

Builder of Distinction

**Setia**  
S P SETIA BHD GROUP

livelearnworkplay

embracing  
**Change**



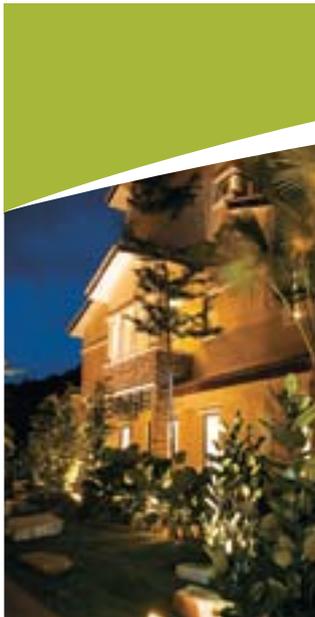
## COVER RATIONALE

### Embracing Change

It's often said that time waits for no man, and that change remains infinitely constant. It is not something to be feared given that change happens right before our eyes, which is apparent when we compare images of the present with those of the past.

As S P Setia journeys into the future, we are embracing change and the challenge of tomorrow, that is inspired by the lessons learnt which broaden our experience and expertise.

Our homes and township continue to leverage on the strength of its design that is contemporary in form and function to meet the needs and demands of the changing trends and markets.





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## CORPORATE PROFILE



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

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



## CORPORATE PROFILE

Based on the Group's vision "To Be the Best in All We Do", S P Setia's commitment to excellence has won the Group recognition as Malaysia's No. 1 Property Developer for the 4th consecutive year from 2005 - 2008 as ranked by The Edge, Malaysia's leading business weekly.

Other achievements in property development include numerous landscape awards at state and national levels over the years as well as winning the FIABCI Malaysia Property Award in 2006 for Setia Eco Park, Shah Alam in the Master Plan Category and Duta Nusantara, Kuala Lumpur in the Low-Rise Residential Development Category. In 2007 Setia Eco Park went on to win the coveted FIABCI International Prix d'Excellence Award conferred in Barcelona, Spain.

In 2008, Setia Eco Gardens, Johor won the Best Office Award at the Inaugural Cityscape Asia Real Estate Awards 2008 as well as the FIABCI Malaysia Property Award 2008 in the Master Plan Category. In the same year, S P Setia was also recognised by the World Quality Commitment Body in Paris for its outstanding commitment to Quality and Excellence, receiving an International Gold Star Award.

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

Today, the Group is well-established in all the three key economic centres of Malaysia, namely Klang Valley, Johor Bahru and Penang. Currently, it has 10 active projects under development with another 10 new projects lined up for launching in the near future. In the Klang Valley, S P Setia enjoys a strong presence through its flagship projects in Shah Alam which encompasses the 2,525-acre Setia Alam and 791-acre Setia Eco Park. In Kuala Lumpur, S P Setia is known for its three high-end projects; two in Sri Hartamas which are Duta Nusantara and Duta Tropika and SetiaHills in Ampang. In Johor Bahru, it has made its mark through signature developments such as Bukit Indah Johor and Setia Eco Gardens in the Nusajaya Corridor, Setia Indah Johor in Tebrau and Setia Tropika in Kempas. In tandem with its expansion exercise, the Group ventured into Penang with the launch of its maiden project, Setia Pearl Island located at Bayan Lepas. Leveraging on the strong demand for commercial and investment grade properties, S P Setia has also expanded into the commercial sector with its first mixed-used development called SetiaWalk in Puchong and will be venturing its first into high-end condominium project called Setia Sky Residences in the Kuala Lumpur City Centre.

Overseas, the Group has a project in Vietnam called Setia EcoLakes. The residential project is a joint venture between Vietnam's top state-owned conglomerate, Becamex IDC Corp. Vietnam is the first cross-border investment destination for S P Setia, marking the start of a new phase of growth to boost its international profile and enhance future earnings stream.





"To **live** life to the fullest is to savour memorable moments that inspire us in our journey through the passage of time"







# GROUP FINANCIAL SUMMARY

## GROUP FIVE-YEAR SUMMARY

Year Ended 31 October (RM'000)	2008	2007	2006	2005	2004
Revenue	1,328,325	1,153,803	1,154,641	1,262,445	1,025,091
Profit Before Tax	291,015	328,491	319,949 #	285,956 *	231,463 *
Profit Attributable to Shareholders	213,456	260,070	238,234 #	203,384	161,198
Paid-Up Capital	762,524	504,454	498,513	490,734	568,048
Shareholders' Funds	1,975,342	1,840,883	1,702,410	1,574,340	1,392,205
Total Assets Employed	3,316,020	2,882,032	2,625,927	2,435,156	2,624,977 **
Total Net Tangible Assets	1,974,462	1,839,993	1,701,511 *	1,573,431 *	1,391,286 *
Earnings Per Share (sen)	21.0	25.8 ^	24.0 ^	21.6 ^	19.0 ^
Gross Dividend Per Share (sen)	17	25	30	25	20
Net Tangible Assets Per Share (RM)	1.94	2.74	2.56	2.41	2.45
Share Price - High (RM)	5.60	9.45	4.02	4.58	4.62
- Low (RM)	2.65	3.92	3.06	3.64	3.18

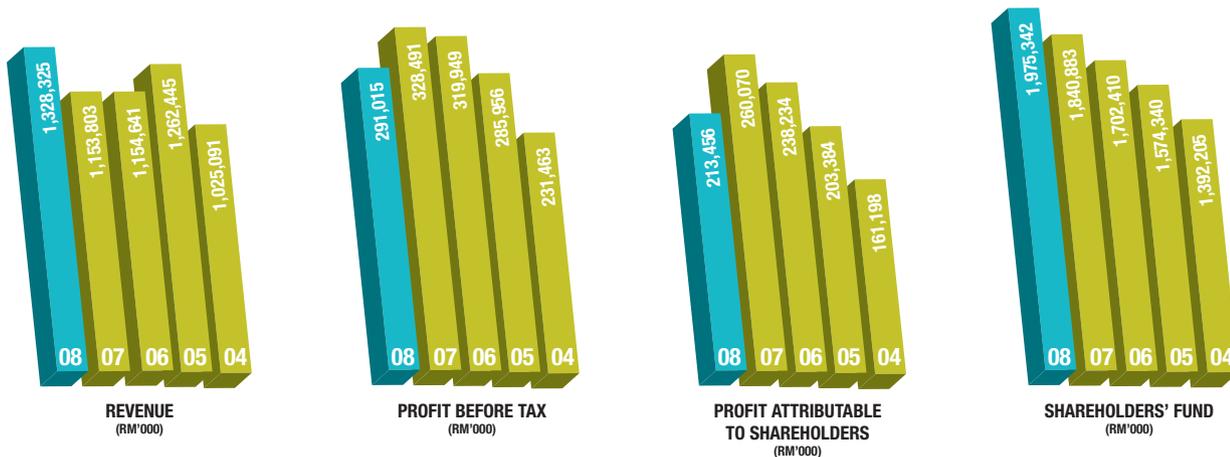
^ Calculated by dividing the Group profit after taxation and minority interest by the weighted average number of shares in issue adjusted to take into account the effect of bonus shares issued in the financial year ended 31 October 2008.

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

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

\*\* In compliance with Financial Reporting Standard 201 - Property Development Activities, total assets employed have been restated.

## GROUP FIVE-YEAR FINANCIAL HIGHLIGHTS

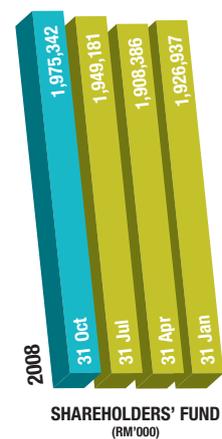
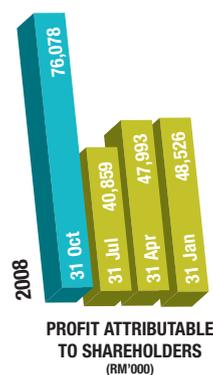
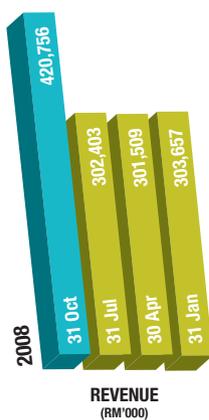


## GROUP FINANCIAL SUMMARY

### GROUP QUARTERLY SUMMARY

Quarter Ended (RM'000)	31 October 2008	31 July 2008	30 April 2008	31 January 2008
Revenue	420,756	302,403	301,509	303,657
Profit Before Tax	102,851	54,901	65,373	67,890
Profit Attributable to Shareholders	76,078	40,859	47,993	48,526
Paid-Up Capital	762,524	762,524	762,524	756,681
Shareholders' Funds	1,975,342	1,949,181	1,908,386	1,926,937
Total Assets Employed	3,316,020	3,398,712	3,247,686	3,217,611
Total Net Tangible Assets	1,974,462	1,948,299	1,907,501	1,926,050
Earnings Per Share (sen)	7.48	4.02	4.72	4.81
Gross Dividend Per Share (sen)	10	-	7	-
Net Tangible Assets Per Share (RM)	1.94	1.92	1.88	1.91

### GROUP QUARTERLY FINANCIAL HIGHLIGHTS





## HALLMARKS OF EXCELLENCE



1. **Ranked No. 1 for the 4th consecutive year from 2005 to 2008** in The Edge Malaysia Top Property Developers Awards 2008
2. **Best Developer at Cityscape Asia Real Estate Awards 2008** for Office/ Commercial Project (Built Category) - Setia Eco Gardens Sales Gallery
3. **International Gold Star Award** for Quality from World Quality Commitment, Paris 2008
4. **Best Master Plan Development for Setia Eco Gardens** in FIABCI Malaysia Property Awards 2008
5. **Top 10 Best-Managed Companies in Malaysia** in FinanceAsia's Asia Best Companies 2008

## HALLMARKS OF EXCELLENCE

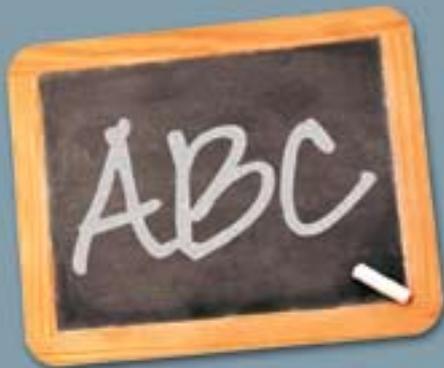


### 2007

6. **Ranked No.1** in The Edge Malaysia Top Property Developers Awards 2007
7. **World's Best Master Plan Development for Setia Eco Park** in FIABCI International Prix d'Excellence Awards 2007
8. **Malaysia Best Property Developer** in Euromoney Real Estate Awards 2007
9. **Tan Sri Liew Kee Sin voted Property Man of the Year** in FIABCI Malaysia Property Awards 2007
10. **Top Ten Best-Managed Companies in Malaysia** in FinanceAsia's Asia Best Companies 2007
11. **Top Ten Best Corporate Governance in Malaysia** in FinanceAsia's Asia Best Companies 2007
12. **Top Ten Best Investor Relations in Malaysia** in FinanceAsia's Asia Best Companies 2007

### 2006

13. **Ranked No. 1** in The Edge Malaysia Top Property Developers Awards 2006
14. **Best Master Plan Development for Setia Eco Park** in FIABCI Malaysia Property Awards 2006
15. **Best Low-Rise Residential Development for Duta Nusantara** in FIABCI Malaysia Property Awards 2006
16. **Malaysia Best Property Developer** in Euromoney Real Estate Awards 2006
17. **Forbes Asia's Best Under US\$1 Billion Award** for 2006
18. **Top Ten for Corporate Governance Survey Report 2006** by MSWG
19. **2006 Johor State Landscape Award (Neighbourhood Park Category)** for Setia Tropika Johor
20. **2006 Johor State Landscape Award (Private Office Building Category)** for Setia Tropika Johor
21. **LAMAN Lifestyle Gold Award** at The Malaysia International Landscape & Garden Festival 2006



"We **learn** together the lessons of yesterday, that today prepares us to face the challenges of a new tomorrow"





## CHAIRMAN'S STATEMENT

### DEAR VALUED SHAREHOLDERS

The year under review has been a challenging one, especially in the first three quarters where extreme cost pressures faced by the construction sector resulted in a slowdown and disruption in work progress. Runaway inflation led by fuel and energy price hikes also had an impact on our operating costs. Nonetheless, I believe that our branding efforts over the years has borne fruit, reflected in our ability to successfully capture house buyers' changing lifestyle needs and aspirations.

Despite the trying times and soft market sentiments, the Group achieved a commendable net profit of RM213.5 million on the back of revenues totaling RM1.3 billion. This was attributed to the continued demand for our properties in the Klang Valley, Johor and Penang.

I am pleased to announce that for the financial year ended 31 October 2008, the Group has proposed a final dividend payout of 10 sen per share. Together with the interim dividend of 7 sen per share, the total dividend payout for the year amounts to 17 sen per share, accounting for approximately 60% of the Group's net profit.





#### CORPORATE HIGHLIGHTS

During the year, the Group completed a capital raising exercise involving the issuance of RM500 million nominal value Redeemable Serial Bonds with 168,151,302 Detachable Warrants (RSB) to bring down its borrowing costs, restructure its debt maturity profile and fund future working capital needs. This exercise will allow the Group to embark on the various new projects planned to further boost our strong and steady earnings base.

With regards to our cross border investment in Vietnam, the Group is making strategic moves to grow our presence there with the signing of a cooperation agreement with Saigon Hi-Tech Park Development Company to jointly design and develop a mixed use real estate development project on 79 acres of land in Ho Chi Minh City.

On home ground, the Group is set to play a major role in the advancement of the Sabah Development Corridor through the construction of a state-of-the-art transportation hub in Kota Kinabalu. This will serve as the gateway into the state, boosting its overall connectivity.



## CHAIRMAN'S STATEMENT



The Group also ventured into its first retail development by signing a 50:50 joint venture agreement with Lend Lease Asian Retail Investment Fund 2 Limited to build a retail mall in Setia Alam, Shah Alam. With a gross floor area of approximately 1.23 million sq. ft, this retail mall will rank as one of the largest in Malaysia. This tie up marks a significant milestone for the Group, transforming it from a largely residential player into a fully-integrated property developer with residential, commercial and retail product offerings.

### AWARDS AND ACHIEVEMENTS

In keeping with our culture of excellence, we have managed to retain our No. 1 ranking as Malaysia's top property developer in The Edge Top Property Developers Awards 2008 for the fourth consecutive year. The annual awards is based on a company's quantitative and qualitative attributes, and is from the consumer's perspective. We further affirmed our position by coming up tops in both the qualitative and quantitative sub-rankings. This honour is greatly cherished as in this very competitive environment, more and more developers are catching up and the fight to stay on top of the game gets tougher every year.



I am also delighted to note that we made another mark at the FIABCI Malaysia Property Awards 2008 – dubbed the Property Oscars – with Setia Eco Gardens Johor Bahru winning the Best Master Plan award. This is not the first award for Setia Eco Gardens as its sales gallery was given due recognition for its innovative and extraordinary design when it won the Best Office Award at the Singapore Cityscape Real Estate Awards 2008.

The Group's continuous commitment to product and service quality has also earned us the International Gold Star Award by the World Quality Commitment Body in Paris. This award is given out to companies for their outstanding commitment to Quality and Excellence.

## CHAIRMAN'S STATEMENT



### COMMITMENT TO STAKEHOLDERS & COMMUNITY

Winning awards may be one thing, but delivering on our promise is another. We are No. 1 because of the faith and trust placed in us by the public at large. Therefore we are committed in ensuring that at S P Setia, our customers are our No. 1 priority. We are constantly striving for value creation in all our projects and seeking innovative ways to enhance the value proposition of our developments for the ultimate benefit of our purchasers.

Adhering to our corporate responsibility charter of "Building Sustainable Communities for All", our integrated townships aptly demonstrate our commitment to building well master-planned developments that offer not only accessibility but extensive amenities within one location.

In Shah Alam, SJK (C) Pin Hwa located in the Group's flagship township of Setia Alam was officially opened in a colourful ceremony in February 2008 while Tenby International School and Sekolah Sri Tenby Private School at Setia Eco Park got off to an impressive start when its doors opened in September 2008. To date the school has 500 students with the number growing fast.

Meanwhile, in Bukit Indah Johor, the township underwent an upgrade of facilities and infrastructure to better serve its residents. The upgrade included the completion of the Pasir Gudang Highway and Perling Interchange that help shortened travelling time to Johor Bahru town and Singapore considerably. At the same time, Bukit Indah also welcomed the presence of the AEON Jusco Shopping Centre that is set to bring its brand of retail excitement to the already vibrant township.

This is also the eighth year that the S P Setia Foundation has continued with its charity causes that focuses mainly on the areas of education, healthcare and general welfare. Despite current economic conditions, the Foundation managed to raise RM5.3 million during its Charity Dinner event.

### MOVING FORWARD

Without a doubt, the coming year will be filled with many hurdles and challenges but I believe that our solid foundations built over the years will assist us in embracing change that is coming our way. I am also confident, as I have always been, that Team Setia is up to the challenge and will always rise to the occasion to prove to our peers in the industry why we are, and deserve to be, Malaysia's top property developer.

On this note, I would also like to thank all our customers, shareholders and business associates for their trust and confidence in us. To our dedicated employees, I trust your unwavering commitment in delivering value and quality products and services to our customers will continue to take the Group to greater heights.

### TAN SRI ABDUL RASHID BIN ABDUL MANAF Chairman





“Over the years, S P Setia has come to be known as the best creator of value and markets.”



## GROUP MANAGING DIRECTOR'S REPORT

2008 was a year of uncertainties and challenges. Earlier in the year, the country went through a period of political upheaval coupled with rising inflation. Made worse by the spike in fuel prices, many industries along with the construction sector suffered. Work slowed down at project sites as prices of construction materials hit an all time high. The Group's projects were also affected. However, instead of taking a 'wait and see' attitude, the Group took a proactive stance instead of a reactive one. To help expedite work progress, we incorporated cost escalation clauses into fixed price contracts for a few key construction materials to avoid over-pricing of overall contract costs during that period of uncertainty. We also offered to purchase materials for our subcontractors so that work could continue.

Thankfully, the cost of construction materials began stabilising in the final quarter of the year under review but the continued pressure of a global financial meltdown saw the nation tightening its belt. Property sales slowed down as people became more cautious about making big ticket item purchases. Nonetheless, the Group's properties in the Klang Valley, Johor and Penang still saw a credible uptake.





## GROUP MANAGING DIRECTOR'S REPORT



Our foresight in making upfront investments on key infrastructure and amenities in our townships over the years is a strategy that has worked to the Group's benefit and enabled us to justify the premium on our property prices. As a result we recorded total sales in excess of RM1.4 billion, the highest ever in our history despite price increases of between 10% to 30% for most of our new launches, compared to similar properties sold at the start of the year under review. This is a testament of the success reaped from our constant drive to enhance the marketability of our property projects.

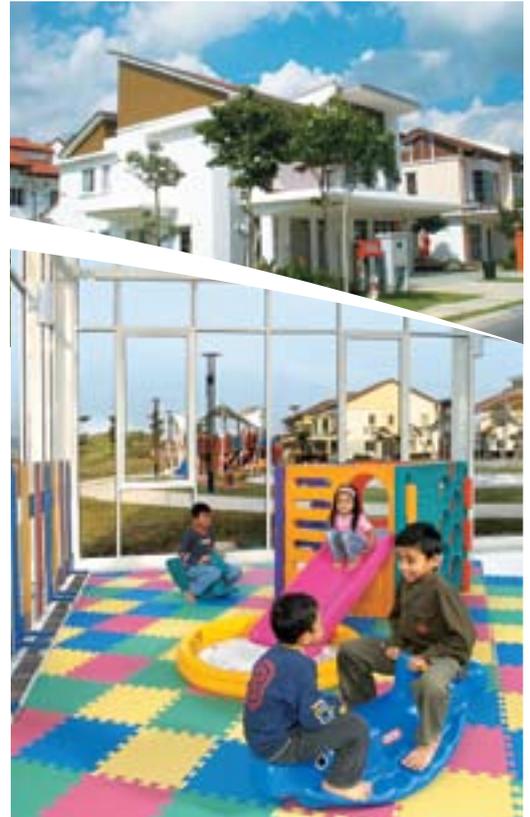
Every year, we are continuously adding value to our townships. In our flagship project of Setia Alam, Shah Alam, a Chinese primary school, the Setia Badminton Academy, a Tesco hypermarket and several banks have opened. We have also signed a joint venture agreement with Lend Lease Asian Retail Investment Fund 2 Limited to jointly develop a retail shopping mall that we feel will serve as a catalyst to draw further traffic here when ready. In neighbouring Setia Eco Park, the opening of Tenby International School and Sekolah Sri Tenby Private School saw an impressive first intake of over 500 students. This is expected to generate increased interest in Setia Eco Park. Down south in Johor, the development of an AEON shopping mall with plans for a Tesco hypermarket has significantly boosted sales in Bukit Indah Johor.

Over the years, S P Setia has come to be known as the best creator of value and markets. In 1997, we started out with only two projects – one in Puchong, Selangor and another in Johor under the Setia range. After a decade, we are now a fully integrated property developer with projects in three key locations in the country as well as overseas in Vietnam. From one product range, the Group has grown to offer a stable of five product ranges which are Setia, Eco, Duta, Sky Residences and Commercial.

## GROUP MANAGING DIRECTOR'S REPORT

Today, looking at our 4,017 acres of undeveloped landbank spread across geographical locations in numerous growth corridors, the Group shows visible long-term growth potential. The breadth and depth of our product range, from affordable to high-end puts us in good stead. Coupled with our strong balance sheet, I believe we are also well-placed to take advantage of new growth opportunities which may arise.

However, the next few years are not going to be smooth sailing. That said, we are confident that the Group will rise to meet the challenges as we embrace the winds of change. We have adopted a three-prong strategy which we are confident will see us through these difficult times. We will go back to basics by refocusing on our forte of township development, simultaneously taking advantage of the infrastructure and amenities that have already been put in place. We will also continue to brand build and execute marketing strategies which are cost-efficient but effective. Finally, we will prioritise our business on cash-generative projects that will enable us to continue to invest in longer term yield-accretive developments and growth markets.





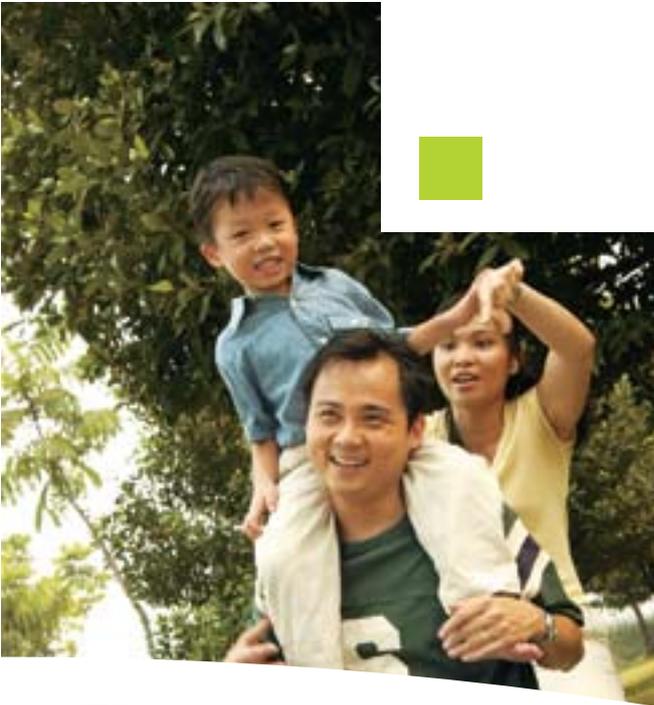
## REVIEW OF OPERATIONS

‘Our mass-market township project of Setia Alam, Shah Alam is enjoying continued demand due to its connectivity and wide range of amenities.’



### KLANG VALLEY

The property market in the Klang Valley held up well despite the macroeconomic and external uncertainties. Our mass-market township project of Setia Alam, Shah Alam is enjoying continued demand due to its connectivity and wide range of amenities. Where our niche developments like Setiahills in Ampang and Setia Eco Park in Shah Alam are concerned, they continue to attract buyers who are looking for a more spacious and green living environment that are not only well located but provide the necessary amenities and facilities to support the lifestyle needs of the buyers.



#### Setia Alam, Shah Alam

The 2,525-acre township in Shah Alam continued to record strong sales of RM267 million for the year ended 31 October 2008 despite a 10% to 30% increase in prices of newly launched products. To date, 5,374 units have been sold since 2004 with a total sales value of RM1.46 billion.

The year under review also saw the Setia Alam Community Project continue for another year. A jointly initiated effort by Setia Alam and the S P Setia Foundation, the community project supplies sundry items to low-income families in the surrounding Klang areas. Beneficiaries are given free food and basic grocery items worth RM120 per month. A total of RM120,000 was allocated to fund the project.

The township also continued to nurture its fledgling community, focussing on kids in the community this year. Fun monthly activities included workshops, excursions, music appreciation and more. The highlight of the year was the launch of the Setia Alam Kids Club in August. To date, the club has 500 members aged three to 12.

We are confident that sales for this mass-housing project will continue to be sustainable given the fundamental demand for well appointed homes which are supported by a wide range of amenities, facilities and infrastructure already put in place or due to be put in place over the next few years.

#### Setia Eco Park, Shah Alam

Sited on 791 acres of rolling terrain, this low density and exclusive enclave of semi-detached houses and bungalows saw strong sales of 118 units totalling RM160 million despite a price increase of at least 33% for newly launched products. The average transacted price for an Eco Park home has also increased by 28% from RM1.06 million in FY2007 to RM1.36 million in FY2008.





## REVIEW OF OPERATIONS



As part of the Group's commitment in seeing to the success of our flagship developments in Shah Alam, our corporate headquarters relocated to Setia Eco Park in April 2008. Meanwhile, the newly opened Tenby International School and Sekolah Sri Tenby private school is expected to sustain buying interest particularly amongst buyers seeking rental yield; whilst environmentally-friendly homes complete with solar-panels are likely to appeal to the more ecologically-attuned homeowners.

The eco-friendly development also continued to create awareness on appreciating the environment by organising eco activities which included celebrating World Environment Day with the rest of the Group. This involved a recycling campaign amongst its residents and an energy saving drive where homeowners were encouraged to turn off the lights in their homes for a short time period to help conserve energy.

### SetiaWalk, Pusat Bandar Puchong

Located on a 21-acre freehold tract fronting the LDP Expressway, SetiaWalk is an integrated development comprising a hybrid of commercial and residential components that is expected to inject new dynamism and fresh excitement into the retail scene in the Klang Valley.

Sales for the first phase of SetiaWalk comprising 85 blocks of retail offices was excellent with 70% of the units fully sold within two months of its launch. As at 31 October 2008, sales totalled RM302 million with 79 blocks sold. Phase 2 consisting SOHOs and three blocks of serviced apartments will be progressively launched over the next few years; and will upon completion complement the first Phase of retail offices.

SetiaWalk will further fast-track the transformation of Puchong into a modern and vibrant township as the area already has several established housing schemes, commercial precincts and industrial parks.

## REVIEW OF OPERATIONS

### JOHOR

In Johor, the market continues to remain competitive with property developers finding it increasingly difficult to obtain pricing power. However, we have been fortunate that the Group has had a presence here for more than 10 years and has carved a solid reputation for delivering quality homes in our well-appointed and well-connected townships at affordable prices. In this regard, the continuous provision of infrastructure, amenities and facilities in our townships coupled with innovative house designs and concepts continued to put the Group in good stead.

#### Bukit Indah Johor

Bukit Indah Johor recorded total sales of 537 units valued at RM161 million in the year under review. Despite the relatively more competitive property market in Johor, the average transacted price for a Bukit Indah Johor home has increased by more than 31% year to-date.

Facilities and infrastructure in the township were upgraded to better serve its residents. As part of the township's commitment in giving back to its thriving community, a series of events were carried out for the convenience of residents which included E-Filing for residents, health screening as well as provision of Quit Rent and MPJBT assessment counters.



### Setia Indah Johor

Setia Indah Johor is nearing completion and to date has sold 6,765 units totalling RM1.3 billion. For the period under review, sales reached RM80 million as Setia Indah continues to attract purchasers who appreciate not only quality homes but those set against a lush tropical living environment.

Keeping to the forefront of the movement of sustainable living, Setia Indah is spearheading numerous environmental initiatives to live up to its tagline of 'A Living Oasis'. The residents here have also shown their concern for the environment, getting together to organise a successful 13-week long recycling campaign where recyclable household items were exchanged for cash.



## REVIEW OF OPERATIONS

### Setia Tropika Johor

Located in Kempas, this project changed the landscape of mass housing in Johor Bahru with its modern and minimalist designs that have captured the imagination of buyers in search of contemporary homes. The 740-acre township recorded total sales of RM128 million for the period ending 31 October 2008.

The introduction of Setia Tropika's Central Business District also promises to be a new landmark for business opportunities. Called Setia City Connect, it will feature international brands of food and beverage outlets, banks, fitness centres, corporate offices, a transportation hub, hotels and a government administration centre.



### Setia Eco Gardens

The Group's latest township in Johor is located in Pulai and is a landmark development that embraces the elements of both our Setia and Eco brands. The township is distinguished by its eco concept that successfully juxtaposes the luxury and convenience of modern living within a sustainable and natural environment. Thus the project's win for Best Master Plan at the FIABCI Malaysia Property Awards 2008 is recognition to be proud of.

Setia Eco Gardens recorded sales of RM69 million for the year under review. Since its launch in April 2008, 514 units have been launched and take up rates are close to 60%.

The township hosted a list of activities to attract prospective purchasers. Amongst them was a sizzling concert by Stephanie Sun during the Chinese New Year season and several events related to the environment to create greater awareness. These included celebrating Earth day, World Environment Day together with other members of the Setia family and the opening of the Eco Library at its sales gallery to foster greater understanding of the importance of preserving our environment amongst the younger generation.



## REVIEW OF OPERATIONS



### PENANG

Up north in Penang, the limited supply of landed residential property on the island ensures that new product launches are well-received. Given the physical constraints and limited developable land on the island, this mismatch between supply and demand is unlikely to be corrected over the near time, ensuring a robust property market.

#### Setia Pearl Island

For the year under review, Setia Pearl Island has seen robust sales at 176 units or RM128 million despite the fact that only 60 units have been launched so far. Bumi units for the terrace houses in Phase 1 were mostly sold immediately after its release in April – May 2008 despite being priced at a 15% premium to the original price of about RM600,000 per unit. The official launch of the Phase 3 semi-detached units is eagerly anticipated by prospective buyers in Penang, and should see strong demand when launched.

### CONCLUSION

In a year filled with uncertainties, the Group can still be proud of our achievements thus far. The dedication of our staff in their relentless pursuit of excellence must be commended. However, we must never let complacency set in and should always stay focused on our vision to be the best in all we do.

It is my earnest wish that Team Setia will continue with its strong and vigilant spirit in these difficult times. We must remain committed to our mission of providing superior customer service and satisfying their needs through our culture of excellence to enhance shareholders' value. But most importantly, we have to draw on our strength as a Group to drive the company forward.

**TAN SRI DATO' SRI LIEW KEE SIN**  
Group Managing Director



"Through **work** we transcend unprecedented boundaries in pace, space and time that once was inconceivable"



# CORPORATE RESPONSIBILITY



## ECO – A THREE-LETTER WORD TO ENRICH YOUR WORLD

At S P Setia Bhd, we have always taken our responsibilities as a corporate citizen very seriously. For the past nine years, our charity trust S P Setia Foundation has contributed to education, welfare and healthcare. In 2007, we decided to take our efforts to the next level by launching our corporate responsibility charter which is aptly summed up in a single statement: "Building Sustainable Communities for All", as reflected in the acronym 'ECO' and represented by our mascots ECO and eco. Over the last year, this three-letter word has served as a guide to us as we strive to achieve our aspirations in becoming a better corporate citizen.

## E FOR ENVIRONMENT

With your support, we hope to build sustainability into every aspect of our activities.

### RECYCLE WITH LOVE CAMPAIGN

The 13-week long campaign conducted by our Property South Division culminated in a concert extravaganza featuring Singaporean pop star JJ Lin, which saw an estimated 35,000 people gathering at our Setia Eco Gardens project site to join in the celebrations while sharing the spirit of altruism. This first-of-its-kind recycling campaign received overwhelming response from Johoreans who brought in recyclable items from their homes to S P Setia's four projects – Setia Eco Gardens, Setia Tropika, Setia Indah and Bukit Indah – in exchange for free tickets to attend the carnival. Some RM15,000 was raised from the recycled items with S P Setia meeting this amount ringgit-for-ringgit, bringing the total to RM30,000.



### EARTH DAY 08

20 April 2008

Setia Eco Gardens, Johor Bahru celebrated Earth Day by organising activities for the young and old alike. These included tree planting, an Eco Discovery Tour as well as an Eco Fair that showcased creative sculptures made from recycled materials.

## WORLD ENVIRONMENT DAY

5 June 2008

The Group came out in full force to support World Environment Day. In line with this year's theme, 'CO2, Kick the Habit! Towards a Low Carbon Economy', all site operations were shut down for the day as a mark of respect for Mother Nature. The Group's 1,000-strong workforce in the Klang Valley, Johor, Penang and Vietnam also walked the talk by organising activities such as tree planting and recycling. They also took part in a green walk to raise public awareness about the importance of reducing carbon emissions and greenhouse gasses.



## ECO FAMILY DAY

28 & 29 June 2008

On these two days, Setia Eco Park celebrated Eco Family Day with the public as well as its residents where it held recycling activities for charity and also gave away free plants to encourage planting among the public. There were even stalls selling plants and organic food. Apart from that, a nutritionist was on standby to do free health checks and give advice on eating healthy. The celebrations also marked the launch of Setia Eco Park's solar-paneled homes – the largest residential enclave in Malaysia powered by the Building Integrated PhotoVoltaic (BIPV) system.





## CORPORATE RESPONSIBILITY

### C FOR COMMUNITY

We strive to create communities which provide multiple avenues through which our home owners and beneficiaries can realise their personal aspirations.

#### CHARITY-THEMED CHINESE NEW YEAR CELEBRATIONS

**15 February** (Setia Pearl Island, Penang);

**16 February** (Setia Eco Park, Klang Valley);

**17 February** (Setia Eco Gardens, Johor)

The Group took a different approach to usher in the Lunar New Year by demonstrating its care and concern for the community and environment. It organised special-themed carnivals at three different locations in Penang, Klang Valley and Johor.

The CNY carnival in Penang and the Klang Valley dubbed “S P Setia Cares – Michael Wong Sings for Unsung Heroes” saw some 500 less fortunate members of the public, the disabled as well as care givers from various charitable homes being treated to the special performance by international award-winning singer-composer Michael Wong.

Down south in Johor, the finale Chinese New Year Extravaganza Concert featuring Singaporean pop star JJ Lin was the climax of the month-long “Setiahomes – Recycle with Love” campaign. Other attractions that thrilled the crowd included The Mystical Face Changing Act, Acrobatic Troupe, 24 Seasons Drums, Eight Southern Records Artistes and God of Prosperity.



#### SETIA ECO GARDENS ECO LIBRARY

**3 August 2008**

Kids now have a great place to hang out at when their parents come to Setia Eco Garden’s Sales Gallery. The new Eco Library is a cosy corner filled with books and educational toys that will perk any young learner’s interest. During the launch, a choral speaking competition and fishing contest was held much to the delight of the young visitors.

## CORPORATE RESPONSIBILITY



### SETIA ALAM KIDS CLUB

**17 August 2008**

The official launch of the Setia Alam Kids Club was a much awaited affair. Today, the club has around 500 members aged three to twelve who love coming together for gatherings which include celebration parties like Christmas as well as fun activities like monthly music appreciation classes. Other educational activities organised for the children in the year include science projects and a visit to the zoo.



### MID-AUTUMN FESTIVAL

**6 September 2008**

Both Setia Alam and Setia Eco Park celebrated the mid-autumn festival in style. In Setia Alam, the Setia Alam Kids Club had a lantern-making workshop much to the delight of its young participants who later showed off their masterpieces in a lantern walk. In Setia Eco Park, a Moonlight & Potluck Party exclusively for residents saw everyone sharing a unique cultural experience that helped strengthened ties in the community. Guests were entertained with a storytelling session about Chang Er & Hou Yi and treated to a Chinese Orchestra performance.



### RESIDENTS' PARTY

**19 October 2008**

In conjunction with Hari Raya and Deepavali celebrations, Setia Eco Park organised a double celebrations party exclusively for its residents. Residents were not only treated to a delectable spread of local cuisine but the party also included a special guest appearance by four cast members of the world's No.1 hit musical Mamma Mia! Direct from West End London, the cast members signed autographs and performed a 15-minute medley of songs from the hit musical much to the delight of all.

## CORPORATE RESPONSIBILITY

### S P SETIA FOUNDATION

The S P Setia Foundation is one of the most active charity trusts founded by a property developer. Our charity work through the S P Setia Foundation under the stewardship of Chairman Tan Sri Lee Lam Thye has also endeared us to the community.

The Foundation's main focus is in the area of education where it sponsors the studies of some 2,300 primary pupils across the country under the Setia Adoption Program (SAP). The SAP allocates between RM860 to RM960 yearly for every Setia Adopted Children in primary school to sponsor their school fees, textbooks, computer fees, school bag, tuition fees, stationery, uniforms and canteen meals. Meanwhile, secondary school kids are given RM1,000 yearly.

On 20 January 2008, the parents of 196 underprivileged Setia Adopted Children beamed with pride as they cheered their children onto the stage to receive awards for their excellent academic performance in the 2007 UPSR examinations at the Annual SAP Excellence Awards Ceremony.



#### OTHER FOUNDATION ACTIVITIES:

##### Free Intensive Remedial Training for Dyslexic Children

With the Foundation's support, 10 needy dyslexic children were given the opportunity to undergo five months of intensive remedial training programme at the Dyslexia Association of Wilayah Persekutuan (DAWP) with the hope to eventually integrate them into the mainstream education system upon successful completion of the programme.

##### Foundation sponsors RM33,000 to set up Smart E-Classroom and purchase study desks and chairs

Students in SJK (C) Kwong Hon can now enjoy learning in a technology-enriched environment and comfortable setting with the donation of RM33,000 from S P Setia Foundation to set up a smart e-classroom and purchase 300 sets of brand-new study tables.



## CORPORATE RESPONSIBILITY

### Haemodialysis Subsidy Programme (HSP)

This year, the Foundation pledged RM600,000.00 annually to subsidise haemodialysis treatment for kidney failure patients from low income families. This programme has been rolled out in two states namely the Klang Valley and Penang where S P Setia has a presence. The next roll out will be in Johor sometime in early 2009.

### Upgrade of Cheshire Home Hydrotherapy Pool

Hydrotherapy sessions have now resumed for residents of Rumah Amal Cheshire Selangor after the Foundation sponsored RM25,000 for upgrading and repair work. The pool had been closed for several years due to wear and tear before the Foundation gave it a much needed facelift.



### Support the Disabled for the Disabled

The Foundation sponsored five units of power wheelchairs made by the disabled for the disabled. The five units is the country's first locally-produced powered wheelchairs invented by D to D Services (Disabled to Disabled Services).



### Newspaper reading programme

In order to promote and inculcate reading culture among primary school children, the Foundation sponsored 200,000 copies of Nanyang Siang Pau together with its Education Pullout to 83 primary schools in the Klang Valley, Penang and Johor under the Nanyang Newspaper Reading Programme. Some RM200,000 has been spent on the programme.





## CORPORATE RESPONSIBILITY

### FOR ORGANISATION

Our successes are due to teamwork. Our people lead with creativity and passion, encouraged by our thirst for innovation and ground-breaking ideas.



#### ANNUAL DINNER & DANCE

##### December 2007

The Group's Annual Dinner & Dance is an event that is much looked forward to with staff pulling out all the stops from their costumes to the inter-division group competition. This year, red reigned supreme as the 1,000-odd staff rose to the theme of "Paint the Town Red" by dressing in a plethora of red ensembles from chili-hot F1 shirts to 70's disco blings and movie hero superman's red cape and boots.

#### S P SETIA FOUNDATION CHARITY DINNER 2008

##### 12 July 2008

The yearly event sees all S P Setia staff turning out in full force to stage a musical to raise donations from our business associates and the public to fund the Foundation's activities. Despite the current tough times, the Charity Dinner managed to raise RM5.3 million for the Foundation, thanks to generous donors who included business associates of the Group who contributed a total of RM3.6 million while S P Setia donated RM1.7 million. S P Setia also pledged RM300,000 to set up a scholarship fund for Vietnamese students to further their studies in Malaysia.





## CORPORATE RESPONSIBILITY



## FAMILY DAY

**31 August 2008**

To foster the spirit of Team Setia, our yearly Family Day celebrations are a big event where staff along with their families get together for a day of fun and entertainment. This year, the event was held at Setia Eco Park and saw more than 2,000 people enjoying the array of food and games stalls that were specially set up. While the younger kids frolicked in the Canopy Club pool, the adults busied themselves with activities like paint ball, archery, pony rides and a mini motorbike racing circuit to name a few.





"In **play** we unleash potential energies and talents, demonstrating the spirit of youthful exuberance in growing up"







## CORPORATE INFORMATION



### BOARD OF DIRECTORS

Tan Sri Abdul Rashid bin Abdul Manaf  
*(Chairman)*

Tan Sri Dato' Sri Liew Kee Sin  
*(Group Managing Director/Chief Executive Officer)*

Dato' Voon Tin Yow  
*(Executive Director/Chief Operating Officer)*

Yap Kok Weng  
*(Executive Director/Chief Financial Officer)*

Teow Leong Seng  
*(Executive Director)*

Khor Chap Jen  
*(Executive Director)*

Chang Khim Wah  
*(Executive Director)*

Tan Sri Lee Lam Thye  
*(Non-Independent Non-Executive Director)*

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

Dato' Leong Kok Wah  
*(Independent Non-Executive Director)*

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

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

**EXECUTIVE COMMITTEE**

Tan Sri Abdul Rashid bin Abdul Manaf  
*(Chairman)*

Tan Sri Dato' Sri Liew Kee Sin

Dato' Voon Tin Yow

**AUDIT COMMITTEE**

Tan Sri Dato' Hari Narayanan a/l  
Govindasamy  
*(Chairman)*

Dato' Leong Kok Wah

Datuk Ismail bin Adam

Ng Soon Lai @ Ng Siek Chuan

**REMUNERATION COMMITTEE**

Dato' Leong Kok Wah  
*(Chairman)*

Tan Sri Dato' Hari Narayanan a/l  
Govindasamy

Datuk Ismail bin Adam

**NOMINATION COMMITTEE**

Datuk Ismail bin Adam  
*(Chairman)*

Dato' Leong Kok Wah

Ng Soon Lai @ Ng Siek Chuan

**RISK MANAGEMENT COMMITTEE**

Dato' Voon Tin Yow  
*(Chairman)*

Yap Kok Weng

Teow Leong Seng

Khor Chap Jen

Khor Soo Weng

Wong Tuck Wai

Kow Choong Ming

**SECRETARIES**

Lee Wai Ngan (LS 00184)

Chan Toye Ying (LS 00185)

**REGISTERED OFFICE**

Plaza 138, Suite 18.03,  
18th Floor, 138 Jalan Ampang,  
50450 Kuala Lumpur  
Tel : 03-2161 5466  
Fax : 03-2163 6968

**REGISTRAR**

Plaza 138, Suite 18.03,  
18th Floor, 138 Jalan Ampang,  
50450 Kuala Lumpur  
Tel : 03-2161 5466  
Fax : 03-2163 6968

**BANKERS**

Public Bank Berhad

Malayan Banking Berhad

Affin Bank Berhad

EON Bank Berhad

OCBC Bank (Malaysia) Berhad

CIMB Bank Berhad

HSBC Bank Malaysia Berhad

United Overseas Bank (Malaysia) Bhd

Ambank (M) Berhad

Alliance Bank Malaysia Berhad

RHB Bank Berhad

AmlInvestment Bank Berhad

**AUDITORS**

Moore Rowland (AF 0539)  
Wisma Selangor Dredging  
7th Floor, South Block  
142-A, Jalan Ampang  
50450 Kuala Lumpur

**SOLICITORS**

Shearn Delamore & Co

Cheong Kee Fong & Co

Soo Thien Ming & Nashrah

**STOCK EXCHANGE LISTING**

Main Board of Bursa Malaysia  
Securities Berhad

**INDICES**

KL Composite Index

FTSE Bursa Malaysia Indices

Standard & Poor's Indices

# CORPORATE STRUCTURE

Builder of Distinction  
**Setia**  
SP SETIA BHD GROUP

## PROPERTY DEVELOPMENT

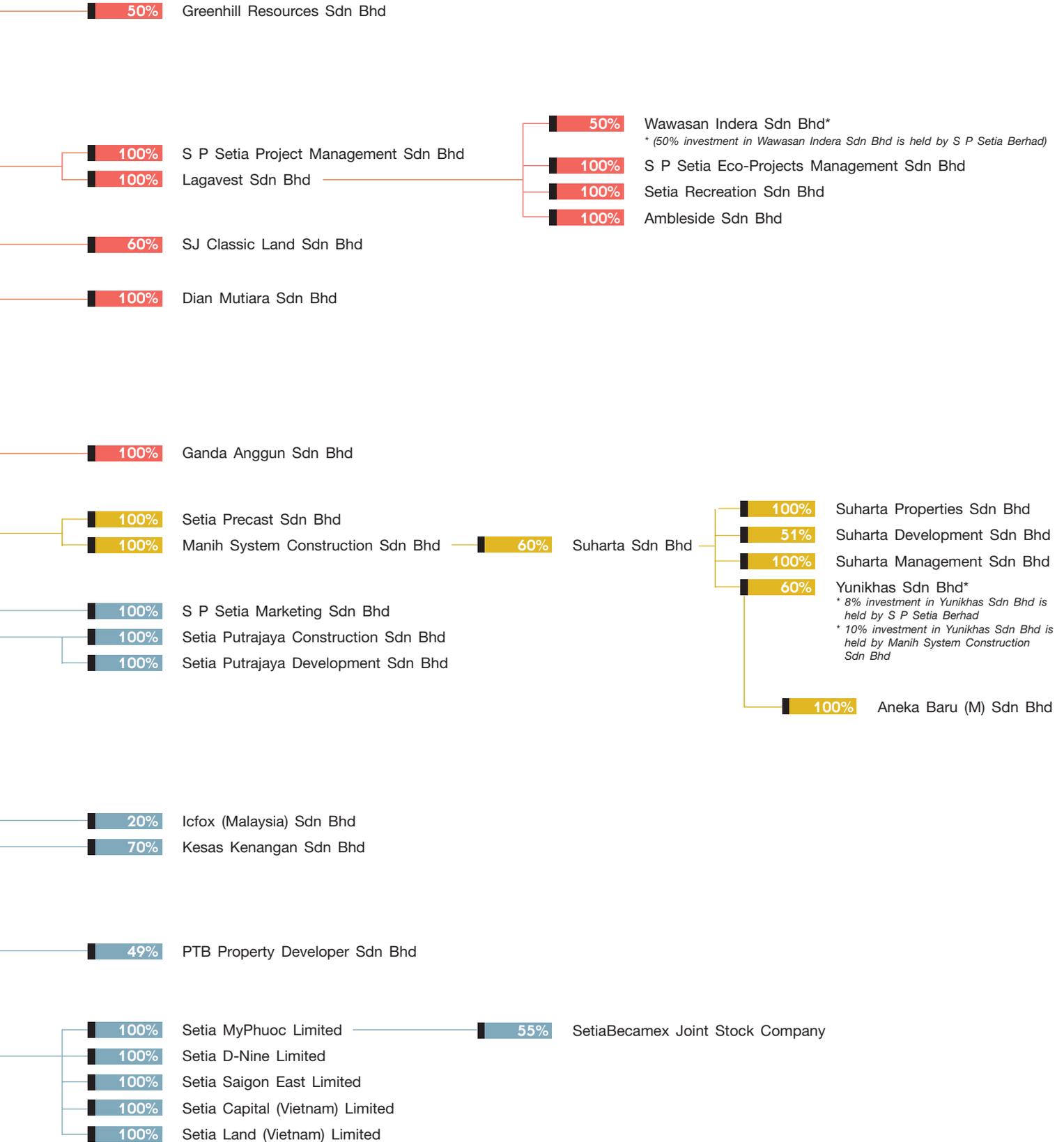
100%	Bandar Setia Alam Sdn Bhd
50%	Bandar Eco-Setia Sdn Bhd
100%	Setia Duta One Sdn Bhd
100%	Bukit Indah (Johor) Sdn Bhd
100%	Setia Indah Sdn Bhd
100%	Shabra Development Sdn Bhd
100%	Syarikat Kemajuan Jerai Sdn Bhd
100%	Bukit Indah (Perak) Sdn Bhd
100%	Setia Promenade Sdn Bhd
100%	Cosmotech Sdn Bhd
70%	Bukit Indah Property Management Sdn Bhd
70%	Indera Perasa Sdn Bhd
50%	Golden Klang Valley Sdn Bhd
70%	Sendiman Sdn Bhd
70%	Exceljade Sdn Bhd
70%	Aeropod Sdn Bhd
100%	Setia Eco Villa Sdn Bhd
70%	Kemboja Mahir Sdn Bhd

## CONSTRUCTION & INFRASTRUCTURE

100%	S P Setia Construction Sdn Bhd
100%	Setia Prefab Sdn Bhd
100%	Setia Bina Raya Sdn Bhd

## MANUFACTURING/ INVESTMENT & PROPERTY HOLDING/PROPERTY MANAGEMENT/ SECURITY SERVICES/ OTHERS

100%	Setia-Wood Industries Sdn Bhd
50%	Setia Putrajaya Sdn Bhd
100%	Kewira Jaya Sdn Bhd
100%	S P Setia Management Services Sdn Bhd
60%	S P Setia Estate Management Sdn Bhd
51%	S. P. Setia Security Services Sdn Bhd
100%	S P Setia Property Holdings Sdn Bhd
100%	Setia Alam Property Holdings Sdn Bhd
100%	S P Setia Technology Sdn Bhd
100%	Futurecrest (M) Sdn Bhd
100%	Pelita Dunia Sdn Bhd
100%	Bukit Indah (Selangor) Sdn Bhd
100%	Setia Hicon Sdn Bhd
99.9%	Kenari Kayangan Sdn Bhd
91.2%	Tenaga Raya Sdn Bhd
40%	Konsortium Lebuhraya Wangsa-Keramat Sdn Bhd
40%	KLWK Sdn Bhd
100%	Setia International Limited
100%	Sentosa Jitra Sdn Bhd
100%	Kayan Setegas Sdn Bhd



## BOARD OF DIRECTORS



1. Tan Sri Abdul Rashid bin Abdul Manaf  
*(Chairman)*

2. Tan Sri Dato' Sri Liew Kee Sin  
*(Group Managing Director/Chief Executive Officer)*

3. Dato' Voon Tin Yow  
*(Executive Director/Chief Operating Officer)*

4. Mr Yap Kok Weng  
*(Executive Director/Chief Financial Officer)*

5. Mr Teow Leong Seng  
*(Executive Director)*

6. Mr Khor Chap Jen  
*(Executive Director)*

7. Mr Chang Khim Wah  
*(Executive Director)*

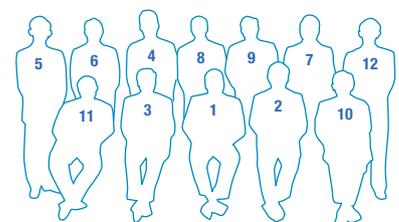
8. Tan Sri Lee Lam Thye  
*(Non-Independent Non-Executive Director)*

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

10. Dato' Leong Kok Wah  
*(Independent Non-Executive Director)*

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

12. Mr Ng Soon Lai @ Ng Siek Chuan  
*(Independent Non-Executive Director)*



## PROFILE OF BOARD OF DIRECTORS



### TAN SRI ABDUL RASHID BIN ABDUL MANAF (Chairman)

Malaysian, 62 years of age  
Barrister-at-Law (Middle Temple London)

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

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

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

### TAN SRI DATO' SRI LIEW KEE SIN

(Group Managing Director/Chief Executive Officer)

Malaysian, 50 years of age  
Bachelor of Economics Degree  
(Business Administration) (University of Malaya)

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

He was appointed as an Executive Director of S P Setia Berhad Group on 15 January 1996 and was subsequently appointed to his current position as the Group Managing Director on 3 May 1996. He is now the Group Managing Director/Chief Executive Officer.

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

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



## PROFILE OF BOARD OF DIRECTORS



### **DATO' VOON TIN YOW**

*(Executive Director/Chief Operating Officer)*

Malaysian, 51 years of age  
Bachelor of Science Degree in Civil Engineering  
Master of Science Degree (University of Texas, Austin)

Dato' Voon has 24 years of working experience in the construction and property development industry, which includes 3 years in construction site management and 20 years in management of property development. He began his working career in 1984 by joining Kimali Construction Sdn Bhd as a Site Manager and in 1986, he held the post of Development Engineer in Juru Bena Tenaga Sdn Bhd. In 1990, he joined Syarikat Kemajuan Jerai Sdn Bhd ("SKJ") as Project Manager and was subsequently appointed General Manager of SKJ in 1994. He was appointed Director of S P Setia Berhad on 15 July 1996 and the Chairman of Risk Management Committee on 29 October 2003.

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

### **MR YAP KOK WENG**

*(Executive Director/Chief Financial Officer)*

Malaysian, 47 years of age  
Associate Member of the Chartered Institute  
of Management Accountants (UK)  
Chartered Accountant of the Malaysian Institute of Accountants

Mr Yap is the Chief Financial Officer and responsible for the Group Corporate and Finance division of S P Setia Berhad Group.

Mr Yap has more than 22 years of experience in the accounting, finance, administration and corporate finance field. He was attached with Arab-Malaysian Merchant Bank Berhad as an Internal Audit Officer from 1987 to 1989, prior to joining the Hong Leong Group where he held various positions during his term of service from 1989 to 1991. His last appointment with the Hong Leong Group was as an Accountant.

He later joined S P Setia Berhad as the Group Accountant in 1991. He was promoted to be the Deputy General Manager, Group Services in 1996 and was later re-designated to be the General Manager of Group Services. In 2000 he was further promoted to be the Divisional General Manager of Group Corporate and Finance division. Mr Yap was appointed an Executive Director of S P Setia Berhad on 19 December 2001 and assumed the role of Chief Financial Officer of S P Setia Berhad Group from 1 January 2003 until 31 July 2007. On 1 August 2007 he relinquished the role as a Chief Financial Officer of S P Setia Berhad Group and became the Director responsible for strategic planning for the Group until 6 March 2008, where he reassumed his previous position as the Chief Financial Officer of the Group. He is also a member of the Risk Management Committee since 29 October 2003.

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

## PROFILE OF BOARD OF DIRECTORS



### MR TEOW LEONG SENG

*(Executive Director)*

Malaysian, 50 years of age  
Fellow of the Chartered Institute of Management Accountants (UK)  
Chartered Accountant of the Malaysian Institute of Accountants  
Master of Business Administration (MBA)  
(University of Strathclyde Graduate School of Business, Glasgow)



### MR KHOR CHAP JEN

*(Executive Director)*

Malaysian, 49 years of age  
Bachelor of Engineering (Honours) (University of Malaya)  
Professional Engineer registered with the Board of Engineers, Malaysia  
Fellow of the Institute of Engineers, Malaysia

Mr Teow is the Executive Director responsible for Group Business Development and the Chief Executive Officer of Setia International Division. In addition, he also oversees Setia Putrajaya Group.

Mr Teow joined S P Setia Berhad Group in 1997 and was previously the Division General Manager in charge of all Business Development activities for the Group as well as the Duta Nusantara project prior to being seconded to Setia Putrajaya as Chief Executive Officer. He was previously the Chief Financial Officer of S P Setia Berhad Group and responsible for the Group Corporate and Finance division from 1 August 2007 until 6 March 2008.

Prior to joining S P Setia Berhad Group, Mr Teow headed the Real Estate Finance Business of Citibank, NA (Corporate Bank) in Malaysia and was the Group Financial Controller of a public-listed company. He has also held finance and accounting positions within the Hong Leong Group and various other property development companies. He has in all over 27 years of experience in the property development industry, corporate finance, accounting and financial management and real-estate finance. He was appointed as Executive Director of S P Setia Berhad on 1 July 2007 and became a member of the Risk Management Committee on 1 August 2007.

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

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

Mr Khor started his career with Jurutera Perunding Kemajuan as an Engineer and held various posts before being promoted to Associate Director in 1995. He was involved in housing development and several highway projects including the North-South Expressway and the Shah Alam Expressway. He left in 1995 to join S P Setia Berhad and was seconded to Setia Putrajaya Sdn Bhd from 1997 to 1999, as the Deputy Chief Executive Officer, to undertake the turnkey contracts for the prestigious Prime Minister's Office and Prime Minister's Official Residence. He was involved in the mixed development of Precinct 9 in Putrajaya. Upon completion of his secondment in 1999, he was transferred back to the Head Office as Divisional General Manager – Property Central and Highway Divisions of S P Setia Berhad Group. He was appointed Director of S P Setia Berhad on 18 December 2002 and became a member of the Risk Management Committee on 29 October 2003.

He also sits on the Boards of DN Homeowners Berhad, DT Homeowners Berhad and SPJ Corporation Berhad.

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



## PROFILE OF BOARD OF DIRECTORS



### MR CHANG KHIM WAH

*(Executive Director)*

Malaysian, 44 years of age

Bachelor of Engineering (University of New South Wales)

Professional Engineer registered with the

Board of Engineers, Malaysia

Member of the Institute of Engineers, Malaysia

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

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

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

### TAN SRI LEE LAM THYE

*(Non-Independent Non-Executive Director)*

Malaysian, 62 years of age

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

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

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

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

## PROFILE OF BOARD OF DIRECTORS



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

*(Independent Non-Executive Director)*

Malaysian, 58 years of age

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

### DATO' LEONG KOK WAH

*(Independent Non-Executive Director)*

Malaysian, 55 years of age

Master of Business Administration (MBA) (University of Hull, UK)

Member of Institute of Bankers (UK)

Member of Institute of Credit Management (UK)

Member of Institute of Marketing (UK)

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

Tan Sri Dato' Hari Narayanan also sits on the Boards of Tenaga Nasional Berhad and Puncak Niaga Holdings Berhad. He also holds directorships on the Board of Lembaga Lebuhraya Malaysia (Malaysian Highway Authority), Asian Institute of Medicine, Science & Technology and several other private companies.

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

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

He also sits on the Board of MUI Continental Insurance Berhad and is a member of the Audit 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



### DATUK ISMAIL BIN ADAM

*(Independent Non-Executive Director)*

Malaysian, 63 years of age

Master in Public Administration (MPA)

(Pennsylvania State University, U.S.A.)

Diploma in Public Administration (University of Malaya)

Bachelor of Arts (Honours) (University of Malaya)

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

### MR NG SOON LAI @ NG SIEK CHUAN

*(Independent Non-Executive Director)*

Malaysian, 54 years of age

Fellow of the Institute of Chartered Accountants  
in England and Wales

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

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

He also sits on the Boards of Deutsche Bank (M) Berhad and Unico-Desa Plantations 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.



# CORPORATE GOVERNANCE

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# CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("Board") is committed to maintain a high standard of corporate governance throughout the Group by adopting and applying the Malaysian Code of Corporate Governance ("Code") to enhance shareholders' value and the financial performance of the Group.

The following paragraphs describe how the Group has applied the principles set out in the Code and save where otherwise identified, its compliance with the best practices of the Code for the year ended 31 October 2008.

## A. BOARD OF DIRECTORS

### 1. The Board

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

### 2. Board Meetings

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

Name of Director	Total Meetings Attended	Percentage of Attendance (%)
Tan Sri Abdul Rashid bin Abdul Manaf *	5/5	100
Tan Sri Dato' Sri Liew Kee Sin	5/5	100
Dato' Voon Tin Yow	5/5	100
Yap Kok Weng	5/5	100
Teow Leong Seng	5/5	100
Khor Chap Jen	5/5	100
Chang Khim Wah	5/5	100
Tan Sri Lee Lam Thye (appointed w.e.f. 17.12.2007)	4/4	100
Tan Sri Dato' Hari Narayanan a/l Govindasamy	5/5	100
Dato' Leong Kok Wah	5/5	100
Datuk Ismail bin Adam	5/5	100
Ng Soon Lai @ Ng Siek Chuan *	5/5	100

\* Tan Sri Abdul Rashid bin Abdul Manaf and Mr Ng Soon Lai @ Ng Siek Chuan attended the following meetings via teleconferencing as they were overseas at the time:

Name of Director	Date of Meeting
Tan Sri Abdul Rashid bin Abdul Manaf	23 October 2008
Ng Soon Lai @ Ng Siek Chuan	25 September 2008

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



## CORPORATE GOVERNANCE STATEMENT

### 3. Board Balance

The Board comprises six (6) Executive Directors and six (6) Non-Executive Directors of whom four (4) are independent which fulfils the prescribed requirement for one third of the Board to be independent as stated in paragraph 15.02 of the Bursa Securities Listing Requirements. A brief profile of each Director is presented in page 43 to 48 of this Annual Report. The current composition of the Board provides the Group with a wealth of knowledge and experience to draw on with a comprehensive mix of skills which includes financial, technical and business expertise which are vital for the continued successful direction of the Group.

All Directors are jointly responsible for determining the Group's strategic business direction.

The Executive Directors are responsible for overseeing the Group's financial and operational matters and also to execute the Group's business strategies. The Independent Non-Executive Directors ensure that the strategies proposed by executive members of the Board and management are fully discussed and evaluated, taking into account the long term interests of all stakeholders, namely the Company's shareholders, employees, customers, business associates and the community as a whole.

### 4. Supply of Information

The Directors have full and unrestricted access to all information pertaining to the Group's business and affairs to enable them to discharge their duties. All Directors are provided with the agenda together with the Board papers in advance of Board Meetings to enable them to consider and deliberate knowledgeably on issues and to facilitate informed decision making.

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

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

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

### 5. Appointment and Re-election to the Board

Appointments to the Board are made based on the recommendation of the Nomination Committee. In accordance with the Company's Articles of Association, all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

### 6. Directors' Training

All the Directors have attended the Mandatory Accreditation Programme and the Continuing Education Programme (CEP) prescribed by the Bursa Securities. The Directors will continue to attend other relevant training programmes to keep abreast with developments on a continuous basis in compliance with paragraph 15.09 of Bursa Securities Listing Requirements.

During the financial year under review, the Directors and senior management have attended various training programmes conducted by external trainers which they have individually considered as relevant to the Group's business operations and strategy.

The Directors will continue to undergo other relevant training programmes to equip themselves with the knowledge to discharge their duties effectively.



## CORPORATE GOVERNANCE STATEMENT

### 7. Board Committees

The Board has delegated certain responsibilities to Board Committees which operate within defined terms of reference. The Board Committees include the Audit Committee, Executive Committee, Nomination Committee, Remuneration Committee and Risk Management Committee. The terms of reference of the Nomination Committee and Audit Committee were reviewed to ensure consistency with the revised provisions of the Malaysian Code on Corporate Governance which came into effect on 1 October 2007.

The respective Committees report to the Board on matters considered and their recommendation thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

## B. DIRECTOR'S REMUNERATION

### Objective

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

### Remuneration Procedures

The Remuneration Committee recommends to the Board the remuneration package for each Executive Director. It is the ultimate responsibility of the entire Board to approve the remuneration of these Directors.

The determination of the remuneration of the Non-Executive Directors is a matter decided by the Board as a whole. Individual Directors do not participate in the discussion and decision of their own remuneration.

### Remuneration Package

The remuneration package of Directors is as follows:

#### (a) Basic salary

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

#### (b) Allowance

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

#### (c) Bonus scheme

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

#### (d) Benefits-in-kind

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



## CORPORATE GOVERNANCE STATEMENT

The details of the remuneration of each Director of the Company who served during the financial year ended 31 October 2008 are as follows:

Category	Basic Salary (RM'000)	Allowance (RM'000)	Bonus (RM'000)	Benefits- in-kind (RM'000)	Total (RM'000)
<b>Executive Directors</b>					
Tan Sri Dato' Sri Liew Kee Sin	3,136.62	–	4,928.00	2,193.51	10,258.13
Dato' Voon Tin Yow	2,240.62	–	2,772.00	439.66	5,452.28
Yap Kok Weng	986.22	–	800.80	22.70	1,809.72
Teow Leong Seng	717.42	–	700.00	46.15	1,463.57
Khor Chap Jen	985.60	–	800.80	22.70	1,809.10
Chang Khim Wah	867.95	–	750.40	31.15	1,649.50
<b>Non-Executive Directors</b>					
Tan Sri Abdul Rashid bin Abdul Manaf	–	927.47	–	135.55	1,063.02
Tan Sri Lee Lam Thye	–	368.50	–	–	368.50
Tan Sri Dato' Hari Narayanan a/l Govindasamy	–	219.70	–	–	219.70
Dato' Leong Kok Wah	–	219.70	–	–	219.70
Datuk Ismail bin Adam	–	152.10	–	–	152.10
Ng Soon Lai @ Ng Siek Chuan	–	135.20	–	–	135.20
<b>Total</b>	<b>8,934.43</b>	<b>2,022.67</b>	<b>10,752.00</b>	<b>2,891.42</b>	<b>24,600.52</b>

## C. SHAREHOLDERS

### Communications between the Company and Investors

The Company is aware that effective communication with its shareholders, stakeholders and the public is important to disclose material information on the Group's business activities and financial performance to enhance shareholders' value.

This is achieved through press releases, press conferences, timely announcements and disclosures made to Bursa Securities. The Company's quarterly interim and full year audited financial results are released within two (2) months from the end of each quarter / financial year and the Annual Report is published within four (4) months after the financial year end.

In addition, the Company also has an established Investor Relations Department which provides ongoing updates on the Group's development activities and conducts regular dialogues and discussions with financial analysts and institutional fund managers to give them a better understanding of the businesses of the Group. During the financial year, the Company participated in 9 road shows and investor conferences and had approximately 174 meetings with financial analysts and investors.

### Annual General Meeting ("AGM")

The Company's AGM remains the principal forum for dialogue and communication with shareholders. Shareholders are encouraged to participate in the proceedings and ask questions about the resolutions being proposed and the operations of the Group. All Board members, Senior Management and the Group's external auditor are available to respond to shareholders' questions during the AGM.



## CORPORATE GOVERNANCE STATEMENT

The Group maintains the following website that allows all shareholders and investors access information about the Group:

- [www.spsetia.com.my](http://www.spsetia.com.my)

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

- (i) Tan Sri Dato' Hari Narayanan a/l Govindasamy,  
Chairman of the Audit Committee

Telephone Number : 03-20351788  
Fax Number : 03-26927187

- (ii) Lee Wai Ngan  
Chan Toye Ying  
Company Secretaries

Telephone Number : 03-21615466  
Fax Number : 03-21636968

### D. ACCOUNTABILITY AND AUDIT

#### **Financial Reporting**

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

#### **Internal Control**

The Statement on Internal Control set out on page 60 of this Annual Report provides an overview of the state of internal controls within the Group.

#### **Relationship with Auditors**

The Board via the Audit Committee, maintains a formal and transparent professional relationship with the Group's auditors, both internal and external. The role of the Audit Committee in relation to the auditors is described in the Audit Committee Report set out on page 56 to page 59 of this Annual Report.

#### **Directors' Responsibility Statement**

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

The directors are satisfied that in preparing the financial statements of the Group and of the Company for the financial year ended 31 October 2008, 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.



## CORPORATE GOVERNANCE STATEMENT

**ADDITIONAL COMPLIANCE INFORMATION****WARRANTS OR CONVERTIBLE SECURITIES**

During the financial year, 168,151,302 detachable warrants 2008/2013 were issued out of which 7,790,655 warrants were exercised as at 31 October 2008.

**NON-AUDIT FEES**

Other than the following, there were no non-audit fees paid to the external auditors for the financial year 31 October 2008:

Auditors	Services	Amount Paid (RM)
<b>Moores Rowland</b>	(1) Professional services in connection with the review on the Statement of Internal Control.	2,000.00
	(2) Professional fee for examination of Committed Construction Costs for the International School.	3,000.00
	(3) Professional services in connection with proposed bonds with warrants and proposed bonus issue	130,000.00

**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 46(a) of the financial statements.

**RECURRENT RELATED PARTY TRANSACTIONS**

At the Thirty Third Annual General Meeting of the Company held on 27 February 2008, the Company had obtained the approval for the renewal of the shareholders' mandate to enter into recurrent related party transactions of a revenue or trading nature, which are necessary for its day-to-day operations and in the ordinary course of its business, with related parties.

The said mandate took effect on 27 February 2008 and will continue until the conclusion of the forthcoming Annual General Meeting of the Company.

At the forthcoming Annual General Meeting to be held on 25 February 2009, 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 3 February 2009 attached to this Annual Report.

**REVALUATION OF LANDED PROPERTIES**

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



# AUDIT COMMITTEE REPORT

## MEMBERS OF THE AUDIT COMMITTEE

Tan Sri Dato' Hari Narayanan a/l Govindasamy (*Chairman & Independent Non-Executive Director*)  
Dato' Leong Kok Wah (*Independent Non-Executive Director*)  
Datuk Ismail bin Adam (*Independent Non-Executive Director*)  
Ng Soon Lai @ Ng Siek Chuan (*Independent Non-Executive Director*)

## SECRETARIES

Lee Wai Ngan  
Chan Toye Ying

## TERMS OF REFERENCE

### 1.0 Purpose

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

### 2.0 Composition

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

### 3.0 Reporting Responsibilities

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

### 4.0 Attendance at Meetings

- i. The heads of finance and internal audit and a representative of the external auditor shall normally attend meetings.
- ii. Other directors and employees may attend any particular Audit Committee meeting only upon the invitation of the Audit Committee specific to the relevant meeting.
- iii. The company secretary shall be the secretary of the Committee.

### 5.0 Frequency of Meetings

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

The Committee should meet with the external auditors without executive Board members present at least twice a year.



## AUDIT COMMITTEE REPORT

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

The Chairman of the Audit Committee would engage on a continuous basis with senior management, such as the chairman, the chief executive officer, the finance director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.

The Audit Committee held four (4) meetings during the financial year ended 31 October 2008. The details of attendance of the Audit Committee members are as follows:

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

The finance director, head of internal audit and the external auditor have attended the abovesaid meetings together with the Audit Committee members.

#### 6.0 Quorum

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

#### 7.0 Authority

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

#### 8.0 Duties

The duties of the Committee shall be:

- i. To consider the appointment of the external auditors, the audit fees and any questions of resignation or dismissal.
- ii. To review the nature and scope of the audit by the external auditors before commencement.
- iii. To review the quarterly and year end financial statements before submission to the Board, focusing particularly on:
  - any changes in accounting policies and practices;
  - significant audit adjustments from the external auditors;
  - the going concern assumption; and
  - compliance with accounting standards and other legal requirements.



## AUDIT COMMITTEE REPORT

- iv. To discuss problems and reservations arising from the interim and final audits and any matter the auditors may wish to discuss (in the absence of management, where necessary).
- v. To review the external auditors' management letter and management's response.
- vi. To do the following, in relation to the internal audit function:
  - review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
  - review any appraisal or assessment of the performance of members of the internal audit function;
  - approve any appointment or termination of senior staff members of the internal audit function; and
  - take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- vii. To review any related party transactions that may arise within the Company or Group.
- viii. To consider other related matters, as defined by the Board.

### SUMMARY OF ACTIVITIES OF THE COMMITTEE DURING THE YEAR

The Audit Committee met four (4) times during the financial year ended 31 October 2008. The activities of the Audit Committee for the financial year were summarised as follows:

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



## AUDIT COMMITTEE REPORT

### INTERNAL AUDIT FUNCTION

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

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

- Ascertained the extent of compliance with the established Group policies, procedures and statutory requirements;
- Reviewed the system of internal controls and key operating processes based on the approved annual plan by adopting a risk based approach and recommending improvements to the existing system of controls; 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 Audit Committee. Follow-up audit was also conducted and the status of implementation on the agreed upon recommendations were issued to the Audit Committee.



# INTERNAL CONTROL STATEMENT

## BOARD RESPONSIBILITY

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

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

## RISK MANAGEMENT

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

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

## INTERNAL CONTROL

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

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

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

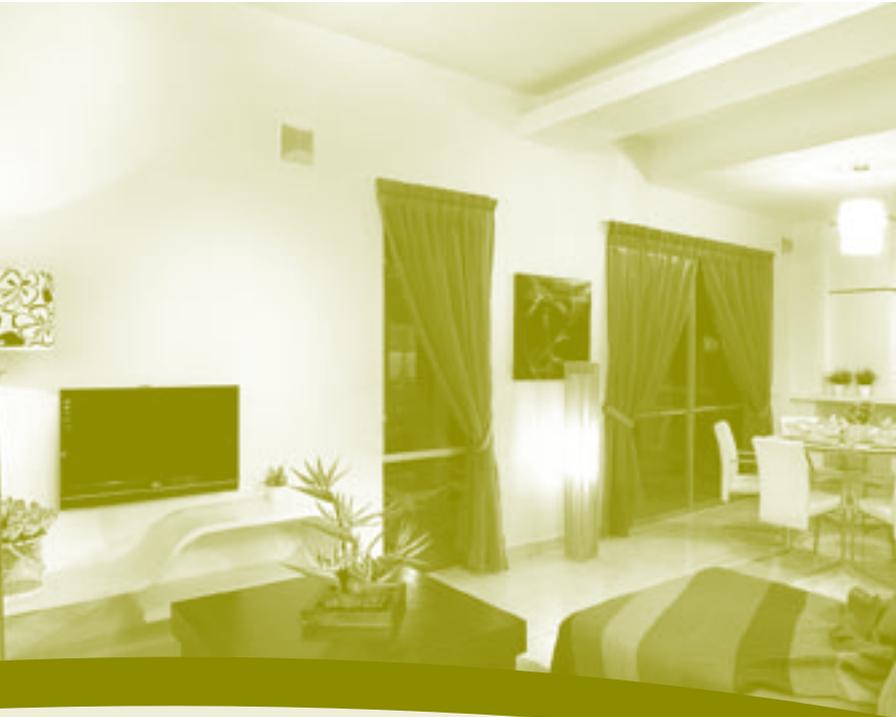


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# CORPORATE INFORMATION



## DOMICILE

Malaysia

## LEGAL FORM AND PLACE OF INCORPORATION

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

## REGISTERED OFFICE

Wisma Selangor Dredging  
6th Floor, South Block  
142-A Jalan Ampang  
50450 Kuala Lumpur

## PRINCIPAL PLACE OF BUSINESS

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



# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2008

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 2008.

## PRINCIPAL ACTIVITIES

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

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

## RESULTS

	Group RM'000	Company RM'000
Profit attributable to shareholders of the Company	213,456	7,745
Retained earnings brought forward	897,999	810,231
Profit available for appropriation	1,111,455	817,976
Dividends	(165,519)	(165,519)
Retained earnings carried forward	945,936	652,457

## DIVIDENDS

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

- A final dividend of 15 sen per ordinary share of RM0.75 each less 26% income tax amounting to RM112,853,530 in respect of the financial year ended 31 October 2007, as proposed in the directors' report for that year; and
- An interim dividend of 7 sen per ordinary share of RM0.75 each less 26% income tax amounting to RM52,664,981 in respect of the financial year ended 31 October 2008.

The directors now recommend a final dividend of 10 sen per ordinary share of RM0.75 each less 25% income tax amounting to RM76,252,385 in respect of the financial year ended 31 October 2008.

## 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 74 and 79.



## DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2008

### ISSUE OF SHARES

During the financial year, the Company increased its paid up share capital by the issuance of the following:

- (i) 336,302,604 new ordinary shares of RM0.75 each on the basis of one (1) new share for every two (2) existing shares held pursuant to the Bonus Issue; and
- (ii) 7,790,655 new ordinary shares of RM0.75 each, for cash arising from the exercise of Warrants at a exercise price of RM4.48 per ordinary shares.

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

### ISSUE OF BOND AND WARRANTS

The Company, under a Trust Deed and a Deed Poll dated 5 November 2007 and 19 November 2007, respectively, issued RM500,000,000 nominal value of 2.00% Redeemable Serial Bonds ("Bonds") with 168,151,302 detachable provisional rights to allotment of warrants ("Warrants") on a bought deal basis to Primary Subscribers.

The terms of the Bonds are disclosed in note 25 to the financial statements.

The Warrants were offered for sale to the existing shareholders, on a renounceable rights basis, at an offer price of 30 sen per Warrant on the basis of one (1) Warrant for every four (4) ordinary shares of RM0.75 each in the Company.

### DIRECTORS

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

Tan Sri Abdul Rashid Bin Abdul Manaf

Tan Sri Dato' Sri Liew Kee Sin

Dato' Voon Tin Yow

Tan Sri Dato' Hari Narayanan a/l Govindasamy

Dato' Leong Kok Wah

Datuk Ismail Bin Adam

Yap Kok Weng

Khor Chap Jen

Ng Soon Lai @ Ng Siek Chuan

Chang Khim Wah

Teow Leong Seng

Tan Sri Lee Lam Thye

(appointed on 17 December 2007)

In accordance with the Company's Articles of Association, Tan Sri Dato' Sri Liew Kee Sin, Tan Sri Dato' Hari Narayanan a/l Govindasamy, Khor Chap Jen and Ng Soon Lai @ Ng Siek Chuan retire from the Board at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.



**DIRECTORS' REPORT**  
FOR THE YEAR ENDED 31 OCTOBER 2008

**DIRECTORS' INTEREST IN SHARES AND WARRANTS**

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

	----- No. of ordinary shares of RM 0.75 each -----				
	At 1.11.2007/ date of appointment	Bonus issue	Acquired	Disposed	At 31.10.2008
Tan Sri Abdul Rashid Bin Abdul Manaf					
– direct	–	–	67,000	–	<b>67,000</b>
– indirect	4,600,000	2,300,000	174,000	–	<b>7,074,000</b>
Tan Sri Dato' Sri Liew Kee Sin					
– direct	62,309,227	31,154,612	–	–	<b>93,463,839</b>
– indirect	18,800,865	9,400,432	–	–	<b>28,201,297</b>
Dato' Voon Tin Yow					
– direct	13,288	6,644	–	–	<b>19,932</b>
Yap Kok Weng					
– direct	23	11	–	–	<b>34</b>
Khor Chap Jen					
– direct	116,161	58,080	–	–	<b>174,241</b>
– indirect	50,000	25,000	–	–	<b>75,000</b>
Chang Khim Wah					
– direct	31,404	20,702	10,000	–	<b>62,106</b>
Teow Leong Seng					
– direct	7,289	3,644	–	–	<b>10,933</b>
Tan Sri Lee Lam Thye					
– indirect	12,000	6,000	–	–	<b>18,000</b>



## DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2008

### DIRECTORS' INTEREST IN SHARES AND WARRANTS (CONT'D)

	----- No. of Warrants -----				At 31.10.2008
	At 1.11.2007/ date of appointment	Subscription	Acquired	Disposed	
Tan Sri Abdul Rashid Bin Abdul Manaf					
- indirect	-	1,150,000	-	-	<b>1,150,000</b>
Tan Sri Dato' Sri Liew Kee Sin					
- direct	-	15,747,403	-	-	<b>15,747,403</b>
- indirect	-	9,970,235	5,000,000	-	<b>14,970,235</b>
Dato' Voon Tin Yow					
- direct	-	173,402	1,595,000	-	<b>1,768,402</b>
Yap Kok Weng					
- direct	-	85,700	-	-	<b>85,700</b>
Teow Leong Seng					
- direct	-	1,822	-	-	<b>1,822</b>
Khor Chap Jen					
- direct	-	29,100	-	-	<b>29,100</b>
- indirect	-	12,500	-	-	<b>12,500</b>
Chang Khim Wah					
- direct	-	13,700	-	-	<b>13,700</b>
Tan Sri Lee Lam Thye					
- indirect	-	3,000	-	-	<b>3,000</b>

By virtue of their interests in shares in the Company, Tan Sri Abdul Rashid Bin Abdul Manaf and Tan Sri Dato' Sri Liew Kee Sin are also deemed to have interests in shares in all its subsidiary companies to the extent the Company has an interest.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefit which may be deemed to have arisen from the transactions disclosed in note 46(a) to the financial statements.

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



DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 OCTOBER 2008

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain the action taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Company or its subsidiary companies which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Company or its subsidiary companies which has arisen since the end of the financial year.
- (d) No contingent or other liability of the Company or its subsidiary companies has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Company or its subsidiary companies to meet their obligations as and when they fall due.
- (e) At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.
- (f) In the opinion of the directors:
- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.



## DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2008

### AUDITORS

The auditors, Moores Rowland, Chartered Accountants, retire at the forthcoming annual general meeting and do not wish to seek re-appointment. The directors have received a nomination to appoint Mazars, Chartered Accountants, as auditors for the ensuing year. Mazars have expressed their willingness to accept nomination as auditors and a motion to resolve their appointment will be tabled at the forthcoming annual general meeting.

Signed on behalf of the directors in accordance with a directors' resolution dated 10 December 2008.

**TAN SRI DATO' SRI LIEW KEE SIN**

Director

Kuala Lumpur

**DATO' VOON TIN YOW**

Director



# REPORT OF THE AUDITORS TO THE MEMBERS

FINANCIAL STATEMENTS – 31 OCTOBER 2008

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of S P Setia Berhad, which comprise the balance sheets as at 31 October 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 71 to 144.

### *Directors' Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 October 2008 and of their financial performance and cash flows for the year then ended.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 7 to the financial statements.



## REPORT OF THE AUDITORS TO THE MEMBERS

FINANCIAL STATEMENTS – 31 OCTOBER 2008

- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment material to the consolidated financial statements and did not include any adverse comment required to be made under Section 174(3) of the Act.

### 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.

#### **MOORES ROWLAND**

No. AF: 0539  
Chartered Accountants

Kuala Lumpur  
Date: 10 December 2008

#### **GAN MORN GHUAT**

No. 1499/5/09 (J)  
Partner



# CONSOLIDATED BALANCE SHEET

31 OCTOBER 2008

	Note	2008 RM'000	2007 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	80,226	63,185
Investment properties	4	167,931	95,032
Land held for property development	5	1,133,456	852,479
Prepaid lease payments	6	880	890
Investment in associated companies	8	106,560	144,444
Other investments	10	553	477
Amounts owing by associated companies	12	304	369
Amount owing by jointly controlled operation	13	6,447	–
Deferred tax assets	14	14,520	21,926
<b>Total non-current assets</b>		<b>1,510,877</b>	<b>1,178,802</b>
<b>Current assets</b>			
Property development costs	15	786,262	860,048
Gross amount due from customers	16	10,163	8,301
Inventories	17	29,630	19,320
Accrued billings	18	56,164	55,725
Trade receivables	19	240,656	209,983
Amounts owing by associated companies	12	14,877	28,567
Amounts owing by jointly controlled entities	20	5,032	504
Other receivables, deposits and prepayments	21	46,087	92,267
Current tax assets		23,449	23,650
Deposits	22	393,598	162,284
Cash and bank balances	23	199,225	242,581
<b>Total current assets</b>		<b>1,805,143</b>	<b>1,703,230</b>
<b>TOTAL ASSETS</b>		<b>3,316,020</b>	<b>2,882,032</b>

## CONSOLIDATED BALANCE SHEET

31 OCTOBER 2008

	Note	2008 RM'000	2007 RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	24	762,524	504,454
Share premium account		217,584	438,430
Warrant reserve (non-distributable)		47,798	–
Exchange translation reserve		1,500	–
Retained earnings		945,936	897,999
Equity attributable to shareholders of the Company		1,975,342	1,840,883
Minority interests		358	492
<b>Total equity</b>		<b>1,975,700</b>	<b>1,841,375</b>
<b>Non-current liabilities</b>			
Redeemable serial bonds	25	460,577	–
Long term loans	26	424,307	532,748
Other loans	27	1,446	1,446
Hire purchase and finance lease liabilities	28	1,885	2,365
Deferred tax liabilities	29	1,194	2,637
<b>Total non-current liabilities</b>		<b>889,409</b>	<b>539,196</b>
<b>Current liabilities</b>			
Trade payables	30	220,750	228,269
Progress billings	18	28,684	62,804
Other payables and accruals	31	117,947	66,512
Hire purchase and finance lease liabilities	28	1,161	1,301
Short term borrowings	32	66,105	118,831
Bank overdrafts	33	6,790	3,016
Current tax liabilities		9,474	20,728
<b>Total current liabilities</b>		<b>450,911</b>	<b>501,461</b>
<b>Total liabilities</b>		<b>1,340,320</b>	<b>1,040,657</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,316,020</b>	<b>2,882,032</b>



# CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2008

	Note	2008 RM'000	2007 RM'000
Revenue	34	<b>1,328,325</b>	1,153,803
Cost of sales	35	<b>(976,853)</b>	(776,807)
Gross profit		<b>351,472</b>	376,996
Other operating income		<b>13,031</b>	9,619
Selling and marketing expenses		<b>(32,016)</b>	(29,352)
Administrative and general expenses		<b>(93,534)</b>	(74,576)
Profit from operations	36	<b>238,953</b>	282,687
Net profit from investing activities			
– gross dividend from unquoted preference shares in an associated company		–	5,086
– others	37	<b>43,876</b>	17,636
Share of net profits less losses of associated companies		<b>15,162</b>	24,355
Finance costs	38	<b>(6,976)</b>	(1,273)
Profit before taxation		<b>291,015</b>	328,491
Tax expense	39	<b>(77,560)</b>	(68,423)
Profit for the year		<b>213,455</b>	260,068
Attributable to:			
Shareholders of the Company		<b>213,456</b>	260,070
Minority interests		<b>(1)</b>	(2)
		<b>213,455</b>	260,068
Basic earnings per share (sen)	40	<b>21.0</b>	25.8
Diluted earnings per share (sen)	40	–	25.8
Dividend per share (net of tax) (sen)		<b>12.7</b>	18.4

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2008

Note	<-----Attributable to shareholders of the Company ----->										
	<----- Non-distributable ----->					Exchange		Distributable		Minority interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Option reserve RM'000	Warrant reserve RM'000	translation reserve RM'000	retained earnings RM'000	Total RM'000				
Balance at 1.11.2006											
As previously stated	498,513	416,710	-	-	-	787,187	1,702,410	1,302	1,703,712		
Effect of adopting FRS 2	-	564	1,395	-	-	(1,959)	-	-	-		
As restated	498,513	417,274	1,395	-	-	785,228	1,702,410	1,302	1,703,712		
Profit for the year	-	-	-	-	-	260,070	260,070	(2)	260,068		
Dividends paid	41	-	-	-	-	(147,301)	(147,301)	-	(147,301)		
Issue of ordinary shares											
pursuant to ESOS	5,941	21,156	(1,393)	-	-	-	25,704	-	25,704		
ESOS lapsed	-	-	(2)	-	-	2	-	-	-		
Acquisition of additional shares in an existing subsidiary company	-	-	-	-	-	-	-	(808)	(808)		
Balance at 31.10.2007	504,454	438,430	-	-	-	897,999	1,840,883	492	1,841,375		
Translation differences for the year	-	-	-	-	1,500	-	1,500	-	1,500		
Profit for the year	-	-	-	-	-	213,456	213,456	(1)	213,455		
Net income/(expense) recognised directly in equity	-	-	-	-	1,500	213,456	214,956	(1)	214,955		
Dividends paid	41	-	-	-	-	(165,519)	(165,519)	-	(165,519)		
Issue of Warrants	-	-	-	50,120	-	-	50,120	-	50,120		
Issue of ordinary shares pursuant to											
- bonus issue	252,227	(252,227)	-	-	-	-	-	-	-		
- exercise of Warrants	5,843	31,381	-	(2,322)	-	-	34,902	-	34,902		
Acquisition of additional shares in an existing subsidiary company	-	-	-	-	-	-	-	(133)	(133)		
<b>Balance at 31.10.2008</b>	<b>762,524</b>	<b>217,584</b>	<b>-</b>	<b>47,798</b>	<b>1,500</b>	<b>945,936</b>	<b>1,975,342</b>	<b>358</b>	<b>1,975,700</b>		



# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2008

	Note	2008 RM'000	2007 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		291,015	328,491
Adjustments for:			
Bad and doubtful debts		692	672
Depreciation			
– property, plant and equipment		9,152	6,804
– investment properties		1,487	124
Gain on disposal of property, plant and equipment		(675)	(743)
Property, plant and equipment written off		5,754	3
Amortisation of prepaid lease payments		10	9
Profit retained in associated companies		(15,162)	(24,355)
Realisation of profit of associated companies		(1,464)	(2,306)
Gain on disposal of an associated company		(26,878)	–
Gain on disposal of an investment property		–	(43)
Impairment in value of investment properties		593	–
Gain on deemed disposal of a subsidiary company		(94)	–
Gain on disposal of quoted investments		–	(10,864)
Diminution in value of quoted investments		(76)	198
Goodwill on acquisition written off		19	3
Discount on acquisition		(43)	(260)
Development expenditure written off		129	–
Unrealised loss on foreign exchange		46	–
Interest expense		6,976	1,273
Dividend income		–	(5,086)
Interest income		(22,546)	(11,736)
Rental income		(1,168)	(613)
Operating profit before working capital changes		247,767	281,571
Changes in property development costs		168,933	7,454
Changes in accrued billings/progress billings		(34,559)	2,511
Changes in gross amount due from/to customers		(1,209)	17,979
Changes in inventories		2,827	8,858
Changes in receivables		(33,067)	19,843
Changes in payables		(7,182)	(7,540)
Cash generated from operations		343,510	330,676
Rental received		417	495
Interest received		5,919	5,184
Interest paid		(49,190)	(31,503)
Tax paid		(82,614)	(94,613)
Net cash generated from operating activities		218,042	210,239
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to land held for property development		(245,096)	(89,554)
Purchase of property, plant and equipment	42	(100,231)	(19,189)
Purchase of investment properties	43	(6,889)	(12,300)
Proceeds from disposal of property, plant and equipment		832	1,368
Proceeds from disposal of associated company		82,670	–
Proceeds from disposal of an investment property		–	188
Proceeds from disposal of quoted investments		–	27,913

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2008

	Note	2008 RM'000	2007 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES (CONT'D)</b>			
Acquisition of additional shares in existing subsidiary companies	44	(90)	(548)
Acquisition of additional shares in an existing associated company		(2,291)	(2,396)
Acquisition of jointly controlled entities		-	(1,879)
Redemption of preference shares in an associated company		-	93,750
Advances to associated companies		(2,645)	(994)
Repayment from/(Advances to) jointly controlled entities		5,286	(504)
Advances to jointly controlled operation		(6,151)	-
Deposit and part consideration paid for acquisition of land		(8,397)	(46,274)
Deposit refunded for acquisition of land		22,060	-
Development expenditure paid		(1,455)	(9,442)
(Withdrawal)/Placement of fixed deposits, sinking fund and escrow account		(6,299)	5,853
Dividend received from an associated company		1,009	921
Preference shares dividend received from an associated company		3,980	-
Interest received		16,331	6,556
Rental received		751	118
Net cash used in investing activities		(246,625)	(46,413)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		34,902	25,704
Proceeds from issue of redemption bonds		449,629	-
Proceeds from issue of warrants		50,120	-
Drawdown of bank term loans		68,731	97,348
Repayment of bank term loans		(223,356)	(66,899)
Drawdown of banker acceptance		1,758	-
Drawdown of revolving credit		28,700	33,000
Repayment of revolving credit		(37,000)	-
Payment of hire purchase and finance lease liabilities		(1,566)	(1,665)
Interest paid		(179)	(195)
Dividends paid		(165,519)	(147,301)
Net cash generated from/(used in) financing activities		206,220	(60,008)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>177,637</b>	<b>103,818</b>
<b>EFFECT OF EXCHANGE RATE CHANGES</b>		<b>248</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>		<b>397,617</b>	<b>293,799</b>
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>		<b>575,502</b>	<b>397,617</b>
Represented by:			
Deposits		389,689	159,187
Cash and bank balances		192,603	241,446
Bank overdrafts		(6,790)	(3,016)
		<b>575,502</b>	<b>397,617</b>



# BALANCE SHEET

31 OCTOBER 2008

	Note	2008 RM'000	2007 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	200	278
Investment properties	4	1,157	1,552
Prepaid lease payments	6	880	890
Investment in subsidiary companies	7	291,077	290,987
Investment in associated companies	8	39,249	39,249
Investment in jointly controlled entities	9	40,731	24,631
Amounts owing by subsidiary companies	11	1,405,224	1,115,565
Amounts owing by associated companies	12	288	296
Deferred tax asset	14	441	899
<b>Total non-current assets</b>		<b>1,779,247</b>	<b>1,474,347</b>
<b>Current assets</b>			
Gross amount due from customers	16	5,080	4,203
Trade receivables	19	3,066	-
Amounts owing by subsidiary companies	11	159,652	151,986
Amounts owing by jointly controlled entities	20	26,720	30,379
Other receivables, deposits and prepayments	21	6,027	14,362
Current tax asset		10,421	10,063
Deposits	22	313,524	109,068
Cash and bank balances	23	3,228	60,471
<b>Total current assets</b>		<b>527,718</b>	<b>380,532</b>
<b>TOTAL ASSETS</b>		<b>2,306,965</b>	<b>1,854,879</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	24	762,524	504,454
Share premium account		217,584	438,430
Warrant reserve ( <i>non-distributable</i> )		47,798	-
Retained earnings		652,457	810,231
<b>Total equity</b>		<b>1,680,363</b>	<b>1,753,115</b>
<b>Non-current liabilities</b>			
Redeemable serial bonds	25	460,577	-
Amounts owing to subsidiary companies	11	131,738	64,271
<b>Total non-current liabilities</b>		<b>592,315</b>	<b>64,271</b>
<b>Current liabilities</b>			
Gross amount due to customers	16	6,573	427
Trade payables	30	6,830	12,077
Amounts owing to subsidiary companies	11	4,660	21,395
Other payables and accruals	31	16,224	3,594
<b>Total current liabilities</b>		<b>34,287</b>	<b>37,493</b>
<b>Total liabilities</b>		<b>626,602</b>	<b>101,764</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,306,965</b>	<b>1,854,879</b>

Notes to and forming part of the financial statements are set out on pages 82 to 144

Auditors' Report – Pages 69 to 70

# INCOME STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2008

	Note	2008 RM'000	2007 RM'000
Revenue	34	<b>2,649</b>	11,788
Cost of sales	35	<b>(2,674)</b>	(12,995)
Gross loss		<b>(25)</b>	(1,207)
Other operating income		<b>868</b>	401
Administrative and general expenses		<b>(31,926)</b>	(36,368)
Loss from operations	36	<b>(31,083)</b>	(37,174)
Net profit from investing activities			
– gross dividend from unquoted preference shares in an associated company		–	5,086
– others	37	<b>68,011</b>	1,029,283
Finance costs	38	<b>(21,157)</b>	(953)
Profit before taxation		<b>15,771</b>	996,242
Tax expense	39	<b>(8,026)</b>	(264,667)
Profit for the year		<b>7,745</b>	731,575
Dividend per share (net of tax) (sen)		<b>12.7</b>	18.4



# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2008

	Note	<----- Non-distributable ----->				Distributable	Total RM'000
		Share capital RM'000	Share premium RM'000	Option reserve RM'000	Warrants reserve RM'000	retained earnings RM'000	
Balance at 1.11.2006							
As previously stated		498,513	416,710	-	-	226,333	1,141,556
Effects of adopting FRS 2		-	564	1,395	-	(378)	1,581
As restated		498,513	417,274	1,395	-	225,955	1,143,137
Profit for the year		-	-	-	-	731,575	731,575
Dividends paid	41	-	-	-	-	(147,301)	(147,301)
Issue of ordinary shares							
pursuant to ESOS		5,941	21,156	(1,393)	-	-	25,704
ESOS lapsed		-	-	(2)	-	2	-
Balance at 31.10.2007		504,454	438,430	-	-	810,231	1,753,115
Profit for the year		-	-	-	-	7,745	7,745
Dividends paid	41	-	-	-	-	(165,519)	(165,519)
Issue of Warrants		-	-	-	50,120	-	50,120
Issue of ordinary shares pursuant to							
- bonus issue		252,227	(252,227)	-	-	-	-
- exercise of warrants		5,843	31,381	-	(2,322)	-	34,902
<b>Balance at 31.10.2008</b>		<b>762,524</b>	<b>217,584</b>	<b>-</b>	<b>47,798</b>	<b>652,457</b>	<b>1,680,363</b>

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2008

	Note	2008 RM'000	2007 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		15,771	996,242
Adjustments for:			
Bad and doubtful debts		-	1,654
Depreciation			
– property, plant and equipment		103	155
– investment properties		2	2
Gain on disposal of property, plant and equipment		(22)	(166)
Amortisation of prepaid lease payments		10	9
Amortisation of bond discounts		10,948	-
Impairment in value of investment properties		393	-
Impairment in value of investment in subsidiary companies		-	178
Impairment in value of investment in a subsidiary company written back		-	(4,400)
Allowance for doubtful debts no longer required		(150)	-
Dividend income		(31,757)	(1,016,086)
Interest income		(37,191)	(15,793)
Interest expense		10,209	953
Rental income		(3)	(11)
Operating loss before working capital changes		(31,687)	(37,263)
Changes in gross amount due from customers		5,269	3,169
Changes in receivables		7,125	3,873
Changes in payables		1,526	(11,768)
Cash used in operations		(17,767)	(41,989)
Rental received		-	7
Interest received		697	82
Interest paid		(60)	(53)
Tax paid		(709)	-
Net cash used in operating activities		(17,839)	(41,953)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	42	(25)	(199)
Proceeds from disposal of property, plant and equipment		22	167
Subscription for additional shares in an existing subsidiary company	44	(90)	(548)
Acquisition of new jointly controlled entities		-	(24,631)
Acquisition of preference shares in existing jointly controlled entities		(16,100)	-
Redemption of preference shares in an associated company		-	93,750
Advances to subsidiary companies		(279,786)	(553,730)
Repayment from associated companies		8	28
Repayment from/(Advances to) jointly controlled entities		4,573	(30,305)
Dividends received		23,500	738,030
Preference shares dividend received from an associated company		3,980	-
Interest received		13,395	12,210
Rental received		3	4
Net cash (used in)/generated from investing activities		(250,520)	234,776

**CASH FLOW STATEMENT**  
FOR THE YEAR ENDED 31 OCTOBER 2008

	Note	2008 RM'000	2007 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		34,902	25,704
Proceeds from issue of redemption bonds		449,629	–
Proceeds from issue of warrants		50,120	–
Advances from/(Repayment to) subsidiary companies		52,178	(28,426)
Interest paid		(5,738)	(900)
Dividends paid		(165,519)	(147,301)
Net cash generated from/(used in) financing activities		415,572	(150,923)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		147,213	41,900
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>		169,539	127,639
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>		316,752	169,539
Represented by:			
Deposits		313,524	109,068
Cash and bank balances		3,228	60,471
		316,752	169,539



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2008

## 1. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

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

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

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

### (b) Changes in accounting policies

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous financial year except for the adoption of the following new and revised FRSs effective on or after 1 July 2007:

Amendment to FRS 121 : The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above FRSs does not have any significant financial impact on the Group and the Company for the current financial year.

### (c) New FRSs that are not yet effective

The Group and the Company have not adopted the *FRS 139 Financial Instruments : Recognition and Measurement* that has been issued and relevant to their operations but which are only effective for the financial periods beginning on or after 1 January 2010.

### (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 balance sheet date, and reported amounts of income and expenses during the financial year.

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

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

#### (i) Critical judgement made in applying accounting policies

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

### 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*

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

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

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

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

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

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

###### *Revenue recognition of property development activities and construction contracts*

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

##### (ii) *Key sources of estimation uncertainty*

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

###### *Depreciation of property, plant and equipment and investment properties*

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

The carrying amounts of the Group's and Company's property, plant and equipment as at 31 October 2008 were RM80,226,000 and RM200,000 (2007 : RM63,185,000 and RM278,000), respectively.

The carrying amounts of the Group's and Company's investment properties as at 31 October 2008 were RM167,931,000 and RM1,157,000 (2007 : RM95,032,000 and RM1,552,000), respectively.

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

##### (ii) Key sources of estimation uncertainty (cont'd)

###### *Provision for stock obsolescence and inventories write down*

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

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

The carrying amounts of the Group's inventories as at 31 October 2008 were RM29,630,000 (2007 : RM19,320,000).

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

###### *Allowance for doubtful debts*

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

The carrying amounts of the Group's and Company's trade and other receivables as at 31 October 2008 were RM313,403,000 and RM1,600,977,000 (2007 : RM331,690,000 and RM1,312,588,000), respectively.

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

###### *Income taxes*

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

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 2008 were RM37,969,000 and RM10,862,000 (2007 : RM45,576,000 and RM10,962,000), respectively.

The carrying amounts of the Group's tax liabilities as at 31 October 2008 were RM10,668,000 (2007 : RM23,365,000).

###### *Deferred tax assets*

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

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

The carrying amounts of the Group's recognised and unrecognised deferred tax assets as at 31 October 2008 were RM14,520,000 (2007 : RM21,926,000) and RM11,229,000 (2007 : RM11,555,000), respectively.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (e) Subsidiary companies

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

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

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

#### (f) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and of all its subsidiary companies and jointly controlled entities (*see note 1(h) below*) made up to the end of the financial year. The consolidated financial statements are prepared using uniform accounting policies for like transactions in similar circumstances.

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

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

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

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

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

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D))

#### (g) Associated companies

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

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

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

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

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

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

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

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

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (h) Interests in joint ventures

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

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

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

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

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

#### (i) Other investments

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

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

#### (j) Property, plant and equipment

##### (i) *Measurement basis*

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

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (j) Property, plant and equipment (cont'd)

##### (ii) Depreciation

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

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

The principal annual rates used for this purpose are:

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

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

#### (k) Investment properties

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

##### (i) Measurement basis

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

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

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

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

##### (ii) Depreciation

Freehold land is not depreciated.

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

The principal annual rates used for this purpose are:

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

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (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 the income statement on a straight-line basis over the period of the lease.

#### (m) Prepaid lease payments

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

##### (i) Measurement basis

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

##### (ii) Amortisation

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

#### (n) Development properties

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

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (n) Development properties (cont'd)

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 the income statement irrespective of whether development work has commenced or not, or of the stage of completion of development activity, or of the amounts of profits expected to arise on other unrelated development projects.

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

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

#### (o) Long term construction contracts

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

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

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

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

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

#### (p) 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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (q) Receivables

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

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

#### (r) Share capital

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

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

#### (s) Payables

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

#### (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.

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (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 currency.

##### (ii) *Transactions and balances in foreign currencies*

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

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

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

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

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

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

##### (iii) *Translation of foreign operations*

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

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

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

#### (v) Impairment of assets

##### (i) *Goodwill*

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

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (v) Impairment of assets (cont'd)

##### (i) Goodwill (cont'd)

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

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

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

##### (ii) Property, plant and equipment, investment properties, land held for property development, investment in subsidiary companies, associated companies and jointly controlled entities

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

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

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

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

#### (w) Employee benefits

##### (i) Short-term employee benefits

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

##### (ii) Post-employment benefits

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

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (w) Employee benefits (cont'd)

##### (iii) *Share-based payment transactions*

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

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

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

#### (x) Borrowing costs

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

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

#### (y) Taxation

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

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

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

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

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

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

#### (z) Cash equivalents

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

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (aa) Financial instruments

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

##### (i) *Financial instruments recognised in the balance sheet*

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

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

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

##### (ii) *Financial instruments not recognised in the balance sheet*

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

#### (ab) Segment reporting

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

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

#### (ac) Disclosure of fair value

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

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

*Long term investments*

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

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

*Long term borrowings, redeemable serial bonds and debts*

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

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

*Hire purchase and finance lease liabilities*

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

### 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) *Interest rate risk*

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

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

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

(b) *Credit risk*

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

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

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

(c) *Market risk*

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

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

(d) *Liquidity and cash flow risks*

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

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

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



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2008

3. PROPERTY, PLANT AND EQUIPMENT

Group  
2008

	----- Freehold -----		Plant, machinery, crane and trucks RM'000	Office equipment, renovations, furniture and fittings RM'000	Motor vehicles RM'000	Capital work- in- progress RM'000	Total RM'000
	Land RM'000	Buildings RM'000					
<b>Cost</b>							
At 1.11.2007	2,886	27,128	13,183	27,339	31,751	15,925	118,212
Additions	924	15,780	145	5,492	4,201	74,360	100,902
Disposals	-	-	(221)	(65)	(3,068)	-	(3,354)
Deemed disposal of a subsidiary company	-	-	-	(114)	-	-	(114)
Exchange differences	-	-	5	9	1	-	15
Write-offs	-	(6,204)	(746)	(718)	(313)	-	(7,981)
Reclassification	-	5,950	-	-	-	(5,950)	-
Transfer to investment properties upon completion (see note 4)	152	-	-	-	-	(68,242)	(68,090)
<b>At 31.10.2008</b>	<b>3,962</b>	<b>42,654</b>	<b>12,366</b>	<b>31,943</b>	<b>32,572</b>	<b>16,093</b>	<b>139,590</b>
<b>Accumulated depreciation</b>							
At 1.11.2007	-	8,389	11,307	17,188	18,143	-	55,027
Charge for the year	-	1,860	592	3,392	3,961	-	9,805
Disposals	-	-	(100)	(35)	(3,062)	-	(3,197)
Deemed disposal of a subsidiary company	-	-	-	(45)	-	-	(45)
Exchange differences	-	-	-	1	-	-	1
Write-offs	-	(717)	(742)	(678)	(90)	-	(2,227)
<b>At 31.10.2008</b>	<b>-</b>	<b>9,532</b>	<b>11,057</b>	<b>19,823</b>	<b>18,952</b>	<b>-</b>	<b>59,364</b>
<b>Net carrying amount</b>							
At 31.10.2008	<b>3,962</b>	<b>33,122</b>	<b>1,309</b>	<b>12,120</b>	<b>13,620</b>	<b>16,093</b>	<b>80,226</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

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

#### Group 2007

	----- Freehold -----		Plant, machinery, crane and trucks RM'000	Office equipment, renovations, furniture and fittings RM'000	Motor vehicles RM'000	Capital work- in- progress RM'000	Total RM'000
	Land RM'000	Buildings RM'000					
Cost							
At 1.11.2006	2,886	26,880	13,445	22,755	29,343	4,795	100,104
Additions	-	248	373	5,165	6,917	16,205	28,908
Disposals	-	-	(635)	(452)	(4,505)	-	(5,592)
Write-offs	-	-	-	(129)	(4)	-	(133)
Transfer to investment properties upon completion (see note 4)	-	-	-	-	-	(5,075)	(5,075)
At 31.10.2007	2,886	27,128	13,183	27,339	31,751	15,925	118,212
Accumulated depreciation							
At 1.11.2006	-	7,348	11,158	14,684	19,595	-	52,785
Charge for the year	-	1,041	720	3,031	2,547	-	7,339
Disposals	-	-	(571)	(398)	(3,998)	-	(4,967)
Write-offs	-	-	-	(129)	(1)	-	(130)
At 31.10.2007	-	8,389	11,307	17,188	18,143	-	55,027
Net carrying amount							
At 31.10.2007	2,886	18,739	1,876	10,151	13,608	15,925	63,185



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2008

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

Company

	Plant, machinery, cranes and trucks RM'000	Office equipment, renovations, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
<b>2008</b>				
Cost				
At 1.11.2007	1,706	4,172	249	6,127
Additions	-	21	4	25
Disposals	-	-	(104)	(104)
Write-offs	-	(315)	-	(315)
At 31.10.2008	1,706	3,878	149	5,733
Accumulated depreciation				
At 1.11.2007	1,705	3,896	248	5,849
Charge for the year	-	102	1	103
Disposals	-	-	(104)	(104)
Write-offs	-	(315)	-	(315)
At 31.10.2008	1,705	3,683	145	5,533
Net carrying amount At 31.10.2008	<b>1</b>	<b>195</b>	<b>4</b>	<b>200</b>
<b>2007</b>				
Cost				
At 1.11.2007	1,706	4,116	1,185	7,007
Additions	-	167	-	167
Disposals	-	(9)	(936)	(945)
Write-offs	-	(102)	-	(102)
At 31.10.2007	1,706	4,172	249	6,127
Accumulated depreciation				
At 1.11.2007	1,705	3,851	1,184	6,740
Charge for the year	-	155	-	155
Disposals	-	(8)	(936)	(944)
Write-offs	-	(102)	-	(102)
At 31.10.2007	1,705	3,896	248	5,849
Net carrying amount At 31.10.2007	<b>1</b>	<b>276</b>	<b>1</b>	<b>278</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2008

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

Freehold land and buildings, including capital work-in-progress of the Group included above at a net carrying amount of RM29,268,000 (2007 : RM28,575,000), have been charged to partially secure the long term loans, revolving credit and bank overdrafts referred to in notes 26, 32 and 33 below.

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Plant and machinery	289	678	-	-
Motor vehicles	5,105	5,447	-	-

### 4. INVESTMENT PROPERTIES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Cost</b>				
At 1 November	95,265	92,200	1,571	1,571
Additions	6,889	33,762	-	-
Transfer from property, plant and equipment upon completion (see note 3)	68,090	5,075	-	-
Transfer to land held for property development (see note 5)	-	(16,761)	-	-
Transfer to property development costs (see note 15)	-	(18,822)	-	-
Disposals	-	(189)	-	-
At 31 October	170,244	95,265	1,571	1,571
<b>Accumulated depreciation</b>				
At 1 November	233	132	19	17
Charge for the year	1,487	124	2	2
Disposals	-	(23)	-	-
At 31 October	1,720	233	21	19
<b>Accumulated impairment losses</b>				
At 1 November	-	-	-	-
Charge for the year	593	-	393	-
At 31 October	593	-	393	-
<b>Net carrying amount</b>				
At 31 October	167,931	95,032	1,157	1,552
<i>Comprising:</i>				
Freehold land	95,470	89,184	978	1,371
Freehold buildings	71,947	5,322	-	-
Leasehold buildings	514	526	179	181
	167,931	95,032	1,157	1,552
Fair value at 31 October	782,935	610,806	1,380	1,555



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2008

4. INVESTMENT PROPERTIES (CONT'D)

Title deeds to certain of the Group's and Company's investment properties costing RM1,005,000 and RM200,000 (2007 : RM1,005,000 and RM200,000), respectively, have yet to be issued in or transferred to the name of the Company and subsidiary companies concerned.

Title deeds to certain of the Group's investment properties at a net carrying amount of RM50,349,000 (2007 : RM43,518,000) have been charged to banks to secure the long term loans referred to in note 26 below.

The fair values of the investment properties at 31 October 2008 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.

5. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Freehold land at cost RM'000	Leasehold land at cost RM'000	Development expenditure at cost RM'000	Total RM'000
At 1 November 2007	567,822	3,200	281,457	852,479
Additions	207,312	17,558	132,651	357,521
Transfer from/(to) current assets as property development costs (see note 15)	(56,694)	6,650	(27,303)	(77,347)
Exchange differences	-	803	-	803
<b>At 31 October 2008</b>	<b>718,440</b>	<b>28,211</b>	<b>386,805</b>	<b>1,133,456</b>
At 1 November 2006	512,241	18,017	205,568	735,826
Additions	80,072	-	83,822	163,894
Transfer from investment properties (see note 4)	16,761	-	-	16,761
Transfer to current assets as property development costs (see note 15)	(41,252)	(14,817)	(7,933)	(64,002)
At 31 October 2007	567,822	3,200	281,457	852,479

Included in additions is interest expense of RM27,549,000 (2007 : RM15,564,000) incurred during the financial year.

Land held for property development included above at a carrying amount of RM826,795,000 (2007 : RM692,105,000) have been charged to banks to partially secure the long term loans, revolving credit, and bank overdrafts referred to in notes 26, 32 and 33 below.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

### 6. PREPAID LEASE PAYMENTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Long leasehold land				
Cost				
At 1 November	978	978	978	978
Additions/(Disposals)	-	-	-	-
At 31 October	978	978	978	978
Accumulated amortisation				
At 1 November	88	79	88	79
Amortisation for the year	10	9	10	9
At 31 October	98	88	98	88
Net carrying amount				
At 31 October	880	890	880	890

### 7. INVESTMENT IN SUBSIDIARY COMPANIES

	2008 RM'000	2007 RM'000
Unquoted shares in Syarikat Kemajuan Jerai Sdn Bhd and Wawasan Indera Sdn Bhd at cost	115,186	115,186
Unquoted shares in other subsidiary companies at cost	179,219	179,129
Accumulated impairment loss	(3,328)	(3,328)
	<b>291,077</b>	290,987

The subsidiary companies are as follows:

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2008 %	2007 %	2008 %	2007 %		
Bandar Setia Alam Sdn Bhd	100	100	-	-	Malaysia	Property development and property investment holding
Setia Indah Sdn Bhd	100	100	-	-	Malaysia	Property development and property investment holding
Setia Duta One Sdn Bhd	100	100	-	-	Malaysia	Property development
* Syarikat Kemajuan Jerai Sdn Bhd	100	100	-	-	Malaysia	Property development and investment holding
* S P Setia Project Management Sdn Bhd	-	-	100	100	Malaysia	Property development project management



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2008

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2008 %	2007 %	2008 %	2007 %		
* Lagavest Sdn Bhd	–	–	100	100	Malaysia	Investment holding
* Wawasan Indera Sdn Bhd	50	50	50	50	Malaysia	Property development
* S P Setia Eco-Projects Management Sdn Bhd	–	–	100	100	Malaysia	Property development project management
* Setia Recreation Sdn Bhd	–	–	100	100	Malaysia	Club operator
* Ambleside Sdn Bhd	–	–	100	100	Malaysia	Property development
* Bukit Indah (Johor) Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
Setia Bina Raya Sdn Bhd	100	100	–	–	Malaysia	Road contractor
Setia Precast Sdn Bhd	–	–	100	100	Malaysia	Building and road 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 buildings materials
S P Setia Estate Management Sdn Bhd	60	60	–	–	Malaysia	Property management services
S P Setia Construction Sdn Bhd	100	100	–	–	Malaysia	Building contractors
Bukit Indah (Perak) Sdn Bhd	100	100	–	–	Malaysia	Property development
S P Setia Management Services Sdn Bhd	100	100	–	–	Malaysia	Investment holding
Futurecrest (M) Sdn Bhd	100	100	–	–	Malaysia	Investment holding
Kesas Kenangan Sdn Bhd	–	–	–**	100	Malaysia	Property development
Shabra Development Sdn Bhd	100	100	–	–	Malaysia	Property development
Pelita Dunia Sdn Bhd	100	100	–	–	Malaysia	Property investment
S. P. Setia Security Services Sdn Bhd	51	51	–	–	Malaysia	Provision of security services
Setia Prefab Sdn Bhd	100	100	–	–	Malaysia	Investment holding
Manih System Construction Sdn Bhd	–	–	100	100	Malaysia	Investment holding
Suharta Sdn Bhd	–	–	60	60	Malaysia	Investment holding
Suharta Development Sdn Bhd	–	–	51	51	Malaysia	Property development
Suharta Management Sdn Bhd	–	–	100	100	Malaysia	Dormant
Suharta Properties Sdn Bhd	–	–	100	100	Malaysia	Dormant
Yunikhas Sdn Bhd	8	8	70	70	Malaysia	Investment holding
Aneka Baru (M) Sdn Bhd	–	–	100	100	Malaysia	Property development
Tenaga Raya Sdn Bhd	91	87	–	–	Malaysia	Dormant
Cosmotek Sdn Bhd	100	100	–	–	Malaysia	Investment holding
SJ Classic Land Sdn Bhd	–	–	60	60	Malaysia	Dormant



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2008

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interest				Country of incorporation	Principal activities
	Direct 2008 %	2007 %	Indirect 2008 %	2007 %		
* Indera Perasa Sdn Bhd	70	70	-	-	Malaysia	Investment holding
* Dian Mutiara Sdn Bhd	-	-	100	100	Malaysia	Dormant
* Kenari Kayangan Sdn Bhd	100	100	-	-	Malaysia	Investment holding
Bukit Indah (Selangor) Sdn Bhd	100	100	-	-	Malaysia	Dormant
S P Setia Property Holdings Sdn Bhd	100	100	-	-	Malaysia	Property investment
Setia Hicon Sdn Bhd	100	100	-	-	Malaysia	Dormant
S P Setia Technology Sdn Bhd	100	100	-	-	Malaysia	Contractor for home automation and alarm systems
Setia Alam Property Holdings Sdn Bhd	100	100	-	-	Malaysia	Dormant
Setia Promenade Sdn Bhd	100	100	-	-	Malaysia	Property development and property investment holding
* Bukit Indah Property Management Sdn Bhd	70	70	-	-	Malaysia	Property development
* Kewira Jaya Sdn Bhd	100	100	-	-	Malaysia	Property development
Aeropod Sdn Bhd	70	70	-	-	Malaysia	Property development
Setia International Limited	100	100	-	-	British Virgin Islands	Investment holding
Setia MyPhuoc Limited	-	-	100	100	British Virgin Islands	Investment holding
Setia D-Nine Limited <i>(formerly known as Prime Globe Holdings Limited)</i>	-	-	100	-	British Virgin Islands	Investment holding
Setia Saigon East Limited <i>(formerly known as Toptec Holdings Limited)</i>	-	-	100	-	British Virgin Islands	Investment holding
Setia Capital (Vietnam) Limited	-	-	100	-	British Virgin Islands	Investment holding
Setia Land (Vietnam) Limited	-	-	100	-	British Virgin Islands	Investment holding
Setia Eco Villa Sdn Bhd	100	100	-	-	Malaysia	Dormant
Sentosa Jitra Sdn Bhd	100	-	-	-	Malaysia	Dormant
Kayan Setegas Sdn Bhd	100	-	-	-	Malaysia	Dormant

\* Not audited by Moores Rowland

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



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2008

8. INVESTMENT IN ASSOCIATED COMPANIES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Ordinary shares quoted in Malaysia at cost	-	56,438	-	-
Unquoted ordinary shares at cost	<b>41,648</b>	41,648	<b>39,276</b>	39,276
Accumulated impairment loss	-	-	<b>(27)</b>	(27)
Group's share of post-acquisition profits less losses and less unrealised profit	<b>64,912</b>	46,358	-	-
	<b>106,560</b>	144,444	<b>39,249</b>	39,249
Market value of shares quoted in Malaysia	-	52,678	-	-

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

	2008 RM'000	2007 RM'000
<b>Assets and liabilities</b>		
Total assets	<b>759,709</b>	1,050,820
Total liabilities	<b>495,609</b>	637,897
<b>Results</b>		
Revenue	<b>345,271</b>	639,625
Profit for the year	<b>21,565</b>	55,958

The Group's share of the current year's losses and the accumulated losses of 3 associated companies amounting to RM4,000 and RM647,000 (2007 : RM1,000 and RM643,000), respectively, have not been recognised in the Group's income statement as equity accounting has ceased when the Group's share of losses of these associated companies exceeded the carrying amount of its investment in these associated companies.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2008

8. INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

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

	Equity interest				Principal activities
	Direct		Indirect		
	2008 %	2007 %	2008 %	2007 %	
* Loh & Loh Corporation Berhad ("LLCB")**	-	-	-	24	Investment holding and civil construction
* Setia Putrajaya Sdn Bhd ("SPJ")	50	50	-	-	Property development and building construction
Bandar Eco-Setia Sdn Bhd ("BE-SSB")	50	50	-	-	Property development and property investment
Golden Klang Valley Sdn Bhd ("GKV")	50	50	-	-	Property development
* PTB Property Developer Sdn Bhd ("PTB")	-	-	49	49	Property development
Konsortium Lebuhraya Wangsa-Keramat Sdn Bhd ("KLWK")	40	40	-	-	Dormant
KLWK Sdn Bhd ("KLWKS")	40	40	-	-	Dormant
* Icofox (Malaysia) Sdn Bhd ("Icofox")**	-	-	20	20	Development of internet websites
Greenhill Resources Sdn Bhd ("GRSB")	-	-	50	-	Investment holding

\* Not audited by Moores Rowland

\*\* The financial year of these 2 associated companies end on 31 December. The financial year of the others end on 31 October.

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

9. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

	Company	
	2008 RM'000	2007 RM'000
Unquoted ordinary shares, at cost	4,681	4,681
Unquoted cumulative redeemable preference shares, at cost	36,050	19,950
	<b>40,731</b>	24,631



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2008

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

The jointly controlled entities are as follows:

	Proportion of ownership interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2008 %	2007 %	2008 %	2007 %		
Exceljade Sdn Bhd	70	70	-	-	Malaysia	Property development
Sendiman Sdn Bhd	70	70	-	-	Malaysia	Property development
Kemboja Mahir Sdn Bhd	70	70	-	-	Malaysia	Property development
Ganda Anggun Sdn Bhd	-	-	70	70	Malaysia	Property development
Kesas Kenangan Sdn Bhd	-	-	70	-	Malaysia	Property development and property investment
* Setia Becamex Joint Stock Company**	-	-	55	-	Vietnam	Property development

\* Not audited by Moores Rowland

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

The Group's aggregate share of the jointly controlled entities' non-current assets, current assets, non-current liabilities and current liabilities as at 31 October 2008 and revenue and loss for the year ended 31 October 2008, which are included in the consolidated financial statements are as follows:

	2008 RM'000	2007 RM'000
<b>Assets and liabilities</b>		
Non-current assets	239,466	124
Current assets	177,188	141,267
<b>Total assets</b>	<b>416,654</b>	<b>141,391</b>
Non-current liabilities	237,043	103,670
Current liabilities	128,638	35,762
<b>Total liabilities</b>	<b>365,681</b>	<b>139,432</b>
<b>Results</b>		
Revenue	5,117	-
<b>Loss for the year/period</b>	<b>(9,127)</b>	<b>(1,139)</b>

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

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



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2008

10. OTHER INVESTMENTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Shares quoted in Malaysia, at cost	878	878	-	-
Diminution in value	(662)	(738)	-	-
	216	140	-	-
Unquoted shares, at cost	462	462	-	-
Diminution in value	(125)	(125)	-	-
	337	337	-	-
	553	477	-	-
Market value of shares quoted in Malaysia	216	140	-	-

11. AMOUNTS OWING BY/TO SUBSIDIARY COMPANIES

Amounts owing by subsidiary companies included under non-current assets

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

	Company	
	2008 RM'000	2007 RM'000
Bearing interest at 2.0% to 4.33% (2007 : 2.0%) per annum	776,183	426,852
Interest free	647,706	707,528
	1,423,889	1,134,380
Allowance for doubtful debts	(18,665)	(18,815)
	1,405,224	1,115,565



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2008

11. AMOUNTS OWING BY/TO SUBSIDIARY COMPANIES

Amounts owing by subsidiary companies included under current assets

	Company	
	2008 RM'000	2007 RM'000
Trade accounts		
Progress billings receivable	–	2,526
Retention sums receivable	7,108	10,418
Total trade receivables	7,108	12,944
Allowance for doubtful debts	(795)	(795)
	6,313	12,149
Unsecured advances		
– bearing interest at 2.0% (2007 : 2.0%) per annum	51,631	84,636
– interest free	101,708	55,201
	159,652	151,986

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

The interest bearing advances are repayable within the next 12 months.

Amounts owing to subsidiary companies included under non-current liabilities

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

Amounts owing to subsidiary companies included under current liabilities

	Company	
	2008 RM'000	2007 RM'000
Trade accounts		
Sub-contract claims	344	1,790
Retention sums	1,985	1,985
	2,329	3,775
Unsecured interest free advances	2,331	17,620
	4,660	21,395

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

The unsecured interest free advances are payable on demand.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

### 12. AMOUNTS OWING BY/TO ASSOCIATED COMPANIES

#### Amounts owing by associated companies included under non-current assets

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Gross amount of advances	2,054	2,046	1,965	1,973
Allowance for doubtful debts	(1,750)	(1,677)	(1,677)	(1,677)
	304	369	288	296

#### Amounts owing by associated companies included under current assets

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade accounts				
– progress billings receivable	3,488	17,655	–	–
– retention sums	7,437	9,841	–	–
Others	3,952	1,071	–	–
	14,877	28,567	–	–

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

### 13. AMOUNT OWING BY JOINTLY CONTROLLED OPERATION

The amount owing by the jointly controlled operation represents unsecured advances bearing interest at 8.0% per annum which are not expected to be recalled within the next 12 months.

The amount owing by the jointly controlled operation comprises:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Principal sum	6,151	–	–	–
Interest receivable	296	–	–	–
	6,447	–	–	–



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2008

14. DEFERRED TAX ASSETS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At beginning of the year	21,926	644	899	248
(Reversed)/Originating during the year	(7,406)	21,282	(458)	651
At end of the year	14,520	21,926	441	899

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

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Tax effects of:				
– unabsorbed capital allowances	234	422	69	260
– unutilised tax losses	2,329	320	–	–
– property development and construction profits	11,711	21,334	394	657
– excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	(549)	(269)	(22)	(18)
– excess of accumulated depreciation on property, plant and equipment over capital allowances claimed	–	65	–	–
– unpaid qualifying expenditure of hire purchase and finance lease liabilities	18	54	–	–
– others	777	–	–	–
	14,520	21,926	441	899

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unabsorbed capital allowances	718	770	–	–
Unutilised tax losses	44,358	42,015	–	–
Excess of capital allowances claimed on property, plant and equipment over accumulated depreciation	(183)	(195)	–	–
Others	24	1,854	–	–
	44,917	44,444	–	–



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2008

15. PROPERTY DEVELOPMENT COSTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Freehold land at cost	597,950	394,892	-	-
Leasehold land at cost	21,841	47	-	-
Development and construction costs	2,092,976	1,655,981	-	-
Costs recognised as an expense in previous years	(1,852,719)	(1,335,267)	-	-
<b>At 1 November</b>	<b>860,048</b>	<b>715,653</b>	<b>-</b>	<b>-</b>
Costs transferred (to)/from land held for property development (see note 5)				
- freehold land at cost	56,694	41,252	-	-
- leasehold land at cost	(6,650)	14,817	-	-
- development costs	27,303	7,933	-	-
Costs transferred from investment properties (see note 4)				
- freehold land	-	18,822	-	-
Costs incurred during the financial year				
- freehold land at cost	1,390	180,841	-	-
- leasehold land at cost	-	6,977	-	-
- development and construction costs	600,305	434,483	-	-
Exchange differences				
- development land at cost	319	-	-	-
	679,361	705,125	-	-
Costs recognised as an expense in the current year	(740,010)	(557,975)	-	-
Transferred to inventories	(13,137)	(2,755)	-	-
<b>At 31 October</b>	<b>786,262</b>	<b>860,048</b>	<b>-</b>	<b>-</b>

Property development costs included above at a carrying amount of RM633,893,000 (2007 : RM583,577,000), have been charged to banks to partially secure the long term loans, revolving credit and bank overdrafts referred to in notes 26, 32 and 33 below.

Included under development and construction costs is interest expense of RM19,670,000 (2007 : RM15,965,000) incurred during the financial year.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2008

16. GROSS AMOUNT DUE FROM/TO CUSTOMERS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Aggregate contract expenditure incurred to-date	<b>764,932</b>	725,139	<b>376,841</b>	408,403
Attributable profit recognised to-date	<b>64,590</b>	68,697	<b>18,345</b>	19,900
	<b>829,522</b>	793,836	<b>395,186</b>	428,303
Progress billings	<b>(819,359)</b>	(785,535)	<b>(396,679)</b>	(424,527)
	<b>10,163</b>	8,301	<b>(1,493)</b>	3,776
Gross amount due from customers	<b>10,163</b>	8,301	<b>5,080</b>	4,203
Gross amount due to customers	-	-	<b>(6,573)</b>	(427)
	<b>10,163</b>	8,301	<b>(1,493)</b>	3,776
Progress billings comprise:				
Progress billings				
– received	<b>780,312</b>	728,328	<b>386,003</b>	410,190
– receivable	<b>17,575</b>	36,563	<b>2,815</b>	3,028
Retention sums	<b>21,472</b>	20,644	<b>7,861</b>	11,309
	<b>819,359</b>	785,535	<b>396,679</b>	424,527
Advances received for contract work not yet performed by the Group and the Company included under other payables and accruals (see note 31)	<b>10,000</b>	1,149	<b>10,000</b>	-

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Depreciation	<b>653</b>	535	-	-
Hire of machinery	<b>3,903</b>	3,345	-	-
Rental expense	<b>81</b>	21	-	-



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2008

17. INVENTORIES

	2008			2007		
	At cost RM'000	At net realisable value RM'000	Total RM'000	At cost RM'000	At net realisable value RM'000	Total RM'000
Stock of completed properties	24,445	500	24,945	15,885	525	16,410
Raw materials	3,476	-	3,476	2,773	-	2,773
Work-in-progress	697	-	697	14	-	14
Finished goods	86	-	86	33	-	33
Consumable goods	426	-	426	90	-	90
	<b>29,130</b>	<b>500</b>	<b>29,630</b>	<b>18,795</b>	<b>525</b>	<b>19,320</b>

18. ACCRUED BILLINGS/PROGRESS BILLINGS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue recognised in income statement to-date	2,973,336	2,556,949	-	-
Progress billings to-date	(2,945,856)	(2,564,028)	-	-
	<b>27,480</b>	<b>(7,079)</b>	<b>-</b>	<b>-</b>
Accrued billings	56,164	55,725	-	-
Progress billings	(28,684)	(62,804)	-	-
	<b>27,480</b>	<b>(7,079)</b>	<b>-</b>	<b>-</b>

19. TRADE RECEIVABLES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Gross progress billings receivable	192,632	151,721	3,568	502
Gross retention sums receivable	40,603	50,706	891	891
Other gross receivables	11,055	10,909	-	-
Total gross receivables	244,290	213,336	4,459	1,393
Allowance for doubtful debts	(3,634)	(3,353)	(1,393)	(1,393)
	<b>240,656</b>	<b>209,983</b>	<b>3,066</b>	<b>-</b>

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

Other receivables are collectible within 14 to 90 days.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2008

20. AMOUNTS OWING BY JOINTLY CONTROLLED ENTITIES

The amounts owing by jointly controlled entities included under current assets represent unsecured advances which are repayable on demand and are analysed as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Bearing interest at 8.75% (2007 : 8.75%) per annum	4,232	504	14,106	1,679
Interest free	800	-	12,614	28,700
	<b>5,032</b>	504	<b>26,720</b>	30,379

21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Refundable deposit and part purchase consideration paid for the acquisition of development land in				
– Mukim of Pulai, District of Johor Bahru	-	22,729	-	-
– Mukim of Dengkil, District of Sepang	-	19,060	-	-
– Mukim 10 and 12, District of Barat Daya	6,788	-	-	-
– Bandar and Daerah Kuala Lumpur	1,609	603	-	-
Development expenditure	1,146	13,315	-	-
Refundable deposit received for Agreement to Lease placed with a stakeholder (see note 31)	-	3,510	-	-
Compensation paid to squatters (see note 53(a))	3,600	3,600	-	-
Refundable deposit placed with stakeholder for impending acquisition of development land	-	3,882	-	-
Dividend from unquoted preference shares in an associated company	-	3,980	-	3,980
Other sundry receivables, deposits and prepayments	34,421	22,852	6,027	10,382
	<b>47,564</b>	93,531	<b>6,027</b>	14,362
Allowance for doubtful debts	(1,477)	(1,264)	-	-
	<b>46,087</b>	92,267	<b>6,027</b>	14,362

The refundable deposit of RM6,788,000 is paid for the acquisition of 3 pieces of freehold land in Mukim 10 and 12, District of Barat Daya, for a total cash consideration of RM67,867,000 pursuant to a conditional Sale and Purchase Agreement entered into by Kewira Jaya Sdn Bhd, a wholly-owned subsidiary company, on 22 August 2008. The acquisition has not been completed as at 31 October 2008. The balance of the purchase consideration is disclosed as a capital commitment in note 49 below.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

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

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

### 22. DEPOSITS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deposits				
– with licensed banks	<b>374,537</b>	151,339	<b>313,524</b>	109,068
– with other licensed financial institutions	<b>19,061</b>	10,945	–	–
	<b>393,598</b>	162,284	<b>313,524</b>	109,068

Included in deposits with licensed banks of the Group are amounts of RM3,909,000 (2007 : RM97,000) which have been pledged to banks as security for bank guarantee facilities granted to subsidiary companies.

Included in deposits with licensed banks are funds maintained under sinking fund accounts and escrow accounts amounting to Nil (2007 : RM3,000,000) which were opened in accordance with terms and conditions set out in the term loan agreements referred to in note 26 below.

The effective interest rates range from 2.75% to 3.52% (2007 : 2.50% to 3.58%) per annum. All deposits have maturities of less than a year.

### 23. CASH AND BANK BALANCES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash and bank balances included monies in:				
Housing Development Accounts	<b>135,659</b>	102,929	–	–
Sinking Fund Accounts	<b>6,473</b>	1,006	–	–
Escrow Accounts	<b>149</b>	129	–	–

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

Funds maintained in the Housing Development Accounts earn interest ranging from 1.90% to 2.40% (2007 : 1.50% to 2.40%) per annum.

The sinking fund accounts and escrow accounts were opened in accordance with the terms and conditions set out in the term loan agreements referred to in note 26 below.



NOTES TO THE FINANCIAL STATEMENTS  
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24. SHARE CAPITAL

	2008		2007	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Authorised:				
Ordinary shares of RM0.75 each	1,600,000	1,200,000	1,600,000	1,200,000
Issued and fully paid:				
Ordinary shares of RM0.75 each				
At beginning of the year	672,605	504,454	664,685	498,513
Shares issued pursuant to:				
– ESOS	–	–	7,920	5,941
– bonus issue	336,302	252,227	–	–
– exercise of Warrants	7,791	5,843	–	–
At end of the year	1,016,698	762,524	672,605	504,454

ESOS

The ESOS expired on 25 January 2007.

The number and weighted average exercise price of, and movements in share options in 2007 were as follows:

2007		-- No. of unissued shares of RM0.75 each under option --					
Date option granted	Date of expiry	Exercise price RM	At 1.11.2006			At 31.10.2007	
			At 1.11.2006	Exercised	Lapsed	At 31.10.2007	Exercisable at 31.10.2007
28 January 2002	25 January 2007	2.07	739,793	729,675	10,118	–	–
15 October 2002	25 January 2007	1.78	35,300	35,300	–	–	–
16 May 2003	25 January 2007	1.74	16,240	16,240	–	–	–
17 September 2003	25 January 2007	2.81	239,880	232,880	7,000	–	–
18 February 2004	25 January 2007	3.23	476,731	454,961	21,770	–	–
23 September 2004	25 January 2007	3.35	924,057	915,004	9,053	–	–
6 April 2005	25 January 2007	3.42	976,530	976,446	84	–	–
7 October 2005	25 January 2007	3.47	1,683,678	1,680,084	3,594	–	–
23 March 2006	25 January 2007	3.30	707,200	702,700	4,500	–	–
5 September 2006	25 January 2007	3.41	2,177,600	2,177,519	81	–	–
			7,977,009	7,920,809	56,200	–	–
Weighted average exercise price (RM)			3.24	3.25	3.01	–	–



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

### 24. SHARE CAPITAL (CONT'D)

#### Warrants 2008/2013

As at 31 October 2008, 7,790,655 out of the total number of 168,151,302 Warrants had been exercised.

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

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

### 25. REDEEMABLE SERIAL BONDS

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

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

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Redeemable serial bonds ( <i>unsecured</i> )	500,000	–	500,000	–
Less: Unamortised discount	(39,423)	–	(39,423)	–
	460,577	–	460,577	–



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2008

25. REDEEMABLE SERIAL BONDS (CONT'D)

The redeemable serial bonds are payable as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Later than one year but not later than five years	<b>460,577</b>	-	<b>460,577</b>	-

26. LONG TERM LOANS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<i>Secured</i>				
Total outstanding balances on long term loans	<b>457,954</b>	612,579	-	-
Repayments due within the next 12 months included under short term borrowings (see note 32)	<b>(33,647)</b>	(79,831)	-	-
Repayments due later than 12 months included under non-current liabilities	<b>424,307</b>	532,748	-	-

The term loans are repayable as follows:

- not later than one year	<b>33,647</b>	79,831	-	-
- later than one year but not later than five years	<b>399,645</b>	527,442	-	-
- later than five years	<b>24,662</b>	5,306	-	-
	<b>457,954</b>	612,579	-	-

The long term loans are secured by various fixed charges and deeds of assignment over various lands belonging to the Group as indicated in notes 3, 4, 5 and 15 above, sinking fund accounts and escrow accounts as indicated in notes 22 and 23 above.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

### 26. LONG TERM LOANS (CONT'D)

The long term loans are analysed as follows:

	2008 RM'000	2007 RM'000
Variable rate syndicated term loan at 1.25% above the cost of funds of the lending banks, effectively, nil (2007 : 5.25% to 5.31%) per annum	–	25,000
Variable rate loans at 1.50% above the cost of funds of the lending banks, effectively, 5.31% (2007 : 5.30%) per annum	<b>84,943</b>	109,895
Variable rate loans at 1.25% above the cost of funds of the lending banks, effectively, 5.05% to 5.11% (2007 : 5.10% to 5.15%) per annum	<b>153,784</b>	363,884
Variable rate loans at 0.75% above the cost of funds of the lending banks, effectively, 4.62% per annum	<b>40,000</b>	–
Variable rate loans at 1.00% above the cost of funds of the lending banks, effectively, 4.71% to 5.08% (2007 : 4.71% to 4.95%) per annum	<b>172,405</b>	106,100
Variable rate loan at 1.25% above the cost of funds (2007 : 1.75% above the base lending rate) of the lending bank, effectively, 5.05% (2007 : 8.50%) per annum	<b>2,922</b>	3,080
Variable rate loan at 1.25% above the cost of funds (2007 : 2.00% above the base lending rate) of the lending bank, effectively, 5.05% (2007 : 8.75%) per annum	<b>3,900</b>	4,620
	<b>457,954</b>	612,579

### 27. OTHER LOANS

The other loans are from minority shareholders of certain subsidiary companies. These loans are unsecured and not repayable within the next 12 months. There are no pre-agreed arrangements pertaining to the payment of interest and no interest was charged for the year ended 31 October 2008 (2007 : Nil).



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2008

28. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Total future instalments payable	<b>3,268</b>	3,971	-	-
Unexpired term charges	<b>(222)</b>	(305)	-	-
<b>Total outstanding principal</b>	<b>3,046</b>	3,666	-	-
Future instalments payable				
– not later than one year	<b>1,276</b>	1,455	-	-
– later than one year but not later than five years	<b>1,992</b>	2,516	-	-
<b>Total future instalments payable</b>	<b>3,268</b>	3,971	-	-
Outstanding principal				
– not later than one year ( <i>included under current liabilities</i> )	<b>1,161</b>	1,301	-	-
– later than one year but not later than five years ( <i>included under non-current liabilities</i> )	<b>1,885</b>	2,365	-	-
<b>Total outstanding principal</b>	<b>3,046</b>	3,666	-	-

The effective interest rates of the hire purchase liabilities are between 4.20% and 8.47% (2007 : 3.40% and 8.47%) per annum.

29. DEFERRED TAX LIABILITIES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At 1 November	<b>2,637</b>	2,214	-	-
Reversal during the year	<b>(1,443)</b>	(104)	-	-
Arising from the acquisition of jointly controlled entities	-	527	-	-
<b>At 31 October</b>	<b>1,194</b>	2,637	-	-

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2008

### 29. DEFERRED TAX LIABILITIES (CONT'D)

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Tax effects of:				
- construction profit	(80)	-	-	-
- excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	1,450	2,846	-	-
- unpaid qualifying expenditure of hire purchase and finance lease liabilities	(33)	(66)	-	-
- allowance for doubtful debts	(143)	(143)	-	-
	<b>1,194</b>	<b>2,637</b>	<b>-</b>	<b>-</b>

### 30. TRADE PAYABLES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Sub-contractors' claims	107,134	123,193	580	153
Retention sums	96,220	95,471	6,060	11,776
Others	17,396	9,605	190	148
	<b>220,750</b>	<b>228,269</b>	<b>6,830</b>	<b>12,077</b>

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

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



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2008

31. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Redeemable serial bonds interest payable	4,411	-	4,411	-
Unsecured advances	8,774	12,493	-	-
Interest accrued	1,376	961	-	-
Contract advances received (see note 16)	10,000	1,149	10,000	-
Deposits received				
– from disposal of development lands	-	5,619	-	-
– from Agreement to Lease (see note 21)	3,510	3,510	-	-
– from others	3,285	2,289	4	6
Unpaid consideration for acquisition of development lands	47,731	-	-	-
Unpaid consideration for property, plant and equipment acquired (see note 42)	50	325	-	-
Other sundry payables and accruals	38,810	40,166	1,809	3,588
	<b>117,947</b>	<b>66,512</b>	<b>16,224</b>	<b>3,594</b>

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

32. SHORT TERM BORROWINGS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<i>Secured:</i>				
Current portion of long term loans (see note 26)	33,647	79,831	-	-
Revolving credit	30,700	30,000	-	-
<i>Unsecured:</i>				
Revolving credit	-	9,000	-	-
Bankers' acceptance	1,758	-	-	-
	<b>66,105</b>	<b>118,831</b>	<b>-</b>	<b>-</b>

The secured revolving credit of the Group is secured by fixed charges over various land belonging to the Group as indicated in notes 3, 4, 5 and 15 above.

The revolving credits bear interests at 0.75% to 1.00% above the lender banks' cost of funds. The effective interest rates are 4.62% to 5.08% (2007 : 4.49% to 5.10%) per annum.

The bankers' acceptance of the Group bear interest at 4.85% (2007 : Nil) per annum.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

### 33. BANK OVERDRAFTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Secured	<b>4,933</b>	2,846	-	-
Unsecured	<b>1,857</b>	170	-	-
	<b>6,790</b>	3,016	-	-

The secured bank overdraft of the Group is secured by fixed charges over various land belonging to the Group as indicated in notes 3, 4, 5 and 15 above.

The bank overdrafts bear interests at 0.75% to 1.25% above the lender banks' cost of funds and bank lending rate. The effective interest rates are 4.61% to 8.00% (2007 : 5.10% to 5.48%) per annum.

### 34. REVENUE

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Sale of development properties	<b>1,104,921</b>	927,149	-	-
Contract revenue	<b>143,274</b>	171,706	<b>2,649</b>	11,788
Sale of other goods and services	<b>80,130</b>	54,948	-	-
	<b>1,328,325</b>	1,153,803	<b>2,649</b>	11,788

### 35. COST OF SALES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cost of properties sold	<b>777,200</b>	573,666	-	-
Contract cost recognised as expense	<b>133,880</b>	159,353	<b>2,674</b>	12,995
Cost of other goods and services sold	<b>65,773</b>	43,788	-	-
	<b>976,853</b>	776,807	<b>2,674</b>	12,995



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2008

36. PROFIT/(LOSS) FROM OPERATIONS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Profit/(Loss) from operations is stated after charging:				
Auditors' remuneration				
– current year	538	504	70	65
– special audit	3	–	–	–
– underprovision in prior years	33	20	5	–
Bad and doubtful debts	835	734	–	–
Bad debt written off	65	–	–	–
Depreciation				
– property, plant and equipment	9,152	6,804	103	155
– investment properties	1,487	124	2	2
Amortisation of prepaid lease payments	10	9	10	9
Direct operating expenses on				
– revenue generating investment properties	47	102	2	6
– non-revenue generating investment properties	418	158	17	6
Directors' remuneration				
– company's directors				
– emoluments other than fees	21,709	14,957	21,709	14,957
– subsidiaries' directors				
– fees	28	27	–	–
– other emoluments	6,529	4,896	580	1,450
Ex-gratia for a former director	1,000	–	1,000	–
Goodwill on acquisition written off	19	3	–	–
Property, plant and equipment written off	5,754	3	–	–
Development expenditure written off	129	–	–	–
Hiring charges	99	60	–	–
Rental of				
– office equipment	88	75	59	69
– premises	1,332	634	217	236
– motor vehicles	126	10	–	–
Foreign exchange loss				
– realised	4	4	–	–
– unrealised	46	–	–	–
Preliminary expenses	30	15	–	–
Waiver of liquidated ascertained damages on late completion receivable from contractor	1,684	350	–	–
and crediting:				
Allowance for doubtful debts no longer required	208	65	–	–
Interest income	5,919	5,184	697	82
Gain on disposal of property, plant and equipment	675	743	22	166
Realised foreign exchange gain	46	–	–	–
Rental received from operating leases other than those relating to investing properties	417	495	–	7
Liquidated ascertained damages on late completion receivable from contractor	1,279	614	–	–



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

### 36. PROFIT/(LOSS) FROM OPERATIONS (CONT'D)

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Company's directors	2,891	2,520	2,891	2,520
Subsidiaries' directors	262	137	-	-

### 37. NET PROFIT FROM INVESTING ACTIVITIES – OTHERS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Gross dividends from subsidiary companies	-	-	31,757	1,011,000
Interest income from				
- subsidiary companies	-	-	22,185	11,663
- jointly controlled entities	274	22	914	74
- deposits	16,353	6,530	13,395	3,974
Rental income from investment properties	751	118	3	4
Gain on disposal of an associated company	26,878	-	-	-
Gain on disposal of quoted investments	-	10,864	-	-
Discount on acquisition of additional shares in an existing subsidiary company	43	260	-	-
Diminution in value of quoted investments written back	76	-	-	-
Allowance for doubtful debts no longer required	-	-	150	201
Impairment in value of an investment in a subsidiary company written back	-	-	-	4,400
Gain on disposal of an investment property	-	43	-	-
Gain on deemed disposal on a subsidiary company	94	-	-	-
	<b>44,469</b>	17,837	<b>68,404</b>	1,031,316
Impairment in value of investment in subsidiary companies	-	-	-	(178)
Impairment in value of investment properties	(593)	-	(393)	-
Diminution in value of quoted investments	-	(198)	-	-
Bad and doubtful debts	-	(3)	-	(1,855)
	<b>43,876</b>	17,636	<b>68,011</b>	1,029,283



NOTES TO THE FINANCIAL STATEMENTS  
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38. FINANCE COSTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Interest paid and payable on:				
Amortisation of bond discount	-	-	10,948	-
Bank overdrafts	416	174	60	53
Bond interest	5,515	-	9,397	-
Revolving credits	752	900	752	900
Bankers' acceptance	21	-	-	-
Hire purchase and finance lease	179	195	-	-
Others	93	4	-	-
	<b>6,976</b>	<b>1,273</b>	<b>21,157</b>	<b>953</b>

39. TAX EXPENSE

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Malaysian taxation based on results for the year				
- current	73,192	73,577	4,730	266,500
- deferred	(324)	(11,009)	238	(72)
	<b>72,868</b>	<b>62,568</b>	<b>4,968</b>	<b>266,428</b>
(Over)/Underprovision in prior years				
- current	(2,280)	16,232	2,838	(1,182)
- deferred	6,972	(10,377)	220	(579)
	<b>77,560</b>	<b>68,423</b>	<b>8,026</b>	<b>264,667</b>

The statutory tax rate applicable to the Company was reduced from 27% in 2007 to 26% in 2008.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

### 39. TAX EXPENSE (CONT'D)

The provision for taxation differs from the amount of taxation determined by applying the applicable statutory tax rate of the profit before tax as a result of the following differences:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Accounting profit (excluding share of results in associated companies)	<b>275,853</b>	304,136	<b>15,771</b>	996,242
Taxation at applicable tax rates	<b>71,660</b>	82,153	<b>4,100</b>	268,985
Tax effects arising from:				
– non-deductible expenses	<b>12,672</b>	4,790	<b>915</b>	1,856
– non-taxable income	<b>(11,763)</b>	(6,449)	<b>(37)</b>	(4,485)
Unavailable group relief	<b>52</b>	11	–	–
Originating of deferred tax assets not recognised	<b>115</b>	550	–	–
Effect of income subject to real property gain tax	–	(19,393)	–	–
Effect on reduction in future tax rate	<b>132</b>	906	<b>(10)</b>	72
Under/(Over)provision in prior years	<b>4,692</b>	5,855	<b>3,058</b>	(1,761)
	<b>77,560</b>	68,423	<b>8,026</b>	264,667
Tax savings during the financial year arising from:				
Utilisation of current year tax losses	<b>741</b>	7,318	<b>741</b>	7,303
Utilisation of previously unrecognised tax losses	<b>607</b>	102	–	–

Subject to agreement with the Inland Revenue Board, based on estimated tax credits available and the prevailing tax rate applicable to dividends and the balance on the tax exempt account, the entire retained earnings of the Company is available for distribution by way of dividends.

If the Company elects to adopt the single tier company income tax system with effect from the year of assessment 2008, the entire retained earnings of the Company is available for distribution by way of dividend without incurring additional tax liability.

### 40. 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 shareholders of the Company of RM213,456,000 (2007 : RM260,070,000) by the weighted average number of shares in issue of 1,014,510,000 (2007 : 1,007,480,000). The weighted average number of shares in issue is calculated as follows:

	2008 '000	2007 '000
Number of ordinary shares at beginning of the year	<b>672,605</b>	664,685
Effect of shares issued pursuant to:		
– ESOS	–	6,968
– bonus issue	<b>336,303</b>	335,827
– exercise of Warrants	<b>5,602</b>	–
Weighted average number of ordinary shares	<b>1,014,510</b>	1,007,480



NOTES TO THE FINANCIAL STATEMENTS  
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40. EARNINGS PER SHARE (CONT'D)

Diluted earnings per share

The diluted earnings per share has been calculated by dividing the Group's profit for the year attributable to shareholders of the Company of RM213,456,000 (2007 : RM260,070,000) by the weighted average number of ordinary shares that would have been in issue upon full exercise of the remaining options under the ESOS, adjusted for the number of such shares that would have been issued at fair value, calculated as follows:

	2008 '000	2007 '000
Weighted average number of ordinary shares calculated above	–*	1,007,480
Weighted average number of unissued shares under ESOS		
– based on exercise price	–	714
– based on average fair value	–	(479)
– exercise of Warrants	–*	–
Weighted average number of ordinary shares that would have been in issue	–*	1,007,715

\* *The diluted earnings per ordinary share for the financial year is not presented as the average market value of the ordinary shares of the Company is lower than the exercise price for the outstanding warrants and it is anti dilutive.*

41. DIVIDENDS

	2008 RM'000	2007 RM'000
<i>In respect of the year ended 31 October 2006</i>		
Final dividend of 20 sen per ordinary share of RM0.75 each less 27% income tax	–	98,201
<i>In respect of the year ended 31 October 2007</i>		
Interim dividend of 10 sen per ordinary share of RM0.75 each less 27% income tax	–	49,100
Final dividend of 15 sen per ordinary share of RM0.75 each less 26% income tax	<b>112,854</b>	–
<i>In respect of the year ended 31 October 2008</i>		
Interim dividend of 7 sen per ordinary share of RM0.75 each less 26% income tax	<b>52,665</b>	–
	<b>165,519</b>	147,301

Subsequent to 31 October 2008, the directors recommended a final dividend of 10 sen per ordinary share of RM0.75 each less 25% income tax amounting to RM76,252,385 in respect of the financial year ended 31 October 2008.



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42. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Aggregate cost of property, plant and equipment acquired	100,902	28,908	25	167
Financed via hire purchase and finance lease	(946)	(1,993)	-	-
Unpaid balance included under other payables and accruals (see note 31)	(50)	(325)	-	-
Deposit paid in previous year	-	(8,330)	-	-
Cash paid in respect of previous year acquisition	325	929	-	32
Cash paid during the financial year	100,231	19,189	25	199

43. PURCHASE OF INVESTMENT PROPERTIES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Aggregate cost of investment properties acquired	6,889	33,762	-	-
Deposit paid in prior year	-	(21,462)	-	-
Cash paid during the financial year	6,889	12,300	-	-

44. ACQUISITION OF SHARES IN SUBSIDIARY COMPANIES

Details of the new subsidiary companies acquired during the financial year are as follows:

Name of subsidiary companies acquired	Purchase consideration RM'000	Group's effective interest %	Effective acquisition date
<b>2008</b>			
Kayan Setegas Sdn Bhd	#	100	3 July 2008
Sentosa Jitra Sdn Bhd	#	100	11 June 2008
Tenaga Raya Sdn Bhd	90	4+	15 February 2008
<b>2007</b>			
Setia Eco Villa Sdn Bhd	#	100	17 July 2007
Tenaga Raya Sdn Bhd	548	25.5+	4 July 2007
Setia International Limited	^	100	11 June 2007
Aeropod Sdn Bhd	*	70	30 March 2007

# Represent RM2

^ Represent RM34

\* Represent RM70

+ Represents additional equity interest acquired in existing subsidiary company



NOTES TO THE FINANCIAL STATEMENTS  
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44. ACQUISITION OF SHARES IN SUBSIDIARY COMPANIES (CONT'D)

Details of the assets, liabilities and net cash outflow arising from the acquisition of new subsidiary companies were as follows:

	Carrying/Fair value	
	2008 RM'000	2007 RM'000
Cash and cash equivalents	—*	—**
Other payables and accruals	(19)	—
Net (liability)/asset acquired	(19)	—**
Goodwill on acquisition written off	19	—
Total purchase consideration	—	—**
Less: Cash and cash equivalents acquired	—*	—**
Net cash outflow on acquisition of new subsidiary companies	—	—

\* Represent RM4

\*\* Represent RM106

The revenue and net loss for the year in which the acquisition took place and their post acquisition contribution included in the consolidated income statement were as follows:

	2008 RM'000	2007 RM'000
<b>Revenue</b>		
During the financial year	—	—
Pre-acquisition	—	—
Post-acquisition	—	—
<b>Net loss for the year</b>		
During the financial year	(3)	(20)
Pre-acquisition	(19)	—
Post-acquisition	(22)	(20)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

### 44. ACQUISITION OF SHARES IN SUBSIDIARY COMPANIES (CONT'D)

The net assets of the acquired new subsidiary companies included in the consolidated balance sheet at the end of the financial year were as follows:

	2008 RM'000	2007 RM'000
Non-current assets	-	9
Current assets	-*	19,445
Current liabilities	(2)	(5)
Non-current liabilities	(20)	(19,469)
Group's share of net liabilities	(22)	(20)

\* Represent RM4

The minority interest acquired and the net cash outflow arising from the acquisition of additional interest in the existing subsidiary companies were as follows:

	2008 RM'000	2007 RM'000
Minority interest acquired	133	808
Discount on acquisition	(43)	(260)
Net cash outflow on acquisition	90	548

### 45. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Employee benefits expense	95,616	77,945	21,479	20,547

Included in the employee benefits expense is EPF contribution amounting to RM8,966,000 (2007 : RM7,311,000) for the Group and RM2,208,000 (2007 : RM2,016,000) for the Company.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2008

46. RELATED PARTY DISCLOSURES

(a) Significant related party transactions during the financial year are as follows:

	----- Transaction value -----				----- Balance outstanding -----			
	Group		Company		Group		Company	
	2008	2007	2008	2007	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Transactions with subsidiary companies</b>								
Construction services rendered to subsidiary companies	-	-	1,020	11,533	-	-	1,020	12,944
Interest received and receivable	-	-	22,185	11,663	-	-	22,185	14,916
Management fee received and receivable	-	-	135	145	-	-	-	-
Disposal of a subsidiary company	-	-	-	*	-	-	-	-
Administrative, accounting and management fees paid and payable	-	-	-	36	-	-	-	-
Construction services rendered by subsidiary companies	-	-	-	-	-	-	-	3,775
Security management fee paid and payable	-	-	2,055	1,620	-	-	-	-
<b>Transactions with jointly controlled entities</b>								
Interest receivable	274	22	914	74	296	22	914	74
Security services rendered	91	-	-	-	6	-	-	-
Administrative, accounting and management fee charged	879	-	-	-	182	-	-	-
Sales of building material	1,021	-	-	-	157	-	-	-

\* Represent RM2



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2008

46. 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	
	2008	2007	2008	2007	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Transactions with associated companies</b>								
Construction services rendered	29,477	40,745	-	-	9,871	22,267	-	-
Security services rendered	569	415	-	-	62	49	-	-
Project management and administrative fee received and receivable	6,829	5,880	-	-	1,091	452	-	-
Rental received	32	357	-	-	-	-	-	-
Marketing expenses charged	369	259	-	-	-	152	-	-
Rental paid	307	-	-	-	-	-	-	-
Sale of building materials	7,373	-	-	-	2,236	-	-	-
Sale of development property from an associated company to Gateway Attempt Sdn Bhd, a company in which Dato' Leong Kok Wah, a director of the Company, has financial interest	-	-	-	-	-	19	-	-
Sale of development properties from an associated company to directors of the Company and closed family members of the directors								
- Tan Sri Abdul Rashid Bin Abdul Manaf	6,137	-	-	-	2,455	-	-	-
- Khor Chap Jen	1,434	-	-	-	-	-	-	-
- Dato' Voon Tin Yow	1,098	-	-	-	-	-	-	-
- Chang Khim Wah	1,639	-	-	-	819	-	-	-
Sale of development properties from an associated company to directors of subsidiary companies								
- Kow Choong Ming	2,433	1,140	-	-	1,829	1	-	-
- Koe Peng Kang	5,120	-	-	-	290	-	-	-



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2008

46. 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	
	2008	2007	2008	2007	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Transactions with directors of the Company, close family members of the directors and companies, firms in which they have interests</b>								
Sale of development properties to								
- Dato' Voon Tin Yow	<b>7,709</b>	629	-	-	-	-	-	-
- Ng Soon Lai @ Ng Siek Chuan	-	2,056	-	-	-	-	-	-
- Chang Khim Wah	-	599	-	-	-	-	-	-
<hr/>								
Sale of development properties to Rekasemi Resources Sdn Bhd, a company in which Tan Sri Dato' Hari Narayanan A/L Govindasamy has financial interest	<b>3,200</b>	-	-	-	-	-	-	-
<hr/>								
Sale of development properties to Oracle Power Sdn Bhd, a company in which Yap Kok Weng has financial interest	<b>2,252</b>	-	-	-	<b>968</b>	-	-	-
<hr/>								
Sale of development properties to companies in which Tan Sri Dato' Sri Liew Kee Sin has financial interest								
- Jernih Padu Sdn Bhd	-	1,464	-	-	-	146	-	-
- Bima Murni Sdn Bhd	-	1,454	-	-	-	145	-	-
- Gito Jaya Sdn Bhd	-	4,670	-	-	-	-	-	-
- Citra Budaya Sdn Bhd	-	4,487	-	-	-	-	-	-
- Arca Unggul Sdn Bhd	<b>8,055</b>	-	-	-	-	-	-	-
- Tanjung Inai Sdn Bhd	<b>7,677</b>	-	-	-	-	-	-	-
<hr/>								
Deposit to be refunded for the revocation of sale of development properties to								
- Dato' Voon Tin Yow	-	-	-	-	<b>66</b>	-	-	-
- Maya Sepadu Sdn Bhd	-	-	-	-	<b>122</b>	-	-	-
<hr/>								
Rental paid to Dato' Voon Tin Yow	<b>13</b>	30	<b>13</b>	30	-	-	-	-



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2008

46. 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	
	2008	2007	2008	2007	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Rental paid to Alsirat Sdn Bhd, a company in which Tan Sri Abdul Rashid Bin Abdul Manaf has financial interest	72	72	-	-	-	-	-	-
Security services rendered to Tan Sri Abdul Rashid Bin Abdul Manaf	162	11	-	-	-	11	-	-
Legal fees paid to Shahrizat Rashid & Lee, a firm in which Tan Sri Dato' Zaki bin Tun Azmi was a Consultant*	-	86	-	-	-	-	-	-
Disposal of motor vehicle to								
- Dato' Voon Tin Yow	-	150	-	150	-	-	-	-
- Tan Sri Dato' Hari Narayanan A/L Govindasamy	100	-	-	-	-	-	-	-
- Dato' Leong Kok Wah	123	-	-	-	-	-	-	-
<b>Transactions with directors of subsidiary companies</b>								
Sale of development properties to								
- Wong Sheue Yann	-	557	-	-	-	60	-	-
- Kow Choong Ming	-	566	-	-	-	-	-	-
- Sundarajoo A/L Somu	-	1,225	-	-	-	-	-	-
- Thum Kok Mun	-	729	-	-	-	-	-	-
- Koe Peng Kang	-	1,156	-	-	-	60	-	-
- Norhayati Binti Subali	-	2,154	-	-	-	-	-	-
- Puan Sri Nik Sazlina Binti Mohd Zain	5,712	2,101	-	-	-	-	-	-
- Wong Tuck Wai	2,482	-	-	-	-	-	-	-
Security services rendered to Puan Sri Nik Sazlina Binti Mohd Zain	46	-	-	-	-	-	-	-
Disposal of a motor vehicles to Thum Kok Mun	-	36	-	-	-	-	-	-

\* Tan Sri Dato' Zaki bin Tun Azmi ceased as consultant of Sharizat Rashid & Lee and resigned as a director of the Company on 4 September 2007.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2008

46. RELATED PARTY DISCLOSURES (CONT'D)

(b) Key management personnel compensation

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<i>Directors</i>				
Remuneration	19,600	13,558	19,600	13,558
Estimated monetary value of benefits-in-kind	2,891	2,520	2,891	2,520
Total short-term employee benefits	22,491	16,078	22,491	16,078
Post-employment benefits				
– EPF	2,109	1,399	2,109	1,399
	24,600	17,477	24,600	17,477
<i>Former director</i>				
Ex-gratia for a former director	1,000	–	1,000	–
<i>Other key management personnel</i>				
Fees	28	27	–	–
Salary, allowances and bonuses	5,857	4,374	518	1,295
Estimated monetary value of benefits-in-kind	262	137	–	–
Total short-term employee benefits	6,147	4,538	518	1,295
Post-employment benefits				
– EPF	672	522	62	155
	6,819	5,060	580	1,450
Total compensation	32,419	22,537	26,180	18,927

Movements in share options granted under the ESOS to key management personnel during the financial year are as follows:

	2008	2007
<i>Directors</i>		
At beginning of the year	–	101,233
Granted	–	–
Exercised	–	(101,233)
Lapsed	–	–
At end of the year	–	–



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

### 46. RELATED PARTY DISCLOSURES (CONT'D)

#### (b) Key management personnel compensation (cont'd)

	2008	2007
<i>Other key management personnel</i>		
At beginning of the year	-	412,750
Granted	-	-
Exercised	-	(412,544)
Lapsed	-	(206)
At end of the year	-	-

### 47. COMMITMENTS – JOINT VENTURE WITH PUTRAJAYA HOLDINGS SDN BHD (“PUTRAJAYA HOLDINGS”)

On 15 May 1997, the Company entered into a joint venture agreement with Putrajaya Holdings to jointly develop certain residential and commercial properties and construct certain public infrastructure within the Federal Administrative Centre at Putrajaya.

In accordance with the joint venture agreement, the joint development has been carried out by Setia Putrajaya Sdn Bhd (“SPJ”), in which the Company has a 50% equity interest.

Under the joint venture agreement, as varied by the supplemental agreement dated 18 December 2002, the Company shall procure the approval of the Securities Commission for a reverse take over by SPJ of a public company listed on the Bursa Malaysia by 31 March 2004, save and except where such reverse take over effort is affected by changes in listing rules imposed by the Securities Commission or other relevant regulatory authorities, or changes in legislation or policies imposed by the Government or by Putrajaya Holdings affecting the status of SPJ.

On 16 January 2004, Putrajaya Holdings agreed to extend the deadline for the procurement of the Securities Commission’s approval for the reverse take over from 31 March 2004 to 31 March 2005. On 15 March 2005, Putrajaya Holdings agreed to further extend the deadline from 31 March 2005 to 31 March 2006.

For the purpose of discharging its obligations under the joint venture agreement with Putrajaya Holdings, the Company entered into a Restructuring Agreement on 24 April 2004 with Kramat Tin Dredging Berhad (“Kramat”), a company listed on the Main Board of Bursa Malaysia, Prudent Location Sdn Bhd [now known as SPJ Corporation Bhd (“SPJ Corp”)], Putrajaya Holdings, Abad Kilat Sdn Bhd and Kelana Ventures Sdn Bhd for, inter-alia, the proposed acquisition by SPJ Corp of the entire issued and paid up share capital of SPJ and the proposed transfer of Kramat’s listing status to SPJ Corp.

The proposals under the Restructuring Agreement were approved by the Securities Commission on 9 June 2005 subject to certain terms and conditions. The proposals under the Restructuring Agreement, as approved by the Securities Commission, are currently being implemented by the parties.

On 5 November 2007, the Securities Commission has approved an extension of the date of implementation to 30 April 2008. On 5 May 2008, the Securities Commission has granted a further extension of time of up to 31 August 2008. On 4 September 2008, the Securities Commission has granted a further extension of time of up to 28 February 2009 for all the parties to implement the Proposals.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2008

48. OPERATING LEASE COMMITMENTS

*The Group as lessee*

The Group leases premises from various parties under operating leases. These leases are cancellable and typically run for a period ranging from 1 to 3 years, with the option to renew the leases after the expiry dates. None of the leases includes contingent rentals. There are no restrictions placed upon the Group by entering into these leases.

Jointly controlled entities of the Group lease office under non-cancellable operating lease agreement. The Group's share of the non-cancellable operating lease rentals payable are as follows:

	2008 RM'000	2007 RM'000
Not later than one year	360	118
Later than one year but not later than 5 years	136	108
	<b>496</b>	<b>226</b>

*The Group as lessor*

The Group leases out its investment properties under cancellable operating leases. With the exception of 1 operating lease which run for 30 years, these leases typically run for a period of 1 to 20 years with the option to renew the leases after the expiry date. None of the leases include contingent rentals.

The future aggregate minimum lease payments receivable under the non-cancellable operating lease contracted for as at balance sheet date but not recognised as assets are as follows:

	2008 RM'000	Group 2007 RM'000
Not later than one year	8,834	-
Later than one year but not later than five years	35,337	-
Later than five years	220,123	-
	<b>264,294</b>	<b>-</b>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2008

49. OTHER COMMITMENTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Commitments to purchase development land in (see note 21)				
- Contracted				
- Mukim of Pulai, District of Johor Bahru	-	204,561	-	-
- Mukim of Dengkil, District of Sepang	-	150,240	-	-
- Mukim 10 and 12, District of Barat Daya	61,080	-	-	-
- Bandar and Daerah Kuala Lumpur	14,481	21,451	-	-
- Approved but not contracted	-	7,940	-	-
Contractual commitment to subscribe for preference shares in an existing jointly controlled entity	-	-	-	16,100
Contractual commitment for acquisition of investment properties	5,128	-	-	-
Contractual commitment for acquisition of property, plant and equipment	3,185	47,468	-	-
	<b>83,874</b>	431,660	-	16,100

50. CONTINGENT LIABILITIES (UNSECURED)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Guarantees given to banks to secure banking facilities granted to subsidiary companies	-	-	843,934	948,641
Guarantees given to banks for performance bonds granted to subsidiary companies	-	-	12,917	16,640
Guarantees given to the suppliers of goods for credit terms granted to subsidiary companies	-	-	3,722	2,628
Guarantees given to banks for performance bonds granted to jointly controlled entities	240	-	800	-
Guarantees given to banks to secure banking facilities granted to jointly controlled entities	40,200	15,000	334,474	92,000
	<b>40,440</b>	15,000	<b>1,195,847</b>	1,059,909

Additionally, the Company has given a guarantee to the holders of 131,250,000 preference shares issued on 13 October 2004 by BE-SSB, for the prompt payment of dividends on the preference shares. The guarantee is enforceable after the third anniversary of the date of issue of the preference shares in respect of dividends payable for the first 3 years; after the sixth anniversary in respect of dividends payable for the fourth, fifth and sixth year; and after the seventh anniversary in respect of the dividend payable for the seventh year.

The accrued dividend, net of tax, subject to the guarantee up to 31 October 2008 amounted to RM11,066,558 (2007 : RM7,723,728).



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2008

51. FINANCIAL INSTRUMENTS

(i) *Credit risk*

At balance sheet date, the Group and the Company did not have any significant concentration of credit risk that may arise from exposure to a single debtor or group of debtors.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(ii) *Fair value*

The carrying amounts of the financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the following:

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>2008</b>				
<i>Non-current assets</i>				
Amounts owing by subsidiary companies	–	–	1,405,224	*
Amounts owing by associated companies	304	*	288	*
<i>Other investments</i>				
Unquoted shares	337	**	–	–
<i>Non-current liabilities</i>				
Other loans	1,446	*	–	–
Amounts owing to subsidiary companies	–	–	131,738	*
Redeemable serial bonds	460,577	456,653	460,577	456,653
<b>2007</b>				
<i>Non-current assets</i>				
Amounts owing by subsidiary companies	–	–	1,115,565	*
Amounts owing by associated companies	369	*	296	*
<i>Other investments</i>				
Unquoted shares	337	**	–	–
<i>Non-current liabilities</i>				
Other loans	1,446	*	–	–
Amounts owing to subsidiary companies	–	–	64,271	*



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

### 51. FINANCIAL INSTRUMENTS (CONT'D)

(ii) *Fair value (cont'd)*

#### *Guarantees given*

It is not practical to estimate the fair values of the guarantees referred to in note 50 due to the uncertainties of timing, costs and eventual outcome.

\* *It is not practical to estimate the fair values of these financial instruments due principally to the absence of fixed repayment terms. However, the Group and the Company do not anticipate the carrying amounts to be significantly different from the values that would eventually be received or settled.*

\*\* *It is not practical to estimate the fair values of these financial instruments due to the lack of quoted market values and available observable market data. Such investments are valued at cost subject to review for impairment.*

### 52. SEGMENTAL ANALYSIS

2008	Property development RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<b>REVENUE</b>					
External sales	1,104,921	143,274	80,130	–	1,328,325
Inter-segment sales	45,963	1,777	17,441	(65,181)	–
<b>Total revenue</b>	<b>1,150,884</b>	<b>145,051</b>	<b>97,571</b>	<b>(65,181)</b>	<b>1,328,325</b>
<b>RESULTS</b>					
Segment results	225,216	7,753	5,984	–	238,953
Net profit from investing activities – others					43,876
Share of associated companies' profit and dividend on preference shares	7,201	7,961	–	–	15,162
Finance costs					(6,976)
<b>Profit before taxation</b>					<b>291,015</b>
Tax expense					(77,560)
<b>Profit for the year</b>					<b>213,455</b>
<b>OTHER INFORMATION</b>					
Segment assets	2,607,409	117,667	446,415	–	3,171,491
Investment in associated companies	36,534	69,984	42	–	106,560
Current and deferred tax assets					37,969
<b>Consolidated total assets</b>					<b>3,316,020</b>
Segment liabilities	791,752	512,185	25,715	–	1,329,652
Current and deferred tax liabilities					10,668
<b>Consolidated total liabilities</b>					<b>1,340,320</b>
Capital expenditure	107,136	294	361		
Amortisation and depreciation	9,559	1,078	665		
Other non-cash items	2,576	7,717	26,866		



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2008

52. SEGMENTAL ANALYSIS (CONT'D)

2007	Property development RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<b>REVENUE</b>					
External sales	927,149	171,706	54,948	-	1,153,803
Inter-segment sales	30,695	16,291	13,978	(60,964)	-
<b>Total revenue</b>	<b>957,844</b>	<b>187,997</b>	<b>68,926</b>	<b>(60,964)</b>	<b>1,153,803</b>
<b>RESULTS</b>					
Segment results	270,485	7,311	4,891	-	282,687
Net profit from investing activities – others					17,636
Share of associated companies' profit and dividend on preference shares	21,398	8,044	(1)	-	29,441
Finance costs					(1,273)
Profit before taxation					328,491
Tax expense					(68,423)
Profit for the year					260,068
<b>OTHER INFORMATION</b>					
Segment assets	2,303,682	123,160	265,170	-	2,692,012
Investment in associated companies	27,869	116,533	42	-	144,444
Current and deferred tax assets					45,576
Consolidated total assets					2,882,032
Segment liabilities	925,840	80,830	10,622	-	1,017,292
Current and deferred tax liabilities					23,365
Consolidated total liabilities					1,040,657
Capital expenditure	61,165	712	793		
Amortisation and depreciation	5,788	966	718		
Other non-cash items	18,714	8,479	10,502		

(a) Primary reporting format – business segment

The operations of the Group are primarily organised in Malaysia into three main segments:

- (i) Property development – Property development
- (ii) Construction – Building and highway construction
- (iii) Others – Manufacturing, trading and investing

Transactions between segments were entered into in the normal course of business and were established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. The effects of such inter-segmental transactions are eliminated on consolidation.

(b) Secondary reporting format – geographical segment

The operations of the Group are primarily carried out in Malaysia.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

### 53. EVENTS PENDING COMPLETION AS AT YEAR END

The following are the status of corporate proposals that have been announced by the Company but not completed as at 31 October 2008:

- (a) Conditional Shareholders' Agreement entered into on 20 December 2000 between S P Setia Berhad and YGP Holdings Sdn. Bhd. ("YGP") to govern the relationship between S P Setia Berhad and YGP ("the Parties") as proposed shareholders in Pelita Dunia Sdn. Bhd. ("Pelita Dunia") and to set out the respective rights, duties and obligations of the Parties in relation to the proposed mixed residential and commercial development.

On 21 August 2007, a Memorandum of Understanding was entered into between Datuk Bandar Kuala Lumpur and Pelita Dunia, currently a wholly owned subsidiary of S P Setia Berhad, pertaining to the proposed mixed residential and commercial development of the State Lands and Private Lands;

To-date, pursuant to the Memorandum of Understanding, Pelita Dunia has paid a compensation of RM3,600,000, through DBKL to squatter families occupying the said lands.

- (b) Conditional agreement to lease between Bukit Indah (Johor) Sdn Bhd, a wholly owned subsidiary of S P Setia Berhad and Tesco Stores (Malaysia) Sdn Bhd of approximately 9.69 acres of freehold land together with building in the Mukim of Pulai, District of Johor Bahru, State of Johor as announced on 29 October 2007;
- (c) Cooperation agreement as announced on 3 January 2008 by Setia Saigon East Limited and Setia D-Nine Limited, both wholly owned subsidiaries of S P Setia Berhad and Saigon Hi-Tech Park Development Company to jointly develop a mixed real property development on a parcel of land measuring approximately 32 hectares or 79 acres located in District 9, Ho Chi Minh City, Vietnam;
- (d) Development agreement entered into by Aeropod Sdn Bhd, a 70% owned subsidiary of S P Setia Berhad and the State Government of Sabah for the proposed development of a piece of land measuring approximately 59.21 acres in Tanjung Aru, Kota Kinabalu, Sabah as announced on 29 January 2008. On 3 November 2008, the parties to the agreement have mutually agreed to extend the period of fulfillment of the conditions precedent for a further period of 3 months to expire on 29 January 2009;
- (e) Proposed disposal by Bandar Setia Alam Sdn Bhd ("BSA"), a wholly owned subsidiary of S P Setia Berhad, of approximately 30.5 acres of freehold land located within Precinct 1 of the Setia Alam township ("Said Land") to Greenhill Resources Sdn Bhd, an associated company of BSA, for a total consideration of RM119,572,200 and proposed joint venture between BSA and Lend Lease Asian Retail Investment Fund 2 Limited, a wholesale real estate development fund managed by Lend Lease Investment Management Pte Ltd, for the development of a retail mall on the Said Land, as announced on 2 July 2008. On 30 September 2008, the parties have mutually agreed to extend the period for the fulfillment of the conditions precedent to expire on 31 March 2009.

### 54. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 10 December 2008 by the board of directors.



## 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 71 to 144 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 2008 and of their results and cash flows for the year then ended;
- (b) in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965.

Signed on behalf of the directors in accordance with a directors' resolution dated 10 December 2008.

**TAN SRI DATO' SRI LIEW KEE SIN**  
Director

**DATO' VOON TIN YOW**  
Director

Kuala Lumpur

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## STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Yap Kok Weng, being the director 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 71 to 144 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 10 December 2008 ) **YAP KOK WENG**

Before me:

**ROBERT LIM HOCK KEE**  
W092  
Commissioner for Oaths



# ANALYSIS OF SHAREHOLDINGS

AS AT 31 DECEMBER 2008

Authorised Share Capital	:	RM1,200,000,000
Issued Share Capital	:	1,016,698,468
Paid Up Share Capital	:	RM762,523,851
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	507	11.02	16,293	0.00
100 – 1,000	949	20.63	628,513	0.06
1,001 – 10,000	2257	49.08	8,041,520	0.79
10,001 – 100,000	612	13.31	18,243,040	1.80
100,001 to less than 5% of issued shares	270	5.87	501,519,371	49.33
5% and above of issued shares	4	0.09	488,249,731	48.02
<b>Total</b>	<b>4,599</b>	<b>100.00</b>	<b>1,016,698,468</b>	<b>100.00</b>

## LIST OF THIRTY LARGEST SHAREHOLDERS

Name Of Shareholders	No. of Shares	%
1 Amanah Raya Nominees (Tempatan) Sdn Bhd – Skim Amanah Saham Bumiputera	202,527,898	19.92
2 HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)	116,307,248	11.44
3 Employees Provident Fund Board	109,326,385	10.75
4 Permodalan Nasional Berhad	60,088,200	5.91
5 EB Nominees (Tempatan) Sendirian Berhad – Pledged Securities Account for Tan Sri Dato' Sri Liew Kee Sin	38,092,987	3.75
6 Tan Sri Dato' Sri Liew Kee Sin	37,245,855	3.66
7 Amanah Raya Nominees (Tempatan) Sdn Bhd – Amanah Saham Wawasan 2020	31,157,950	3.06
8 Amanah Raya Nominees (Tempatan) Sdn Bhd – Amanah Saham Malaysia	20,807,400	2.05
9 Puan Sri Datin Sri How Teng Teng	19,451,298	1.91
10 Valuecap Sdn Bhd	18,517,000	1.82
11 HSBC Nominees (Asing) Sdn Bhd – Exempt An for J.P. Morgan Bank Luxembourg S.A.	16,828,700	1.65
12 HSBC Nominees (Asing) Sdn Bhd – HSBC Bk Plc for First State Asian Equity Plus Fund	13,887,600	1.37
13 Amanah Raya Nominees (Tempatan) Sdn Bhd – Amanah Saham Didik	13,479,950	1.33
14 CIMB Group Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Tan Sri Dato' Sri Liew Kee Sin	12,874,999	1.27



## ANALYSIS OF SHAREHOLDINGS

AS AT 31 DECEMBER 2008

Name Of Shareholders	No. of Shares	%
15 Cartaban Nominees (Asing) Sdn Bhd – SSBT Fund HG22 for Smallcap World Fund, Inc.	12,550,000	1.23
16 Sakura Gold Sdn. Bhd.	8,749,999	0.86
17 Dynamic Growth Management Limited	8,250,000	0.81
18 Citigroup Nominees (Tempatan) Sdn Bhd – Exempt An for American International Assurance Berhad	8,064,500	0.79
19 Lee Siew Choong	7,899,700	0.78
20 Citigroup Nominees (Asing) Sdn Bhd – CBNY for E.I.I International Property Fund	7,350,000	0.72
21 Citigroup Nominees (Asing) Sdn Bhd – CB LDN for First State Asia Pacific Fund	7,309,500	0.72
22 Citigroup Nominees (Asing) Sdn Bhd – Exempt An for Mellon Bank (Mellon)	6,502,461	0.64
23 HSBC Nominees (Asing) Sdn Bhd – BBH And Co Boston for Vanguard Emerging Markets Stock Index Fund	6,206,652	0.61
24. HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (Norges Bank)	5,915,300	0.58
25 Cartaban Nominees (Asing) Sdn Bhd – Government of Singapore Investment Corporation Pte Ltd for Government Of Singapore (C)	5,853,000	0.58
26 Citigroup Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Tan Sri Dato' Sri Liew Kee Sin	5,249,998	0.52
27 Cimsec Nominees (Tempatan) Sdn Bhd – CIMB Bank for Alsirat Sdn Bhd	5,175,000	0.51
28 HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (Saudi Arabia)	5,151,000	0.51
29 Pertubuhan Keselamatan Sosial	4,936,867	0.49
30 Cartaban Nominees (Asing) Sdn Bhd – Investors Bank And Trust Company for Ishares, Inc.	4,821,600	0.47
	820,579,047	80.71

### SUBSTANTIAL SHAREHOLDERS

Name	No. of Ordinary Shares Held			
	Direct	%	Indirect	%
Amanah Raya Nominees (Tempatan) Sdn Bhd – Skim Amanah Saham Bumiputera	202,527,898	19.92	–	–
Employees Provident Fund Board	120,827,535	11.88	–	–
Tan Sri Dato' Sri Liew Kee Sin	93,463,839	9.19	<sup>a</sup> 28,201,297	2.77
Capital Income Builder, Inc.	65,577,500	6.45	–	–
Permodalan Nasional Berhad	60,179,500	5.92	–	–
Yayasan Pelaburan Bumiputra	–	–	60,179,500	5.92

<sup>a</sup> Deemed interested by virtue of the shareholdings of Sakura Gold Sdn Bhd and his spouse.



## ANALYSIS OF SHAREHOLDINGS AND WARRANT HOLDINGS AS AT 31 DECEMBER 2008

### DIRECTORS AND THEIR SHAREHOLDINGS

Name	Direct	No. of Ordinary Shares Held		%
		%	Indirect	
Tan Sri Abdul Rashid bin Abdul Manaf	67,000	0.01	<sup>a</sup> 7,074,000	0.70
Tan Sri Dato' Sri Liew Kee Sin	93,463,839	9.19	<sup>b</sup> 28,201,297	2.77
Dato' Voon Tin Yow	19,932	*	–	–
Yap Kok Weng	34	*	–	–
Teow Leong Seng	10,933	*	–	–
Khor Chap Jen	174,241	0.02	<sup>c</sup> 75,000	0.01
Chang Khim Wah	62,106	0.01	–	–
Tan Sri Lee Lam Thye	–	–	<sup>d</sup> 18,000	*
Tan Sri Dato' Hari Narayanan a/l Govindasamy	–	–	–	–
Dato' Leong Kok Wah	–	–	–	–
Datuk Ismail bin Adam	–	–	–	–
Ng Soon Lai @ Ng Siek Chuan	–	–	–	–

<sup>a</sup> Deemed interested by virtue of the shareholdings of Alsirat Sdn Bhd and his daughter.

<sup>b</sup> Deemed interested by virtue of the shareholdings of Sakura Gold Sdn Bhd and his spouse.

<sup>c</sup> Deemed interested by virtue of the shareholdings of his spouse.

<sup>d</sup> Deemed interested by virtue of the shareholdings of his son.

\* Insignificant.

### DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Warrant Holders	%	No. of Warrants	%
less than 100	35	1.02	1,508	0.00
100 – 1,000	967	28.31	466,276	0.29
1,001 – 10,000	1,463	42.83	7,554,154	4.71
10,001 – 100,000	801	23.45	25,625,258	15.98
100,001 to less than 5% of issued warrants	147	4.30	81,319,746	50.71
5% and above of issued warrants	3	0.09	45,393,705	28.31
<b>Total</b>	<b>3,416</b>	<b>100.00</b>	<b>160,360,647</b>	<b>100.00</b>

### LIST OF THIRTY LARGEST WARRANT HOLDERS

Name Of Warrant Holders	No. of Warrants	%
1 HSBC Nominees (Asing) Sdn Bhd – BNY Brussels for Alpine International Real Estate Equity Fund	16,134,400	10.06
2 Tan Sri Dato' Sri Liew Kee Sin	15,747,403	9.82
3 Puan Sri Datin Sri How Teng Teng	13,511,902	8.43
4 HSBC Nominees (Asing) Sdn Bhd – RBS Coutts Sg for Grandly Star Capital Limited	5,000,000	3.12



## ANALYSIS OF WARRANT HOLDINGS

AS AT 31 DECEMBER 2008

Name Of Warrant Holders	No. of Warrants	%
5 Employees Provident Fund Board	3,915,247	2.44
6 CIMB Group Nominees (Tempatan) Sdn Bhd – BHLB Trustee Berhad for HLG Asia-Pacific Property Income Plus Fund	3,223,000	2.01
7 Amsec Nominees (Tempatan) Sdn Bhd – Ambank (M) Berhad for Helinna Hanum Dadameah (Smart)	3,185,000	1.99
8 Valuecap Sdn Bhd	2,475,000	1.54
9 Amanah Raya Nominees (Tempatan) Sdn Bhd – Amanah Saham Wawasan 2020	2,457,375	1.53
10 Citigroup Nominees (Asing) Sdn Bhd – Exempt An for Citibank NA, Singapore (Julius Baer)	2,000,000	1.25
11 Cartaban Nominees (Asing) Sdn Bhd – SSBT Fund HG22 for Smallcap World Fund, Inc.	1,875,000	1.17
12 HDM Nominees (Tempatan) Sdn Bhd – DBS Vickers Secs (S) Pte Ltd for Yeap Poh Chim	1,861,000	1.16
13 Amanah Raya Nominees (Tempatan) Sdn Bhd – Skim Amanah Saham Bumiputera	1,698,849	1.06
14. Citigroup Nominees (Asing) Sdn Bhd – Chase Manhattan Trustees Limited for Pacific Trust (CBLDN)	1,624,450	1.01
15 Dato' Voon Tin Yow	1,595,000	0.99
16 Sakura Gold Sdn. Bhd.	1,458,333	0.91
17 Dynamic Growth Management Limited	1,375,000	0.86
18. HSBC Nominees (Asing) Sdn Bhd – TNTC for Baring Global Emerging Markets Fund	1,366,150	0.85
19 Citigroup Nominees (Asing) Sdn Bhd – CBNY for E.I.I International Property Fund	1,225,000	0.76
20 HSBC Nominees (Asing) Sdn Bhd – Exempt An for Credit Suisse	1,217,230	0.76
21 Malacca Equity Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Heng Yong Kang @ Wang Yong Kang	1,215,200	0.76
22 Kwong Moei Jie	1,176,500	0.73
23 RHB Nominees (Tempatan) Sdn Bhd – Amara Investment Management Sdn Bhd for Wong Yee Hui	1,167,500	0.73
24 Alsirat Sdn Bhd	1,150,000	0.72
25. Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Chia Siya Heng	1,036,000	0.65
26. Inter-Pacific Equity Nominees (Asing) Sdn Bhd – Kim Eng Securities Pte Ltd for Chumpon Chantharakulpongsa	1,030,000	0.64
27. Alliancegroup Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Tan Boon Keong	1,000,000	0.62
28 Lin Jo-Yi	1,000,000	0.62
29. Permodalan Nasional Berhad	928,250	0.58
30. Lee Siew Choong	906,850	0.57
	93,555,639	58.34



## ANALYSIS OF WARRANT HOLDINGS AS AT 31 DECEMBER 2008

### DIRECTORS' WARRANT HOLDINGS

Name	Direct	No. of Warrants Held		%
		%	Indirect	
Tan Sri Abdul Rashid bin Abdul Manaf	–	–	<sup>a</sup> 1,150,000	0.72
Tan Sri Dato' Sri Liew Kee Sin	15,747,403	9.82	<sup>b</sup> 14,970,235	9.34
Dato' Voon Tin Yow	1,768,402	1.10	–	–
Yap Kok Weng	85,700	0.05	–	–
Teow Leong Seng	1,822	*	–	–
Khor Chap Jen	29,100	0.02	<sup>c</sup> 12,500	0.01
Chang Khim Wah	13,700	0.01	–	–
Tan Sri Lee Lam Thye	–	–	<sup>d</sup> 3,000	*
Tan Sri Dato' Hari Narayanan a/l Govindasamy	–	–	–	–
Dato' Leong Kok Wah	–	–	–	–
Datuk Ismail bin Adam	–	–	–	–
Ng Soon Lai @ Ng Siek Chuan	–	–	–	–

<sup>a</sup> Deemed interested by virtue of the warrant holdings of Alsirat Sdn Bhd.

<sup>b</sup> Deemed interested by virtue of the warrant holdings of Sakura Gold Sdn Bhd and his spouse.

<sup>c</sup> Deemed interested by virtue of the warrant holdings of his spouse.

<sup>d</sup> Deemed interested by virtue of the warrant holdings of his son.

\* Insignificant.



# LIST OF PROPERTIES HELD BY THE GROUP

AS AT 31 OCTOBER 2008

No.	Lot No. / Location	Description	Date of Acquisition	Land Area (sq. ft.)	Tenure	Net Book Value (RM)
1	Lot 9653-9658 & 10411, H.S.(D) 19032-19037 & H.S.(D) 19788, Ampangan Seremban, Negeri Sembilan Darul Khusus	7 units – Vacant Shoplots Land	15/9/86	11,625	Freehold	385,000
2	P.T. No. 2953, H.S.(D) 8034, P.T. No. 2961, H.S.(D) 8042, C.T. 11501 Lot No. 1994, Serendah, Selangor Darul Ehsan	Vacant Bungalow Land	12/12/91	83,248	Freehold	593,477
3	Lot No. 003, H.S.(D) 3135, P.T. No. 2654, Mukim Ijok, Daerah Kuala Selangor, Selangor Darul Ehsan	Vacant Bungalow Land	15/7/99	16,102	Leasehold (Expiring 24/3/2095)	246,361
4	Lot No. 005, H.S.(D) 3134, P.T. No. 2653, Mukim Ijok, Daerah Kuala Selangor, Selangor Darul Ehsan	Vacant Bungalow Land	15/7/99	15,996	Leasehold (Expiring 24/3/2095)	244,739
5	Lot No. 138, H.S.(D) 2864, P.T. No. 2381, Mukim Ijok, Daerah Kuala Selangor, Selangor Darul Ehsan	Bungalow Lot	15/7/99	19,267	Leasehold (Expiring 24/3/2095)	222,171
6	Lot No. 139, H.S.(D) 2865, P.T. No. 2382, Mukim Ijok, Daerah Kuala Selangor, Selangor Darul Ehsan	Bungalow Lot	15/7/99	14,251	Leasehold (Expiring 24/3/2095)	166,736
7	Indah Villa H.S.(D) 23774 & H.S.(D) 23775, P.T. 9338 & P.T. 9339, Mukim of Damansara, District of Petaling, Selangor Darul Ehsan	1 unit - Condominium (age : 15 years)	1/11/99	1,336	Leasehold (Expiring 17/8/2086)	179,310
8	Lot No. 5 held under H.S.(D) 28236, P.T. 12118 & H.S.(D) 28227, P.T. 12109, Mukim of Rawang, District of Gombak, Selangor Darul Ehsan	Industrial Building (age : 11 years)	31/1/96	181,647	Freehold	6,108,842



## LIST OF PROPERTIES HELD BY THE GROUP AS AT 31 OCTOBER 2008

No. Lot No. / Location	Description	Date of Acquisition	Land Area (sq. ft.)	Tenure	Net Book Value (RM)
9 Lot No. 6 held under H.S.(D) 28237, P.T. 12119, Mukim of Rawang, District of Gombak, Selangor Darul Ehsan	Industrial Building (age : 9 years)	17/4/98	135,471	Freehold	3,425,213
10 Lot No. 3/4U/A1, Polo Town House, Jalan Bentara Luar, Pasir Pelangi, Johor Bahru	Town House (age : 6 years)	31/1/02	1,299	Freehold	155,936
11 Indah Villa H.S.(D) 23774 & H.S.(D) 23775, P.T. 9338 & P.T. 9339, Mukim of Damansara, District of Petaling, Selangor Darul Ehsan	1 unit - Condominium (age : 15 years)	24/11/93	1,104	Leasehold (Expiring 17/8/2086)	133,109
12 Indah Villa H.S.(D) 23774 & H.S.(D) 23775, P.T. 9338 & P.T. 9339, Mukim of Damansara, District of Petaling, Selangor Darul Ehsan	1 unit - Condominium (age : 15 years)	15/7/91	1,336	Leasehold (Expiring 17/8/2086)	201,985
13 H.S.(D) 98547, P.T. 27875, Mukim and Daerah Petaling, Selangor Darul Ehsan	Office Building (age : 14 years)	31/12/95	4,687	Freehold	1,370,717
14 No. Hakmilik 2422, Lot No. 982, Tempat Sg. Ular, Mukim Sungai Karang, Daerah Kuantan, Negeri Pahang	Vacant Land	28/3/01	139,392	Freehold	350,000
15 No. Hakmilik 114485, No. Lot 53578, No. Hakmilik 203763, No. Lot 68354 Mukim and Daerah Petaling, Selangor Darul Ehsan	Land for Development	10/8/03	356,756	Freehold	14,561,294
16 PTD No.103754, H.S.(D) 315469, Mukim Pulau, Daerah Johor Bahru, Johor Darul Takzim	Office Building (age : 11 years)	15/2/96	10,890	Freehold	190,227



LIST OF PROPERTIES HELD BY THE GROUP  
AS AT 31 OCTOBER 2008

No. Lot No. / Location	Description	Date of Acquisition	Land Area (sq. ft.)	Tenure	Net Book Value (RM)
17 Part of PTD No.90603, H.S.(D) 433015, Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim	Commercial Land	15/2/96	1,887,629	Freehold	4,827,449
18 PTD No.89286, H.S.(D) 313219, PTD No.89667, H.S.(D) 313596, PTD No.106545, H.S.(D) 315471, Part of PTD No.108516, H.S.(D) 317193, PTD No.108523, H.S.(D) 317200, PTD No.108524, H.S.(D) 317201, Part of PTD No.108527, H.S.(D) 317204 and PTD No.108529, H.S.(D) 317207, Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim	Land for Development	15/2/96	4,682,235	Freehold	51,926,638
19 Part of PTD No.71060 Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim	Land for Development	25/10/01	3,942,247	Freehold	22,347,708
20 Part of PTD No.105613, H.S.(D) 351583, PTD No.105755, H.S.(D) 351581, PTD No.99428, H.S.(D) 354583, PTD No.95243, H.S.(D) 353215, PTD No.105608, H.S.(D) 353045, PTD No.105609, H.S.(D) 353046, Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Land for Development	23/8/99	3,049,293	Freehold	16,295,346
21 PTD No.95237, H.S.(D) 353212, PTD No.95238, H.S.(D) 353213, Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Commercial Land	23/8/99	505,296	Freehold	10,232,003
22 PTD No.103557, H.S.(D) 350612, Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Office Building (age : 6 years)	23/8/99	14,002	Freehold	6,087,710
23 Part of PTD No. 63733, H.S.(D) 237888, Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Land for Development	04/08/04	25,754,511	Freehold	181,517,796



LIST OF PROPERTIES HELD BY THE GROUP  
AS AT 31 OCTOBER 2008

No. Lot No. / Location	Description	Date of Acquisition	Land Area (sq. ft.)	Tenure	Net Book Value (RM)
24 Part of PTD No.144843, H.S.(D) 460609, Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Office Building (age : 2 years)	28/2/08	65,340	Freehold	6,309,443
25 No. LM 38, No. Lot 1177, No. LM 44, No. Lot 1175, No. LM 45, No. Lot 1176, Tempat Kampong Klang Gates Baru, Mukim Hulu Kelang, Daerah Gombak, Selangor Darul Ehsan	Land for Development	10/11/00	359,915	Leasehold (Expiring 18/02/2072)	3,200,000
26 GRN 44830, Lot No. 2720, H.S.(D) 204088, P.T. 7715, H.S.(D) 204089, P.T. 7716, H.S.(D) 204090, P.T. 7717, Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Land for Development	30/3/02	37,691,242	Freehold	119,547,133
27 H.S.(D) 232743, P.T. 18758, H.S.(D) 232744, P.T. 18759, H.S.(D) 232745, P.T. 18760, H.S.(D) 232746, P.T. 18761, H.S.(D) 232747, P.T. 18762, H.S.(D) 232748, P.T. 18763, H.S.(D) 232749, P.T. 18764, H.S.(D) 232750, P.T. 18765, H.S.(D) 232751, P.T. 18766, H.S.(D) 232752, P.T. 18767, H.S.(D) 232753, P.T. 18768, H.S.(D) 232754, P.T. 18769, H.S.(D) 232755, P.T. 18770, H.S.(D) 232756, P.T. 18771, H.S.(D) 232757, P.T. 18772, H.S.(D) 232758, P.T. 18773, H.S.(D) 232759, P.T. 18774, H.S.(D) 232760, P.T. 18775, H.S.(D) 232762, P.T. 18777, H.S.(D) 204098, P.T. 7725, Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Commercial Land	30/3/02	6,653,093	Freehold	38,603,362



LIST OF PROPERTIES HELD BY THE GROUP  
AS AT 31 OCTOBER 2008

No.	Lot No. / Location	Description	Date of Acquisition	Land Area (sq. ft.)	Tenure	Net Book Value (RM)
28	H.S.(M) 35859, PT 54751, H.S.(M) 35861, PT 54752, Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Commercial Land & Building	30/3/02	115,834	Freehold	5,479,245
29	H.S.(D) 207561, P.T. 11074 Mukim Bikit Raja, Daerah Petaling, Selangor Darul Ehsan	Office Building (age : 1 year)	30/3/02	43,560	Freehold	10,397,123
30	PN 12233 Lot No. 173 Seksyen 18, Bandar Port Swettenham, District of Klang, Selangor Darul Ehsan	Land for Development	31/12/04	217,341	Leasehold (Expiring 23/1/2099)	9,500,000 *
31	GRN 77162 Lot No. 82623, Mukim Pekan Pandamaran, District of Klang, Selangor Darul Ehsan	Land for Development	04/12/06	239,281	Freehold	10,980,000 *
32	Lot No. 4806, 4807, 4808, 4809, 4810, 4799 & 4800 Mukim Batu, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Land for Development	30/05/07	270,251	Freehold	73,866,605 *
33	Lot No. 28 & Lot No. 29 Bandar and Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Land for Development	12/04/07	259,456	Freehold	77,836,800 *
34	Lot No. 102, 104, 400 & 402 Mukim 5, Daerah Barat Daya, Pulau Pinang	Land for Development	29/06/06	934,362	Freehold	37,730,096
35	Lot No. 11931, Lot No. 11930 Mukim 12, Daerah Barat Daya, Pulau Pinang	Hotel & Club House Land	27/09/05	406,415	Freehold	24,473,101
36	Lot No. 11930 Mukim 12, Daerah Barat Daya, Pulau Pinang	Club House	27/09/05	355,000	Freehold	7,966,854



## LIST OF PROPERTIES HELD BY THE GROUP AS AT 31 OCTOBER 2008

No. Lot No. / Location	Description	Date of Acquisition	Land Area (sq. ft.)	Tenure	Net Book Value (RM)
37 Part of Lot No. 11897 H.S.(D) 10366, Lot No. 11898 H.S.(D) 10367 and Lot No. 12025 H.S.(D) 16130 Mukim 12, Daerah Barat Daya, Pulau Pinang	Land for Development	27/09/05	2,225,001	Freehold	62,535,183
38 Lot P.T. 6327 H.S.(D) 22572 Mukim 12, Daerah Barat Daya, Pulau Pinang	Commercial Land	27/09/05	370,913	Freehold	9,288,532
39 Geran No. 3154, Lot No. 1060, Geran No. 3155, Lot No. 1061, Geran No. 3156, Lot No. 1062, Geran No. 3157, Lot No. 1063 & Geran No. 3160, Lot No. 1066, Seksyen 2, Daerah Timur Laut, Bandar Georgetown, Pulau Pinang	Land for Development	31/05/08	93,133	Freehold	23,283,250
40 Geran No. 25790, Lot No. 42 Seksyen 0098 Bandar & Daerah Kuala Lumpur	Land for Development	3/12/07	38,359	Freehold	8,822,519
41 Geran No. 27156, Lot No. 30 Geran No. 27157, Lot No. 29 Seksyen 095A Bandar & Daerah Kuala Lumpur	Land for Development	12/07/07	24,202	Freehold	6,050,552
42 Geran No. 24355, Lot No. 5 Bandar & Daerah Kuala Lumpur	Land for Development	16/08/07	7,351	Freehold	1,911,750
43 Geran No. 2506, Lot No. 215 Seksyen 98, Bt 2 ½ Jln Klang, Mukim and Daerah Kuala Lumpur	Land for Development	19/04/07	67,102	Freehold	14,091,465
44 Part of PTD No. 2110 H.S.(D) 29432, Part of PTD No. 2113 H.S.(D) 29429, PTD No. 2111 H.S.(D) 29427, PTD No. 2112 H.S.(D) 29428, PTD No. 1113 H.S.(D) 56298, Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim	Land for Development	10/01/07	19,715,692	Freehold	208,820,303 *

LIST OF PROPERTIES HELD BY THE GROUP  
AS AT 31 OCTOBER 2008

No. Lot No. / Location	Description	Date of Acquisition	Land Area (sq. ft.)	Tenure	Net Book Value (RM)
45 Part of PTD No. 2110 H.S.(D) 29432 and PTD No. 2113 H.S.(D) 29429, Mukim Pulau, Daerah Johor Bahru, Johor Darul Takzim	Office Building (age: 1 year)	10/01/07	240,016	Freehold	7,907,766 *
46 Part of PTD No. 2110 H.S.(D) 29432, and PTD No. 2113 H.S.(D) 29429, Mukim Pulau, Daerah Johor Bahru, Johor Darul Takzim	Commercial Land	10/01/07	1,796,414	Freehold	9,758,093 *

\* These amounts represent 100% of the net book value of the properties held by jointly controlled entities.



# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Thirty Fourth Annual General Meeting of the Company will be held at Nusantara Hall, Setia Alam Welcome Centre, No. 2, Jalan Setia Indah AD U13/AD, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Wednesday, 25 February 2009 at 11.00 a.m. for the following purposes:

## AGENDA

1. To receive the audited financial statements of the Company for the financial year ended 31 October 2008 together with the Reports of the Directors and Auditors thereon.
2. To declare a final dividend of 10 sen less 25% tax in respect of the financial year ended 31 October 2008.
3. To re-elect the following Directors who retire in accordance with Article 93 of the Company's Articles of Association and, being eligible, offer themselves for re-election:
  - (a) Tan Sri Dato' Sri Liew Kee Sin;
  - (b) Tan Sri Dato' Hari Narayanan a/l Govindasamy;
  - (c) Mr Khor Chap Jen; and
  - (d) Mr Ng Soon Lai @ Ng Siek Chuan.
4. To appoint Auditors and to authorize the Directors to fix their remuneration.

Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed in the Annual Report as "Appendix A" has been received by the Company for the nomination of Mazars, Chartered Accountants who have given their consent to act, for appointment as Auditors and of the intention to propose the following Ordinary Resolution:

"THAT Mazars, Chartered Accountants be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Moores Rowlands, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolution:

### 5. ORDINARY RESOLUTION:

#### **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AS SPECIFIED IN SECTION 2.3 OF THE CIRCULAR TO SHAREHOLDERS DATED 3 FEBRUARY 2009**

"THAT, subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("S P Setia Group") to enter into and give effect to specified recurrent related party transactions of a revenue or trading nature of the S P Setia Group with specified classes of Related Parties (as defined in the Listing Requirements of Bursa Malaysia Securities Berhad and as specified in Section 2.3 of the Circular to Shareholders dated 3 February 2009) 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:

**Resolution 1**

**Resolution 2**

**Resolution 3**

**Resolution 4**

**Resolution 5**

**Resolution 6**

**Resolution 7**



## NOTICE OF ANNUAL GENERAL MEETING

- (i) the conclusion of the next Annual General Meeting of the Company (“AGM”) at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (“Act”) (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier,

THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things as they may consider necessary or expedient in the best interest of the Company (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”

**Resolution 8**

6. 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

Kuala Lumpur  
Date: 3 February 2009

**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 stead. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. The Form of Proxy, in the case of an individual, shall be signed by the appointor or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.
3. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. The Form of Proxy duly completed and signed must be deposited at the Registered Office of the Company at Plaza 138, Suite 18.03, 18th Floor, 138, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.

**Explanatory Notes on Special Business**

1. The proposed Resolution 8, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue and trading nature with related parties which are necessary for the Group’s day-to-day operations and are in the ordinary course of business made on an arm’s length basis and on normal commercial terms and on terms not more favourable to the related parties than those generally extended to the public and are not to the detriment of the minority shareholders of the Company. The details of the Proposal is set out in the Circular to the Shareholders dated 3 February 2009 which is circulated together with the 2008 Annual Report.



## NOTICE OF ANNUAL GENERAL MEETING

### NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

**NOTICE IS ALSO HEREBY GIVEN** that a final dividend of 10 sen less 25% tax for the financial year ended 31 October 2008, if approved by shareholders, will be payable on 9 April 2009 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 13 March 2009.

A depositor shall qualify for entitlement only in respect of:

- a. shares transferred into the depositor's securities account before 4.00 p.m. on 13 March 2009, in respect of transfers; and
- b. shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.28(2) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

Further details of Directors who are standing for re-election as Directors are set out in their respective profiles which appear in the Directors' Profiles on pages 43 to 48 of this Annual Report and the details of their interest in the securities of the Company are disclosed on page 148 and 150 of this Annual Report.

# TAN SRI DATO' SRI LIEW KEE SIN

Date: 3 December 2008

"Appendix A"

The Board of Directors  
S P Setia Berhad  
Wisma Selangor Dredging  
6<sup>th</sup> Floor, South Block  
142-A, Jalan Ampang  
50450 Kuala Lumpur

Dear Sirs

## **NOMINATION FOR APPOINTMENT OF MAZARS, CHARTERED ACCOUNTANTS AS THE AUDITORS OF S P SETIA BERHAD ("THE COMPANY")**

Pursuant to Section 172(11) of the Companies Act, 1965, I, being a shareholder of the Company, hereby give notice of my intention to nominate Mazars, Chartered Accountants for appointment as Auditors of the Company and to propose the following as an ordinary resolution to be tabled at the forthcoming Annual General Meeting of the Company, to replace the retiring Auditors, Moores Rowland, Chartered Accountants :-

*"That Mazars, Chartered Accountants be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Moores Rowland, Chartered Accountants to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."*

Yours faithfully



TAN SRI DATO' SRI LIEW KEE SIN

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# PROXY FORM

I/We \_\_\_\_\_ NRIC No: \_\_\_\_\_

of \_\_\_\_\_

being a member / members of S P SETIA BERHAD, hereby appoint \_\_\_\_\_

NRIC No: \_\_\_\_\_ of \_\_\_\_\_

or failing him/her, \_\_\_\_\_

NRIC No.: \_\_\_\_\_ of \_\_\_\_\_

or failing him/her, the Chairman of the Meeting as \* my / our proxy to attend and vote for \* me / us and on \* my / our behalf at the Thirty Fourth Annual General Meeting of the Company to be held at Nusantara Hall, Setia Alam Welcome Centre, No. 2, Jalan Setia Indah AD U13/AD, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Wednesday, 25 February 2009 at 11.00 a.m. and at any adjournment thereof in the manner as indicated below:

No.	RESOLUTION	FOR	AGAINST
1.	Receipt of Financial Statements and Reports		
2.	Payment of Final Dividend		
3.	Re-election of Director: Tan Sri Dato' Sri Liew Kee Sin		
4.	Re-election of Director: Tan Sri Dato' Hari Narayanan a/l Govindasamy		
5.	Re-election of Director: Mr Khor Chap Jen		
6.	Re-election of Director: Mr Ng Soon Lai @ Ng Siek Chuan		
7.	Appointment of Mazars, Chartered Accountants as Auditors of the Company in place of the retiring Auditors, Moores Rowland, Chartered Accountants, to hold office until the conclusion of the next Annual General Meeting, at a remuneration to be determined by the directors		
8.	Proposed Shareholders' Mandate for recurrent related party transactions as specified in Section 2.3 of the Circular to Shareholders dated 3 February 2009		

\* Strike out whichever not applicable

(Please indicate with an "X" in the spaces above how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion).

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

\_\_\_\_\_  
Signature of Member(s)

#### Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint **not more than two proxies** to attend and vote in his stead. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. The Form of Proxy, in the case of an individual, shall be signed by the appointor or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.
3. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. The Form of Proxy duly completed and signed must be deposited at the Registered Office of the Company at Plaza 138, Suite 18.03, 18th Floor, 138, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.

*Fold this flap to seal*

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STAMP

The Company Secretary  
**S P SETIA BERHAD**  
Plaza 138, Suite 18.03,  
18th Floor, 138 Jalan Ampang,  
50450 Kuala Lumpur.

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## HEAD OFFICE

### S P SETIA BERHAD (19698-X)

Setia Corporate Tower  
5A, Jalan Setia Nusantara U13/17  
Seksyen U13, Setia Alam, 40170 Shah Alam  
Selangor Darul Ehsan, Malaysia  
TEL : 03-3344 8800 FAX : 03-3344 3232  
EMAIL : corp@spsetia.com.my  
www.spsetia.com.my

### BANDAR SETIA ALAM SDN BHD (566140-D)

Setia Alam Sales Office  
Setia Alam Welcome Centre  
2 Jalan Setia Indah AD U13/AD  
Setia Alam, Seksyen U13, 40170 Shah Alam  
Selangor Darul Ehsan, Malaysia  
TEL : 03-3343 2255 FAX : 03-3345 2255  
EMAIL : bsa-sales@spsetia.com.my

### BANDAR ECO-SETIA SDN BHD (566138-A)

5B/1/3, 1st Floor  
Jalan Setia Nusantara U13/17  
Sek U13, Setia Alam, 40170 Shah Alam  
Selangor Darul Ehsan, Malaysia  
TEL : 03-3343 2228 FAX : 03-3343 7228  
EMAIL : eco-sales@spsetia.com.my

### SYARIKAT KEMAJUAN JERAI SDN BHD (23898-U)

### WAWASAN INDERA SDN BHD (230831-A)

1G & 3G, Medan Bukit Indah Satu  
Bukit Indah, 68000 Ampang  
Selangor Darul Ehsan, Malaysia  
TEL : 03-4293 2255 FAX : 03-4293 5535  
EMAIL : bia-sales@spsetia.com.my

### SETIA PUTRAJAYA DEVELOPMENT SDN BHD (424955-P)

3A, Jalan P9G/7, 62250 Putrajaya, Malaysia  
TEL : 03-8887 8000 FAX : 03-8887 8010  
EMAIL : spj-sales@spsetia.com.my

### BUKIT INDAH (JOHOR) SDN BHD (307260-V)

Wisma S P Setia, 1 Jalan Indah 15/1  
Bukit Indah, 81200 Johor Bahru  
Johor Darul Takzim, Malaysia  
TEL : 07-241 2255 FAX : 07-241 5955/2855  
EMAIL : bij-sales@spsetia.com.my

### KESAS KENANGAN SDN BHD (745817-H)

Pejabat Tapak, Lot 2110, KM 5.5  
Jalan Gelang Patah-Ulu Choh  
81550 Johor Darul Takzim, Malaysia  
TEL : 07-555 2525 FAX : 07-555 2552/2555  
EMAIL : seg-sales@spsetia.com.my

### SETIA INDAH SDN BHD (185555-H)

Wisma S P Setia, 1 Jalan Setia 3/6  
Taman Setia Indah, 81100 Johor Bahru  
Johor Darul Takzim, Malaysia  
TEL : 07-351 2255 FAX : 07-351 2525  
EMAIL : sij-sales@spsetia.com.my

### SETIA PROMENADE SDN BHD (388384-W)

### KEWIRA JAYA SDN BHD (504851-V)

Pearl Island Country Club  
8 Persiaran Kelicap, 11900 Bayan Lepas  
Penang, Malaysia  
TEL : 04-641 2255 FAX : 04-642 2255  
EMAIL : spi-sales@spsetia.com.my

### SETIA-WOOD INDUSTRIES SDN BHD (23725-V)

### S P SETIA MARKETING SDN BHD (175198-P)

Lot 5 & 6, Jalan Indah 1/3  
Taman Industri Rawang Indah  
48000 Rawang  
Selangor Darul Ehsan, Malaysia  
TEL : 03-6092 8022 FAX : 03-6092 0322  
EMAIL : setiawood@spsetia.com.my

### S P SETIA CONSTRUCTION SDN BHD (405936-P)

### SETIA PRECAST SDN BHD (347177-A)

Support Center Setia Alam  
Persiaran Setia Impian, Setia Alam  
Sek U13, 40170 Shah Alam  
Selangor Darul Ehsan, Malaysia  
TEL : 03-3344 3033 FAX : 03-3344 3733  
EMAIL : corp@spsetia.com.my

### S P SETIA ESTATE MANAGEMENT SDN BHD (251637-X)

1G & 3G, Medan Bukit Indah Satu  
Bukit Indah, 68000 Ampang  
Selangor Darul Ehsan, Malaysia  
TEL : 03-4292 8633 FAX : 03-4297 3719  
EMAIL : corp@spsetia.com.my

### SETIABECAMEX JOINT STOCK COMPANY

Ecolakes My Phuoc  
NE2 Highway  
3A Hamlet, Thoi Hoa Commune  
Ben Cat District  
Bin Duong Province, Vietnam  
TEL : 84 650 577 255 FAX : 84 650 577 255  
EMAIL : ecolakes-sales@setiabecamex.vn

### SETIA DUTA ONE SDN BHD (511035-W)

Setia Corporate Tower  
5A, Jalan Setia Nusantara U13/17  
Seksyen U13, Setia Alam, 40170 Shah Alam  
Selangor Darul Ehsan, Malaysia  
TEL : 03-6201 2255 FAX : 03-6201 0068  
EMAIL : corp@spsetia.com.my

### EXCELJADE SDN BHD (765480-D)

Wisma Lumiel, Lot 1, Ground Floor (Corner Unit)  
33, Jalan Yap Kwan Seng  
50450 Kuala Lumpur, Malaysia  
TEL : 03-2171 2255 FAX : 03-2171 1255  
EMAIL : sky-sales@spsetia.com.my

### AEROPOD SDN BHD (767765-P)

B-10-1, 1/F-Block B, Signature Office  
KK Times Square, Off Coastal Highway  
88100 Kota Kinabalu  
Sabah, Malaysia  
TEL : 08-848 6255 FAX : 08-848 6299  
EMAIL : corp@spsetia.com.my

### PELITA DUNIA SDN BHD (185140-X)

Wisma S P Setia, 1 Jalan Bandar Satu  
Pusat Bandar Puchong, 47100 Puchong  
Selangor Darul Ehsan, Malaysia  
TEL : 03-5882 2000 FAX : 03-5882 1230  
EMAIL : corp@spsetia.com.my

### S P SETIA PROJECT MANAGEMENT SDN BHD (246695-X)

Setia Corporate Tower  
5A, Jalan Setia Nusantara U13/17  
Seksyen U13, Setia Alam, 40170 Shah Alam  
Selangor Darul Ehsan, Malaysia  
TEL : 03-3344 8800 FAX : 03-3344 3232  
EMAIL : corp@spsetia.com.my

### SETIA TROPIKA SETIA INDAH SDN BHD (185555-H)

Wisma S P Setia, 1 Jalan Setia Tropika  
Taman Setia Tropika, Kempas  
81200 Johor Bahru  
Johor Darul Takzim, Malaysia  
TEL : 07-237 2255 FAX : 07-237 2225  
EMAIL : st-sales@spsetia.com.my

### SETIAWALK BANDAR SETIA ALAM SDN BHD (566140-D)

Wisma S P Setia, 1 Jalan Bandar Satu  
Pusat Bandar Puchong, 47100 Puchong  
Selangor Darul Ehsan, Malaysia  
TEL : 03-5882 2255 FAX : 03-5882 2722  
EMAIL : setiawalk-sales@spsetia.com.my

### SENDIMAN SDN BHD (729054-X)

Menara Dion, 01-02  
27 Jalan Sultan Ismail  
50250 Kuala Lumpur, Malaysia  
TEL : 03-2078 2255 FAX : 03-2078 1255  
EMAIL : grande-sales@spsetia.com.my

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

[www.spsetia.com.my](http://www.spsetia.com.my)



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