-	-	(8,000,000)	-
Dato' Khor Chap Jen	8,000,000	-	-	-	8,000,000
Datuk Ong Kek Seng	8,000,000	-	(2,000,000)	-	6,000,000
Datuk Wong Tuck Wai	8,000,000	-	-	-	8,000,000
Yap Kok Weng	8,000,000	-	-	-	8,000,000
Hoe Mee Ling	1,260,000	-	-	(1,260,000)	-
Datuk Koe Peng Kang	1,238,000	-	-	-	1,238,000
Tan Hon Lim	1,125,000	-	-	-	1,125,000
Norhayati Bt Subali	1,125,000	-	(200,000)	-	925,000
Chan Meng Yeong @ Paul Chan	450,000	-	-	-	450,000
Choong Kai Wai	450,000	-	-	-	450,000
Tan Cheng Yong	450,000	-	(450,000)	-	-
Soh Hee Pin	450,000	-	-	-	450,000
Sri Ram A/L Sivasambu	-	720,000	-	-	720,000
Choy Kah Yew	-	450,000	-	-	450,000
Lam Shuh Pow	-	450,000	-	-	450,000

DIRECTORS

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

Tun Dato' Seri Zaki Bin Tun Azmi
 Dato' Voon Tin Yow
 Dato' Khor Chap Jen
 Tan Sri Dato' Hari Narayanan A/L Govindasamy
 Datuk Ismail Bin Adam
 Mr Ng Soon Lai @ Ng Siek Chuan
 Dato' Noor Farida Binti Mohd Ariffin
 Tan Sri Dato' Dr Wan Mohd Zahid Bin Mohd Noordin
 Encik Zainal Abidin Bin Jamal
 Dato' Halipah Binti Esa (appointed on 29 August 2014)
 Dato' Ahmad Pardas Bin Senin (appointed on 17 September 2014)
 Tan Sri Dato' Seri Alauddin Bin Dato' Md Sheriff (appointed on 15 October 2014 and resigned on 16 December 2014)
 Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob (appointed on 15 October 2014)
 Dato' Zuraidah Binti Atan (appointed on 16 December 2014)
 Tan Sri Lee Lam Thye (resigned on 20 January 2014)
 Tan Sri Dato' Sri Liew Kee Sin (resigned on 30 April 2014)
 Dato' Teow Leong Seng (resigned on 15 June 2014)

DIRECTOR'S REPORT

For the year ended 31 October 2014

DIRECTORS' INTEREST IN SHARES AND LTIP

The following directors who held office at the end of the financial year had an interest in shares in the Company and its related corporations 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 1.11.2013	Acquisition	Disposal	At 31.10.2014
Dato' Voon Tin Yow - direct	29,898	4,913,485	-	4,943,383
Dato' Khor Chap Jen - direct	-	92,400	-	92,400

The following directors had an interest in LTIP during the financial year as follows:

	– No. of shares under the ESGP –				
	As at 1.11.2013	Granted	Vested	Lapsed	At 31.10.2014
Dato' Voon Tin Yow	336,000	-	(110,880)	(225,120)	-
Dato' Khor Chap Jen	280,000	-	(92,400)	-	187,600

	– No. of share options under the ESOS –			
	As at 1.11.2013	Exercised	Lapsed	At 31.10.2014
Dato' Voon Tin Yow	9,600,000	(4,800,000)	(4,800,000)	-
Dato' Khor Chap Jen	8,000,000	-	-	8,000,000

None of other directors in office at the end of the financial year had any interest in the Company or its related corporations during the financial year.

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 benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements or the fixed salary of a full-time employee of the Company as shown in note 35 to the financial statements) 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 41 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 than those arising from the shares or share options granted under the LTIP.

DIRECTOR'S REPORT

For the year ended 31 October 2014

OTHER STATUTORY INFORMATION

- (a) Before the statements of financial position and statements of comprehensive income 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.
- (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 Group or of the Company 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 Group or of the Company which has arisen since the end of the financial year.
- (d) No contingent or other liability of the Group or of the Company 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 Group or of the Company 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.

DIRECTOR'S REPORT

For the year ended 31 October 2014

HOLDING COMPANY

The directors regard Permodalan Nasional Berhad, a company incorporated in Malaysia, as the Company's holding company.

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 16 December 2014

DATO' VOONTIN YOW

Director

Kuala Lumpur

DATO' KHOR CHAP JEN

Director

**INDEPENDENT
AUDITORS' REPORT**
To The Members Of S P Setia
Berhad (Incorporated In Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of S P Setia Berhad, which comprise the statements of financial position as at 31 October 2014 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 105 to 213 (except for Note 52).

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 of financial statements that gives a true and fair view 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 give a true and fair view of the financial position of the Group and of the Company as of 31 October 2014 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT

To The Members Of S P Setia Berhad (Incorporated In Malaysia)

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 accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 6 to the financial statements.
- (c) We are satisfied that the accounts 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 audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in note 52 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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: 001954
Chartered Accountants

CHONG FAH YOW

No. 3004/07/16 (J)
Chartered Accountant

Date: 16 December 2014

Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION

31 October 2014

	Note	31.10.2014 RM'000	Group 31.10.2013 RM'000 Restated	1.11.2012 RM'000 Restated	31.10.2014 RM'000	Company 31.10.2013 RM'000 Restated	1.11.2012 RM'000 Restated
ASSETS							
Non-current assets							
Property, plant and equipment	2	135,118	122,512	88,286	19	83	144
Investment properties	3	700,205	613,559	450,191	1,749	1,759	1,769
Land held for property development	4	4,643,294	4,620,800	3,948,959	-	-	-
Concession assets	5	100,107	52,129	11,708	-	-	-
Investments in subsidiary companies	6	-	-	-	1,891,181	1,750,463	1,389,246
Investments in associated companies	7	94,101	1,689	1,891	94,149	650	650
Investments in jointly controlled entities	8	657,653	506,353	527,710	34,049	34,428	36,501
Other investments		-	-	337	-	-	-
Amounts owing by subsidiary companies	9	-	-	-	2,437,922	1,886,452	1,473,831
Amount owing by a former joint venture partner	11	14,398	14,380	13,714	-	-	-
Deferred tax assets	13	172,706	192,847	117,124	-	6	214
Total non-current assets		6,517,582	6,124,269	5,159,920	4,459,069	3,673,841	2,902,355
Current assets							
Property development costs	14	2,982,007	2,573,270	1,671,395	-	-	-
Gross amount due from customers	15	14,859	641	15,638	-	-	-
Inventories	16	46,043	23,566	22,025	-	-	-
Accrued billings	17	201,002	116,279	148,648	-	-	-
Trade receivables	18	433,404	700,770	515,066	-	5,959	5,959
Amounts owing by subsidiary companies	9	-	-	-	741,493	916,646	798,280
Amounts owing by jointly controlled entities	12	315,088	139,218	79,927	158,298	77,200	5,553
Amounts owing by associated companies	10	-	9,283	-	-	9,280	-
Other receivables, deposits and prepayments	19	109,550	104,396	122,207	3,824	2,470	6,005
Current tax assets		76,044	29,764	21,359	8,527	62	4,454
Deposits	20	1,165,099	940,560	518,272	872,214	740,930	431,174
Cash and bank balances	21	1,246,941	1,229,971	962,011	51,848	4,191	31,306
Total current assets		6,590,037	5,867,718	4,076,548	1,836,204	1,756,738	1,282,731
TOTAL ASSETS		13,107,619	11,991,987	9,236,468	6,295,273	5,430,579	4,185,086

STATEMENTS OF FINANCIAL POSITION

31 October 2014

	Note	31.10.2014 RM'000	Group 31.10.2013 RM'000 Restated	1.11.2012 RM'000 Restated	31.10.2014 RM'000	Company 31.10.2013 RM'000 Restated	1.11.2012 RM'000 Restated
EQUITY AND LIABILITIES							
Equity							
Share capital	22	1,903,748	1,844,034	1,504,250	1,903,748	1,844,034	1,504,250
Share premium (non-distributable)		2,290,486	2,128,696	1,113,480	2,290,486	2,128,696	1,113,480
Share based payment reserve (non-distributable)		43,363	23,529	242	43,363	23,529	242
Warrants reserve (non-distributable)		-	-	28,904	-	-	28,904
Exchange translation reserve (non-distributable)		11,958	3,070	1,468	-	-	-
Retained earnings		1,609,026	1,476,367	1,345,290	324,736	301,085	266,323
Equity attributable to owners of the Company		5,858,581	5,475,696	3,993,634	4,562,333	4,297,344	2,913,199
Perpetual bond	23	622,998	-	-	622,998	-	-
Non-controlling interests		310,101	255,238	217,122	-	-	-
Total equity		6,791,680	5,730,934	4,210,756	5,185,331	4,297,344	2,913,199
Non-current liabilities							
Long term borrowings	25	3,387,935	3,336,264	1,945,689	500,000	700,000	-
Redeemable cumulative preference shares	24	55,768	74,831	85,104	-	-	-
Deferred tax liabilities	26	10,769	6,233	2,420	3	-	-
Total non-current liabilities		3,454,472	3,417,328	2,033,213	500,003	700,000	-
Current liabilities							
Gross amount due to customers	15	163	2,311	6,022	-	-	-
Trade payables	27	772,167	572,555	509,420	15	6,754	8,791
Progress billings	17	656,119	913,320	493,611	-	-	-
Amounts owing to subsidiary companies	9	-	-	-	129,717	163,411	93,548
Other payables and accruals	28	495,753	671,902	407,502	8,638	4,343	20,916
Short term borrowings	29	879,403	581,064	1,413,197	440,000	240,000	850,000
Redeemable cumulative preference shares	24	-	-	6,616	-	-	249,584
Bank overdrafts	30	51,656	60,875	106,111	31,569	18,727	49,048
Current tax liabilities		6,206	41,698	50,020	-	-	-
Total current liabilities		2,861,467	2,843,725	2,992,499	609,939	433,235	1,271,887
Total liabilities		6,315,939	6,261,053	5,025,712	1,109,942	1,133,235	1,271,887
TOTAL EQUITY AND LIABILITIES		13,107,619	11,991,987	9,236,468	6,295,273	5,430,579	4,185,086

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For The Year Ended 31 October 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Revenue	31	3,810,102	3,261,159	-	-
Cost of sales	32	(2,702,488)	(2,225,485)	-	-
Gross profit		1,107,614	1,035,674	-	-
Other operating income	33	173,624	122,822	403,104	391,282
Selling and marketing expenses		(169,478)	(188,911)	(41)	(87)
Administrative and general expenses		(251,395)	(223,707)	(22,213)	(41,219)
Share of results of jointly controlled entities		(77,867)	(29,476)	-	-
Share of results of associated companies		(94)	(162)	-	-
Finance costs	34	(59,966)	(57,825)	(41,556)	(40,469)
Profit before tax	35	722,438	658,415	339,294	309,507
Tax expense	36	(205,719)	(173,983)	(10,560)	(23,115)
Profit for the year		516,719	484,432	328,734	286,392
Other comprehensive income, net of tax: <i>(Items that may be reclassified subsequently to profit or loss)</i>					
Exchange differences on translation of foreign operations		8,867	1,592	-	-
Total comprehensive income for the year		525,586	486,024	328,734	286,392
Profit attributable to:					
Holders of Perpetual bond		32,066	-	32,066	-
Non-controlling interests		78,977	66,084	-	-
Owners of the Company		111,043	66,084	32,066	-
		405,676	418,348	296,668	286,392
		516,719	484,432	328,734	286,392
Total comprehensive income attributable to:					
Holders of Perpetual bond		32,066	-	32,066	-
Non-controlling interests		78,956	66,074	-	-
Owners of the Company		111,022	66,074	32,066	-
		414,564	419,950	296,668	286,392
		525,586	486,024	328,734	286,392
Basic earnings per share (sen)	37	16.3	18.0		
Diluted earnings per share (sen)	37	16.2	17.8		

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 October 2014

Note	Attributable to owners of the Company									
	Non-distributable					Distributable				
	Share capital RM'000	Share premium RM'000	Share-based payment reserve RM'000	Warrants reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual bond RM'000	Non- controlling interests RM'000	Total equity RM'000
Balance at 31.10.2012	1,504,250	1,113,480	242	28,904	(2,686)	1,399,684	4,043,874	-	(4,754)	4,039,120
Effects of adoption of FRS 10	50	-	-	-	-	(28,639)	(28,639)	-	221,876	193,237
Effects of adoption of FRS 11	50	-	-	-	4,154	(25,755)	(21,601)	-	-	(21,601)
Balance at 31.10.2012 (restated)	1,504,250	1,113,480	242	28,904	1,468	1,345,290	3,993,634	-	217,122	4,210,756
Total other comprehensive income for the year, represented by exchange differences on translation of foreign operations	-	-	-	-	1,602	-	1,602	-	(10)	1,592
Profit for the year	-	-	-	-	-	418,348	418,348	-	66,084	484,432
Transactions with owners:										
Acquisition of additional equity interest in subsidiary companies	-	-	-	-	-	(35,641)	(35,641)	-	(8,158)	(43,799)
Dividends paid	38	-	-	-	-	(254,477)	(254,477)	-	-	(254,477)
Dividends declared to non-controlling interests of subsidiary company	-	-	-	-	-	-	-	-	(19,800)	(19,800)
Issuance of ordinary shares:										
- exercise of Warrants	99,259	322,750	-	(26,299)	-	-	395,710	-	-	395,710
- Placement	240,525	702,333	-	-	-	-	942,858	-	-	942,858
Share issuance expense	-	(9,867)	-	-	-	-	(9,867)	-	-	(9,867)
Share-based payment under the Employees' Long Term Incentive Plan ("LTIP")	-	-	23,529	-	-	-	23,529	-	-	23,529
ESOS lapsed	-	-	(242)	-	-	242	-	-	-	-
Warrants lapsed	-	-	-	(2,605)	-	2,605	-	-	-	-
Balance at 31.10.2013 (restated)	1,844,034	2,128,696	23,529	-	3,070	1,476,367	5,475,696	-	255,238	5,730,934

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 October 2014

Note	----- Attributable to owners of the Company -----									
	----- Non-distributable -----					Distributable				
	Share capital	Share premium	Share-based payment reserve	Warrants reserve	Exchange translation reserve	Retained earnings	Total	Perpetual bond	Non-controlling interests	Total equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 31.10.2013 (restated)	1,844,034	2,128,696	23,529	-	3,070	1,476,367	5,475,696	-	255,238	5,730,934
Total other comprehensive income for the year, represented by exchange differences on translation of foreign operations	-	-	-	-	8,888	-	8,888	-	(21)	8,867
Profit for the year	-	-	-	-	-	405,676	405,676	-	78,977	484,653
Issuance of Perpetual bond	-	-	-	-	-	-	-	609,000	-	609,000
Distribution for the year	-	-	-	-	-	-	-	32,066	-	32,066
Distribution paid	-	-	-	-	-	-	-	(18,068)	-	(18,068)
Transactions with owners:										
Issuance of ordinary shares										
- DRP	49,683	126,105	-	-	-	-	175,788	-	-	175,788
- exercise of ESGP	3,048	9,751	(12,799)	-	-	-	-	-	-	-
- exercise of ESOS	6,983	26,345	(4,751)	-	-	-	28,577	-	-	28,577
Share issuance expense	-	(411)	-	-	-	-	(411)	-	-	(411)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(614)	(614)
Liquidation of subsidiaries	-	-	-	-	-	-	-	-	821	821
Dividends paid	38	-	-	-	-	(273,017)	(273,017)	-	-	(273,017)
Dividends declared to non-controlling interests of subsidiary company	-	-	-	-	-	-	-	-	(24,300)	(24,300)
Share-based payment under the LTIP	-	-	37,384	-	-	-	37,384	-	-	37,384
Balance at 31.10.2014	1,903,748	2,290,486	43,363	-	11,958	1,609,026	5,858,581	622,998	310,101	6,791,680

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 October 2014

Note	<----- Non-distributable ----->			Distributable			Total RM'000
	Share capital RM'000	Share premium RM'000	Share-based payment reserve RM'000	Warrants reserve RM'000	Retained earnings RM'000	Perpetual bond RM'000	
Balance at 31.10.2012	1,504,250	1,113,480	242	28,904	266,323	-	2,913,199
Total comprehensive income for the year, represented by profit for the year	-	-	-	-	286,392	-	286,392
Transactions with owners:							
Dividends paid	38	-	-	-	(254,477)	-	(254,477)
Issuance of ordinary shares:							
- exercise of Warrants	99,259	322,750	-	(26,299)	-	-	395,710
- Placement	240,525	702,333	-	-	-	-	942,858
Share issuance expense	-	(9,867)	-	-	-	-	(9,867)
Share-based payment under the LTIP	-	-	23,529	-	-	-	23,529
ESOS lapsed	-	-	(242)	-	242	-	-
Warrants lapsed	-	-	-	(2,605)	2,605	-	-
Balance at 31.10.2013	1,844,034	2,128,696	23,529	-	301,085	-	4,297,344
Total comprehensive income for the year, represented by profit for the year	-	-	-	-	296,668	-	296,668
Issuance of Perpetual bond	-	-	-	-	-	609,000	609,000
Distribution for the year	-	-	-	-	-	32,066	32,066
Distribution paid	-	-	-	-	-	(18,068)	(18,068)
Transactions with owners:							
Dividends paid	38	-	-	-	(273,017)	-	(273,017)
Issuance of ordinary shares:							
- DRP	49,683	126,105	-	-	-	-	175,788
- exercise of ESGP	3,048	9,751	(12,799)	-	-	-	-
- exercise of ESOS	6,983	26,345	(4,751)	-	-	-	28,577
Share issuance expense	-	(411)	-	-	-	-	(411)
Share-based payment under the LTIP	-	-	37,384	-	-	-	37,384
Balance at 31.10.2014	1,903,748	2,290,486	43,363	-	324,736	622,998	5,185,331

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For The Year Ended 31 October 2014

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	722,438	658,415	339,294	309,507
Adjustments for:				
Allowance for doubtful debts no longer required	(3,597)	(76)	(1,410)	(8,013)
Bad and doubtful debts	59	1,995	53	30
Development expenditure written off	-	303	-	-
Depreciation of property, plant and equipment and investment properties	28,259	20,959	58	71
Gain on disposal of property, plant and equipment	(15,804)	(696)	(27)	-
Gain on disposal of investment properties	(39,614)	(9,192)	-	-
Loss on disposal of unquoted investment	-	40	-	-
Loss/(Gain) on disposal of subsidiary companies	146	(878)	(304)	-
Loss on liquidation of subsidiary companies	2,215	-	-	-
(Gain)/Loss on disposal of an associated company	(207)	2	(1,258)	-
Loss on liquidation of an associated company	62	-	-	-
Property, plant and equipment written off	259	6,077	-	-
Amortisation of bond discounts	-	-	-	416
Share of losses in jointly controlled entities	77,867	29,476	-	-
Share of losses in associated companies	94	162	-	-
Interest income from financial assets measured at amortised cost	-	(652)	(3,711)	(5,273)
Interest expense on financial liabilities measured at amortised cost	7,444	9,322	-	-
Loss from fair value adjustment of financial assets	-	-	2,136	18,331
Gain from fair value adjustment of financial liabilities	(9,449)	(19,933)	-	(119)
Share-based payment	37,384	23,529	9,261	9
Unrealised foreign exchange loss/(gain)	306	(1,096)	-	-
Interest expense	52,522	48,503	41,556	40,053
Dividend income	-	-	(244,989)	(253,368)
Interest income	(75,871)	(50,050)	(145,538)	(115,065)
Rental income	(14,700)	(10,408)	-	-
Operating profit/(loss) before working capital changes	769,813	705,802	(4,879)	(13,421)
Changes in property development costs	187,288	152,073	-	-
Changes in accrued billings/progress billings	(343,420)	450,983	-	-
Changes in gross amount due from/to customers	(14,906)	13,366	-	-
Changes in inventories	(20,850)	(444)	-	-
Changes in receivables	304,166	(177,022)	4,920	3,535
Changes in payables	(12,046)	41,856	(4,268)	(17,427)
Cash generated from/(used in) operations	870,045	1,186,614	(4,227)	(27,313)
Rental received	1,810	726	-	-
Interest received	36,163	21,455	72	331
Interest paid	(196,729)	(147,111)	(1,084)	(1,304)
Net tax paid	(263,048)	(262,849)	(19,016)	(16,715)
Net cash generated from/(used in) operating activities	448,241	798,835	(24,255)	(45,001)

STATEMENTS OF CASH FLOWS

For the year ended 31 October 2014

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to land held for property development	(488,160)	(1,369,365)	-	-
Purchase of property, plant and equipment (Note a)	(23,062)	(41,090)	-	-
Purchase of investment properties (Note b)	(115,171)	(150,626)	-	-
Additions to concession assets	(56,573)	(47,702)	-	-
Proceeds from disposal of property, plant and equipment	16,496	1,032	43	-
Proceeds from disposal of investment properties	44,324	15,834	-	-
Proceeds from disposal of unquoted investment	-	216	-	-
Proceeds from disposal of associated companies	1,908	-	1,908	-
Net (outflow)/inflow from liquidation of subsidiary companies	(4,982)	25	-	-
Additional interest in a jointly controlled entity	-	(2,188)	-	(450)
Acquisition of additional shares in existing subsidiary companies	-	(43,799)	(6,000)	(43,801)
Acquisition of additional redeemable cumulative preference shares in subsidiary companies	-	(15,450)	-	(15,450)
Acquisition of additional shares in existing jointly controlled entities	(254,644)	-	-	-
Capital contribution to an associated company	(93,249)	-	(93,249)	-
Net (outflow)/inflow from disposal of subsidiary companies	(528)	(483)	304	-
Repayment from/(Advances to) associated companies	9,720	(9,283)	9,742	(8,804)
Advances to subsidiary companies	-	-	(780,932)	(863,737)
Advances to jointly controlled entities	(173,257)	(50,741)	(79,105)	(21,084)
Deposit and part consideration paid for acquisition of land	-	(40,000)	-	-
Development expenditure paid	-	(11,121)	-	-
(Placement)/Withdrawal of fixed deposits, sinking fund, debt service reserve, escrow and revenue accounts	(7,121)	(3,222)	-	1,206
Redemption of preference shares	-	-	20,000	-
Dividends received	-	5,400	5,049	252,318
Interest received	39,708	28,595	36,201	110,276
Rental received	12,890	9,682	-	-
Net cash used in investing activities	(1,091,701)	(1,724,286)	(886,039)	(589,526)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of ordinary shares				
- Placement and exercise of Warrants	-	1,338,568	-	1,338,568
- exercise of ESOS	28,577	-	28,577	-
Payment of share issuance expenses	(411)	(9,867)	(411)	(9,867)
Advances from subsidiary companies	-	-	593,172	74,403
Advances from a minority shareholder of a subsidiary company	15,619	30,323	-	-
Drawdown of bank borrowings	1,131,150	2,038,506	100,000	840,000
Repayment of bank borrowings	(777,265)	(1,232,590)	(100,000)	(750,000)
Proceeds from issuance of Perpetual bonds	609,000	-	609,000	-
Perpetual bonds distribution paid	(18,068)	-	(18,068)	-
Redemption of bonds	-	(250,000)	-	(250,000)
Interest paid	(2,923)	(2,019)	(38,648)	(39,932)
Redeemable cumulative preference share dividends paid to minority shareholder of subsidiary companies	(3,353)	(2,672)	-	-
Dividends paid	(97,229)	(254,477)	(97,229)	(254,477)
Net cash generated from financing activities	885,097	1,655,772	1,076,393	948,695

STATEMENTS OF CASH FLOWS

For the year ended 31 October 2014

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	241,637	730,321	166,099	314,168
EFFECT OF EXCHANGE RATE CHANGES	1,970	1,942	-	-
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	2,089,195	1,356,932	726,394	412,226
CASH AND CASH EQUIVALENTS CARRIED FORWARD	2,332,802	2,089,195	892,493	726,394
Represented by:				
Deposits	1,165,099	940,560	872,214	740,930
Cash and bank balances	1,246,941	1,229,971	51,848	4,191
Bank overdrafts	(51,656)	(60,875)	(31,569)	(18,727)
	2,360,384	2,109,656	892,493	726,394
Cash and cash equivalents included in the cash flows comprise the following amounts:-				
Deposits	1,165,099	940,560	872,214	740,930
Cash and bank balances	1,246,941	1,229,971	51,848	4,191
Bank overdrafts	(51,656)	(60,875)	(31,569)	(18,727)
	2,360,384	2,109,656	892,493	726,394
Less: Deposits pledged and maintained in Sinking Fund Sinking Fund, Debt Service Reserve, Escrow and Revenue Accounts	(2,000) (25,582)	(2,000) (18,461)	- -	- -
	2,332,802	2,089,195	892,493	726,394
Note a:				
Additions of property, plant and equipment (<i>Note 2</i>)	23,062	41,239	-	-
Additions via deferred payment	-	(149)	-	-
Cash outflow for acquisition of property, plant and equipment	23,062	41,090	-	-
Note b:				
Additions of investment properties (<i>Note 3</i>)	115,171	181,281	-	-
Additions via deferred payment	-	(30,655)	-	-
Cash outflow for acquisition of investment properties	115,171	150,626	-	-

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended
31 October 2014

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements comply with applicable approved Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board ("MASB") 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 of the Group and of the Company 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 (RM'000).

(b) Changes in accounting policies

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial year except for the adoption of the following new/revised FRSs and Amendments to FRSs:

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

The adoption of the above new/revised FRSs and Amendments to FRSs does not have any material impact on the financial statements of the Group and the Company, except for the following:

FRS 10, Consolidated Financial Statements

FRS 10, Consolidated Financial Statements introduces a new single control model to determining which investees should be consolidated. FRS 10 supersedes FRS 127, Consolidated and Separate Financial Statements and IC Interpretation 112, Consolidation – Special Purpose Entities. There are three elements to the definition of control in FRS 10:- (i) power by investor over an investee, (ii) exposure, or rights, to variable returns from investor's involvement with the investee, and (iii) investor's ability to affect those returns through its power over the investee. All three of these criteria must be met for an investor to have control over an investee.

FRS 11, Joint Arrangements

FRS 11, Joint Arrangements establishes the principles for classification and accounting for joint arrangements and supersedes FRS 131, Interests in Joint Ventures. Under FRS 11, a joint arrangement may be classified as joint venture or joint operation. Interest in joint venture will be accounted for using the equity method whilst interest in joint operation will be accounted for using the applicable FRSs relating to the underlying assets, liabilities, income and expense from the joint operations.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(b) Changes in accounting policies (cont'd)***FRS 12, Disclosure of Interests in Other Entities*

FRS 12 provides disclosure requirements for all forms of interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. Disclosures include significant judgements and assumptions made in determining the nature of the entity's interest in another entity and the risks associated with those interests.

The financial effects arising from the adoption of FRS 10 and FRS 11 are as disclosed in note 50 to the financial statements. The change in accounting policies has been applied retrospectively from 1 November 2013. Accordingly, the comparatives have been restated.

FRS 13, Fair Value Measurement

FRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements about fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. As defined in this standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As a result of the guidance in FRS 13, the Group and the Company reassessed their policies for measuring fair values.

Application of FRS 13 has not materially impacted the fair value measurements of the Group and the Company. FRS 13 requires more extensive disclosures. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

(c) New/Revised FRSs, Amendments to FRSs and IC Interpretation that are not yet effective

The Group and the Company have not applied the following new/revised FRSs, Amendments to FRSs and IC Interpretation that have been issued by MASB but are not yet effective:

New/Revised FRSs, Amendments to FRSs and IC Interpretation		Effective for financial periods beginning on or after
FRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities	1 January 2014
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 119	Defined Benefits Plans: Employee Contributions	1 July 2014
Amendments to FRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 5, FRS 7, FRS 119 and FRS 134	Annual Improvements to FRSs 2012-2014 Cycle	1 January 2016
Amendments to FRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) New/Revised FRSs, Amendments to FRSs and IC Interpretation that are not yet effective (cont'd)

New/Revised FRSs, Amendments to FRSs and IC Interpretation		Effective for financial periods beginning on or after
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014
Amendments to FRSs	Annual Improvements to FRSs 2010-2013 Cycle	1 July 2014
MFRS 9 **	Financial Instruments	1 January 2018

** The Group will adopt the MFRS framework and will prepare its first set of MFRS financial statements for the financial year ending 31 October 2018. Thereafter, the Group will apply MFRS 9 when it is effective.

The above new/revised FRSs, Amendments to FRSs and IC Interpretation are expected to have no material impact on the financial statements of the Group and the Company upon their initial application.

Malaysian Financial Reporting Standards (MFRSs)

On 19 November 2011, the MASB issued a new approved accounting framework, i.e. MFRS.

MFRS is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or IC Interpretation 15 *Agreements for Construction of Real Estate*, including the entities' parent, significant investor and venturer (referred to as "Transitioning Entities" collectively). Transitioning Entities are allowed to defer adoption of MFRS, and continue to use the existing FRS framework until the MFRS framework is effective. The Group falls within the definition of Transitioning Entities and has opted to defer adoption of MFRS.

Based on the MASB announcement on 2 September 2014, the effective date for the adoption of MFRS by the Transitioning Entities was deferred from annual periods beginning on or after 1 January 2015 to annual periods beginning on or after 1 January 2017.

On the same day, MASB also issued MFRS 15 *Revenue from Contracts with Customers and Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141)*. MFRS 15 is effective for annual periods beginning on or after 1 January 2017 while the *Bearer Plants* amendment is effective for annual periods beginning on or after 1 January 2016. On 17 November 2014, MASB issued MFRS 9 *Financial Instruments*, which is effective for annual periods beginning on or after 1 January 2018. They are word for word that of the International Financial Reporting Standards issued by the International Accounting Standards Board.

Accordingly, the Group has elected to continue to apply the FRS framework up to its financial year ending 31 October 2017 and will adopt the MFRS framework and will prepare its first set of MFRS financial statements for the financial year ending 31 October 2018.

MFRS 15, Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- Identify the contracts with a customer
- Identify the performance obligation in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(c) New/Revised FRSs, Amendments to FRSs and IC Interpretation that are not yet effective (cont'd)***MFRS 9, Financial Instruments*

MFRS 9 specifies how an entity should classify and measure financial assets and financial liabilities. This standard requires all financial assets to be classified based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial asset. Financial assets are to be initially measured at fair value. Subsequent to initial recognition, depending on the business model under which these assets are acquired, they will be measured at either fair value or at amortised cost.

In respect of the financial liabilities, the requirements are generally similar to the former FRS 139. However, this standard requires that for financial liabilities designated as at fair value through profit or loss, changes in fair value attributable to the credit risk of that liability are to be presented in other comprehensive income, whereas the remaining amount of the change in fair value will be presented in the profit or loss.

The Group is in the process of assessing the full impact of MFRS 15 and MFRS 9 on the financial statements of the Group and of the Company in the year of initial application.

(d) 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 reporting 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 following 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 Investment Property* 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Significant accounting judgements and estimates (cont'd)

(i) Critical judgement made in applying accounting policies (cont'd)

Classification between investment properties and owner-occupied properties (cont'd)

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 an investment property.

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the reporting 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 and useful life 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 2½ to 100 years for property, plant and equipment and 50 to 96 years for investment properties.

The carrying amounts of the Group's and the Company's property, plant and equipment and investment properties as at 31 October 2014 are disclosed in notes 2 and 3 to the financial statements.

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

Allowance 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 an allowance 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 2014 are disclosed in note 16 to the financial statements.

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 allowances for slow moving inventories may be required.

Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

The carrying amounts of the Group's and Company's trade and other receivables as at 31 October 2014 are disclosed in notes 18 and 19 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

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

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amounts of the Group's non-financial assets as at 31 October 2014 are as disclosed in notes 2, 3, 4, 5, 6, 7, 8 and 14 to the financial statements.

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.

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 2014 were RM76,044,000 and RM8,527,000 (2013 (restated): RM29,764,000 and RM62,000), respectively.

The carrying amount of the Group's tax liabilities as at 31 October 2014 was RM6,206,000 (2013 (restated) : RM41,698,000).

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unabsorbed capital allowances 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, capital allowances 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 amount of the Group's and the Company's recognised and unrecognised deferred tax assets as at 31 October 2014 are disclosed in note 13 to the financial statements.

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 1(m) and 1(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 2014

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Subsidiary companies

In the Company's separate financial statements, investment in subsidiary companies are stated at cost less impairment losses. Impairment losses are charged to profit or loss.

On disposal, the difference between the net disposal proceeds and the carrying amount of the subsidiary company disposed off is taken to profit or loss.

(f) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and of all its subsidiary companies 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.

The Group controls an investee if and only if the Group has all the followings:

- (i) power over the entity;
- (ii) exposure, or rights, to variable returns from its involvement with the entity; and
- (iii) the ability to use its power over the entity to affect the amount of the investor's returns.

Potential voting rights are considered when assessing control only if the rights are substantive. The Group reassesses whether it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

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 are consolidated on the acquisition 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 acquired under common control.

For business combinations under common control are accounted using the pooling of interests method, where the results of entities or businesses under common control are accounted for as if the acquisition had occurred at the date that common control was established. The assets and liabilities acquired are included in the consolidated statements of financial position at their existing carrying amounts.

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

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

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

The excess of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is stated at cost less accumulated impairment losses. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the shareholders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in retained earnings within equity attributable to the shareholders of the Company.

(g) Investments in associates and jointly controlled entities

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 arrangement. 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.

A jointly controlled entity is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

In the Company's separate financial statements, investments in associated companies and jointly controlled entities are stated at cost less impairment losses. Impairment losses are recognised in profit or loss.

On disposal, the difference between the net disposal proceeds and the carrying amount of the associated companies and the jointly controlled entities are included in profit or loss.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Investments in associates and jointly controlled entities (cont'd)

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

Premium relating to an associated company or a jointly controlled entity 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 1(q)(iii) 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 or jointly controlled entities' profit or loss in the period in which the investment is acquired.

Unrealised gains on transactions between the Group and its associated companies or jointly controlled entities 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 or a jointly controlled entity 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 or jointly controlled entities 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.

When changes in the Group's interests in an associated company do not result in a loss of significant influence, the retained interests in the associated company are not remeasured. Any gain or loss arising from the changes in the Group's interests in the associated company is recognised in profit or loss.

When the Group ceases to have significant influence over an associated company, any retained interest in the former associated company is recognised at fair value on the date when significant influence is lost. Any gain or loss arising from the loss of significant influence over an associated company is recognised in profit or loss.

(h) 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 to 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 profit or loss 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 profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(h) 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 reporting date.

(i) 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. Investment properties include properties that are being constructed or developed for future use as investment properties.

(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 profit or loss 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 profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Investment properties (cont'd)

(ii) Depreciation

Freehold land and investment properties under construction are 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 land	Over the remaining period of the lease

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

(j) Service concession arrangements

The Group recognises revenue from the construction and upgrading of infrastructure projects under concession arrangements in accordance with its accounting policy for construction contracts set out in 1(n) below. Where the Group performs more than one service under the arrangement, consideration received or receivable is allocated to the components by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

The Group recognises the consideration received or receivable as a financial asset to the extent that it has an unconditional right to receive cash or another financial asset for the construction services. Financial assets are accounted for in accordance with the accounting policy set out in 1(p) below.

The Group recognises the consideration receivable as a concession asset to the extent that it receives a right to charge users of the public service. Concession assets are accounted for in accordance with the accounting policy set out in 1(k) below.

Subsequent costs and expenditures related to infrastructure and equipment arising from the Group's commitments to the concession contracts or that increase future revenue are recognised as additions to the concession asset and are stated at cost. Capital expenditures necessary to support the Group's operation as a whole are recognised as property, plant and equipment, and accounted for in accordance with the policy stated under property, plant and equipment in 1(h) above. When the Group has contractual obligations that it must fulfil as a condition of its license to:

- maintain the infrastructure to a specified standard or,
- restore the infrastructure when the infrastructure has deteriorated below a specified condition

It recognises and measures these contractual obligations in accordance with the accounting policy for provisions in 1(x) below. Repairs and maintenance and other expenses that are routine in nature are expensed and recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

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

Concession assets are recognised to the extent that the Group has acquired development rights or a right (a licence) to charge users of public services.

Development rights are derecognised as and when the rights are exercised. Licences are amortised on a systematic basis over its useful life.

Concession assets are stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with 1(q)(iii) below.

Amortisation of the concession assets begins when it is available for use, which means when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Gains or losses arising from derecognition of a concession asset are measured as the difference between the net disposal proceed and the carrying amount of the asset and is recognised in profit or loss when the asset is derecognised.

(l) 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 profit or loss on a straight-line basis over the 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 other than infrastructure work, earth work and landscape work incurred to put the land ready for development. Accordingly, land held for property development is classified as non-current assets on the statement of financial position and is stated at cost plus incidental expenditure incurred to put the land in a condition ready for development.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Development properties (cont'd)

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.

For certain overseas development projects, revenue will be recognised upon the transfer of significant risks and rewards of ownership, which generally coincides with the time the development units are delivered to the purchasers.

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.

When it is probable that total costs will exceed total revenue, the foreseeable loss is immediately recognised in profit or loss 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 profit or loss 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 profit or loss 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 secured.

When it is probable that total costs will exceed total revenue, the foreseeable loss is immediately recognised in profit or loss 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 statement of financial position, 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).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(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) 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) Initial recognition and measurement

A financial instrument is recognised in the financial statements when the Company or any of its subsidiaries becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

*(ii) Financial instrument categories and subsequent measurement*Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. Management determines the classification of the financial assets upon initial recognition as set out below. The Group and the Company only have financial assets categorised as loans and receivables.

Loans and receivables

This category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents. They are included in current assets, except for maturities longer than 12 months after the reporting period, which are classified as non-current assets.

The subsequent measurement of financial assets in this category is at amortised cost using the effective interest method, less allowance for impairment losses. Any gains or losses arising from derecognition or impairment, and through the amortisation process of loans and receivables are recognised in profit or loss.

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

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities at amortised cost.

The Group and the Company only have financial liabilities categorised as financial liabilities at amortised cost which are measured using the effective interest method and are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Financial instruments (cont'd)

(iii) Derecognition of financial assets and liabilities

A financial asset or part of it is derecognised when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received together with any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

A financial liability or part of it is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(q) Impairment of assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payment. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payment, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial assets. Such impairment losses are not reversed in subsequent period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(q) Impairment of assets (cont'd)**

(iii) Property, plant and equipment, investment properties, concession assets, land held for property development and investments in subsidiary companies, associated companies and jointly controlled entities

Property, plant and equipment, investment properties, concession assets, land held for property development and investments in subsidiary companies, associated companies and jointly controlled entities are assessed at each reporting 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 profit or loss immediately.

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. Such reversals are recognised as income immediately in profit or loss.

(r) Share capital and Sukuk Musharakah ("Perpetual bond")

Ordinary shares and Perpetual bond are classified as equity when there is no contractual obligation to deliver cash or other financial assets to another person or entity or to exchange financial assets or liabilities with another person or entity that are potentially unfavourable to the issuer.

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. 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 profit or loss.

The proceeds received net of any directly attributable transaction costs are credited to share capital or perpetual capital securities.

Dividends on ordinary shares and distribution on Perpetual bond are recognised in equity in the period in which they are declared.

(s) Redeemable cumulative preference shares

Redeemable cumulative preference shares ("RCPS") are classified as financial liabilities in accordance with the substance of the contractual arrangement of the RCPS. Dividends to shareholders of the RCPS are recognised as finance costs, on an accrual basis.

RCPS are measured at amortised cost.

(t) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Income recognition (cont'd)

- (ii) Revenue from the sale of completed development properties is measured at the fair value of the consideration receivable and is recognised in profit or loss 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 profit or loss 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.
- (vii) Club subscription fee is recognised on an accrual basis.
- (viii) Management fee is recognised on an accrual basis, net of service taxes.

(u) 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 currencies.

(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 reporting 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.

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 profit or loss 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 profit or loss, any corresponding exchange gain or loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(u) Foreign currencies (cont'd)***(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 reporting 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 profit or loss as part of gain or loss on disposal.

(v) Employee benefits*(i) Short term employee benefits*

Wages, salaries, paid annual leave, paid sick leave, maternity 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 subsidiaries incorporated in Malaysia make contributions to the Employees Provident Fund ("EPF") and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contributions already paid and as expenses in the period in which the employees render their services.

(iii) Share-based payment transactions

The Group operates an equity-settled share-based long term incentive plan ("LTIP" or "Scheme"), which comprises the Employee Share Grant Plan ("ESGP") and Employee Share Option Scheme ("ESOS") for its employees and Executive Directors.

ESGP

Employees and Executive Directors are entitled to ESGP in the form of Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") as consideration for services rendered. The RSP is a restricted share plan for employees and Executive Directors, while the PSP is a performance share plan for selected senior management and Executive Directors.

The RSP and PSP are settled by way of issuance and transfer of new shares upon vesting. The total fair value of RSP and PSP granted is recognised as an employee cost with a corresponding increase in the share options reserve within equity over the vesting period after taking into account the probability that the RSP and PSP will vest.

The fair value of RSP and PSP is measured at grant date using the binomial model, taking into account, if any, the market vesting conditions upon which the RSP and PSP were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest on the vesting date.

At each reporting date, the Group revises its estimates of the number of RSP and PSP that are expected to vest on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share-based payment reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Employee benefits (cont'd)

(iii) Share-based payment transactions (cont'd)

ESOS

The ESOS allows the Group's employees and Executive Directors to acquire shares of the Company. The total fair value of share options granted is recognised as an employee cost with a corresponding increase in the share options reserve within equity over the vesting period and taking into account the probability that the options will vest.

The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share-based payment reserve.

The fair value of the share options recognised in the share-based payment reserve is transferred to share premium when the share options are exercised, or transferred to retained earnings upon expiry of the share-based payment options.

The proceeds received net of any direct attributable transaction costs are credited to equity when the option are exercised.

(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 profit or loss in the period in which they are incurred.

(x) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

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

The income tax expense in profit or loss represents the aggregate amount of current tax and deferred tax. Current tax is the expected income tax payable or receivable on the taxable income or loss for the year, estimated using the tax rates enacted or substantially enacted by the end of the reporting period.

On the statement of financial position, 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 reporting 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 other comprehensive income if the tax relates to items that are credited or charged, whether in the same or a different period, directly to other comprehensive income.

(z) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, deposits with licensed banks, fixed income trust funds and other licensed financial institutions, which 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 statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude fixed deposits, sinking fund, debt service reserve, escrow and revenue accounts pledged to secure banking facilities.

(aa) Operating segments

Segment reporting in the financial statements is presented on the same basis as it is used by management internally for evaluating operating segment performance and in deciding how to allocate resources to each operating segment. Operating segments are distinguishable components of the Group that engage in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by the chief operating decision maker to decide how to allocate resources to the segment and assess its performance, and for which discrete financial information is available.

Segment revenues, expenses, 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 revenues, expenses, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

2. PROPERTY, PLANT AND EQUIPMENT

Group 2014	----- Freehold-----		Plant, machinery, cranes 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 1.11.2013	4,331	66,322	20,655	93,402	28,659	15,729	229,098
Additions	-	609	1,159	9,753	2,915	8,626	23,062
Disposals	(190)	(6,282)	-	(1,039)	(1,045)	-	(8,556)
Write-offs	-	-	-	(631)	(72)	-	(703)
Reclassification	3,284	6,930	918	7,547	-	(18,679)	-
Disposal of subsidiaries	-	-	-	(187)	(331)	-	(518)
Transfer from/(to) investment properties (see note 3)	-	14,708	-	(323)	-	(147)	14,238
Transfer to property development cost (see note 14)	-	-	-	-	-	(147)	(147)
Exchange differences	-	-	-	12	-	-	12
At 31.10.2014	7,425	82,287	22,732	108,534	30,126	5,382	256,486
Accumulated depreciation							
At 1.11.2013	-	16,929	13,660	59,503	16,144	-	106,236
Charge for the year	-	2,162	2,321	14,506	3,006	-	21,995
Disposal of subsidiaries	-	-	-	(150)	(221)	-	(371)
Transfer from investment properties (see note 3)	-	1,466	-	-	-	-	1,466
Disposals	-	(6,282)	-	(845)	(737)	-	(7,864)
Write-offs	-	-	-	(378)	(66)	-	(444)
At 31.10.2014	-	14,275	15,981	72,636	18,126	-	121,018
Accumulated impairment losses							
At 1.11.2013/31.10.2014	-	202	-	148	-	-	350
Net carrying amount							
At 31.10.2014	7,425	67,810	6,751	35,750	12,000	5,382	135,118

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

2. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 2013 Restated	-----Freehold-----		Plant, machinery, cranes 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 1.11.2012, as previously stated	4,174	52,484	14,725	72,250	21,974	3,165	168,772
Effects of adoption of FRS 10	596	11,857	13	2,662	1,612	-	16,740
Effects of adoption of FRS 11	-	(507)	(42)	(3,083)	(445)	-	(4,077)
At 1.11.2012, as restated	4,770	63,834	14,696	71,829	23,141	3,165	181,435
Additions	-	2,531	5,455	19,994	6,503	6,756	41,239
Disposals	-	-	(559)	(692)	(973)	-	(2,224)
Write-offs	-	(5,950)	-	(1,486)	(12)	-	(7,448)
Disposal of a subsidiary	-	-	-	(22)	-	-	(22)
Transfer (to)/from investment properties (see note 3)	(439)	5,907	-	-	-	-	5,468
Reclassification	-	-	1,063	3,868	-	(4,931)	-
Transfer from property development cost (see note 14)	-	-	-	-	-	10,739	10,739
Exchange differences	-	-	-	(89)	-	-	(89)
At 31.10.2013	4,331	66,322	20,655	93,402	28,659	15,729	229,098

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

2. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 2013 Restated	-----Freehold-----		Plant, machinery, cranes 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					
Accumulated depreciation							
At 1.11.2012, as previously stated	-	14,941	12,307	50,313	13,546	-	91,107
Effects of adoption of FRS 10	-	1,012	11	1,966	915	-	3,904
Effects of adoption of FRS 11	-	(101)	(22)	(1,800)	(289)	-	(2,212)
At 1.11.2012, as restated	-	15,852	12,296	50,479	14,172	-	92,799
Charge for the year	-	1,751	1,923	10,362	2,723	-	16,759
Disposals	-	-	(559)	(580)	(749)	-	(1,888)
Write-offs	-	(674)	-	(695)	(2)	-	(1,371)
Disposal of a subsidiary	-	-	-	(15)	-	-	(15)
Exchange differences	-	-	-	(48)	-	-	(48)
At 31.10.2013	-	16,929	13,660	59,503	16,144	-	106,236
Accumulated impairment losses							
At 1.11.2012/31.10.2013	-	202	-	148	-	-	350
Net carrying amount							
At 31.10.2013	4,331	49,191	6,995	33,751	12,515	15,729	122,512

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

2. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company 2014	Plant, machinery, cranes and trucks RM'000	Office equipment, renovations, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1.11.2013	1,706	3,863	360	5,929
Disposals	-	(33)	(99)	(132)
At 31.10.2014	1,706	3,830	261	5,797
Accumulated depreciation				
At 1.11.2013	1,705	3,830	311	5,846
Charge for the year	-	24	24	48
Disposals	-	(33)	(83)	(116)
At 31.10.2014	1,705	3,821	252	5,778
Net carrying amount				
At 31.10.2014	1	9	9	19
2013				
Cost				
At 1.11.2012/31.10.2013	1,706	3,863	360	5,929
Accumulated depreciation				
At 1.11.2012	1,705	3,805	275	5,785
Charge for the year	-	25	36	61
At 31.10.2013	1,705	3,830	311	5,846
Net carrying amount				
At 31.10.2013	1	33	49	83

Freehold land and buildings, including capital work-in-progress of the Group included above at a net carrying amount of RM1,320,000 (2013 (restated): RM1,320,000) have been charged to banks to partially secure the long term borrowings, revolving credits and bank overdrafts referred to in notes 25, 29 and 30 below.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

3. INVESTMENT PROPERTIES

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Cost				
At beginning of the year, as restated /as previously stated	635,382	620,033	2,349	2,349
Effects of adoption of FRS 10	-	50,500	-	-
Effects of adoption of FRS 11	-	(203,906)	-	-
At beginning of the year, as restated	635,382	466,627	2,349	2,349
Additions	115,171	181,281	-	-
Disposals	(7,996)	(6,824)	-	-
Transfer to property, plant and equipment (see note 2)	(14,238)	(5,468)	-	-
Transfer to land held for property development (see note 4)	-	(234)	-	-
At 31 October	728,319	635,382	2,349	2,349
Accumulated depreciation				
At beginning of the year, as restated /as previously stated	11,810	7,710	147	137
Effects of adoption of FRS 10	-	342	-	-
Effects of adoption of FRS 11	-	(1,629)	-	-
At beginning of the year, as restated	11,810	6,423	147	137
Charge for the year	7,757	5,569	10	10
Disposals	-	(182)	-	-
Transfer to property, plant and equipment (see note 2)	(1,466)	-	-	-
At 31 October	18,101	11,810	157	147
Accumulated impairment losses				
At 1 November / 31 October	10,013	10,013	443	443
Net carrying amount				
At 31 October	700,205	613,559	1,749	1,759
<i>Comprising:</i>				
Investment properties under construction	148,462	180,873	-	-
Freehold land	101,275	90,312	928	928
Freehold buildings	381,425	285,455	-	-
Leasehold land	69,043	56,919	821	831
	700,205	613,559	1,749	1,759
Fair value at 31 October	1,008,136	967,321	3,066	2,896

Title deeds to certain of the Group's investment properties costing RM399,000 (2013: RM399,000) have yet to be issued in or transferred to the name of the Company and subsidiary companies concerned.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

3. INVESTMENT PROPERTIES (CONT'D)

The Group's investment properties at a net carrying amount of RM178,883,000 (2013 (restated): RM154,421,000) have been charged to banks to secure the borrowings referred to in notes 25, 29 and 30 below.

The fair values of the investment properties at 31 October 2014 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.

The fair value of investment properties under construction amounting to RM148,462,000 (2013 (restated): RM109,453,000) cannot be reliably and separately determined until the construction is completed or the fair value becomes reliably determinable, whichever is earlier.

4. LAND HELD FOR PROPERTY DEVELOPMENT

Group 2014	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
Cost				
At 1 November 2013	3,046,430	366,168	1,208,202	4,620,800
Additions	20,326	13,093	523,708	557,127
Disposals	-	(105)	-	(105)
Transfer to property development costs (see note 14)	(198,945)	(10,969)	(325,882)	(535,796)
Reclassification	-	12,243	(12,243)	-
Exchange differences	-	1,293	(25)	1,268
At 31 October 2014	2,867,811	381,723	1,393,760	4,643,294

Group 2013 Restated	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
Cost				
At 1 November 2012, as previously stated	2,915,883	732,704	865,450	4,514,037
Effects of adoption of FRS 10	226,167	2,850	101,963	330,980
Effects of adoption of FRS 11	(835,051)	(12,376)	(48,631)	(896,058)
At 1 November 2012, as restated	2,306,999	723,178	918,782	3,948,959
Additions	950,142	148,660	470,004	1,568,806
Transfer from investment properties (see note 3)	234	-	-	234
Transfer to property development costs (see note 14)	(254,340)	(508,569)	(180,564)	(943,473)
Reclassified from other receivables, deposits and prepayments	45,753	-	-	45,753
Exchange differences	(2,358)	2,899	(20)	521
At 31 October 2013	3,046,430	366,168	1,208,202	4,620,800

Included in additions is borrowing costs of RM78,725,000 (2013 (restated): RM76,538,000) incurred during the financial year.

Land held for property development of the Group included above at a carrying amount of RM2,160,893,000 (2013 (restated): RM2,323,706,000) have been charged to banks to partially secure the borrowings referred to in notes 25, 29 and 30 below.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

5. CONCESSION ASSETS

	Group	
	2014 RM'000	2013 RM'000
Cost		
At 1 November	52,129	11,708
Additions	56,573	47,702
Transfer to property development costs (see note 14)	(8,595)	(7,281)
At 31 October	100,107	52,129
Accumulated amortisation		
At 1 November	-	-
Charge for the year	-	-
At 31 October	-	-
Net carrying amount at 31 October	100,107	52,129

The Group has entered into a service concession arrangement with Majlis Perbandaran Pulau Pinang ("MPPP") to construct the subterranean Penang International Convention & Exhibition Centre ("sPICE") and complementary retail/F&B outlets/offices. The terms of the arrangement also require the Group to improve and refurbish the existing Penang International Sports Arena indoor stadium and aquatic centre.

The terms of the arrangement allow the Group to operate sPICE for up to a period of thirty years ("Concession Period"), soon after the completion of construction. Upon expiry of the concession arrangement, subject to the agreement between the Group and MPPP, the Group may be able to operate sPICE for two further terms, consisting of a period of not less than fifteen years each.

The service concession arrangement also grants the Group the right to additional density for the Group's development project within the island of Pulau Pinang. Such development rights are limited to 1,500 residential units. The development rights are only exercisable during the Concession Period and any right not exercised by the end of the Concession Period shall lapse.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

6. INVESTMENTS IN SUBSIDIARY COMPANIES

	Group	
	2014 RM'000	2013 RM'000 Restated
Unquoted shares in Syarikat Kemajuan Jerai Sdn Bhd and Wawasan Indera Sdn Bhd, at cost	115,186	115,186
Unquoted shares in subsidiary companies, at cost	381,663	375,861
Capital contribution to subsidiary companies, at cost	1,409,829	1,302,669
LTIP granted to employees of subsidiary companies	45,511	17,953
Impairment loss	(61,008)	(61,206)
	1,891,181	1,750,463

The capital contribution to subsidiary companies represents additional shareholders' net investment. The capital contribution is unsecured, interest free and the repayment of such balances are not expected in the foreseeable future until such time the subsidiary companies are in the position to repay the amount without impairing its liquidity position.

The subsidiary companies are as follows:

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2014 %	2013 %	2014 %	2013 %		
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 property 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	Inactive

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2014 %	2013 %	2014 %	2013 %		
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
S P Setia Marketing Sdn Bhd	-	-	100	100	Malaysia	Sale of wood products and building materials
S P Setia Estate Management Sdn Bhd	60	60	-	-	Malaysia	Property management services
Setia Readymix Sdn Bhd (formerly known as S P Setia Construction Sdn Bhd)	100	100	-	-	Malaysia	Building contractors and manufacturing and sale of building materials
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	100	100	-	-	Malaysia	Property development and property investment holding
S. P. Setia Security Services Sdn Bhd	-	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	-	-	-	31	Malaysia	Under members' voluntary liquidation
Yunikhas Sdn Bhd	-	8	-	46	Malaysia	Under members' voluntary liquidation
Aneka Baru (M) Sdn Bhd	-	-	-	54	Malaysia	Under members' voluntary liquidation
Tenaga Raya Sdn Bhd	100	100	-	-	Malaysia	Dormant
Cosmotek Sdn Bhd	100	100	-	-	Malaysia	Investment holding
SJ Classic Land Sdn Bhd	-	-	60	60	Malaysia	Dormant
* Indera Perasa Sdn Bhd	100	100	-	-	Malaysia	Investment holding
* Dian Mutiara Sdn Bhd	-	-	100	100	Malaysia	Dormant
* KL East Sdn Bhd	100	-	-	-	Malaysia	Dormant
* Kenari Kayangan Sdn Bhd	100	100	-	-	Malaysia	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2014 %	2013 %	2014 %	2013 %		
Setia Ecohill 2 Sdn Bhd	100	100	-	-	Malaysia	Property development and property investment holding
S P Setia Property Holdings Sdn Bhd	100	100	-	-	Malaysia	Property investment holding
Setia Hicon Sdn Bhd	100	100	-	-	Malaysia	Property development
S P Setia Technology Sdn Bhd	100	100	-	-	Malaysia	Contractor for home automation and alarm systems
S P Setia PMC Sdn Bhd	100	100	-	-	Malaysia	General management and administration services
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
* Kay Pride Sdn Bhd	-	-	100	100	Malaysia	Property development and property investment holding
Aeropod Sdn Bhd	100	100	-	-	Malaysia	Property development and property investment holding
Setiahomes (MM2H) Sdn Bhd	100	100	-	-	Malaysia	Dormant
Eco Meridian Sdn Bhd	100	100	-	-	Malaysia	Construction and operation of concession asset and property investment holding
Setia Ecohill Sdn Bhd	100	100	-	-	Malaysia	Property development and property investment holding
* S P Setia (Indonesia) Sdn Bhd	100	100	-	-	Malaysia	Representative office in Indonesia
* Retro Highland Sdn Bhd	50	50	-	-	Malaysia	Property development
* Setia City Development Sdn Bhd	100	100	-	-	Malaysia	Property development and property investment holding
Gita Kasturi Sdn Bhd	100	100	-	-	Malaysia	Property development and property investment holding
* Intra Hillside Sdn Bhd	100	100	-	-	Malaysia	Property development and property investment holding

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2014 %	2013 %	2014 %	2013 %		
Setia Alam Recreation Sdn Bhd	-	-	100	100	Malaysia	Club operator
* Setia Eco Green Sdn Bhd	100	100	-	-	Malaysia	Dormant
Setia Eco Heights Sdn Bhd	100	100	-	-	Malaysia	Dormant
Setia Eco Land Sdn Bhd	100	100	-	-	Malaysia	Property development and property investment holding
S P Setia Property Services Sdn Bhd	100	100	-	-	Malaysia	Property and building management and investment holding
Flexrise Projects Sdn Bhd	100	100	-	-	Malaysia	Investment holding
Pelita Mentari Sdn Bhd	100	100	-	-	Malaysia	Investment holding
* Setia Eco Templer Sdn Bhd (formerly known as Rockbay Streams Sdn Bhd)	100	100	-	-	Malaysia	Property development
Ivory Streams Sdn Bhd	100	100	-	-	Malaysia	Property management services
S P Setia DMC Sdn Bhd	100	100	-	-	Malaysia	Investment holding
Exceljade Sdn Bhd	100	100	-	-	Malaysia	Property development
Sendiman Sdn Bhd	100	100	-	-	Malaysia	Property development
Kemboja Mahir Sdn Bhd	70	70	-	-	Malaysia	Property development
Bandar Eco-Setia Sdn Bhd	50	50	-	-	Malaysia	Property development and property investment
Setia Eco Park Recreation Sdn Bhd	-	-	50	50	Malaysia	Club operator
Ganda Anggun Sdn Bhd	-	-	70	70	Malaysia	Property development
Kesas Kenangan Sdn Bhd	-	-	70	70	Malaysia	Property development and property investment
Setia Eco Glades Sdn Bhd	70	70	-	-	Malaysia	Property development and property investment holding
Setia International Limited	100	100	-	-	British Virgin Islands	Investment holding
Setia MyPhuoc 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 Bac Ninh Limited	-	-	100	100	British Virgin Islands	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2014	2013	2014	2013		
	%	%	%	%		
Setia Australia Limited	-	-	100	100	British Virgin Islands	Investment holding
Setia Lai Thieu Limited	-	-	95	95	British Virgin Islands	Investment holding
Setia Jersey Investment Holding Company Limited	-	-	100	100	Jersey	Investment holding
+ Setia Lai Thieu One Member Company Limited	-	-	95	95	Vietnam	Property development
+ Setia (Melbourne) Development Company Pty Ltd	-	-	100	100	Australia	Property development
+ Setia St Kilda (Melbourne) Pty Ltd	-	-	100	100	Australia	Property development
+ Setia Land (China) Limited	-	-	100	100	Hong Kong	Investment holding
+ S P Setia International (S) Pte Ltd	100	100	-	-	Singapore	Promotion, marketing and other activities related to property development
+ S P Setia Development Pte Ltd	100	100	-	-	Singapore	Dormant
# S P Setia Foundation	-	-	-	-	Malaysia	A trust established under the provision of Trustees (Incorporation) Act 1952, for promotion and advancement of education, research and dissemination of knowledge
#* Setia Badminton Academy	-	-	-	-	Malaysia	A trust established under the provision of Trustees (Incorporation) Act 1952, for promotion of badminton

* Not audited by Mazars, Malaysia

+ Audited by member firms of Mazars in the respective countries

The financial year of these entities ends on 31 December

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

Subsidiaries that have material non-controlling interests

Details of the Group's subsidiaries that have material non-controlling interests at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interests held by non-controlling interests		Profit allocated to non-controlling interests*		Carrying amount of non-controlling interests	
		2014	2013	2014	2013	2014	2013
				RM'000	RM'000	RM'000	RM'000
Bandar Eco-Setia Sdn Bhd	Malaysia	50%	50%	52,047	34,209	254,185	202,137
Setia Eco Glades Sdn Bhd	Malaysia	30%	30%	8,925	4,257	27,335	18,410
Kesas Kenangan Sdn Bhd	Malaysia	30%	30%	18,682	25,729	29,621	35,239
Individually immaterial subsidiaries with non-controlling interests						(1,040)	(548)
						310,101	255,238

* Amounts before intra-group elimination

Summarised financial information of the Group's subsidiaries that have material non-controlling interests (amounts before intra-group elimination) is as follows:

	2014 RM'000	2013 RM'000
Bandar Eco-Setia Sdn Bhd		
Non-current assets	401,181	421,411
Current assets	367,979	369,651
Non-current liabilities	(33,850)	(80,000)
Current liabilities	(226,941)	(306,787)
Net assets	508,369	404,275
Revenue	205,443	279,069
Profit for the year	104,094	68,418
Other comprehensive income for the year	-	-
Total comprehensive income for the year	104,094	68,418
Dividends paid to owners of non-controlling interests	-	-
Net cash generated from operating activities	97,540	145,791
Net cash used in investing activities	(4,204)	(1,084)
Net cash used in financing activities	(49,207)	(31,358)
Net increase in cash and cash equivalents	44,129	113,349

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	2014 RM'000	2013 RM'000
Setia Eco Glades Sdn Bhd		
Non-current assets	430,022	417,968
Current assets	145,409	74,356
Non-current liabilities	(378,080)	(374,630)
Current liabilities	(106,235)	(56,327)
Net assets	91,116	61,367
Revenue	214,827	74,820
Profit for the year	29,749	14,190
Other comprehensive income for the year	-	-
Total comprehensive income for the year	29,749	14,190
Dividends paid to owners of non-controlling interests	-	-
Net cash generated from operating activities	123,906	49,610
Net cash used in investing activities	(111,313)	(44,730)
Net cash used in financing activities	(6,641)	(12,207)
Net increase/(decrease) in cash and cash equivalents	5,952	(7,327)
Kesas Kenangan Sdn Bhd		
Non-current assets	347,055	361,832
Current assets	216,179	231,697
Non-current liabilities	(252,700)	(233,762)
Current liabilities	(211,798)	(242,305)
Net assets	98,736	117,462
Revenue	217,343	297,703
Profit for the year	62,274	85,764
Other comprehensive income for the year	-	-
Total comprehensive income for the year	62,274	85,764
Dividends paid to owners of non-controlling interests	-	-
Net cash generated from operating activities	101,470	86,354
Net cash used in investing activities	(45,387)	(44,969)
Net cash used in financing activities	(75,489)	(27,186)
Net (decrease)/increase in cash and cash equivalents	(19,406)	14,199

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For the year ended 31 October 2014

7. INVESTMENTS IN ASSOCIATED COMPANIES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unquoted ordinary shares, at cost	2,272	2,022	900	650
Capital contribution to associated companies, at cost	93,249	-	93,249	-
Group's share of post-acquisition profits less losses	(1,420)	67	-	-
Impairment loss	-	(400)	-	-
	94,101	1,689	94,149	650

The details of the individual Group's associated companies are not disclosed as they are deemed to be immaterial to the Group. The summarised aggregate financial information of the Group's share of individually non-material associated companies as at 31 October is set out below:

	2014 RM'000	2013 RM'000
Loss for the year	(94)	(162)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(94)	(162)
Carrying amount of the Group's interest in individually non-material associated companies	852	1,689
Capital contribution to an associated company, at cost *	93,249	-
	94,101	1,689

* This amount relates to the capital contribution to Qinzhou Development (Malaysia) Consortium Sdn Bhd, an associated company which holds the investment in China-Malaysia Qinzhou Industrial Park (Guangxi) Development Co. Ltd. in China.

The capital contribution is unsecured, interest free and is not expected to be recalled within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

7. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

The associated companies are as follows:

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2014	2013	2014	2013		
	%	%	%	%		
Golden Klang Valley Sdn Bhd	-	50	-	-	Malaysia	Under members' voluntary liquidation
* PTB Property Developer Sdn Bhd	-	-	49	49	Malaysia	Property development
* Kuantan Pahang Holding Sdn Bhd	-	40	-	-	Malaysia	Investment holding
* Malaysia-China Kuantan Industrial Park Sdn Bhd	-	-	-	20	Malaysia	Property development
*# Qinzhou Development (Malaysia) Consortium Sdn Bhd	45	-	-	-	Malaysia	Investment holding
*# Qinzhou Development (Hong Kong) Limited	-	-	45	-	Hong Kong	Investment holding
*# China-Malaysia Qinzhou Industrial Park (Guangxi) Development Co. Ltd	-	-	22	-	China	Property development

* Not audited by Mazars, Malaysia

+ Audited by member firms of Mazars in the respective countries

The financial year of these associated companies ends on 31 December

8. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Unquoted ordinary shares, at cost	657,653	506,353	33,250	34,151
LTIP granted to employees of jointly controlled entities	-	-	799	277
	657,653	506,353	34,049	34,428

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

8. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONT'D)

The jointly controlled entities are as follows:

	Proportion of ownership interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2014 %	2013 %	2014 %	2013 %		
# Setia Putrajaya Sdn Bhd	60	60	-	-	Malaysia	Property development, building construction and investment holding
# Setia Putrajaya Construction Sdn Bhd	-	-	60	60	Malaysia	Building construction
# Setia Putrajaya Development Sdn Bhd	-	-	60	60	Malaysia	Property development
# Greenhill Resources Sdn Bhd	-	-	50	50	Malaysia	Property investment
# Setia Federal Hill Sdn Bhd (formerly known as Sentosa Jitra Sdn Bhd)	50	50	-	-	Malaysia	Property development and property investment holding
+ SetiaBecamex Joint Stock Company	-	-	55	55	Vietnam	Property development
* Qinzhou Development (Malaysia) Consortium Sdn Bhd	-	45	-	-	Malaysia	Investment holding
* Qinzhou Development (Hong Kong) Limited	-	-	-	45	Hong Kong	Investment holding
Battersea Project Holding Company Limited	-	-	40	40	Jersey	Investment holding
^ Battersea Project Land Company Limited	-	-	40	40	Jersey	Property development and property investment holding
Battersea Power Station Development Company Limited	-	-	40	40	United Kingdom	Project development management
^ Battersea Power Station Malaysia Sdn Bhd	-	-	40	40	Malaysia	Promotion, marketing and other activities related to property development
^ Battersea Phase 1 Holding Company Limited	-	-	40	40	Jersey	Property investment holding
^ Battersea Project Phase 1 Company Limited	-	-	40	40	Jersey	Property investment holding
^ Battersea Project Phase 1 Management Company Limited	-	-	40	40	Jersey	Dormant

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

8. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONT'D)

	Proportion of ownership interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2014 %	2013 %	2014 %	2013 %		
^ Battersea Project Phase 1 Nominee Company Limited	-	-	40	40	Jersey	Property investment holding
^ Battersea Project Phase 1 GP Limited	-	-	40	40	Jersey	Property development and property investment holding
^ Battersea Project Phase 1 LP Limited	-	-	40	40	Jersey	Property development and property investment holding
^ Battersea Project Phase 1 Commercial Limited Partnership	-	-	40	40	United Kingdom	Property development and property investment holding
^ Battersea Phase 2 Holding Company Limited	-	-	40	40	Jersey	Investment holding
^ Battersea Project Phase 2 Company Limited	-	-	40	40	Jersey	Property development
^ Battersea Project Phase 2 Development Company Limited	-	-	40	40	Jersey	Property development
^ Battersea Project Phase 2 Residential Company Limited	-	-	40	40	Jersey	Property development
^ Battersea Project Phase 2 Nominee Company Limited	-	-	40	40	Jersey	Property investment holding
^ Battersea Project Phase 2 Management Company Limited	-	-	40	40	Jersey	Dormant
^ Battersea Power Station Energy Company Limited	-	-	40	40	Jersey	Dormant
^ Battersea Project Phase 2 GP Limited	-	-	40	40	Jersey	Property development and property investment holding
^ Battersea Project Phase 2 LP Limited	-	-	40	40	Jersey	Property development and property investment holding
^ Battersea Project Phase 2 Commercial Limited Partnership	-	-	40	40	United Kingdom	Property development and property investment holding
^ Battersea Phase 3 Holding Company Limited	-	-	40	40	Jersey	Property investment holding

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

8. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONT'D)

	Proportion of ownership interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2014 %	2013 %	2014 %	2013 %		
^ Battersea Project Phase 3 Company Limited	-	-	40	40	Jersey	Property investment holding
^ Battersea Project Phase 3 Development Company Limited	-	-	40	40	Jersey	Property development
^ Battersea Project Phase 3 Residential Company Limited	-	-	40	40	Jersey	Property development
^ Battersea Project Phase 3 Nominee Company Limited	-	-	40	40	Jersey	Property investment holding
^ Battersea Project Phase 3 Management Company Limited	-	-	40	40	Jersey	Dormant
^ Battersea Project Phase 3 GP Limited	-	-	40	40	Jersey	Property development and property investment holding
^ Battersea Project Phase 3 LP Limited	-	-	40	40	Jersey	Property development and property investment holding
^ Battersea Project Phase 3 Commercial Limited Partnership	-	-	40	40	United Kingdom	Property development and property investment holding
^ Battersea Phase 4 Holding Company Limited	-	-	40	40	Jersey	Investment holding
^ Battersea Project Phase 4 Company Limited	-	-	40	40	Jersey	Property development
^ Battersea Project Phase 4 Development Company Limited	-	-	40	40	Jersey	Dormant
^ Battersea Project Phase 4 Residential Company Limited	-	-	40	40	Jersey	Property development
^ Battersea Project Phase 4 Nominee Company Limited	-	-	40	40	Jersey	Property investment holding
^ Battersea Project Phase 4 Management Company Limited	-	-	40	40	Jersey	Dormant

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

8. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONT'D)

	Proportion of ownership interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2014 %	2013 %	2014 %	2013 %		
^ Battersea Project Phase 4 GP Limited	-	-	40	40	Jersey	Property development and property investment holding
^ Battersea Project Phase 4 LP Limited	-	-	40	40	Jersey	Property development and property investment holding
^ Battersea Project Phase 4 Commercial Limited Partnership	-	-	40	40	United Kingdom	Property development and property investment holding
^ Battersea Phase 5 Holding Company Limited	-	-	40	40	Jersey	Property investment holding
^ Battersea Project Phase 5 Company Limited	-	-	40	40	Jersey	Property investment holding
^ Battersea Project Phase 5 Development Company Limited	-	-	40	40	Jersey	Dormant
^ Battersea Project Phase 5 Residential Company Limited	-	-	40	40	Jersey	Dormant
^ Battersea Phase 6 Holding Company Limited	-	-	40	40	Jersey	Investment holding
^ Battersea Project Phase 6 Company Limited	-	-	40	40	Jersey	Property development
^ Battersea Project Phase 6 Development Company Limited	-	-	40	40	Jersey	Dormant
^ Battersea Project Phase 6 Residential Company Limited	-	-	40	40	Jersey	Property development and property investment holding
^ Battersea Project Phase 6 Nominee Company Limited	-	-	40	40	Jersey	Property investment holding
^ Battersea Project Phase 6 Management Company Limited	-	-	40	40	Jersey	Dormant
^ Battersea Project Phase 6 GP Limited	-	-	40	40	Jersey	Property development and property investment holding
^ Battersea Project Phase 6 LP Limited	-	-	40	40	Jersey	Property development and property investment holding
^ Battersea Project Phase 6 Commercial Limited Partnership	-	-	40	40	United Kingdom	Property development and property investment holding

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

8. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONT'D)

	Proportion of ownership interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2014 %	2013 %	2014 %	2013 %		
[^] Battersea Phase 7 Holding Company Limited	-	-	40	40	Jersey	Property investment holding
[^] Battersea Project Phase 7 Company Limited	-	-	40	40	Jersey	Property investment holding
[^] Battersea Project Phase 7 Development Company Limited	-	-	40	40	Jersey	Dormant
[^] Battersea Project Phase 7 Residential Company Limited	-	-	40	40	Jersey	Dormant
[^] Battersea Project Phase 7 Nominee Company Limited	-	-	40	40	Jersey	Property development and property investment holding
[^] Battersea Project Phase 7 Management Company Limited	-	-	40	40	Jersey	Dormant
[^] Battersea Project Phase 7 GP Limited	-	-	40	40	Jersey	Property development and property investment holding
[^] Battersea Project Phase 7 LP Limited	-	-	40	40	Jersey	Property development and property investment holding
[^] Battersea Project Phase 7 Commercial Limited Partnership	-	-	40	40	United Kingdom	Property development and property investment holding
[^] Battersea Project Estate Company Limited	-	-	40	40	Jersey	Dormant
[^] Battersea Project Phase 2 Refurbishment Company Limited	-	-	40	40	Jersey	Property development
Battersea Power Station Estates Limited (formerly known as BPS Sales and Lettings Limited)	-	-	40	40	United Kingdom	Property management services

Audited by Mazars, Malaysia

+ Audited by member firms of Mazars in the respective countries

* The financial year of these jointly controlled entities ends on 31 December

[^] Subsidiaries consolidated in Battersea Project Holding Company Limited Group

Notwithstanding that the Group is having ownership of more than half of the equity shareholding in certain companies, they are treated as jointly controlled entities pursuant to the contractual rights and obligations of the respective joint venture agreements.

The Group's jointly controlled entities are accounted for using the equity method in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

8. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONT'D)

The Group's shares of operating lease commitments, capital commitments and contingent liabilities of the jointly controlled entities at the reporting date are as below:

	2014 RM'000	2013 RM'000
Non-cancellable operating lease commitments:		
- Not later than one year	844	812
- Later than one year but not later than five years	2,308	3,045
	3,152	3,857
Capital commitments:		
- Commitments in relation to development work	867,885	36,146
- Purchase of development land	111,401	-
Contingent liabilities:		
- Guarantees given to banks for performance bonds granted	7,500	7,500

Summarised financial information in respect of the Group's material jointly controlled entity is set out below. The summarised financial information below represents amounts shown in the jointly controlled entity's financial statements prepared in accordance with the Group accounting policies.

Battersea Project Holding Company Limited Group

	2014 RM'000	2013 RM'000
Non-current assets	2,354,169	1,971,901
Current assets	2,393,875	1,255,486
Non-current liabilities	(1,912,258)	(1,514,823)
Current liabilities	(1,253,526)	(683,465)
Net assets	1,582,260	1,029,099
Revenue	-	-
Loss for the year	(112,811)	(32,883)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(112,811)	(32,883)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

8. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONT'D)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the jointly controlled entities recognised in the consolidated financial statements:

	2014 RM'000	2013 RM'000
Net assets	1,582,260	1,029,099
Proportion of ownership interest held by the Group	40%	40%
Carrying amount of the Group's interest in the jointly controlled entity	632,904	411,640

There is no dividend paid by Battersea Project Holding Company Limited Group during the financial year (2013: RM Nil).

The summarised aggregate financial information of the Group's share of other individually non-material jointly controlled entities as at 31 October is set out below:

	2014 RM'000	2013 RM'000
Loss for the year	(32,743)	(16,323)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(32,743)	(16,323)
Carrying amount of the Group's interest in individually non-material jointly controlled entities	24,749	94,713

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

9. 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	
	2014 RM'000	2013 RM'000 Restated
Bearing interest at 4.15% to 4.49% (2013 : 4.15% to 4.53%) per annum	2,245,825	1,683,738
Interest free	91,328	86,851
Unquoted redeemable cumulative preference shares	100,769	115,873
	2,437,922	1,886,462
Allowance for doubtful debts	-	(10)
	2,437,922	1,886,452

Amounts owing by subsidiary companies included under current assets

	Company	
	2014 RM'000	2013 RM'000 Restated
Trade accounts:		
- retention sums receivable	807	2,187
- allowance for doubtful debts	(795)	(795)
	12	1,392
Unsecured advances:		
- bearing interest at 4.15% to 4.49% (2013 : 4.15% to 4.53%) per annum	99,261	432,906
- interest free	628,502	463,549
- unquoted redeemable cumulative preference shares	22,605	27,658
	750,368	924,113
Allowance for doubtful debts	(8,887)	(8,859)
	741,481	915,254
	741,493	916,646

The trade accounts are expected to be settled within the normal credit periods. Unsecured advances are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

9. AMOUNTS OWING BY/TO SUBSIDIARY COMPANIES (CONT'D)

Amounts owing to subsidiary companies included under current liabilities

	Company	
	2014 RM'000	2013 RM'000
Trade accounts - retention sums payable	1,310	1,310
Unsecured interest free advances	128,407	162,101
	129,717	163,411

The trade accounts are expected to be settled within the normal credit periods. The unsecured interest free advances are payable on demand.

10. AMOUNTS OWING BY ASSOCIATED COMPANIES

Amounts owing by associated companies included under current assets

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unsecured advances:				
- bearing interest at 7.60% per annum	-	9,280	-	9,280
- interest free	-	3	-	-
	-	9,283	-	9,280

11. AMOUNT OWING BY A FORMER JOINT VENTURE PARTNER

The amount owing by a former joint venture partner represents unsecured advances which are not expected to be recalled within the next 12 months:

	Group	
	2014 RM'000	2013 RM'000
Principal sum	13,006	12,988
Interest receivable	1,392	1,392
	14,398	14,380

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For the year ended 31 October 2014

12. AMOUNTS OWING BY JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000 Restated
Trade accounts	9,851	9,620	-	-
Unsecured advances:				
Bearing interest at 8.60% – 8.85% (2013 : Nil) per annum	158,299	-	154,445	-
Interest free advances	146,938	129,598	3,853	77,200
	315,088	139,218	158,298	77,200

The trade accounts are expected to be settled within the normal credit period. The advances are repayable on demand.

13. DEFERRED TAX ASSETS

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
At beginning of the year, as restated /as previously stated	192,847	93,779	6	214
Effects of adoption of FRS 10	-	24,785	-	-
Effects of adoption of FRS 11	-	(1,440)	-	-
At beginning of the year, as restated	192,847	117,124	6	214
(Reversal)/Recognised in profit or loss	(20,141)	75,723	(6)	(208)
At end of the year	172,706	192,847	-	6

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

13. DEFERRED TAX ASSETS (CONT'D)

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

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Tax effects of:				
- unabsorbed capital allowances	3,686	462	-	-
- unutilised tax losses	20,047	29,062	-	-
- property development and construction profits	127,624	143,170	-	23
- excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	(5,745)	(5,733)	-	(17)
- others	27,094	25,886	-	-
	172,706	192,847	-	6

Unutilised tax losses, unabsorbed capital allowances and other temporary differences exist as at 31 October of which deferred tax assets have not been recognised in the financial statements are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Unutilised tax losses	93,637	72,484	-	-
Unabsorbed capital allowances	1,786	1,633	-	-
Excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	(25)	(113)	-	-
Others	134	102	-	-
	95,532	74,106	-	-

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

14. PROPERTY DEVELOPMENT COSTS

	Group	
	2014 RM'000	2013 RM'000 Restated
Freehold land at cost, as restated /as previously stated	1,894,250	1,010,969
Leasehold land at cost, as restated /as previously stated	242,463	98,053
Development costs, as restated /as previously stated	6,771,016	4,797,063
Costs recognised as an expense in previous years, as restated /as previously stated	(6,344,459)	(4,299,431)
At 1 November, as restated /as previously stated	2,573,270	1,606,654
Effects of adoption of FRS 10	-	119,051
Effects of adoption of FRS 11	-	(54,310)
At 1 November, as restated	2,573,270	1,671,395
Freehold land at cost, as restated	1,894,250	1,099,409
Leasehold land at cost, as restated	242,463	84,482
Development costs, as restated	6,771,016	5,166,856
Costs recognised as an expense in previous years, as restated	(6,334,459)	(4,679,352)
At 1 November, as restated	2,573,270	1,671,395
Costs transferred from/(to) property, plant and equipment (<i>see note 2</i>)		
- freehold land	-	(3,284)
- development costs	147	(7,455)
Costs transferred from land held for property development (<i>see note 4</i>)		
- freehold land	198,945	254,340
- leasehold land	10,969	508,569
- development costs	325,882	180,564
Costs of freehold land transferred from concession assets (<i>see note 5</i>)	8,595	7,281
Costs incurred during the financial year		
- freehold land	10,068	9,955
- leasehold land	48,238	137,427
- development costs	2,166,429	1,777,996
Exchange differences	(10,810)	(7,093)
	2,758,465	2,858,300
Costs recognised as an expense in the current year	(2,347,993)	(1,955,327)
Unsold completed properties transferred to inventories	(1,733)	(1,098)
At 31 October	2,982,007	2,573,270

Property development costs at a carrying amount of RM1,770,188,000 (2013 (restated): RM1,357,904,000) included above, have been charged to banks to partially secure borrowings referred to in notes 25, 29 and 30 below.

Included under development and construction costs is borrowing costs of RM36,706,000 (2013 (restated): RM37,423,000) incurred during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

15. GROSS AMOUNT DUE FROM/TO CUSTOMERS

	Group	
	2014 RM'000	2013 RM'000
Aggregate contract expenditure incurred to-date	139,552	71,665
Attributable profit recognised to-date	18,217	13,340
	157,769	85,005
Progress billings	(143,073)	(86,675)
	14,696	(1,670)
Gross amount due from customers	14,859	641
Gross amount due to customers	(163)	(2,311)
	14,696	(1,670)
Progress billings comprise:		
Progress billings		
- received	36,860	52,948
- receivable	78,832	12,944
Retention sums	27,381	20,783
	143,073	86,675

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

	Group	
	2014 RM'000	2013 RM'000
Depreciation	1,493	1,369
Hire of machinery	10,714	6,086
Rental expense	365	348

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

16. INVENTORIES

	Group	
	2014 RM'000	2013 RM'000 Restated
At cost:		
Stock of completed properties	41,522	19,330
Raw materials	4,247	4,067
Work-in-progress	4	3
Consumable goods	270	166
	46,043	23,566

17. ACCRUED BILLINGS/PROGRESS BILLINGS

	Group	
	2014 RM'000	2013 RM'000 Restated
Revenue recognised in profit or loss to-date	15,072,900	10,657,124
Progress billings to-date	(15,528,017)	(11,454,165)
	(455,117)	(797,041)
Accrued billings	201,002	116,279
Progress billings	(656,119)	(913,320)
	(455,117)	(797,041)

18. TRADE RECEIVABLES

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Gross progress billings receivable	275,239	502,056	-	502
Gross retention sums receivable	145,412	185,600	-	891
Other gross receivables	13,447	16,166	-	5,959
Total gross receivables	434,098	703,822	-	7,352
Allowance for doubtful debts	(694)	(3,052)	-	(1,393)
	433,404	700,770	-	5,959

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

18. TRADE RECEIVABLES (CONT'D)

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 gross receivables are collectible within 14 to 90 days.

Ageing analysis of the Group's and the Company's trade receivables are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Neither past due nor impaired	308,818	404,954	-	5,959
1 to 30 days past due not impaired	36,280	66,711	-	-
31 to 60 days past due not impaired	22,420	23,666	-	-
61 to 90 days past due not impaired	21,146	59,866	-	-
91 to 120 days past due not impaired	23,171	52,454	-	-
More than 121 days past due not impaired	21,569	93,119	-	-
	433,404	700,770	-	5,959
Individually impaired	694	3,052	-	1,393
	434,098	703,822	-	7,352

The movements in the allowance for impairment losses of trade receivables during the financial year are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
At beginning of the year	3,052	3,124	1,393	1,393
Provision during the year	24	4	17	-
Reversal of impairment loss	(2,382)	(76)	(1,410)	-
At 31 October	694	3,052	-	1,393

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

18. TRADE RECEIVABLES (CONT'D)

The currency exposure profile of trade receivables after allowance for impairment losses is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Ringgit Malaysia	417,687	691,684	-	5,959
Singapore Dollar	15,717	9,086	-	-
	433,404	700,770	-	5,959

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Refundable deposits and part purchase considerations paid for the acquisition of development land in				
- Mukim 12, District of Barat Daya, Pulau Pinang	1,367	1,367	-	-
- Pekan Templer, District of Gombak	40,000	40,000	-	-
Prepaid development expenditure	197	96	-	-
Dividend receivable	-	-	927	1,987
Value Added Tax/Government Service Tax receivables	4,897	1,844	-	-
Other sundry receivables, deposits and prepayments	65,886	65,101	2,897	483
	112,347	108,408	3,824	2,470
Allowance for doubtful debts	(2,797)	(4,012)	-	-
	109,550	104,396	3,824	2,470

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

The refundable deposits and part purchase considerations were paid for the acquisition of development lands that have not been completed as at 31 October 2014. The balance of these purchase considerations is disclosed as other commitments in note 42(b) below.

The Group has charged other receivables, deposits and prepayments amounting to approximately RM4,637,000 (2013 (restated): RM791,000) as security for bank borrowings.

The movements in the allowance for impairment losses of other receivables during the financial year are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
At beginning of the year	4,012	2,021	-	-
(Reversal of)/Allowance for impairment loss during the year	(1,215)	1,991	-	-
At 31 October	2,797	4,012	-	-

The currency exposure profile of other receivables, deposits and prepayments after allowance for impairment losses is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Ringgit Malaysia	102,436	101,040	3,824	2,470
United States Dollar	14	136	-	-
Sterling Pound	4	2	-	-
Vietnamese Dong	1,788	1,882	-	-
Australian Dollar	4,637	791	-	-
Other currencies	671	545	-	-
	109,550	104,396	3,824	2,470

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For the year ended 31 October 2014

20. DEPOSITS

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Deposits:				
- with licensed banks	969,673	614,500	676,788	414,889
- with other licensed financial institutions	195,426	326,060	195,426	326,041
	1,165,099	940,560	872,214	740,930

Included in deposits with licensed banks of the Group are funds maintained under sinking fund accounts and escrow accounts amounting to RM2,000,000 (2013 (restated): RM2,000,000) which were opened in accordance with terms and conditions set out in the term loan agreements referred to in note 25 below.

Included in deposits of the Group are amounts of RM Nil (2013 (restated): RM3,614,000) which have been charged to banks as security for banking facilities.

Included in deposits of the Group is an amount of RM51,614,000 (2013 (restated): RM101,829,000) which is held under Housing Development (Project Account Rules) Control and Licensing Act in Singapore. Funds maintained in the Project Account Rules earn interest rate at 0.25% (2013: 0.15%) per annum.

The effective interest rates for the Group's and the Company's deposits range from 2.00% to 5.50% and 2.99% to 3.30% per annum (2013 (restated): 1.92% to 5.07% and 2.99% to 3.30% per annum) respectively. All deposits have maturity periods of less than a year.

The currency exposure profile of deposits is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Ringgit Malaysia	1,110,215	835,117	872,214	740,930
Australian Dollar	-	3,614	-	-
Singapore Dollar	51,614	101,829	-	-
Vietnamese Dong	3,270	-	-	-
	1,165,099	940,560	872,214	740,930

NOTES TO THE FINANCIAL STATEMENTS

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21. CASH AND BANK BALANCES

	Group	
	2014 RM'000	2013 RM'000 Restated
Cash and bank balances include monies in:		
- Housing Development Accounts	809,681	973,199
- Sinking Fund Accounts	9,329	4,040
- Debt Service Reserve Accounts	6,120	6,120
- Escrow Accounts	51,824	49,167

The Group has charged cash and bank balances amounting to approximately RM6,591,000 (2013 (restated): RM9,565,000) as security for bank borrowings.

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

Funds maintained in the Housing Development Accounts earn interest ranging from 1.00% to 2.15% (2013 (restated): 1.00% to 2.03%) 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 25 below.

The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Ringgit Malaysia	1,046,245	1,110,537	51,848	4,191
Vietnamese Dong	897	1,296	-	-
Singapore Dollar	193,667	111,159	-	-
Australian Dollar	5,726	6,754	-	-
Other currencies	406	225	-	-
	1,246,941	1,229,971	51,848	4,191

NOTES TO THE FINANCIAL STATEMENTS

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22. SHARE CAPITAL

	Group/Company			
	2014		2013	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Authorised:				
Ordinary shares of RM0.75 each	3,000,000	2,250,000	3,000,000	2,250,000
Issued and fully paid:				
Ordinary shares of RM0.75 each				
At beginning of the year	2,458,713	1,844,034	2,005,668	1,504,250
Issuance of shares:				
- arising from Placement	-	-	320,700	240,525
- exercise of Warrants	-	-	132,345	99,259
- Dividend Reinvestment Plan ("DRP")	66,244	49,683	-	-
- exercise of ESGP	4,064	3,048	-	-
- exercise of ESOS	9,311	6,983	-	-
At end of the year	2,538,332	1,903,748	2,458,713	1,844,034

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM1,844,034,189 to RM1,903,748,516 by way of:

- (a) Issuance of 66,244,270 new ordinary shares of RM0.75 each pursuant to the DRP that provides shareholders with an option to reinvest their cash dividend in new ordinary shares at the following issue prices:

		1 st DRP	2 nd DRP
Issue price	(RM)	2.59	3.15
No. of shares issued	('000)	58,716	7,528

- (b) Allotment of 4,063,556 new ordinary shares of RM0.75 each pursuant to the exercise of ESGP; and

- (c) Issuance of 9,311,276 new ordinary shares of RM0.75 each pursuant to the exercise of ESOS at the following option prices:

		ESOS 1	ESOS 2
Exercise price	(RM)	3.07	3.03
No. of shares issued	('000)	9,099	212

All ordinary shares rank pari passu in all respect with the then existing ordinary shares of the Company.

The Long Term Incentive Plan ("LTIP" or "Scheme") was implemented on 10 April 2013. The LTIP, which comprises the ESGP and ESOS allows the Company to grant shares and/or share options under the ESGP and ESOS respectively to eligible employees and Executive Directors of the Group of up to 15% of the issued and paid-up share capital of the Company. The LTIP is governed by the By-Laws which was approved by the shareholders on 28 February 2013 and is administered by the LTIP Committee which is appointed by the Board, in accordance with the By-Laws. The LTIP shall be in force for a period of 5 years from its implementation to 9 April 2018, unless extended further.

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22. SHARE CAPITAL (CONT'D)

The main features of the Scheme are as follows:

- (a) The maximum number of new ordinary shares which may be made available under the Scheme at the point in time when an LTIP award is offered shall not be more than fifteen percent (15%) of the issued and paid-up ordinary share capital of the Company.
- (b) The LTIP awards shall be awarded after taking into consideration the employee's position, contribution and performance (where applicable) or such criteria as the LTIP Committee may deem fit subject to the following:
- (i) that the number of new ordinary shares made available under the Scheme shall not exceed the amount stipulated in (a) above; and
 - (ii) that not more than ten percent (10%) of the total new ordinary shares to be issued under the Scheme at the point in time when an LTIP award is offered be allocated to any employee or Executive Director who, either singly or collectively through persons connected with him, holds twenty percent (20%) or more in the issued and paid-up share capital of the Company.
- (c) In the case of the ESGP, the shares will be vested with the grantee at no consideration on the vesting date; while in the case of the ESOS, the option price will be determined based on the five (5) days volume weighted average market price of the ordinary shares on the date the ESOS award is offered with a potential discount of not more than ten percent (10%) or at the par value of the ordinary shares, whichever is higher.
- (d) The shares granted under the ESGP will vest over four (4) years from the date of the LTIP award and the share options granted under ESOS will vest over three (3) years from the date of the LTIP award.

The movement during the financial year in the number of shares and share options in which employees of the Group and the Company is entitled to are as follows:

ESGP

	At 1.11.2013 '000	Granted '000	Vested '000	Lapsed '000	At 31.10.2014 '000
Offer 1	15,434	-	(3,820)	(4,771)	6,843
Offer 2	1,080	-	(244)	(374)	462
Offer 3	-	13,108	-	-	13,108
	16,514	13,108	(4,064)	(5,145)	20,413

ESOS

	At 1.11.2013 '000	Granted '000	Exercised '000	Lapsed '000	At 31.10.2014 '000
Offer 1	79,361	-	(9,099)	(26,630)	43,632
Offer 2	1,503	-	(212)	(563)	728
Offer 3	-	3,312	-	-	3,312
	80,864	3,312	(9,311)	(27,193)	47,672

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22. SHARE CAPITAL (CONT'D)

The fair values of the shares and share options granted under the ESGP and ESOS to which FRS 2 applies were determined using the binomial model. The significant inputs into the model were as follows:

	Offer 1	ESGP Offer 2	Offer 3	Offer 1	ESOS Offer 2	Offer 3
Exercise price	*	*	*	RM3.07#	RM3.03#	RM3.02
Date of grant	6 May 2013	19 August 2013	31 October 2014	6 May 2013	19 August 2013	31 October 2014
Fair value at grant date	RM3.15	RM3.14	RM3.13	RM0.51	RM0.52	RM0.53
Vesting period / Option life	2 years	2 years	2 years	3 years 6 months	3 years 6 months	2 years 6 months
Weighted average share price at grant date	RM3.42	RM3.37	RM3.35	RM3.42	RM3.37	RM3.35
Expected dividend yield	4.1%	4.2%	3.3%	4.1%	4.2%	3.3%
Risk free interest rates	3.21%	3.67%	3.71%	3.21%	3.67%	3.71%
Expected volatility	18.62%	18.82%	18.51%	18.62%	18.82%	18.51%

* The shares under the ESGP will vest with the grantee at no consideration on the vesting date

Adjusted for effect of DRP

The expected life of the shares and share options are based on historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the shares and/or share options granted were incorporated into the measurement of fair value.

23. PERPETUAL BOND

On 13 December 2013, the Company issued a total of RM609 million in nominal value of unrated subordinated Islamic Perpetual Notes ("Sukuk Musharakah") via private placement on a best effort basis without prospectus pursuant to a Sukuk Musharakah Programme ("Perpetual bond") of up to RM700 million in nominal value. The Perpetual bond is established to raise funds as and when required to be utilised for Shariah-compliant purposes which include the Company's investments and working capital.

The salient features of the Perpetual bond are as follows:

- (i) The Perpetual bond is issued under the Islamic principle of Musharakah, while the principle of Commodity Musawamah will be employed to effect the deferral of the periodic distributions, if any;
- (ii) Perpetual in tenure, where the Company has a call option to redeem the Perpetual bond at the end of the fifth year and on each periodic distribution date thereafter;
- (iii) The Company also has the option to redeem the Perpetual bond if there is a change in accounting standards resulting in the Perpetual bond no longer being classified as equity;
- (iv) The expected periodic distribution up to year 5 is 5.95% per annum payable semi-annually. If the Company does not exercise its option to redeem at the end of the 5th year, the periodic distribution increases by 1% per annum subject to a maximum rate of 20%;
- (v) Deferred periodic distribution, if any, will be cumulative but will not earn additional profits (i.e. there will be no compounding);
- (vi) Payment obligations on the Perpetual bond will at all times, rank ahead of other share capital instruments for the time being outstanding, but junior to the claims of present and future creditor of the Company (other than obligations ranking pari passu with the Perpetual bond); and
- (vii) The Perpetual bond is not rated and is unsecured.

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For the year ended 31 October 2014

24. REDEEMABLE CUMULATIVE PREFERENCE SHARES (unsecured)

The redeemable cumulative preference shares ("RCPS") issued by subsidiaries of the Company ("the Subsidiaries") are redeemable at any time at the discretion of the Subsidiaries after 3rd to 5th anniversary but before the 6th to 8th anniversary of the issue date, provided always that the redemption sum to be determined shall not be less than the nominal value of RM0.01 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 be paid, a cumulative preferential dividend of 4% to 7% per annum on the issue price, or at 500% per annum gross based on its nominal value;
- (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 the Subsidiaries, 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 the Subsidiaries, and shall have the right on a poll at any general meeting of the Subsidiaries 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 the Subsidiaries, and
 - (c) upon any resolution for the winding up of the Subsidiaries,
 but shall otherwise have no right to vote at general meetings of the Subsidiaries.

25. LONG TERM BORROWINGS

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
<i>Secured :</i>				
Term loans	2,353,901	2,318,224	-	-
Bridging loans	312,220	196,263	-	-
Revolving credits	151,595	57,929	-	-
Medium term note and Commercial paper	378,000	320,517	-	-
<i>Unsecured :</i>				
Term loans	700,000	800,000	700,000	800,000
	3,895,716	3,692,933	700,000	800,000
Repayments due within the next 12 months included under short term borrowings (see note 29)	(507,781)	(356,669)	(200,000)	(100,000)
Repayments due later than 12 months included under non-current liabilities	3,387,935	3,336,264	500,000	700,000
The borrowings are repayable as follows:				
Not later than one year	507,781	356,669	200,000	100,000
Later than one year but not later than five years	3,195,409	3,004,507	500,000	700,000
Later than five years	192,526	331,757	-	-
	3,895,716	3,692,933	700,000	800,000

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For the year ended 31 October 2014

25. LONG TERM BORROWINGS (CONT'D)

The range of interest rates at the reporting date for borrowings are as follows:

	Group		Company	
	2014 %	2013 %	2014 %	2013 %
		Restated		
Term loans	1.37 - 14.40	1.38 - 14.25	3.85 - 4.59	3.85 - 4.35
Bridging loans	4.08 - 5.11	4.08 - 4.53	-	-
Revolving credits	4.03 - 14.40	4.15 - 14.48	-	-
Medium term note and Commercial paper	4.03 - 4.33	4.03	-	-

The long term borrowings are secured by:

- various fixed charges and deeds of assignment over various lands belonging to the Group as indicated in notes 2, 3, 4 and 14 above;
- sinking fund, debt service reserve, escrow and revenue accounts as indicated in notes 20 and 21 above; and
- fixed and floating charges on assets of a subsidiary company.

Medium Term Notes ("MTN") and Commercial Paper ("CP")

In 2012, a wholly owned subsidiary of the Group, Setia Ecohill Sdn Bhd ("Setia Ecohill") issued MTN and CP with a total nominal value of RM505 million (the "Programmes"). The Programmes comprise the issuance of two (2) tranches, collectively known CP/MTN Programme:

- Tranche 1 : MTN Issuance - Up to RM305 million to part finance the purchase of freehold land with tenure of up to 7 years from the date of the first issuance; and
- Tranche 2 : CP Issuance - Up to RM200 million to finance the working capital requirement with tenure of up to 7 years from the date of the first issuance.

The interest payment is due every month with the interest rate between 4.03% to 4.33% per annum, commencing from the issue date of the relevant tranches.

The MTN/CP are secured by a first party fixed charge over the freehold land and development expenditure belonging to Setia Ecohill and a corporate guarantee from the Company.

Setia Ecohill has utilised the entire issuance of the MTN of RM305 million, whilst the Tranche 2 CP was utilised up to RM140 million as at 31 October 2014.

As at 31 October 2014, the MTN with nominal value of RM67 million was redeemed.

The currency exposure profile of long term borrowings is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
		Restated		
Ringgit Malaysia	2,616,043	2,817,101	500,000	700,000
Singapore Dollar	386,370	432,934	-	-
Australian Dollar	367,110	70,558	-	-
United States Dollar	18,412	15,671	-	-
	3,387,935	3,336,264	500,000	700,000

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For the year ended 31 October 2014

26. DEFERRED TAX LIABILITIES

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
At 1 November, as restated /as previously stated	6,233	2,195	-	-
Effects of adoption of FRS 10	-	225	-	-
Effects of adoption of FRS 11	-	-	-	-
At 1 November, as restated	6,233	2,420	-	-
Recognised in profit or loss	4,562	3,813	3	-
Disposal of a subsidiary	(26)	-	-	-
At 31 October	10,769	6,233	3	-

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

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Tax effects of :				
- excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	4,506	3,342	-	-
- unutilised tax losses	(301)	(140)	-	-
- unabsorbed capital allowances	-	(381)	-	-
- other temporary differences	6,564	3,412	3	-
	10,769	6,233	3	-

27. TRADE PAYABLES

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Sub-contractors' claims	320,051	248,233	-	3,418
Retention sums	318,581	255,265	-	3,317
Others	133,535	69,057	15	19
	772,167	572,555	15	6,754

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For the year ended 31 October 2014

27. TRADE PAYABLES (CONT'D)

The normal credit terms extended by sub-contractors and suppliers range from 15 to 90 days. The retention sums are repayable upon the expiry of the defect liability period of 6 to 36 months.

Other trade payables are required to be settled within 14 to 60 days.

The currency exposure profile of trade payables is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Ringgit Malaysia	745,288	563,438	15	6,754
Singapore Dollar	26,016	8,814	-	-
Other currencies	863	303	-	-
	772,167	572,555	15	6,754

28. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Unsecured advances	49,401	35,270	-	-
Interest accrued	7,531	6,556	1,824	1,475
Deposits received	4,404	12,768	-	-
Deferred revenue	42,116	95,609	-	-
Unpaid consideration for acquisition of development lands	131,035	253,011	-	-
Other sundry payables and accruals	261,266	268,688	6,814	2,868
	495,753	671,902	8,638	4,343

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

28. OTHER PAYABLES AND ACCRUALS (CONT'D)

The currency exposure profile of other payables and accruals is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Ringgit Malaysia	469,307	632,858	8,638	4,343
Vietnamese Dong	8,498	28,070	-	-
Australian Dollar	1,426	3,939	-	-
Singapore Dollar	16,399	7,013	-	-
Other currencies	123	22	-	-
	495,753	671,902	8,638	4,343

29. SHORT TERM BORROWINGS

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
<i>Secured:</i>				
Current portion of long term borrowings (see note 25)	307,781	256,669	-	-
Revolving credits	131,622	79,395	-	-
<i>Unsecured:</i>				
Current portion of long term borrowings (see note 25)	200,000	100,000	200,000	100,000
Revolving credits	240,000	145,000	240,000	140,000
	879,403	581,064	440,000	240,000

The range of interest rates at the reporting date for borrowings are as follows:

	Group		Company	
	2014 %	2013 % Restated	2014 %	2013 %
<i>Secured:</i>				
Current portion of long term borrowings (see note 25)	3.99 - 14.40	4.06 - 14.25	-	-
Revolving credits	4.15 - 14.40	4.37 - 14.48	-	-
<i>Unsecured:</i>				
Current portion of long term borrowings (see note 25)	4.59	4.35	3.85 - 4.59	3.85 - 4.35
Revolving credits	4.40	4.11	4.40	4.11

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

29. SHORT TERM BORROWINGS (CONT'D)

The secured short term borrowings of the Group are secured by:

- fixed charges over various lands belonging to the Group as indicated in notes 2, 3, 4 and 14 above.
- fixed and floating charges on assets of subsidiary companies.

The currency exposure profile of short term borrowings is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Ringgit Malaysia	870,197	531,631	440,000	240,000
United States Dollar	9,206	4,107	-	-
Australian Dollar	-	45,326	-	-
	879,403	581,064	440,000	240,000

30. BANK OVERDRAFTS

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Secured	1,718	1,806	-	-
Unsecured	49,938	59,069	31,569	18,727
	51,656	60,875	31,569	18,727

The range of interest rates at the reporting date for bank overdrafts are as follows:

	Group		Company	
	2014 %	2013 % Restated	2014 %	2013 %
Secured	7.35	7.35	-	-
Unsecured	4.14 - 5.25	4.14 - 5.25	4.32	4.14

The secured bank overdrafts are secured by fixed charges over various lands belonging to the Group as indicated in notes 2, 3, 4 and 14 above.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

30. BANK OVERDRAFTS (CONT'D)

The currency exposure profile of bank overdrafts is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Ringgit Malaysia	42,525	49,131	31,569	18,727
Singapore Dollar	9,131	11,744	-	-
	51,656	60,875	31,569	18,727

31. REVENUE

	Group	
	2014 RM'000	2013 RM'000 Restated
Sale of development properties	3,509,863	3,061,857
Contract revenue	196,161	99,330
Sale of other goods and services	104,078	99,972
	3,810,102	3,261,159

32. COST OF SALES

	Group	
	2014 RM'000	2013 RM'000 Restated
Cost of properties sold	2,431,151	2,055,967
Contract cost recognised as expense	188,149	95,350
Cost of other goods and services sold	83,188	74,168
	2,702,488	2,225,485

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

33. OTHER OPERATING INCOME

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000 Restated
Gross dividends from:				
- subsidiary companies	-	-	244,989	246,168
- jointly controlled entities	-	-	-	7,200
Interest income from:				
- subsidiary companies	-	-	104,832	94,009
- jointly controlled entities	8,990	5,314	2,011	-
- associated company	443	476	443	476
- deposits	39,708	23,281	36,201	20,249
- financial assets measured at amortised cost	-	652	3,711	5,273
- others	26,730	20,979	2,051	331
Rental income from:				
- investment properties	12,890	9,683	-	-
- other operating leases	1,810	726	-	-
Allowance for doubtful debts no longer required	3,597	76	1,410	8,013
Gain on disposal of investment properties	39,614	9,192	-	-
Gain on disposal of property, plant and equipment	15,976	696	27	-
Gain arising from fair value adjustment on financial liabilities carried at amortised cost	9,449	19,933	-	119
Gain on disposal of subsidiary companies	-	878	304	-
Gain on disposal of an associated company	207	-	1,258	-
Liquidated and ascertained damages income on late completion	-	3,769	-	-
Forfeiture income	41	806	-	-
Management fee	-	-	-	6,966
Recoveries and other miscellaneous income	14,169	26,361	5,867	2,478
	173,624	122,822	403,104	391,282

34. FINANCE COSTS

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Amortisation of bond discount	-	-	-	416
Bank overdraft interest	2,305	2,507	1,084	1,304
Bond interest	-	128	-	343
Revolving credits interest	9,274	8,415	8,820	7,902
Bridging loan interest	21,696	10,266	19,802	10,260
Term loan interest	11,850	19,219	11,850	19,219
Preference share dividend	4,403	3,722	-	-
Interest expense on financial liabilities measured at amortised cost	7,444	9,322	-	-
Others	2,994	4,246	-	1,025
	59,966	57,825	41,556	40,469

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

35. PROFIT BEFORE TAX

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Profit before tax is stated after charging/(crediting):				
Auditors' remuneration				
- current year	1,009	970	107	107
- under provision in prior years	32	9	-	-
Bad and doubtful debts	59	1,995	53	30
Depreciation				
- property, plant and equipment	20,502	15,390	48	61
- investment properties	7,757	5,569	10	10
Direct operating expenses on				
- income generating investment properties	3,784	199	-	-
- non-income generating investment properties	8	10	8	10
Development expenditure written off	-	303	-	-
Directors' remuneration				
- Company's directors				
- fees and other emoluments	30,354	29,854	3,231	5,955
- share-based payment under LTIP	6,413	4,309	-	-
- subsidiaries' directors				
- fees	17	19	-	-
- other emoluments	26,447	21,964	-	671
- share-based payment under LTIP	11,239	6,433	-	-
Property, plant and equipment written off	259	6,077	-	-
Loss from fair value adjustment of financial assets	-	-	2,136	18,331
Loss on disposal of an unquoted investment	-	40	-	-
Loss on disposal of an associated company	-	2	-	-
Loss on disposal of property, plant and equipment	172	-	-	-
Loss on disposal of subsidiary companies	146	-	-	-
Loss on liquidation of subsidiary companies	2,215	-	-	-
Loss on liquidation of an associated company	62	-	-	-
Rental expense on:				
- office equipment	9,913	5,768	91	81
- vacant land	-	153	-	-
- premises	3,326	4,906	-	94
Hiring of plant and machinery	65	53	-	-
Loss /(Gain) on foreign exchange				
- realised	152	88	-	-
- unrealised	306	(1,096)	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

35. PROFIT BEFORE TAX (CONT'D)

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Company's directors	3,515	1,734	11	961
Subsidiaries' directors	-	230	-	20

36. TAX EXPENSE

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Malaysian taxation based on results for the year				
- current	167,295	241,479	11,872	23,090
- deferred	37,635	(72,412)	9	(21)
	204,930	169,067	11,881	23,069
Under /(Over) provision in prior years				
- current	13,919	6,442	(1,321)	(183)
- deferred	(13,130)	(1,526)	-	229
	205,719	173,983	10,560	23,115

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The domestic statutory rate will be reduced to 24% from the current year's rate of 25% effective year of assessment 2016. The computation of deferred tax as at 31 October 2014 has reflected these changes.

NOTES TO THE FINANCIAL STATEMENTS

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36. TAX EXPENSE (CONT'D)

The provision for taxation differs from the amount of taxation determined by applying the applicable statutory tax rate on the profit before tax as a result of the following differences:

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Accounting profit (excluding share of results in jointly controlled entities and associated companies)	800,399	688,053	339,294	309,507
Taxation at applicable 25% tax rate	200,100	172,013	84,824	77,377
Tax effects arising from:				
Non-deductible expenses	33,210	37,092	6,735	13,693
Non-taxable income				
- interest income	(10,834)	(4,478)	(10,414)	(4,478)
- single tier dividend income	-	-	(61,247)	(60,450)
- gain on disposal of investment property	(9,904)	-	-	-
- gain on disposal of property, plant and equipment	(3,952)	-	-	-
- others	(8,430)	(20,122)	(8,017)	(3,073)
Deferred tax assets not recognised	5,768	-	-	-
Utilisation of deferred tax assets previously not recognised	(626)	(15,496)	-	-
Effect on different tax rate used	(402)	58	-	-
Under/(Over) provision in prior years	789	4,916	(1,321)	46
	205,719	173,983	10,560	23,115

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Tax savings during the financial year arising from:				
Utilisation of current year tax losses	-	55,158	-	-

The Company is on the single tier income tax system; accordingly the entire retained earnings of the Company are available for distribution by way of dividend without incurring additional tax liability.

NOTES TO THE FINANCIAL STATEMENTS

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37. EARNINGS PER SHARE

Basic earnings per share

The basic earnings per share has been calculated by dividing the Group's profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year. The weighted average number of ordinary shares in issue is calculated as follows:

	2014 '000	2013 '000 Restated
Profit for the financial year attributable to owners of the Company (RM)	405,676	418,348
Number of ordinary shares at beginning of the year	2,458,713	2,005,668
Effect of shares issued pursuant to:		
- Placement	-	221,415
- exercise of Warrants	-	103,277
- DRP	27,554	-
- exercise of ESGP	1,333	-
- exercise of ESOS	1,445	-
Weighted average number of ordinary shares	2,489,045	2,330,360
Basic Earnings Per Share (sen)	16.3	18.0

Diluted earnings per share

The diluted earnings per share has been calculated by dividing the Group's profit for the year attributable to owners of the Company by the weighted average number of ordinary shares that would have been in issue upon full exercise of the options under the LTIP and the Warrants, adjusted for the number of such shares that would have been issued at fair value ("dilutive effects"), calculated as follows:

	2014 '000	2013 '000 Restated
Profit for the financial year attributable to owners of the Company (RM)	405,676	418,348
Weighted average number of ordinary shares calculated above	2,489,044	2,330,360
Weighted average number of unissued shares under the LTIP		
- based on exercise price	74,991	47,483
- based on average fair value	(61,530)	(36,287)
Weighted average number of unexercised Warrants		
- based on exercise price	-	32,012
- based on average fair value	-	(28,540)
Adjusted weighted average number of ordinary shares that would have been in issue	2,502,505	2,345,028
Diluted Earnings Per Share (sen)	16.2	17.8

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

38. DIVIDENDS

	2014 RM'000	2013 RM'000
<i>In respect of the year ended 31 October 2012</i>		
Final dividend of 9 sen per ordinary share of RM0.75 each less 25% income tax	-	165,963
<i>In respect of the year ended 31 October 2013</i>		
Interim dividend of 4 sen which consist of 1.6 sen per ordinary shares less 25% income tax and single tier dividend of 2.4 sen per ordinary shares	-	88,514
Dividend reinvested into 58,715,748 new ordinary shares at an issue price of RM2.59 per ordinary share pursuant to the DRP	152,074	-
Payment in cash	20,036	-
<i>In respect of the year ended 31 October 2014</i>		
Dividend reinvested into 7,528,522 new ordinary shares at an issue price of RM3.15 per ordinary share pursuant to the DRP	23,714	-
Payment in cash	77,193	-
	273,017	254,477

Subsequent to 31 October 2014, the directors recommended a single tier final dividend of 5.7 sen per ordinary shares amounting to RM144,684,887 in respect of the financial year ended 31 October 2014, subject to approval in the next Annual General Meeting.

39. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Employee benefits expense	285,717	243,327	13,624	11,093

Included in employee benefits expense are the following:

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
EPF	22,432	21,939	1,070	788
Share-based payment under the LTIP	37,384	23,529	9,261	9

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For the year ended 31 October 2014

40. CHANGES IN THE COMPOSITION OF THE GROUP

(a) Acquisition of subsidiary

On 17 September 2014, the Company acquired the entire issued share capital comprising 2 ordinary shares of RM1 each of KL East Sdn Bhd for a total cash consideration of RM2. The subsidiary had not commenced operations since its incorporation. The acquisition was completed in current year and had no significant impact on the Group's financial position as at the end of the financial year.

(b) Disposal of subsidiary

On 27 October 2014, the Company disposed of its entire equity interest in S P Setia Security Services Sdn Bhd ("SPSSS"), comprising 153,000 ordinary shares of RM1.00 each for a total cash consideration of RM278,000. Accordingly, SPSSS ceased to be a 51% subsidiary of the Company. The Group recognised a net loss of RM146,000 arising from the disposal of the subsidiary. No disclosures are made on the effects of this disposal as the financial impact is immaterial to the financial position of the Group.

(c) Derecognition of subsidiaries

During the financial year, the Company liquidated the following subsidiaries:

- Aneka Baru (M) Sdn Bhd (54% equity interest)
- Yunikhas Sdn Bhd (54% equity interest)
- Suharta Development Sdn Bhd (31% equity interest)

The Group recognises a net loss of RM2,215,000 arising from derecognition of the subsidiaries. These subsidiaries were inactive and accordingly, no disclosures are made on the effects of derecognition as the financial impact is immaterial to the financial position of the Group.

(d) Consolidation of two additional subsidiaries

Upon adopting of FRS 10 in the current financial year, the Group has consolidated two additional subsidiaries namely S P Setia Foundation and Setia Badminton Academy from its inception. The consolidation of these subsidiaries has no material financial impact on the financial position, financial performance and cash flow of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

41. RELATED PARTY DISCLOSURES

The following significant related party transactions took place at terms agreed between the parties during the financial year:

(a) Significant related party transactions during the financial year are as follows:

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2014	2013	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	Restated		Restated		Restated		Restated	
Transactions with subsidiary companies								
Interest received and receivable	-	-	104,832	96,001	-	-	143,719	113,441
Management fee received and receivable	-	-	-	6,966	-	-	31,133	32,050
Security services rendered	-	-	1,787	1,056	-	-	-	-
Staff secondment	-	-	6,985	1,995	-	-	7,350	1,175
Rental paid and payable	-	-	47	94	-	-	-	-
Transactions with jointly controlled entities								
Management fee received and receivable	3,547	478	-	-	-	8	-	-
Construction services rendered	36,613	1,432	-	-	-	1,104	-	-
Interest received and receivable	2,012	-	2,012	-	-	-	-	-
Rental received and receivable	1,218	359	-	-	-	230	-	-
Staff secondment	1,746	408	-	-	-	31	-	-
Security services rendered	336	78	-	-	-	11	-	-
Sale of building materials	200	-	-	-	-	-	-	-
Transfer of motor vehicle	50	-	-	-	-	-	-	-
Event service fee charged	30	20	-	-	-	6	-	-
Group marketing fee charged	323	78	-	-	-	(27)	-	-
Marketing support fee charged	-	547	-	-	-	547	-	-
Sale of investment properties	88,405	-	-	-	-	-	-	-
Transactions with associated companies								
Interest received and receivable	-	476	-	476	-	476	-	476

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

41. 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	
	2014	2013	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	Restated		Restated		Restated		Restated	
Transactions with directors of the Company, close family members of the directors and companies, in which they have interests								
Sale of development properties to directors of the Company								
- Dato' Voon Tin Yow	4,602	12,741	-	-	404*	377	-	-
- Ng Soon Lai @ Ng Siek Chuan	-	-	-	-	167*	-	-	-
- Tun Dato' Seri Zaki Bin Tun Azmi	4,904	-	-	-	-	-	-	-
- Dato' Khor Chap Jen	8,822	3,664	-	-	160*	157	-	-
- Close family member of Ng Soon Lai @ Ng Siek Chuan	554	-	-	-	-	-	-	-
- Close family member of Dato' Khor Chap Jen	232	-	-	-	81*	-	-	-
- Tan Sri Dato' Hari Narayanan A/L Govindasamy and close family member	-	-	-	-	198*	-	-	-
Disposal of entire equity interest in a subsidiary, SPSSS to a director of the Company								
- Tun Dato' Seri Zaki Bin Tun Azmi	278	-	278	-	-	-	-	-
Transactions with former directors of the Company, close family members of the former directors and companies, in which they have interests								
Sale of development properties to former directors of the Company								
- Tan Sri Dato' Sri Liew Kee Sin	15,218	13,221	-	-	-	-	-	-
- Tan Sri Lee Lam Thy	-	945	-	-	-	-	-	-

* The balances outstanding as at 31 October 2014 have been subsequently paid

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

41. 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	
	2014	2013	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	Restated		Restated		Restated		Restated	
Transactions with former directors of the Company, close family members of the former directors and companies, in which they have interests (cont'd)								
Sale of development properties to companies in which								
- Tan Sri Dato' Sri Liew Kee Sin has financial interest								
- Citra Budaya Sdn Bhd	-	3,469	-	-	-	(167)	-	-
- Tan Sri Dato' Sri Liew Kee Sin has financial interest								
- Maya Sepadu Sdn Bhd	-	5,555	-	-	-	-	-	-
- Tan Sri Dato' Sri Liew Kee Sin has financial interest								
- Gito Gaya Sdn Bhd	-	10,169	-	-	-	(225)	-	-
- Tan Sri Dato' Sri Liew Kee Sin has financial interest								
- WRXY Assets Sdn Bhd	-	155,301	-	-	-	27,456	-	-
Transactions between jointly controlled entities and former directors of the Company								
Sale of development properties to								
- Dato' Leong Kok Wah	-	5,357	-	-	-	-	-	-
- Dato' Chang Khim Wah	-	11,380	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

41. 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	
	2014	2013	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	Restated		Restated		Restated		Restated	
Transactions with directors of subsidiary companies and close family members of the directors								
Sale of development properties to								
- Datuk Wong Tuck Wai	1,690	1,764	-	-	-	-	-	-
- Datuk Koe Peng Kang	3,605	2,878	-	-	-	-	-	-
- Yap Kok Weng	-	1,635	-	-	-	-	-	-
- Yeo Cheng Jway	4,295	913	-	-	-	183	-	-
- Jamalillail bin Abu Bakar	1,436	1,620	-	-	-	-	-	-
- Choong Kai Wai	2,636	-	-	-	-	-	-	-
- Khoo Teck Chong	3,609	737	-	-	-	-	-	-
- Kow Choong Ming	-	1,111	-	-	-	-	-	-
- Tan Hon Lim	-	788	-	-	-	158	-	-
- Datuk Ong Kek Seng and close family member	1,650	-	-	-	-	-	-	-
- Datuk Koe Peng Kang and close family member	6,843	-	-	-	(169)	-	-	-
- Yap Kok Weng and close family member	5,686	-	-	-	-	-	-	-
- Tan Hon Lim and close family member	3,391	-	-	-	182*	-	-	-
- Neo Keng Hoe and close family member	3,584	-	-	-	-	-	-	-
- Leong Swee Chow and close family member	1,716	-	-	-	-	-	-	-
- Saw Kim Suan and close family member	3,462	-	-	-	-	-	-	-
- Close family member of Yeo Cheng Jway	-	509	-	-	-	-	-	-
- Close family member of Kow Choong Ming	1,691	-	-	-	-	-	-	-

* The balances outstanding as at 31 October 2014 have been subsequently paid

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

41. 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	
	2014	2013	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
		Restated		Restated		Restated		Restated
Transactions with directors of subsidiary companies and close family members of the directors (cont'd)								
Event service fee charged to Datuk Ong Kek Seng	-	102	-	-	-	-	-	-
Supply and installation of timber roof and flooring								
- Norhayati Binti Subali	-	6	-	-	-	-	-	-
- Yap Kok Weng	-	41	-	-	-	-	-	-
- Datuk Koe Peng Kang	-	48	-	-	-	-	-	-
Transaction with director and former director of subsidiary companies								
Sale of development properties to								
- Datuk Koe Peng Kang and Soo Chan Fai	1,834	-	-	-	-	-	-	-
Transactions with former directors of subsidiary companies and close family members of the former directors								
Sale of development properties to								
- Soo Chan Fai	-	948	-	-	-	253	-	-
- Hoe Mee Ling	3,486	4,469	-	-	200*	-	-	-
- Hoe Mee Ling and close family member	1,883	1,769	-	-	-	-	-	-
- Tan Chee Way and close family member	1,918	-	-	-	-	-	-	-
- Close family member of Dato' Ibrahim bin Taib	-	-	-	-	39*	-	-	-
Transactions with a company in which a close family member of a former director of the Company has interests								
Event service fee charged to								
- a company in which a close family member of Tan Sri Dato' Sri Liew Kee Sin has interests								
- Eco World Development Sdn Bhd	31	-	-	-	-	-	-	-
- a company in which a close family member of Tan Sri Dato' Sri Liew Kee Sin has interests								
- Eco World Project Management Sdn Bhd	66	-	-	-	-	-	-	-

* The balances outstanding as at 31 October 2014 have been subsequently paid

NOTES TO THE FINANCIAL STATEMENTS

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41. 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
	Restated		Restated	Restated	Restated	Restated	Restated	
Transactions between jointly controlled entities and directors of the Company and of subsidiary companies								
Sale of development properties to								
a) Directors of the Company								
- Dato' Voon Tin Yow	-	11,604	-	-	-	-	-	-
- Ng Soon Lai @ Ng Siek Chuan	-	8,389	-	-	-	-	-	-
- Datuk Ismail bin Adam	-	377	-	-	-	-	-	-
- Dato' Khor Chap Jen	-	2,340	-	-	-	-	-	-
- Close family member of Ng Soon Lai @ Ng Siek Chuan	-	2,417	-	-	-	-	-	-
b) Directors of subsidiary companies								
- Datuk Wong Tuck Wai	-	2,403	-	-	-	-	-	-
- Datuk Ong Kek Seng	-	3,608	-	-	-	-	-	-
- Datuk Koe Peng Kang	-	3,063	-	-	-	-	-	-
- Toh Puan Nik Sazlina Binti Mohd Zain	-	9,180	-	-	-	-	-	-
- Yeo Cheng Jway	-	2,140	-	-	-	-	-	-
- Norhayati binti Subali	-	2,896	-	-	-	-	-	-
- Neo Keng Hoe	-	1,887	-	-	-	-	-	-
- Choong Kai Wai	-	4,147	-	-	-	-	-	-
c) Company in which Director of the Company has financial interest								
- Tan Sri Dato' Hari Narayanan A/L Govindasamy - Mid Vector Consolidated Sdn Bhd	-	8,337	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

41. 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	
	2014	2013	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	Restated		Restated		Restated		Restated	
Transactions between jointly controlled entities and former directors of the Company and of subsidiary companies								
Sale of development properties to								
a) Former Directors of the Company								
- Dato' Teow Leong Seng	-	3,250	-	-	-	-	-	-
- Tan Sri Lee Lam Thye	-	2,997	-	-	-	-	-	-
b) Former Directors of subsidiary companies								
- Hoe Mee Ling	-	2,962	-	-	-	-	-	-
- Tan Chee Way	-	2,410	-	-	-	-	-	-
- Tan Sri Dato' Tee Tiam Lee	-	3,553	-	-	-	-	-	-
c) Companies in which Former Director of the Company has financial interest								
- Tan Sri Dato' Sri Liew Kee Sin								
- Gold Concorde Capital Ltd	-	42,476	-	-	-	-	-	-
- Tan Sri Dato' Sri Liew Kee Sin								
- Premier Etoile Group Ltd	-	62,437	-	-	-	-	-	-
Transaction between jointly controlled entities and a company in which a close family member of the former director of the Company has interests								
- Sale of development properties to a company in which a close family member of Tan Sri Dato' Sri Liew Kee Sin has interests								
- Gold Trocadero Investments Ltd	-	48,007	-	-	-	-	-	-
Transaction between jointly controlled entities and close family members of the former director of the Company								
- Sale of development properties to close family members of Tan Sri Dato' Sri Liew Kee Sin	-	16,174	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

41. RELATED PARTY DISCLOSURES (CONT'D)

(a) Significant related party transactions during the financial year are as follows: (cont'd)

Transactions with shareholders and Government

Permodalan Nasional Berhad ("PNB"), a government-linked entity, is a shareholder of the Company, with direct shareholding of 51.46% (2013: 48.69%) and indirect shareholding of 66.56% (2013: 63.77%) via Amanah Raya Trustee Berhad (Skim Amanah Saham Bumiputera). PNB and entities directly controlled by PNB are collectively referred to as government-related entities to the Group and the Company.

The transactions entered into with these government-linked corporations have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

(b) Key management personnel compensation

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
<i>Directors</i>				
Fees, salary, bonuses and other emoluments	27,206	26,875	3,169	5,564
Estimated monetary value of benefits-in-kind	3,515	1,734	11	961
Share-based payment under the LTIP	6,413	4,309	-	-
Total short-term employee benefits	37,134	32,918	3,180	6,525
Post-employment benefits				
- EPF and SOCSO	3,148	2,979	62	391
	40,282	35,897	3,242	6,916
<i>Other key management personnel</i>				
Fees	17	19	-	-
Salary, allowances and bonuses	23,361	19,888	-	599
Estimated monetary value of benefits-in-kind	-	230	-	20
Share-based payment under the LTIP	11,239	6,433	-	-
Total short-term employee benefits	34,617	26,570	-	619
Post-employment benefits				
- EPF and SOCSO	3,086	2,076	-	72
	37,703	28,646	-	691
Total compensation	77,985	64,543	-	7,607

Shares and share options granted to directors and other key management personnel

1,491,300 ESGP were granted to the Company's executive directors and other key management personnel during the financial year (2013: 61,750,500 ESOS and 2,771,680 ESGP).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

42. COMMITMENTS

(a) 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 upon expiry. None of the leases includes contingent rentals. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	2014 RM'000	Group 2013 RM'000 Restated
Not later than one year	708	901
Later than one year but not later than five years	682	158
	1,390	1,059

The Group as lessor

The Group leases out its investment properties to third parties under non-cancellable operating leases. These leases typically run for a period of 2 to 5 years with the option to renew upon expiry. None of the leases include contingent rentals. Certain of the leases include contingent rental arrangements computed based on sales achieved by tenants.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	2014 RM'000	Group 2013 RM'000 Restated
Not later than one year	14,954	11,493
Later than one year but not later than five years	31,535	30,081
Later than five years	192,027	197,076
	238,516	238,650

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

42. COMMITMENTS (CONT'D)

(b) Other commitments

	Group	
	2014 RM'000	2013 RM'000
Commitments to purchase development land		
- Contracted		
- Mukim 12, District of Barat Daya, Pulau Pinang	12,303	12,303
- Seksyen 4, Town of Jelutong, District of Timor Laut, Pulau Pinang	-	3,593
Contractual commitment for construction of investment properties	9,551	18,982
Commitment to acquire property, plant and equipment – approved and contracted	717	3,947
Contractual commitments in relation to Development Agreement	100,000	100,000
	122,571	138,825

43. CONTINGENT LIABILITIES (unsecured)

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000 Restated
Guarantees given to banks to secure banking facilities granted to subsidiary companies	-	-	5,089,969	5,441,892
Guarantees given to banks for performance bonds granted to subsidiary companies	-	-	141,859	27,173
Guarantees given to the suppliers of goods for credit terms granted to subsidiary companies	-	-	319	1,734
	-	-	5,232,147	5,470,799

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) Interest rate risk

The Group and the Company are 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.

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

The Group's and the Company'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 and the Company do not generally hedge interest rate risks. The Group and the Company have a policy to ensure that interest rates obtained are competitive.

Sensitivity analysis for interest rate risk

The weighted average interest rate for bank borrowings of the Group and the Company are as follows:

	Group		Company	
	2014 %	2013 % Restated	2014 %	2013 %
Weighted average interest rate	3.97	3.65	4.31	4.20

A sensitivity analysis has been performed based on the outstanding floating rate bank borrowings of the Group and the Company as at 31 October 2014. If interest rates were to increase or decrease by 50 basis points with all other variables held constant, the Group's and the Company's profit before tax would decrease or increase by RM5,177,000 and RM4,858,000 (2013 (restated): RM5,004,000 and RM4,794,000) respectively.

For those interest expense incurred and capitalised as part of the expenditure on investment property under construction, land held for property development and property development costs during the financial year, if the interest rates were to increase or decrease by 50 basis points with all other variables held constant, those assets of the Group would increase or decrease by RM16,418,000 (2013 (restated): RM14,887,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

44. 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 and the Company has a gain position.

The Group and the Company minimise and monitor its credit risk by dealing with credit worthy counter-parties and applying credit approval controls for material contracts. If necessary, the Group and the Company 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 and the Company mitigate 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.

At the reporting date, the Group did not have any significant concentration of credit risk that may arise from exposure to a single debtor or to group of debtors.

The ageing analysis of receivables which are trade in nature is disclosed in note 18 to the financial statements. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

(c) Foreign currency exchange risk

The Group is exposed to currency translation risk arising from its net investments in foreign operations, mainly United Kingdom, Australia, Singapore and China.

Sensitivity analysis for foreign currency risk

The closing rates used in translation are as follows:

	2014	2013
Sterling Pound	5.262	5.061
Australian Dollar	2.893	2.992
Singapore Dollar	2.574	2.545
Chinese Yuan	0.536	-

The following table demonstrates the sensitivity of the Group's equity to a reasonably possible change in the Sterling Pound, Australian Dollar, Singapore Dollar and Chinese Yuan exchange rates, with all other variables held constant.

		Group	
		2014	2013
		RM'000	RM'000
			Restated
Sterling Pound/RM	- strengthened by 5%	28,986	19,682
	- weakened by 5%	(28,986)	(19,682)
Australian Dollar/RM	- strengthened by 5%	2,212	12,949
	- weakened by 5%	(2,212)	(12,949)
Singapore Dollar/RM	- strengthened by 5%	15,966	14,218
	- weakened by 5%	(15,966)	(14,218)
Chinese Yuan/RM	- strengthened by 5%	4,705	-
	- weakened by 5%	(4,705)	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Liquidity and cash flow risks

Liquidity and cash flow risks are the risks that the Group and the Company will not be able to meet its financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group and the Company seek 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 and the Company always maintain sufficient credit lines available to meet their liquidity requirements while ensuring an effective working capital management within the Group and the Company.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2014 RM'000			Total
	On demand or within one year	One to five years	Over five years	
Group				
Financial liabilities:				
Trade payables	772,167	-	-	772,167
Other payables and accruals	495,753	-	-	495,753
Long term borrowings	-	3,497,353	69,496	3,566,849
Short term borrowings	979,021	-	-	979,021
Bank overdrafts	51,656	-	-	51,656
Redeemable cumulative preference shares	1,925	29,238	33,072	64,235
Total undiscounted financial liabilities	2,300,522	3,526,591	102,568	5,929,681
Company				
Financial liabilities:				
Trade payables	15	-	-	15
Amounts owing to subsidiary companies	129,717	-	-	129,717
Other payables and accruals	8,638	-	-	8,638
Long term borrowings	-	534,820	-	534,820
Short term borrowings	480,770	-	-	480,770
Bank overdrafts	31,569	-	-	31,569
Total undiscounted financial liabilities	650,709	534,820	-	1,185,529

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Liquidity and cash flow risks (cont'd)

	On demand or within one year	2013 RM'000 Restated		Total
		One to five years	Over five years	
Group				
Financial liabilities:				
Trade payables	572,555	-	-	572,555
Other payables and accruals	671,902	-	-	671,902
Long term borrowings	-	3,324,447	287,883	3,612,330
Short term borrowings	683,467	-	-	683,467
Bank overdrafts	60,875	-	-	60,875
Redeemable cumulative preference shares	2,267	41,760	49,550	93,577
Total undiscounted financial liabilities	1,991,066	3,366,207	337,433	5,694,706
Company				
Financial liabilities:				
Trade payables	6,754	-	-	6,754
Amounts owing to subsidiary companies	163,411	-	-	163,411
Other payables and accruals	4,343	-	-	4,343
Long term borrowings	-	763,350	-	763,350
Short term borrowings	279,354	-	-	279,354
Bank overdrafts	18,727	-	-	18,727
Total undiscounted financial liabilities	472,589	763,350	-	1,235,939

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

45. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The Group's and the Company's financial assets are categorised as loans and receivables except for other investments which are categorised as available-for-sale and gross amount due from customers, accrued billings and prepayments which are categorised as other current assets.

The Group's and the Company's financial liabilities are categorised as financial liabilities measured at amortised cost except for gross amount due to customers and progress billings which are categorised as other current liabilities.

(b) Determination of fair value

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in forced or liquidation sale.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by revaluation method. The fair value hierarchy has the following levels:-

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The carrying amounts and fair values of the long term financial assets and liabilities of the Group and of the Company at the reporting date are as follows:

	Group		Company	
	Carrying amount RM'000	Fair value RM'000 Level 2	Carrying amount RM'000	Fair value RM'000 Level 2
2014				
Financial assets:				
Amounts owing by subsidiary companies	-	-	2,437,922	#
Amount owing by a former joint venture partner	14,398	#	-	-
Financial liabilities:				
Redeemable cumulative preference shares	55,768	#	-	-
Fixed rate long term borrowings	500,000	#	500,000	#
Floating rate long term borrowings	2,887,935	*	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

45. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(b) Determination of fair value (cont'd)

2013	Group		Company	
	Carrying amount RM'000 Restated	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets:				
Amounts owing by subsidiary companies	-	-	1,886,452	#
Amount owing by a former joint venture partner	14,380	#	-	-
Financial liabilities:				
Redeemable cumulative preference shares	74,831	#	-	-
Fixed rate long term borrowings	400,000	#	400,000	#
Floating rate long term borrowings	2,936,264	*	300,000	*

* The carrying amounts are reasonable approximation of fair values because they are floating rate instruments which are repriced to market interest rates.

The carrying amounts are reasonable approximation of fair value.

Comparative fair value information is not presented by levels by virtue of the exemption given in FRS 13.

The carrying amounts of all other financial assets and liabilities of the Group and of the Company at the reporting date approximated or were at their fair values. The fair values of the financial assets and financial liabilities above are determined using discounted cash flow method. The most significant input being the discount rate that reflects the credit risk of the counterparties.

46. CAPITAL MANAGEMENT

The primary objectives of the Group's and the Company's capital management are to ensure that it maintains a strong capital base and healthy capital ratios in order to support its existing business operations and enable future development of the businesses as well as maximise shareholders' value.

The capital structure of the Group and the Company consists of equity attributable to the shareholders of the Company (i.e. share capital, reserve and retained earnings), Perpetual bond and total debts, which include borrowings.

Management reviews and manages the capital structure regularly and makes adjustments to address changes in the economic environment and risk characteristics inherent in its business operations. These initiatives may include equity capital raising exercises and adjustments to the amount of dividends distributed to shareholders. No changes were made in the objectives, policies and processes during the years ended 31 October 2014 and 31 October 2013.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

46. CAPITAL MANAGEMENT (CONT'D)

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Debt:				
Long term borrowings	3,387,935	3,336,264	500,000	700,000
Redeemable cumulative preference shares	55,768	74,831	-	-
Short term borrowings	879,403	581,064	440,000	240,000
Bank overdrafts	51,656	60,875	31,569	18,727
Total debt	4,374,762	4,053,034	971,569	958,727
Deposits, cash and bank balances:				
Deposits	1,165,099	940,560	872,214	740,930
Cash and bank balances	1,246,941	1,229,971	51,848	4,191
	2,412,040	2,170,531	924,062	745,121
Net debt	(1,962,722)	(1,882,503)	(47,507)	(213,606)
Equity attributable to owners of the Company	6,791,680	5,730,934	5,185,331	4,297,344
Gross gearing ratio	0.64	0.71	0.19	0.22
Net gearing ratio	0.29	0.33	0.01	0.05

47. SEGMENTAL ANALYSIS

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 infrastructure 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.

The business segments results are reviewed monthly by the Chief Executive Officer of the Group.

The operations of the Group are primarily carried out in Malaysia. Group income taxes are presented on a group basis and are not allocated to operating segments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

47. SEGMENTAL ANALYSIS (CONT'D)

(a) Segment results

2014	Property development RM'000	Construction RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE					
External sales	3,509,863	196,161	104,078	-	3,810,102
Inter-segment sales	52,266	402,376	119,962	(574,604)	-
Total revenue	3,562,129	598,537	224,040	(574,604)	3,810,102
RESULTS					
Gross profit	1,078,712	8,012	20,890	-	1,107,614
Other operating income	125,497	4,502	43,625	-	173,624
Operating expenses	(396,531)	(5,911)	(18,431)	-	(420,873)
Share of results of jointly controlled entities	(83,801)	6,401	(467)	-	(77,867)
Share of results of associated companies	(94)	-	-	-	(94)
Finance costs	(58,853)	(1,113)	-	-	(59,966)
Profit before tax	664,930	11,891	45,617	-	722,438
Tax expense					(205,719)
Profit for the year					516,719
2013					
Restated	Property development RM'000	Construction RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE					
External sales	3,061,857	99,330	99,972	-	3,261,159
Inter-segment sales	416,920	261,713	92,325	(770,958)	-
Total revenue	3,478,777	361,043	192,297	(770,958)	3,261,159
RESULTS					
Gross profit	1,005,890	3,980	25,804	-	1,035,674
Other operating income	84,203	2,334	36,285	-	122,822
Operating expenses	(381,019)	(5,094)	(26,505)	-	(412,618)
Share of results of jointly controlled entities	(30,523)	2,280	(1,233)	-	(29,476)
Share of results of associated companies	(161)	-	(1)	-	(162)
Finance costs	(55,464)	(2,361)	-	-	(57,825)
Profit before tax	622,926	1,139	34,350	-	658,415
Tax expense					(173,983)
Profit for the year					484,432

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

47. SEGMENTAL ANALYSIS (CONT'D)

(b) Segment assets, liabilities and other information

2014	Property development RM'000	Construction RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Segment assets	9,682,820	326,850	2,097,445	-	12,107,115
Investments in jointly controlled entities	632,640	82,586	(57,573)	-	657,653
Investments in associated companies	94,101	-	-	-	94,101
Current and deferred tax assets	222,507	11,076	15,167	-	248,750
Consolidated total assets					13,107,619
Segment liabilities	5,928,846	166,623	203,495	-	6,298,964
Current and deferred tax liabilities	15,795	379	801	-	16,975
Consolidated total liabilities					6,315,939
Capital expenditure	90,278	1,880	61,252		
Interest income	31,822	2,967	41,082		
Amortisation and depreciation	23,245	1,364	3,650		
Other non-cash items	106,222	4,198	468		
2013					
Restated					
Segment assets	9,782,255	74,757	1,404,322	-	11,261,334
Investments in jointly controlled entities	447,973	75,872	(17,492)	-	506,353
Investments in associated companies	-	-	1,689	-	1,689
Current and deferred tax assets	209,732	4,094	8,785	-	222,611
Consolidated total assets					11,991,987
Segment liabilities	6,060,860	88,011	64,251	-	6,213,122
Current and deferred tax liabilities	46,879	485	567	-	47,931
Consolidated total liabilities					6,261,053
Capital expenditure	122,282	6,781	90,694		
Interest income	25,951	815	23,284		
Amortisation and depreciation	16,303	1,207	3,449		
Other non-cash items	4,378	606	785		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

47. SEGMENTAL ANALYSIS (CONT'D)

(c) Segment by geographical location

Revenue, profit/(loss) before interest and tax and non-current assets, other than financial instruments and deferred tax assets, by location of the Group's operations are analysed as follows:

	Revenue		Profit/(Loss) before interest and tax		Non-current assets	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000 Restated
Malaysia	3,456,868	3,090,891	767,293	716,026	5,675,266	5,436,037
Singapore	334,354	160,335	35,505	702	513	825
Australia	-	-	(17,371)	(16,279)	238	346
Vietnam	18,880	9,933	2,442	(452)	74,750	85,477
United Kingdom	-	-	(81,738)	(30,476)	579,711	393,636
Other countries	-	-	402	(3,331)	-	721
	3,810,102	3,261,159	706,533	666,190	6,330,478	5,917,042

Reconciliation of non-current assets, other than financial instruments and deferred tax assets to the total non-current assets are as follows:

	2014 RM'000	2013 RM'000 Restated
Amount owing by former joint venture partner	14,398	14,380
Non-current assets other than financial instruments and deferred tax assets	6,330,478	5,917,042
Deferred tax assets	172,706	192,847
	6,517,582	6,124,269

(d) Information about major customers

There is no significant concentration of revenue from any major customers as the Group sells its development properties to individual end purchasers.

48. SUBSEQUENT EVENT

On 12 November 2014, the Company liquidated Suharta Sdn Bhd ("Suharta"), an indirect subsidiary of the Company by way of creditors' voluntary winding up.

The creditors' voluntary winding up of Suharta will not have any material effect on the earnings and net assets of the Group and the Company for the financial year ending 31 October 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

49. SIGNIFICANT EVENTS PENDING COMPLETION

The following are the status of corporate proposals that have been announced by the Group and the Company but not completed as at 31 October 2014:

- (i) Bandar Setia Alam Sdn Bhd ("Bandar Setia Alam"), a wholly owned subsidiary of S P Setia Berhad, disposed off approximately 30.5 acres of freehold land ("Original Land") located within Precinct 1 of the Setia Alam township ("Said Land") to Greenhill Resources Sdn Bhd ("Greenhill") for a total consideration of RM119,572,200. Greenhill is a joint venture between Bandar Setia Alam and Lend Lease Asian Retail Investment Fund 2 Limited ("ARIF"), a wholesale real estate development fund managed by Lend Lease Investment Management Pte Ltd, for the development of a retail mall on the Said Land ("Retail Mall"), as announced on 2 July 2008.

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

Pursuant to a Supplemental Agreement entered into between the parties on 27 January 2014, the disposal of the Stage 1 Land and Stage 2 Land is expected to be completed by financial year ending 31 October 2015;

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

50. CHANGES IN COMPARATIVES

The Group adopted FRS 10 and FRS 11 in current year. The adoption of these standards are applied retrospectively.

The following comparatives of the Group for the financial year ended 31 October 2013 have been restated due to the changes in accounting policies:

**Statement of Financial Position
At 31 October 2013**

	As previously reported RM'000	Effects of adopting FRS 10 RM'000	Effects of adopting FRS 11 RM'000	As restated RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	121,856	13,378	(12,722)	122,512
Investment properties	1,013,046	60,107	(459,594)	613,559
Land held for property development	4,918,472	283,980	(581,652)	4,620,800
Concession assets	52,129	-	-	52,129
Investments in jointly controlled entities	-	-	506,353	506,353
Investments in associated companies	1,689	-	-	1,689
Amount owing by a former joint venture partner	14,380	-	-	14,380
Amounts owing by jointly controlled entities	41,569	(41,569)	-	-
Deferred tax assets	167,885	26,082	(1,120)	192,847
Total non-current assets	6,331,026	341,978	(548,735)	6,124,269
Current assets				
Property development costs	2,693,117	112,318	(232,165)	2,573,270
Gross amount due from customers	641	-	-	641
Inventories	43,244	-	(19,678)	23,566
Accrued billings	122,932	-	(6,653)	116,279
Trade receivables	646,571	61,734	(7,535)	700,770
Amounts owing by jointly controlled entities	32,220	107,070	(72)	139,218
Amounts owing by associated companies	9,283	-	-	9,283
Other receivables, deposits and prepayments	288,969	(25,238)	(159,335)	104,396
Current tax assets	30,541	-	(777)	29,764
Deposits	1,024,981	18,703	(103,124)	940,560
Cash and bank balances	1,218,237	91,210	(79,476)	1,229,971
Total current assets	6,110,736	365,797	(608,815)	5,867,718
TOTAL ASSETS	12,441,762	707,775	(1,157,550)	11,991,987

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

50. CHANGES IN COMPARATIVES (CONT'D)

Statement of Financial Position (cont'd)
At 31 October 2013

	As previously reported RM'000	Effects of adopting FRS 10 RM'000	Effects of adopting FRS 11 RM'000	As restated RM'000
EQUITY AND LIABILITIES				
Equity				
Share capital	1,844,034	-	-	1,844,034
Share premium	2,128,696	-	-	2,128,696
Share based payment reserve	23,529	-	-	23,529
Exchange translation reserve	(987)	-	4,057	3,070
Retained earnings	1,530,271	(48,535)	(5,369)	1,476,367
Equity attributable to owners of the Company	5,525,543	(48,535)	(1,312)	5,475,696
Non-controlling interests	(846)	256,084	-	255,238
Total equity	5,524,697	207,549	(1,312)	5,730,934
Non-current liabilities				
Long term borrowings	3,915,084	94,498	(673,318)	3,336,264
Redeemable cumulative preference shares	-	74,831	-	74,831
Deferred tax liabilities	4,951	1,303	(21)	6,233
Total non-current liabilities	3,920,035	170,632	(673,339)	3,417,328
Current liabilities				
Gross amount due to customers	2,311	-	-	2,311
Trade payables	546,434	48,757	(22,636)	572,555
Progress billings	810,700	102,620	-	913,320
Other payables and accruals	985,616	51,427	(365,141)	671,902
Short term borrowings	553,554	40,014	(12,504)	581,064
Bank overdrafts	60,875	-	-	60,875
Current tax liabilities	37,540	4,950	(792)	41,698
Total current liabilities	2,997,030	247,768	(401,073)	2,843,725
Total liabilities	6,917,065	418,400	(1,074,412)	6,261,053
TOTAL EQUITY AND LIABILITIES	12,441,762	625,949	(1,075,724)	11,991,987

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

50. CHANGES IN COMPARATIVES (CONT'D)

Statement of Financial Position
At 1 November 2012

	As previously reported RM'000	Effects of adopting FRS 10 RM'000	Effects of adopting FRS 11 RM'000	As restated RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	77,315	12,836	(1,865)	88,286
Investment properties	602,310	50,158	(202,277)	450,191
Land held for property development	4,514,037	330,980	(896,058)	3,948,959
Concession assets	11,708	-	-	11,708
Investments in jointly controlled entities	-	-	527,710	527,710
Investments in associated companies	1,891	-	-	1,891
Other investments	337	-	-	337
Amount owing by a former joint venture partner	13,714	-	-	13,714
Amounts owing by jointly controlled entities	57,772	(57,772)	-	-
Deferred tax assets	93,779	24,785	(1,440)	117,124
Total non-current assets	5,372,863	360,987	(573,930)	5,159,920
Current assets				
Property development costs	1,606,654	119,051	(54,310)	1,671,395
Gross amount due from customers	25,741	-	(10,103)	15,638
Inventories	23,552	-	(1,527)	22,025
Accrued billings	132,705	21,480	(5,537)	148,648
Trade receivables	471,448	59,377	(15,759)	515,066
Amounts owing by jointly controlled entities	18,174	61,511	242	79,927
Other receivables, deposits and prepayments	139,845	6,953	(24,591)	122,207
Current tax assets	18,759	3,070	(470)	21,359
Deposits	594,206	11,559	(87,493)	518,272
Cash and bank balances	949,357	43,377	(30,723)	962,011
Total current assets	3,980,441	326,378	(230,271)	4,076,548
TOTAL ASSETS	9,353,304	687,365	(804,201)	9,236,468

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

50. CHANGES IN COMPARATIVES (CONT'D)

Statement of Financial Position (cont'd)
At 1 November 2012

	As previously reported RM'000	Effects of adopting FRS 10 RM'000	Effects of adopting FRS 11 RM'000	As restated RM'000
EQUITY AND LIABILITIES				
Equity				
Share capital	1,504,250	-	-	1,504,250
Share premium	1,113,480	-	-	1,113,480
Share based payment reserve	242	-	-	242
Warrants reserve	28,904	-	-	28,904
Exchange translation reserve	(2,686)	-	4,154	1,468
Retained earnings	1,399,684	(28,639)	(25,755)	1,345,290
Equity attributable to owners of the Company	4,043,874	(28,639)	(21,601)	3,993,634
Non-controlling interests	(4,754)	221,876	-	217,122
Total equity	4,039,120	193,237	(21,601)	4,210,756
Non-current liabilities				
Long term borrowings	2,361,745	149,944	(566,000)	1,945,689
Redeemable cumulative preference shares	-	85,104	-	85,104
Deferred tax liabilities	2,195	225	-	2,420
Total non-current liabilities	2,363,940	235,273	(566,000)	2,033,213
Current liabilities				
Gross amount due to customers	6,022	-	-	6,022
Trade payables	493,806	56,073	(40,459)	509,420
Progress billings	414,808	78,803	-	493,611
Other payables and accruals	466,857	21,124	(80,479)	407,502
Short term borrowings	1,415,988	42,872	(45,663)	1,413,197
Redeemable cumulative preference shares	-	6,616	-	6,616
Bank overdrafts	104,847	1,264	-	106,111
Current tax liabilities	47,916	2,311	(207)	50,020
Total current liabilities	2,950,244	209,063	(166,808)	2,992,499
Total liabilities	5,314,184	444,336	(732,808)	5,025,712
TOTAL EQUITY AND LIABILITIES	9,353,304	637,573	(754,409)	9,236,468

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

50. CHANGES IN COMPARATIVES (CONT'D)

Statement of Comprehensive Income
for the year ended 31 October 2013

	As previously reported RM'000	Effects of adopting FRS 10 RM'000	Effects of adopting FRS 11 RM'000	As restated RM'000
Revenue	3,060,528	261,314	(60,683)	3,261,159
Cost of sales	(2,118,478)	(144,802)	37,795	(2,225,485)
Gross profit	942,050	116,512	(22,888)	1,035,674
Other operating income	108,466	17,730	(3,374)	122,822
Selling and marketing expenses	(181,555)	(18,964)	11,608	(188,911)
Administrative and general expenses	(241,369)	(13,534)	31,196	(223,707)
Share of results of jointly controlled entities	-	-	(29,476)	(29,476)
Share of results of associated companies	(162)	-	-	(162)
Finance costs	(57,087)	(12,873)	12,135	(57,825)
Profit before taxation	570,343	88,871	(799)	658,415
Tax expenses	(151,056)	(25,092)	2,165	(173,983)
Profit for the year	419,287	63,779	1,366	484,432
Other comprehensive income:				
Exchange differences on translation of foreign operations	1,689	(97)	-	1,592
Total comprehensive income for the year	420,976	63,682	1,366	486,024
Profit attributable to:				
Owners of the Company	417,858	490	-	418,348
Non-controlling interests	1,429	63,289	1,366	66,084
	419,287	63,779	1,366	484,432
Total comprehensive income attributable to:				
Owners of the Company	419,557	393	-	419,950
Non-controlling interests	1,419	63,289	1,366	66,074
	420,976	63,682	1,366	486,024

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

50. CHANGES IN COMPARATIVES (CONT'D)

Statement of Cash Flow
At 31 October 2013

	As previously reported RM'000	Effects of adopting FRS 10 & FRS 11 RM'000	As restated RM'000
Group			
Net cash generated from operating activities	669,599	129,236	798,835
Net cash used in investing activities	(1,712,570)	(11,716)	(1,724,286)
Net cash generated from financing activities	1,779,036	(123,264)	1,655,772
Net increase/(decrease) in cash and cash equivalents	736,065	(5,744)	730,321
Effect of exchange rate changes	6,757	(4,815)	1,942
Cash and cash equivalents at 1 November 2012	1,420,479	(63,547)	1,356,932
Cash and cash equivalents at 31 October 2013	2,163,301	(74,106)	2,089,195

The following comparatives of the Company have been reclassified to conform with the adoption of FRS 10 and FRS 11:

Statement of Financial Position
At 31 October 2013

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Non-current assets			
Investments in subsidiary companies	1,695,983	54,480	1,750,463
Investments in jointly controlled entities	88,908	(54,480)	34,428
Amounts owing by subsidiary companies	1,653,689	232,763	1,886,452
Amounts owing by jointly controlled entities	232,763	(232,763)	-
Current assets			
Amounts owing by subsidiary companies	975,742	(59,096)	916,646
Amounts owing by jointly controlled entities	18,104	59,096	77,200

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2014

50. CHANGES IN COMPARATIVES (CONT'D)

The following comparative of the Company have been reclassified to conform with the adoption of FRS 10 and FRS 11 (cont'd) :

Statement of Financial Position
At 31 October 2012

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Non-current assets			
Investments in subsidiary companies	1,334,766	54,480	1,389,246
Investments in jointly controlled entities	90,981	(54,480)	36,501
Amounts owing by subsidiary companies	1,168,459	305,372	1,473,831
Amounts owing by jointly controlled entities	305,372	(305,372)	-
Current assets			
Amounts owing by subsidiary companies	761,623	36,657	798,280
Amounts owing by jointly controlled entities	42,210	(36,657)	5,553

51. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 16 December 2014 by the Board of Directors.

52. DISCLOSURE OF REALISED AND UNREALISED RETAINED PROFITS

The disclosure of realised and unrealised profits or losses is compiled in accordance to the Malaysian Institute of Accountants Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements.

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

	Group		Company	
	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Total retained profits of the Company and its subsidiaries:				
- realised	2,047,994	1,864,849	324,739	301,079
- unrealised	142,809	156,730	(3)	6
	2,190,803	2,021,579	324,736	301,085
Total retained profits from jointly controlled entities:				
- realised	(84,926)	(7,261)	-	-
- unrealised	897	1,099	-	-
	(84,029)	(6,162)	-	-
Total share of retained profits from associated companies:				
- realised	(987)	(893)	-	-
- unrealised	-	-	-	-
	(987)	(893)	-	-
Less: Consolidation adjustments	(496,761)	(538,157)	-	-
Total Group's and Company's retained profits as per statements of financial position	1,609,026	1,476,367	324,736	301,085

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the directors, the financial statements set out on pages 105 to 213 have been drawn up:

- (a) so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 October 2014 and of their results and cash flows for the year then ended; and
- (b) in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965.

The information set out in note 52 on page 213 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysia Institute of Accountants.

Signed on behalf of the directors in accordance with a directors' resolution dated 16 December 2014

DATO' VOONTIN YOW
Director

DATO' KHOR CHAP JEN
Director

Kuala Lumpur

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Choy Kah Yew, being the officer primarily responsible for the financial management of S P Setia Berhad do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 105 to 213 are correct.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at)
 Kuala Lumpur in the Federal Territory)
)
 this 16 December 2014)
)
)

CHOY KAH YEW

Before me:

Commissioner for Oaths

ANALYSIS OF SHAREHOLDINGS

As at 30 January 2015

Authorised Share Capital	:	RM2,250,000,000
Issued Share Capital	:	2,541,502,084
Paid Up Share Capital	:	RM1,906,126,563.00
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	775	13.18	28,365	0.00
100 - 1,000	1,162	19.76	778,832	0.03
1,001 - 10,000	2,942	50.02	10,912,527	0.43
10,001 - 100,000	784	13.33	21,655,215	0.85
100,001 to less than 5% of issued shares	216	3.67	598,701,626	23.56
5% and above of issued shares	3	0.05	1,909,425,519	75.13
Total	5,882	100.00	2,541,502,084	100.00

LIST OF THIRTY LARGEST SHAREHOLDERS

Name Of Shareholders	No. of Shares	%
1. Permodalan Nasional Berhad	1,299,110,238	51.12
2. Amanahraya Trustees Berhad - Skim Amanah Saham Bumiputera	380,863,339	14.99
3. Kumpulan Wang Persaraan (Diperbadankan)	229,451,942	9.03
4. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	100,298,944	3.95
5. Lembaga Tabung Haji	91,668,800	3.61
6. HSBC Nominees (Asing) Sdn Bhd - BNP Paribas SECS SVS Lux for Aberdeen Global	63,609,959	2.50
7. Amanahraya Trustees Berhad - Amanah Saham Wawasan 2020	32,867,538	1.29
8. Amanahraya Trustees Berhad - Amanah Saham Malaysia	22,081,081	0.87
9. Yayasan Gerakbakti Kebangsaan	16,673,445	0.66
10. HSBC Nominees (Asing) Sdn Bhd - BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	15,916,024	0.63
11. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Nomura)	13,618,153	0.54
12. DB (Malaysia) Nominee (Asing) Sdn Bhd - SSBT Fund AM4N for Aberdeen Institutional Commingled Funds LLC	10,027,471	0.39
13. Cartaban Nominees (Tempatan) Sdn Bhd - Exempt AN for Eastspring Investments Berhad	9,781,684	0.38
14. Maybank Nominees (Asing) Sdn Bhd - DBS Bank for One North Capital - Asia Value Master Fund (290017)	9,360,617	0.37
15. Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (DR)	7,750,000	0.30
16. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Amundi)	7,601,587	0.30
17. HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (Norges BK)	6,689,000	0.26
18. Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for Citibank New York (Norges Bank 9)	6,168,042	0.24
19. Citigroup Nominees (Asing) Sdn Bhd - Legal & General Assurance Society Limited	5,851,873	0.23

ANALYSIS OF SHAREHOLDINGS

As at 30 January 2015

LIST OF THIRTY LARGEST SHAREHOLDERS (CONT'D)

Name Of Shareholders	No. of Shares	%
20. HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	5,797,499	0.23
21. Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	5,400,004	0.21
22. HSBC Nominees (Asing) Sdn Bhd - Exempt AN for BNP Paribas Wealth Management Singapore Branch (A/C Clients-FGN)	5,289,500	0.21
23. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Aberdeen)	5,117,065	0.20
24. Amanahraya Trustees Berhad - AS 1Malaysia	5,000,000	0.20
25. AMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account – AmBank (M) Berhad for Voon Tin Yow	4,800,000	0.19
26. HSBC Nominees (Asing) Sdn Bhd - Exempt AN for Danske Bank A/S (Client Holdings)	4,308,434	0.17
27. Amanahraya Trustees Berhad - Public Islamic Select Enterprises Fund	4,296,972	0.17
28. Cartaban Nominees (Asing) Sdn Bhd - RBC Investor Services Bank for Global Emerging Markets Smallcap (Danske Invest)	4,146,797	0.16
29. Lembaga Tabung Angkatan Tentera	4,000,000	0.16
30. Citigroup Nominees (Asing) Sdn Bhd - Legal & General Assurance (Pensions Management) Limited	3,738,083	0.15
	2,381,284,091	93.70

SUBSTANTIAL SHAREHOLDERS

Name	Direct	No. of Ordinary Shares Held		%
		%	Indirect	
Permodalan Nasional Berhad	1,299,110,238	51.12	-	-
Amanahraya Trustees Berhad - Skim Amanah Saham Bumiputera	380,863,339	14.99	-	-
Kumpulan Wang Persaraan (Diperbadankan)	238,751,338	9.39	9,387,429	0.37
Yayasan Pelaburan Bumiputra	-	-	1,299,110,238	51.12

DIRECTORS AND THEIR SHAREHOLDINGS

Name	Direct	No. of Ordinary Shares Held		%
		%	Indirect	
Tun Dato' Seri Zaki Bin Tun Azmi	-	-	-	-
Dato' Khor Chap Jen	92,400	0.004	-	-
Ng Soon Lai @ Ng Siek Chuan	-	-	-	-
Tan Sri Dato' Hari Narayanan A/L Govindasamy	-	-	-	-
Datuk Ismail Bin Adam	-	-	-	-
Dato' Noor Farida Binti Mohd Ariffin	-	-	-	-
Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin	-	-	-	-
Zainal Abidin Bin Jamal	-	-	-	-
Dato' Halipah Binti Esa	-	-	-	-
Dato' Ahmad Pardas Bin Senin	-	-	-	-
Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob	-	-	-	-
Dato' Zuraidah Binti Atan	-	-	-	-
Tengku Dato' Ab. Aziz Bin Tengku Mahmud	-	-	-	-

**LIST OF MATERIAL
PROPERTIES HELD BY
THE GROUP**
AS AT 31 OCTOBER 2014

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	17,343,369	Freehold	751,411,681
2	Mukim Dengkil, Daerah Sepang Selangor Darul Ehsan	Land under development and held for development	02/03/11	8,628,939	Freehold	456,641,221
3	Mukim Semenyih, Daerah Hulu Langat Selangor Darul Ehsan	Land under development and held for development	03/10/11	10,800,068	Freehold	406,323,740
4	Seksyen 95A & 98, Kampung Haji Abdullah Hukum Kuala Lumpur	Land under development and held for development	24/10/11	1,612,134	Leasehold	575,648,713
5	Mukim 17 & 18, Daerah Timur Laut, Tanjong Bungah, Pulau Pinang	Land held for development	15/05/12 25/05/12	1,535,673	Freehold	319,182,171
6	Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim	Land under development and held for development	10/01/07	32,373,501	Freehold	396,628,406
7	Chestnut Avenue Singapore	Land under development	25/04/12	43,067	Leasehold	142,615,237
8	Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Land under development and held for development	28/01/11	13,685,637	Freehold	266,955,597
9	Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Land under development and held for development	09/09/10	21,011,602	Freehold	317,249,778
10	Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Land under development and held for development	08/04/04	9,086,124	Freehold	416,363,192
						4,049,019,736

NOTICE OF ANNUAL GENERAL MEETING

S P SETIA BERHAD (19698-X)

NOTICE IS HEREBY GIVEN that the Fortieth Annual General Meeting (“40th AGM”) of the Company will be held at **Function Room 1, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Thursday, 26 March 2015 at 10.00 a.m.** for the following purposes:

AGENDA

- | | |
|---|---|
| 1. To receive the audited financial statements of the Company for the financial year ended 31 October 2014 together with the reports of the Directors and Auditors thereon. | Please refer to Explanatory Note A |
| 2. To declare a single tier final dividend of 5.7 sen per share for the financial year ended 31 October 2014. | Resolution 1 |
| 3. 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 : | |
| (a) Dato’ Halipah binti Esa | Resolution 2 |
| (b) Dato’ Ahmad Pardas bin Senin | Resolution 3 |
| (c) Dato’ Seri Ir. Hj. Mohd Noor bin Yaacob | Resolution 4 |
| (d) Dato’ Zuraidah binti Atan | Resolution 5 |
| (e) Tengku Dato’ Ab. Aziz bin Tengku Mahmud | Resolution 6 |
| 4. To consider and, if thought fit, to pass the following Ordinary Resolution in accordance with Section 129(6) of the Companies Act, 1965 (“Act”):- | |
| <p>“THAT Tan Sri Dato’ Dr. Wan Mohd Zahid bin Mohd Noordin, who has attained the age of seventy years and retiring in accordance with Section 129(2) of the Act, be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting.”</p> | Resolution 7 |
| 5. To approve the payment of Non-Executive Directors’ Fees of RM1,053,000 for the financial year ended 31 October 2014 (2013: RM896,000). | Resolution 8 |
| 6. To appoint Messrs Ernst & Young as Auditors of the Company in place of the retiring Auditors, Messrs Mazars and to authorise the Directors to fix their remuneration. | Resolution 9 |

Notice of Nomination pursuant to Section 172(11) of the Act (a copy of which is annexed and marked as “Appendix 1” in the Annual Report 2014) has been received by the Company for the nomination of Messrs Ernst & Young who have given their consent to act, for appointment as Auditors in place of the retiring Auditors, Messrs Mazars and of the intention to propose the following ordinary resolution:-

“**THAT** Messrs Ernst & Young be and are hereby appointed auditors of the Company in place of the retiring auditors, Messrs Mazars, to hold office until the conclusion of the next Annual General Meeting and at a remuneration to be determined by the Directors.”

NOTICE OF ANNUAL GENERAL MEETING

S P SETIA BERHAD (19698-X)

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolutions:-

7. ORDINARY RESOLUTION

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 4 MARCH 2015

Resolution 10

"THAT, subject always to the Main Market 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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad and as specified in Section 2.3.1 of the Circular to Shareholders dated 4 March 2015*) 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 Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

AND 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."

NOTICE OF ANNUAL GENERAL MEETING

S P SETIA BERHAD (19698-X)

8. ORDINARY RESOLUTION

PROPOSED RENEWAL OF THE AUTHORITY TO ALLOT AND ISSUE NEW ORDINARY SHARES OF RM0.75 EACH IN THE COMPANY ("S P SETIA SHARES"), FOR THE PURPOSE OF THE COMPANY'S DIVIDEND REINVESTMENT PLAN ("DRP") THAT PROVIDES THE SHAREHOLDERS OF THE COMPANY ("SHAREHOLDERS") THE OPTION TO ELECT TO REINVEST THEIR CASH DIVIDEND IN NEW S P SETIA SHARES

Resolution 11

"**THAT** pursuant to the DRP as approved by the Shareholders at the Extraordinary General Meeting held on 20 March 2014 and subject to the approval of the relevant regulatory authority (if any), approval be and is hereby given to the Company to allot and issue such number of new S P Setia Shares from time to time as may be required to be allotted and issued pursuant to the DRP until the conclusion of the next AGM upon such terms and conditions and to such persons as the Directors of the Company at their sole and absolute discretion, deem fit and in the interest of the Company PROVIDED THAT the issue price of the said new S P Setia Shares shall be fixed by the Directors at not more than ten percent (10%) discount to the adjusted five (5) market days volume weighted average market price ("VWAP") of S P Setia Shares immediately prior to the price-fixing date, of which VWAP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price and the issue price may not be less than the par value of S P Setia Shares;

AND THAT the Directors and the Secretary of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements, deeds, undertakings and documents as may be necessary or expedient in order to give full effect to the DRP with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed or agreed to by any relevant authorities (if any) or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, by the Directors as they, in their absolute discretion, deem fit and in the best interest of the Company."

9. SPECIAL RESOLUTION

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

Resolution 12

"**THAT** the proposed amendments to the Articles of Association of the Company set out in Appendix 2 ("Proposed Amendments") on pages 223 to 224 of the Annual Report 2014 be and are hereby approved and adopted;

AND THAT authority be and is hereby given to the Directors of the Company to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendments with full powers to assent to any conditions, modifications and/or amendments as may be required by the relevant authorities."

10. To transact any other business of which due notice shall have been given.

By Order of the Board

LEE WAI NGAN (LS 00184)
CHAN TOYE YING (LS 00185)
Company Secretaries

4 March 2015
Kuala Lumpur

NOTICE OF ANNUAL GENERAL MEETING

S P SETIA BERHAD (19698-X)

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. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
2. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the securities account.
5. 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.
6. 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.
7. Only members whose names appear in the Record of Depositors on 20 March 2015 shall be entitled to attend, speak and vote at this meeting or appoint proxy/ proxies to attend and/or vote on his/her behalf.

EXPLANATORY NOTE A

This Agenda item is meant for discussion only as under the provisions of Section 169(1) of the Act and the Company's Articles of Association, the audited accounts do not require the formal approval of shareholders. As such, this item is not put forward for voting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Resolution 10 - Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Resolution 10, if approved, will allow the S P Setia Group 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. The details of the proposal are set out in the Circular to Shareholders dated 4 March 2015 which is circulated together with the Annual Report 2014.

2. Resolution 11 – Proposed renewal of the authority to allot and issue new S P Setia Shares for the purpose of the Company's DRP that provides the Shareholders the option to elect to reinvest their cash dividend in new S P Setia Shares

The proposed Resolution 11, if approved, will give authority to the Directors to allot and issue new S P Setia Shares pursuant to the DRP in respect of dividend declared in this AGM and subsequently until the next AGM. A renewal of this authority will be sought at the next AGM.

3. Resolution 12 – Proposed Amendments to the Articles of Association

The Proposed Amendments set out in Appendix 2, which are circulated together with the Annual Report 2014 shall take effect upon the passing of Resolution 12 as a special resolution at the 40th AGM.

OTHER EXPLANATORY NOTES

4. Director Retirement by Rotation at the 40th AGM

Mr Ng Soon Lai @ Ng Siek Chuan and Dato' Noor Farida binti Mohd Ariffin who retire in accordance with Article 93 of the Company's Articles of Association, have expressed their intention not to seek re-election. Hence, they will retire at the conclusion of the 40th AGM.

5. Resolutions 3 and 4 - Re-election of Independent Non-Executive Directors

The Board is satisfied that Dato' Ahmad Pardas bin Senin and Dato' Seri Ir. Hj. Mohd Noor bin Yacob could continue to bring sound, independent and objective judgment to board deliberations through active participation in discussions in decision making by the Board and their ability to act in the best interest of the Company.

In view thereof, the Board supports the re-election of the Independent Non-Executive Directors at the 40th AGM.

NOTICE OF ANNUAL GENERAL MEETING

S P SETIA BERHAD (19698-X)

Appendix 1



Permodalan Nasional Berhad

(38218-X)

February 11, 2015

The Board of Directors
S P Setia Berhad
S P Setia Bhd Corporate HQ
No. 12, Persiaran Setia Dagang
Setia Alam, Seksyen U13
40170 Shah Alam
Selangor Darul Ehsan

Dear Sirs

NOTICE OF NOMINATION OF AUDITORS

Pursuant to Section 172(11) of the Companies Act, 1965, we, being a shareholder of S P Setia Berhad ("Company"), hereby give notice of our intention to nominate Messrs Ernst & Young for the appointment as Auditor of the Company in place of retiring auditors, Messrs Mazars and in pursuance thereof, propose the following be tabled as an ordinary resolution at the forthcoming Annual General Meeting of the Company:

"THAT Messrs. Ernst & Young be and are hereby appointed auditor of the Company in place of the retiring auditors, Messrs. Mazars, to hold office until the conclusion of the next Annual General Meeting and at a remuneration to be determined by the Directors."

Thank you.

BY ORDER OF THE BOARD
PERMODALAN NASIONAL BERHAD

A handwritten signature in black ink, appearing to read 'Adibah', with a horizontal line underneath.

ADIBAH KHAIRIAH BINTI ISMAIL @ DAUD
Group Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

S P SETIA BERHAD (19698-X)

Appendix 2

Details of the Proposed Amendments to Articles of Association of the Company

Article No.	Existing Article	Amended Article	Rationale
40.	The registration of transfers may be closed at such times and for such period as the Directors may from time to time determine, provided always that such closure shall not be for more than thirty (30) days in any one year. The notice of books closure shall be advertised in a daily newspaper circulating in Malaysia, stating the period and purpose of such suspension or closure. At least three (3) market days prior notice shall be given to the Depository to enable the Depository to prepare the appropriate Record of Depositors. The period between the making of an announcement to the Stock Exchange of the books closing date and the books closing date shall not be less than ten (10) market days or such other period as may be prescribed or allowed by the Stock Exchange. The Company may set a books closing date by specifying a date and time for the purpose of determining entitlements to dividends, interest, new securities or other distributions or rights of its members.	The registration of transfers may be closed at such times and for such period as the Directors may from time to time determine, provided always that such closure shall not be for more than thirty (30) days in any one year. The notice of books closure shall be advertised in a daily newspaper circulating in Malaysia, stating the period and purpose of such suspension or closure. At least three (3) market days prior notice shall be given to the Depository to enable the Depository to prepare the appropriate Record of Depositors. The period between the making of an announcement to the Stock Exchange of the books closing date and the books closing date shall not be less than ten (10) market days or such other period as may be prescribed or allowed by the Stock Exchange. The Company may set a books closing date by specifying a date and time for the purpose of determining entitlements to dividends, interest, new securities or other distributions or rights of its members.	To improve operational efficiency as well as a cost saving measure by leveraging on information technology for dissemination of information.
54.	Routine business shall mean and include only business transacted at an annual general meeting of the following classes, that is to say:- (a) Declaring dividends; (b) Reading, considering and adopting the balance sheet, the reports of the Directors and Auditors, and other accounts and documents required to be annexed to the balance sheet; (c) Appointing Auditors and fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed; and (d) Appointing Directors in the place of those retiring by rotation or otherwise and fixing the remuneration of the Directors.	Routine business shall mean and include only business transacted at an annual general meeting of the following classes, that is to say:- (a) Declaring dividends; (b) Reading, considering and adopting the balance sheet, the reports of the Directors and Auditors, and other accounts and documents required to be annexed to the balance sheet; (c) Appointing Auditors and fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed; and (d) Appointing Directors in the place of those retiring by rotation or otherwise and fixing the remuneration fees of the Directors.	This is in line with the proposed amendments to Article 80 of the Company's Articles of Association.

NOTICE OF ANNUAL GENERAL MEETING

S P SETIA BERHAD (19698-X)

Article No.	Existing Article	Amended Article	Rationale
80.	The remuneration of the Directors shall from time to time be determined by an ordinary resolution of the Company in general meeting, and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that in the latter event any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he held office. Such remuneration shall so far as non-executive Directors are concerned be by way of a fixed sum and not by way of a commission on or percentage of profits or turnover. Salaries payable to Directors who do hold an executive office in the Company may not include a commission on or percentage of turnover.	The remuneration fees of the Directors shall from time to time be determined by an ordinary resolution of the Company in general meeting, and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that in the latter event any Director who shall hold office for part only of the period in respect of which such remuneration fee is payable shall be entitled only to rank in such division for a proportion of remuneration fee related to the period during which he held office. Such remuneration The fees payable shall so far as to non-executive Directors are concerned shall be by way of a fixed sum and not by way of a commission on or percentage of profits or turnover. Salaries payable to Directors who do hold an executive office in the Company may not include a commission on or percentage of turnover.	To clarify that Directors' Fees shall be determined by the Company in general meeting. To adopt wordings set out in Paragraph 7.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. To remove this sentence as it is already provided for in Article 90 of the Articles of Association of the Company.
84.	Any Director, who is appointed to any executive office or who serves on any committee or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, percentage of profits or otherwise (but not a commission on or percentage of turnover) as the Directors may determine. Any such extra remuneration payable to non-executive Directors shall be by way of a fixed sum or otherwise and shall not include a commission on or percentage of turnover or profits.	In addition to fees referred to in Article 80, A ny Director, who is appointed to any executive office or who serves on any committee or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a member of the Board of Directors, may be paid such extra remuneration by way of salary, allowance , percentage of profits or otherwise (but not a commission on or percentage of turnover) as the Directors may determine. Any such extra remuneration payable to non-executive Directors shall be by way of a fixed sum or otherwise and shall not include a commission on or percentage of turnover or profits.	To reflect the existing provision with regard to the payment of extra remuneration to Executive and Non-Executive Directors of the Company.
90.	The emoluments of any Managing Director or Executive Director for his services as such shall be determined by the Board and may be of any description but shall not include a commission on or percentage of turnover.	The emoluments salaries of any Managing Director or Executive Director for his services as such shall be determined by the Board and may be of any description but shall and may not include a commission on or percentage of turnover.	To adopt wordings set out in Paragraph 7.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

GROUP DIRECTORY

HEAD OFFICE

S P SETIA BERHAD (19698-X)

GROUP CONTRACTS DIVISION

GROUP LEASING

GROUP LANDSCAPE UNIT

GROUP SECURITY SERVICES

SETIA PLATINUM PRIVILEGES

GROUP QUALITY MANAGEMENT

S P SETIA PROJECT

MANAGEMENT SDN BHD (246695-X)

S P SETIA PRECAST SDN BHD (347177-A)

S P Setia Bhd Corporate HQ

No.12, Persiaran Setia Dagang

Setia Alam, Seksyen U13

40170 Shah Alam

Selangor Darul Ehsan, Malaysia

T +603 3348 2255

F +603 3344 3232

E corp@spsetia.com

S P SETIA FOUNDATION

S P SETIA BHD CORPORATE HQ

No.12, Persiaran Setia Dagang

Setia Alam, Seksyen U13

40170 Shah Alam

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E setiacare@spsetia.com

SETIA BADMINTON ACADEMY

4, Persiaran Setia Murni

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40170 Shah Alam

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E sba@spsetia.com

S P SETIA ESTATE MANAGEMENT

SDN BHD (251637-X)

5A, Jalan Setia Nusantara U13/17

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40170 Shah Alam

Selangor Darul Ehsan, Malaysia

T +603 3342 7222

F +603 3344 4806

E bes-estate@spsetia.com

CENTRAL REGION

SETIA ALAM

BANDAR SETIA ALAM SDN BHD (566140-D)

Setia Alam Welcome Centre

2, Jalan Setia Indah AD U13/AD

Setia Alam, Seksyen U13

40170 Shah Alam

Selangor Darul Ehsan, Malaysia

T +603 3343 2255

F +603 3345 2255

E bsa-sales@spsetia.com

SETIA ECOHILL

SETIA ECOHILL SDN BHD (903607-T)

Setia Ecohill Welcome Centre

No.2, Jalan Ecohill 1, Setia Ecohill

43500 Semenyih

Selangor Darul Ehsan, Malaysia

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E ecohill@spsetia.com

SETIA ECO PARK

BANDAR ECO-SETIA SDN BHD (566138-A)

SETIA ECO TEMPLER

ROCKBAY STREAMS SDN BHD (1020553-T)

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Setia Eco Park, Seksyen U13

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E eco-sales@spsetia.com

eco-templer@spsetia.com

SETIA ECO GLADES

SETIA ECO GLADES SDN BHD (767476-H)

Setia Eco Glades Lifestyle Gallery

Jalan Setia Rimba 3

Setia Eco Glades, Cyber 1

63200 Cyberjaya

Selangor Darul Ehsan, Malaysia

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F +603 8008 2233

E eco-glades@spsetia.com

KL ECO CITY

KL ECO CITY SDN BHD (185140-X)

Setia International Centre

Lot 215, Pantai Baru, Jalan Bangsar

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T +603 2287 5522

F +603 2287 5225

E kleccity@spsetia.com

SETIA CITY CONVENTION CENTRE

S P SETIA PROPERTY SERVICES

SDN BHD (1007655-H)

No.1, Jalan Setia Dagang AG U13/AG

Setia Alam Seksyen U13

40170 Shah Alam

Selangor Darul Ehsan, Malaysia

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SETIA PUTRAJAYA

SETIA PUTRAJAYA DEVELOPMENT

SDN BHD (424955-P)

Sales Galleria

Lot 14124, Jalan P15H

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Wilayah Persekutuan Putrajaya, Malaysia

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F +603 8861 7900

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SETIA PUTRAJAYA

DEVELOPMENT SDN BHD (424955-P)

SETIA PUTRAJAYA SDN BHD (401732-X)

Head Office

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62050 Putrajaya

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F +603 8893 0301/6868

SETIA DUTA-ONE

SETIA DUTA-ONE SDN BHD (511035-W)

S P Setia Bhd Corporate HQ

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GROUP DIRECTORY

SETIA SKY RESIDENCES**EXCELJADE SDN BHD** (765480-D)**KENNY HILLS GRANDE****SENDIMAN SDN BHD** (729054-X)

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E sky-sales@spsetia.com

grande-sales@spsetia.com

SETIAWALK**BANDAR SETIA ALAM SDN BHD** (566140-

D)

Customer Care Office

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SetiaWalk, Persiaran Wawasan

Pusat Bandar Puchong

47160 Puchong

Selangor Darul Ehsan, Malaysia

T +603 5879 2525

F +603 5879 2520

E setiawalk-care@spsetia.com

SETIA WOOD**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

T +603 6092 8022

F +603 6092 0322/1805

E setiawood@spsetia.com

SOUTHERN REGION**BUKIT INDAH****BUKIT INDAH (JOHOR) SDN BHD** (307260-

V)

Wisma S P Setia

S3-0111, Laman Indah 3

Jalan Indah 15

Taman Bukit Indah

81200 Johor Bahru

Johor Darul Takzim, Malaysia

T +607 241 2255

F +607 241 5955

E bij-sales@spsetia.com

SETIA ECO CASCADIA**SETIA INDAH SDN BHD** (185555-H)

Wisma S P Setia

1, Jalan Setia 3/6

Taman Setia Indah

81100 Johor Darul Takzim, Malaysia

T +607 351 2255

F +607 357 9923

E sec-sales@spsetia.com

SETIA TROPIKA**SETIA INDAH SDN BHD** (185555-H)

Tropika Welcome Centre

Level 3A, No.10

Jalan Setia Tropika 1/21

Taman Setia Tropika

81200 Kempas, Johor Bahru

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E st-sales@spsetia.com

SETIA ECO GARDENS**KESAS KENANGAN SDN BHD** (745817-H)

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SETIA SKY 88**SETIA CITY DEVELOPMENT SDN BHD**

(933887-K)

Setia Sky 88 Sales Gallery

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NORTHERN REGION**SETIA PEARL ISLAND****SETIA VISTA****SETIA PROMENADE SDN BHD** (388384-W)**SETIA GREENS****11 BROOK RESIDENCES****KEWIRA JAYA SDN BHD** (504851-V)**SETIA V RESIDENCES****KAY PRIDE SDN BHD** (177772-Z)

Setia Welcome Centre

SPICE, No.108

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EASTERN REGION**AEROPOD****AEROPOD SDN BHD** (767765-P)

B-10-G, Ground Floor, Block B

KK Times Square, Off Coastal Highway

88100 Kota Kinabalu

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DEVELOPMENT COMPANY**

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COMPANY PTY LTD**

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SETIABECAMEX JOINT STOCK
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T +84 650 3577 255
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E ecolakes-sales@setiabecamex.vn

**ECOXUAN, LAI THIEU
SETIA LAI THIEU ONE MEMBER
COMPANY LIMITED
HO CHI MINH CITY REPRESENTATIVE
OFFICE**

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T +84 4936 7933
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E huong.nguyen@spsetia.com

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No. of Ordinary Shares Held	
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FORM OF PROXY

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, _____ NRIC No. _____
(full name in block letters)

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 Fortieth Annual General Meeting of the Company to be held at Function Room 1, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Thursday, 26 March 2015 at 10.00 a.m. and at any adjournment thereof in the manner as indicated below:-

NO.	RESOLUTION	FOR	AGAINST
1.	Approval of Final Dividend		
2.	Re-election of Dato' Halipah Binti Esa		
3.	Re-election of Dato' Ahmad Pardas Bin Senin		
4.	Re-election of Dato' Seri Ir. Hj. Mohd Noor Bin Yaacob		
5.	Re-election of Dato' Zuraidah Binti Atan		
6.	Re-election of Tengku Dato' Ab. Aziz Bin Tengku Mahmud		
7.	Re-appointment of Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin		
8.	Approval of Directors' Fees for Financial Year Ended 31 October 2014		
9.	Appointment of Messrs Ernst & Young as Auditors in place of the retiring auditors, Messrs Mazars and to authorise the Directors to fix their remuneration		
10.	Approval of Proposed Shareholders' Mandate as specified in Section 2.3.1 of the Circular to Shareholders dated 4 March 2015		
11.	Approval of Proposed Renewal of Authority to Allot and Issue New Shares under the Company's Dividend Reinvestment Plan		
12.	Approval of Proposed Amendments to the Articles of Association of the Company		

* *Strike out whichever is 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 _____ 2015.

 Signature of Member(s) or Common Seal

Notes:

- 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. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
- A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the securities account.
- 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.
- 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.
- Only members whose names appear in the Record of Depositors on 20 March 2015 shall be entitled to attend, speak and vote at this meeting or appoint proxy/proxies to attend and/or vote on his/her behalf.

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Affix Stamp Here

The Company Secretary
S P Setia Berhad
Plaza 138, Suite 18.03
18th Floor, 138 Jalan Ampang
50450 Kuala Lumpur

1st fold here

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