



Builder of Distinction

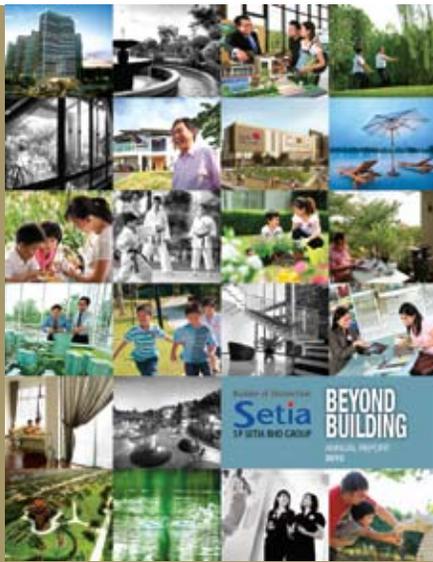
Setia

SP SETIA BHD GROUP

BEYOND BUILDING

ANNUAL REPORT
2010





Beyond Building

S P Setia is committed to offering innovative and standard-setting developments that appeal to a wide spectrum of the property market. From our well-designed townships to thriving commercial hubs, we strive to ensure that our customers are satisfied with the quality and craft of our work. Nevertheless, we are more than just a property developer. We have redefined lifestyles and delivered unique living concepts that have become an integral part of Malaysian lives. Our masterpieces of award-winning designs that include luxurious residences, commercial centres and landscaped townships express our commitment to creating perfectly balanced environments for our buyers. Beyond building, it has always been our philosophy to create sustainable living and working spaces that offer comfort and convenience to the entire community.

COVER RATIONALE



OUR VISION

To be the BEST in all we do

OUR MISSION

We aim to provide superior customer service and satisfy customer needs through a culture of excellence to enhance shareholders' value. At the same time, to be a caring and responsible employer mindful of our social responsibility.

OUR VALUES

- We uphold quality as our first priority
- We are customer-focused
- We are effective and efficient at our tasks
- We practise continuous improvement
- We provide reliable and timely service
- We embrace Information and Communication Technology (ICT)
- We are also profit-orientated

Builder of Distinction

Setia
SP SETIA BHD GROUP



36th

Notice Is Hereby Given that the Thirty Sixth Annual General Meeting of the Company will be held at Function Hall, Canopy Club, 5C, Jalan Setia Nusantara U13/17, Setia Eco Park, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Wednesday, 23 February 2011 at 11.00 a.m.



CONTENTS

4	Group Financial Summary	52	Profile Of Board Of Directors
6	Corporate Profile	58	Corporate Governance Statement
9	Our Awards	65	Audit Committee Report
14	Chairman's Statement	68	Internal Control Statement
18	President's Report	70	Financial Statements
24	Review Of Operations	169	Analysis Of Shareholdings
34	Corporate Responsibility	172	Analysis Of Warrants Holdings
40	Corporate Calendar	174	List Of Material Properties Held By The Group
46	Corporate Information	175	Notice Of Annual General Meeting
48	Corporate Structure	178	Group Directory
50	Board Of Directors		• Proxy Form

GROUP FINANCIAL SUMMARY

Group Five-Year Summary

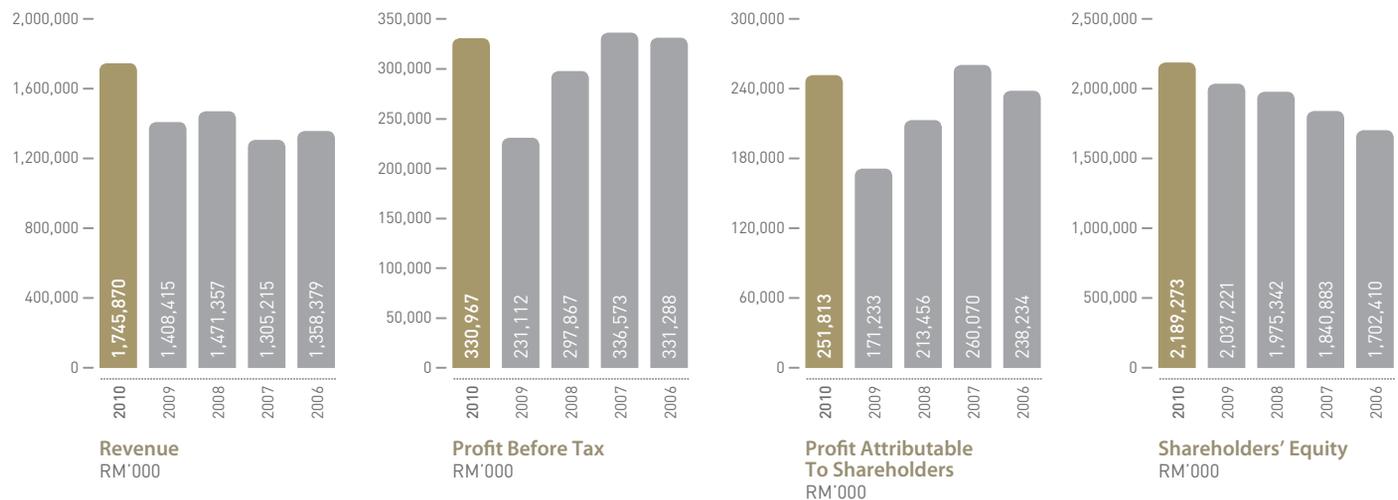
Year Ended 31 October (RM'000)	2010	2009	2008	2007	2006
Revenue	1,745,870	1,408,415	1,471,357 [@]	1,305,215 [@]	1,358,379 [@]
Profit Before Tax	330,967	231,112	297,867 [@]	336,573 [@]	331,288 ^{@#*}
Profit Attributable to Shareholders	251,813	171,233	213,456	260,070	238,234 [#]
Paid-Up Capital	762,606	762,604	762,524	504,454	498,513
Shareholders' Equity	2,189,273	2,037,221	1,975,342	1,840,883	1,702,410
Total Assets Employed	4,386,062	3,952,251	3,560,884 [@]	3,133,353 [@]	2,808,737 [@]
Total Net Tangible Assets	2,188,413	2,036,351	1,974,462	1,839,993	1,701,511 [*]
Earnings Per Share (sen)	24.8	16.8	21.0	25.8 [^]	24.0 [^]
Gross Dividend Per Share (sen)	20	14	17	25	30
Net Tangible Assets Per Share (RM)	2.15	2.00	1.94	2.74	2.56
Share Price – High (RM)	5.27	4.62	5.60	9.45	4.02
Low (RM)	3.51	2.39	2.65	3.92	3.06

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

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

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

^{*} In compliance with new/revised Financial Reporting Standards adopted in FY2007, the comparative figures have been restated.



The Group achieved a
new sales record of
RM2.31
billion in FY2010.

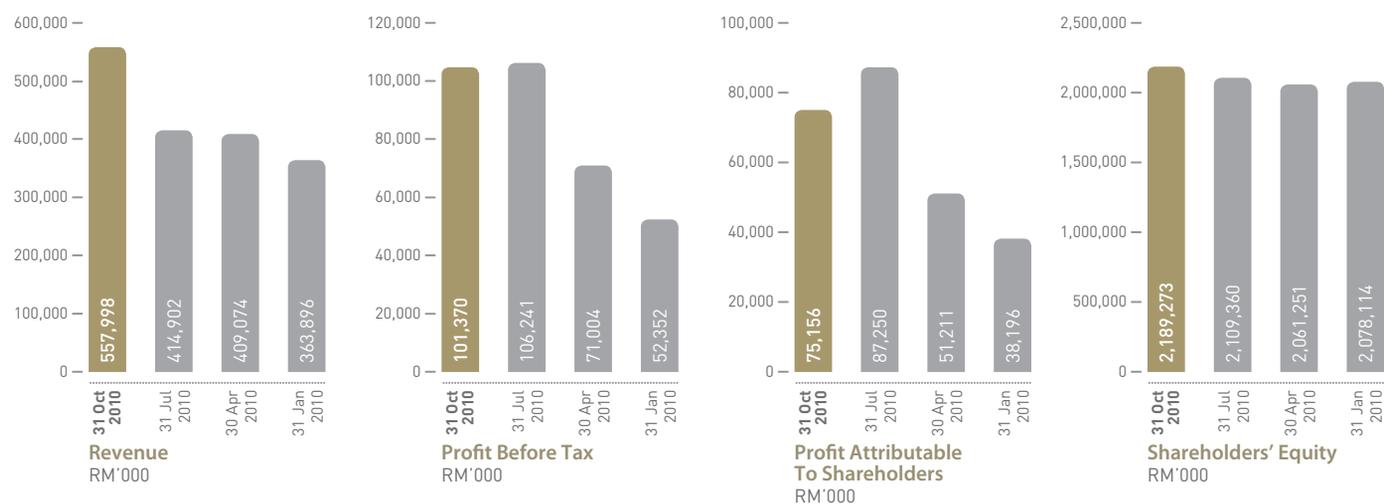
Group Quarterly Summary

Quarter Ended (RM'000)	31 October 2010	31 July 2010	30 April 2010	31 January 2010
Revenue	557,998	414,902	409,074	363,896
Profit Before Tax	101,370	106,241	71,004	52,352
Profit Attributable to Shareholders	75,156	87,250	51,211	38,196
Paid-Up Capital	762,606	762,604	762,604	762,604
Shareholders' Equity	2,189,273	2,109,360	2,061,251	2,078,114
Total Assets Employed	4,386,062	3,889,768	3,746,001	3,827,766
Total Net Tangible Assets	2,188,413	2,108,497	2,060,385	2,077,246
Earnings Per Share (sen)	7.4	8.6	5.0	3.8
Gross Dividend Per Share (sen)	14	-	6	-
Net Tangible Assets Per Share (RM)	2.15	2.07	2.03	2.04

Net profit increased by

47%

from the previous year.



CORPORATE PROFILE

S P Setia Berhad is recognised as Malaysia's leading listed real estate player with a proven track record of innovation-driven and standard-setting developments with a portfolio that encompasses townships, eco sanctuaries, luxury enclaves, high-rise residences and commercial developments.

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

In 2010, S P Setia was ranked No.1 in The Edge Malaysia Top Property Developers Awards for the 5th time, the only developer to have achieved this feat since the inception of the awards. The Group was again named Malaysia's Best Property Developer by Euromoney in 2010, having won this award several times in previous years.

S P Setia is also the only Malaysian developer to be recognised twice by the International Real Estate Federation (FIABCI) for Best Development Master Plan at the FIABCI Prix d'Excellence Award in 2007 for Setia Eco Park in the Klang Valley and in 2009 for Setia Eco Gardens in Johor Bahru.

Locally, the Group has four FIABCI Malaysia Property Awards to its name being Best Low-Rise Residential Development for Setia Eco Park in 2010 and Duta Nusantara in 2006; and Best Master Plan for Setia Eco Park in 2006 and Setia Eco Gardens in 2008.

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

Today, the Group is well-established in the three key economic centers 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.





Corporate Profile



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

Leveraging on the strong demand for commercial and investment grade properties, S P Setia has also expanded into the commercial sector with projects such as SetiaWalk Puchong, Setia Avenue a commercial hub located in Setia Alam, the Group's first maiden retail mall project called Setia City Mall in Setia Alam and the upcoming Kuala Lumpur Eco City. In July 2009, it also launched its first luxurious high-end condominium called Setia Sky Residences in Kuala Lumpur City Centre.

In Johor Bahru, it has made its mark through signature developments such as Bukit Indah and Setia Eco Gardens in the Nusajaya Corridor, Setia Indah in Tebrau and Setia Tropika in Kempas.

S P Setia has also made in-roads into Penang with Setia Pearl Island located at Bayan Lepas, Setia Vista in Relau and Setia Greens in Changkat Sungai Ara.

In tandem with its expansion exercise, S P Setia is set to make its presence felt in East Malaysia having entered into a development agreement with the State Government to build a state-of-the-art transportation hub in Kota Kinabalu, Sabah and develop an integrated commercial hub there called Aeropod @ Tanjung Aru.

Overseas, the Group has a growing presence in Vietnam since 2007 with its first joint venture development of EcoLakes at My Phuoc. This ground-breaking eco sanctuary 30km outside Ho Chi Minh City (HCMC) was named First Runner-up in the FIABCI Prix d'Excellence Award for Best Development Master Plan in 2010. Following this, the Group is planning a mixed development project called Eco Xuan at Lai Thieu in Tuan An District, Binh Dong Province.

S P Setia has also expanded its business into Melbourne, Australia and is exploring opportunities in Singapore and China.

OUR AWARDS



As a “Builder of Distinction”, **S P Setia** is committed to creating value for our customers. While our efforts have been recognised both locally and internationally in the form of numerous awards, our greatest reward is receiving the trust of over 100,000 homeowners who have chosen to live in our developments.

Thank you for helping us achieve our dreams.

Our Awards



2010

- Five-time No. 1 Property Developer in The Edge Malaysia Top Property Developers Awards
- Best Low-Rise Residential Development for Setia Eco Park in FIABCI Malaysia Property Award 2010
- Runner-up for World's Best Master Plan Development for EcoLakes, My Phuoc, Vietnam in FIABCI International Prix d'Excellence Awards 2010
- Malaysia Best Property Developer in Euromoney Real Estate Awards 2010
- Gold Award 2010 for Eco Gallery, Setia Eco Gardens from BCA Green Mark
- Asia Pacific Residential Property Awards, 5 Stars Best Development for EcoLakes, My Phuoc, Vietnam



2009

- Top 3 Since 2003 and Ranked No. 1 for four consecutive years from 2005 to 2008 in The Edge Malaysia Top Property Developers Awards
- Best Employer Award in a Survey by Hewitt Associates and The Edge
- World's Best Master Plan Development for Setia Eco Gardens in FIABCI International Prix d'Excellence Awards 2009



- Malaysia Best Property Developer in Euromoney Real Estate Awards 2007
- World's Best Master Plan Development for Setia Eco Park In FIABCI International Prix d'Excellence Awards 2007
- Ranked No. 1 in The Edge Malaysia Top Property Developers Awards 2007
- Malaysia Best Property Developer in Euromoney Real Estate Awards 2006
- Best Master Plan Development for Setia Eco Park in FIABCI Malaysia Property Award 2006
- Best Low-Rise Residential Development for Duta Nusantara in FIABCI Malaysia Property Award 2006
- No. 1 in The Edge Top Property Developers Awards 2005
- Best Property Developer in Malaysia in Euromoney's Awards for Excellence in Real Estate 2005
- No. 3 in Hewitt Associates' Top Ten Best Employers in Malaysia 2005 Survey

2008

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

2007

- Tan Sri Liew Kee Sin voted Property Man of the Year in FIABCI Malaysia Property Award 2007
- Top Ten Best-Managed Companies in Malaysia in FinanceAsia's Asia Best Companies 2007
- Top Ten Best Corporate Governance in Malaysia in FinanceAsia's Asia Best Companies 2007
- Top Ten Best Investor Relations in Malaysia in FinanceAsia's Asia Best Companies 2007

2006

- Ranked No. 1 in The Edge Malaysia Top Property Developers Awards 2006
- Forbes Asia Best Under US\$1 Billion Award for 2006
- Top Ten of Corporate Governance Survey Report 2006 by MSWG
- 2006 Johor State Landscape Award (Neighbourhood Park Category) for Setia Tropika Johor
- LAMAN Lifestyle Gold Award at The Malaysia International Landscape & Garden Festival 2006

2005



- Setia Precast Sdn Bhd – Winner of Major Scale Project Category in Malaysia Construction Industry Excellence Award 2005
- Forbes Asia Best Under a Billion Award 2005





CARING COMMUNITIES

Our philosophy is to create meaningful environments for meaningful lifestyles. We believe that investments in first-rate infrastructure and access to facilities and amenities nurture an environment where one can live, learn, work and play.

CHAIRMAN'S STATEMENT



Dear Valued Shareholders,

It has been another momentous year for the S P Setia Berhad Group as we achieved a new sales record of RM2.31 billion for FY2010 ending 31 October. This represents a 40% increase from our previous FY2009 record of RM1.65 billion.

FY2010 also marks the third consecutive year of increase in the Group's new sales,

and the seventh consecutive year since FY2004 that total Group sales have exceeded the RM1 billion mark.

Our impressive sales numbers are a testament of the Group's strong branding and product desirability in all our developments and across market segments. Sales remained strong since the start of the year due to the Group's proactive moves in 2009 which focused on capturing market

share in the luxury high rise and integrated commercial sector, whilst further consolidating our lead in the landed residential segment.

This move has borne much fruit despite the financial turbulence prevailing at the time and the Group continued to invest substantially in improving both infrastructure and amenities in all our developments.

“Total dividend for the year is 20 sen per share, representing a payout of approximately 60.6% of the Group's net profit.”



Chairman's Statement

As a result we have seen significant price increases in all our properties, despite the withdrawal of some elements of the financial incentives introduced during our initial 5/95 campaign. This has enabled product margins to return to normalised levels, the effects of which will be seen from FY2011.

Rewarding shareholders

I am pleased to announce that the Group achieved a net profit of RM251.8 million on the back of revenue totalling RM1.7 billion in FY2010, representing an increase of 47% and 24% respectively over the results for the preceding year.

The results achieved can mainly be attributed to the innovative marketing campaigns introduced by the Group during the year namely the Best for the Best and Invest SetiaHomes campaigns.

Keeping to the Group's long-standing dividend policy of paying out a minimum of 50% of its profit after tax to shareholders, the Board has recommended a final dividend of 14 sen per share for the financial year ended 31 October 2010. Together with the interim dividend of 6 sen per share, total dividend for the year works out to be 20 sen per share, representing a payout of approximately 60.6% of the Group's net profit.

Awards and recognition

It has been another rewarding year for the Group, not only in terms of sales achieved but recognition as well. Our hard work in the past year has been rewarded in that we have several awards added to our growing list.

We are back as Malaysia's No.1 Property Developer for The Edge Malaysia Top Property Developers Awards. This makes it the fifth time that we have been ranked No.1 – the only property developer in Malaysia to achieve this feat. On the same subject, we have also been recognised as Malaysia's Best Property Developer by Euromoney at the Real Estate Awards 2010, having won this award several times in previous years.

I am also very pleased to report that we have added another FIABCI award to our name with Setia Eco Park emerging the winner at the Malaysia Property Award 2010.

Six years ago, no one could have imagined what Setia Eco Park would turn out to be like. It was a dream which won accolades from both FIABCI Malaysia and FIABCI International for Best Master Plan Development. Today, that dream has become a reality with recognition yet again from FIABCI Malaysia as 2010's Best Low-rise Residential Development.

As the Group continues to build a strong base in our homeland, we are also looking beyond our shores for good opportunities. We are proud that our first development in Vietnam, EcoLakes at My Phuoc has won two international accolades. They are the Asia Pacific Residential Property Awards for Best Development, Vietnam and at the international level it achieved Best Master Plan (1st Runner-up) at the FIABCI Prix d'Excellence Awards 2010.

These awards are testimony to the strong foundations we have built, making it possible to achieve recognition even when we spread our wings overseas.

Commitment to stakeholders and community

As the Group expands globally and locally, we remain steadfast in our delivery promise to our customers – providing innovation-driven products with the highest quality and good customer service. At the same time, we continue to nurture communities in all our developments by engaging our residents in various activities that promote neighbourliness, cohesiveness and understanding among cultures.

One success story would be our Setia Kids Club – a community children's club organised primarily for the children who reside in S P Setia developments but open



We are back as Malaysia's No. 1 Property Developer for The Edge Malaysia Top Property Developers Awards. This makes it the fifth time that we have been

ranked No. 1

– the only property developer in Malaysia to achieve this feat.





WE CONTINUE TO NURTURE THE COMMUNITIES

in all our developments by engaging our residents in various activities that promote neighbourliness, cohesiveness and understanding among cultures.

to all children who would like to join us. As one of S P Setia's primary corporate social responsibility initiatives, its objectives are to provide children between the ages of 5 and 12 with wholesome activities that emphasise creative expression, environmental awareness and community spirit.

Our involvement with children continues beyond the organisation level through our S P Setia Foundation which celebrated its 10th anniversary this year. Our annual Charity Dinner held on 25 July successfully raised RM5.87 million – the highest ever amount collected since the inception of the Foundation in 2000.

Over the last 10 years, the Foundation has raised a total of RM40.79 million for its charitable causes with approximately RM17.5 million spent on the Setia Adoption Programme (SAP). In 2000, the programme had only 79 primary school children but today, the Foundation provides assistance to 2,400 primary and secondary school students nationwide irrespective of race. Students come from 119 schools in Kuala Lumpur, Selangor, Johor, Penang, Kedah, Perlis and Pahang.

Apart from the SAP, the Foundation has also spent RM2.4 million for education over the past 10 years on the purchase of new desks and chairs, furniture and fittings, books, multimedia system and some special education training equipments for the schools while RM1.34 million has been spent to provide scholarships to needy students to assist them in their tertiary education.

Acknowledging contributions

This year marks another milestone for the Group as we expand our reach to include Australia. Setia Melbourne is an exciting new venture that will enrich the Group's experience in the international arena. Closer to home, we can also expect new projects to come on board with the conclusion of several land deals.

The success of the Group's growth must be attributed to the Management Team led by Tan Sri Dato' Sri Liew Kee Sin, whose unwavering commitment in delivering value, quality products and services to our customers enables the Group to

continuously scale greater heights. Indeed Team Setia remains the Group's most valuable asset in making us who we are today.

We also celebrate the conferment of two Datukships to members of our senior management team. On behalf of the Board of Directors I would like to congratulate our Executive Vice Presidents Dato' Chang Khim Wah on his conferment of the Darjah Setia Pangkuan Negeri from Yang Di-Pertua Negeri Pulau Pinang which carries the title Dato' and Dato' Teow Leong Seng on his conferment of the Dato' Sultan Sharafuddin Idris Shah from Sultan Selangor which carries the title Dato'.

To our customers, business associates and valued shareholders, thank you for your support over the years and I hope this good relationship that we have built will continue to flourish well into the future.

Tan Sri Abdul Rashid Bin Abdul Manaf
Chairman



PRESIDENT'S REPORT

“2010 was an outstanding year for the Group with a **40% increase in new sales** and a **47% leap in net profit from the preceding year.**”



The impressive sales numbers are a direct result of several key strategic decisions taken by management over the last two years to invest substantially in value creation across all our projects thereby further enhancing the premium brand positioning the Group enjoys. Along with the innovative marketing campaigns conducted, these proactive measures have enabled us to tap effectively into the strong underlying demand for good properties fueled by the increasingly confident business and consumer sentiment and a highly supportive financial sector.

Projects which contributed to the Group's strong performance in FY2010 include Setia Alam and Setia Eco-Park at Shah Alam; SetiaWalk at Pusat Bandar Puchong; Setia Sky Residences at Jalan Tun Razak; Bukit Indah, Setia Indah, Setia Tropika and Setia Eco Gardens in Johor Bahru; Setia Pearl Island and Setia Vista in Penang.

The above projects provided a solid and resilient earnings base for the Group, enabling us to explore new key growth drivers like luxury high-rise, commercial developments and international expansion.



President's Report

Branding and value creation

The Group took to new heights in marketing its properties when it unveiled a unique partnership with Firefly in March 2010. A first in the property industry, the tie-up entailed all seven of the airline's European-made ATR-500s carrying the S P Setia brand internally and externally. This partnership also marked aviation history as no airline in Malaysia has sealed a deal encompassing its entire fleet.



The tie-up is beneficial in increasing awareness of the S P Setia brand and enables us to promote our latest properties in the air. It gives us the perfect platform to reach new markets in the country and around the region as the airline has more than 72 flights a day carrying over 4,000 passengers. This presents opportunities to introduce the best of Malaysian properties to locals and foreigners alike.

Whilst we continued to brand build, we also remained committed to adding value to our ongoing projects. In Setia Alam, the Group disposed a non-core investment property – the Tesco Hypermarket. This move will further augment our capacity and commitment to expedite the development of our Setia City commercial precinct in Setia Alam to include not just the Setia City Mall but also offices and other commercial offerings.

On that note, we have embarked on an exciting new chapter in the growth of the Group's flagship Setia Alam and Setia Eco Park projects, having officially launched the 240-acre integrated commercial precinct called Setia City in October 2010.

Setia City is definitely set to transform the skyline of Shah Alam and complete the Setia Alam Township to one that fully embraces the Group's ambition of creating meaningful environments for all. With the launch of Setia City, we also hope to set a new benchmark in green development as this will be the first integrated project that aims to have all its buildings certified under Malaysia's Green Building Index (GBI).

Going green has always been an important factor in our corporate social responsibility efforts and we are constantly looking at

ways to incorporate sustainability in all our developments. At S P Setia, we strongly believe in doing the best we can to help preserve and improve the environment.

Accordingly, our new corporate headquarters at Setia City – a 9-storey main tower with a 4-storey annexe and basement car park will be a green building which we expect to be completed by the end of 2012. We are delighted to be joined in our efforts to promote sustainable buildings by two outstanding Malaysian corporates namely Top Glove Corporation Berhad and Khind Holdings Berhad which have also chosen to build their own green corporate towers alongside us at Setia City.

With these exciting new developments underway, residents of Setia Alam and Setia Eco Park will soon be able to experience the full spectrum of our *LiveLearnWorkPlay* development philosophy. Apart from the development profits which will be derived, the launch of Setia City demonstrates our unwavering commitment to ongoing value creation for the benefit of our customers. This will in turn enable the Group to sustain the premium pricing of our products.

Strong Malaysian foundations

Despite the continued turbulence in the world economy, the Malaysian property market in 2010 proved to be structurally sound and resilient.

The Group's No.1 position, achieved as a result of our consistent execution, solid delivery track record and commitment to quality, was reaffirmed for the 5th time in 2010 through The Edge Malaysia Top Property Developers Awards.



The Group's sales success was inspiring in that all market segments – from our traditional townships in the Klang Valley, Johor Bahru and Penang to our new ventures into integrated commercial and luxury high-rise – performed phenomenally.

The success of SetiaWalk, our first integrated commercial project, and Sky Residences, our maiden luxury high-rise, were of particular note. Our achievement in identifying and meeting the needs of customers in these new market segments are important preparatory steps for our upcoming KL Eco City project opposite Mid Valley City in the Klang Valley. Slated for launch in 2011, KL Eco City is an exciting new integrated green commercial and residential project which we are targeting to be both GBI and US LEED-certified. The project is set to propel the Group to new heights as a property developer.

In Johor Bahru, all four projects namely Bukit Indah Johor, Setia Indah, Setia Tropika and Setia Eco Gardens continued to lead the market both in terms of total sales achieved at RM607 million in FY2010 as well as product innovation and creativity. From simple beginnings in pure township offerings, our product range has now expanded to cover luxury villas, lifestyle offices, detached and semi-detached factories, condominiums and serviced apartments. With 1,240 acres remaining landbank in Johor Bahru, we look forward to taking advantage of the exciting happenings in the Iskandar region to further broaden and deepen our already dominant position in Johor Bahru.

In line with the Group's confidence in the Malaysian property market, we closed several land deals during the year and are excited at the prospects of introducing

these new projects to the market. These include a new 259-acre development in Johor Bahru called Setia Eco Kaskadia and three niche developments in Penang namely Setia V Residences @ Gurney, Setia Greens and Brook Residences.

Growing abroad

In March 2010, the Group announced the purchase of a 46,715 sq ft piece of land in the heart of Melbourne's Central Business District (CBD) for RM92.4 million. This new venture called Fulton Lane, Melbourne, is in line with the Group's strategy since 2007 to extend its reach beyond Malaysian shores.

As the second most populous city in Australia, Melbourne boasts a diverse multicultural city and melting pot with a significant overseas-born population. Fulton Lane's close proximity to several premier Australian universities and colleges enables us to both tap into and meet the needs of our Malaysian customer base, many of whom have children who are intending to further their education in Melbourne and are therefore looking to invest in properties there.

FY2010 also saw the Group expanding further in Vietnam. The success of EcoLakes at My Phuoc in the Binh Duong province has reinforced the Group's belief in the long term potential of the Vietnamese property market. We will shortly be venturing into another mixed-use project called EcoXuan at Lai Thieu, also in the same province. The 27-acre EcoXuan is located 16km north of Ho Chi Minh City (HCMC) and 2.5km from Phase 1 of the Vietnam Singapore Industrial Park (VSIP1) – a world-class industrial park initiated by the governments of Vietnam and Singapore.

The close proximity of the project to the thriving VSIP1 and HCMC offers the Group a unique opportunity to target a choice spectrum of buyers ranging from growing families to the established businessman seeking to capitalise on good value dwellings at Binh Duong prices but located at the doorstep of HCMC.

Moving forward

The Group's success in breaking through to new markets in addition to our traditional stronghold in the landed residential segment us confidence in our capability and capacity to grow the value of our sales even further.

We expect FY2011 to be an exciting and busy period for the Group as we move to conquer new frontiers with the upcoming launch of KL Eco City, and all the other new projects we are planning to unveil in the coming year.

As we forge ahead with our plans, the demands that will be placed on Team Setia will be great. However, with the support of our valued business associates, consultants, contractors and financiers who together with us form the greater Team Setia, we are confident of meeting the ambitious targets set. We look forward to an outstanding 2011 where we can continue to scale greater heights of achievement for the benefit of all stakeholders and particularly you, our valued shareholders.

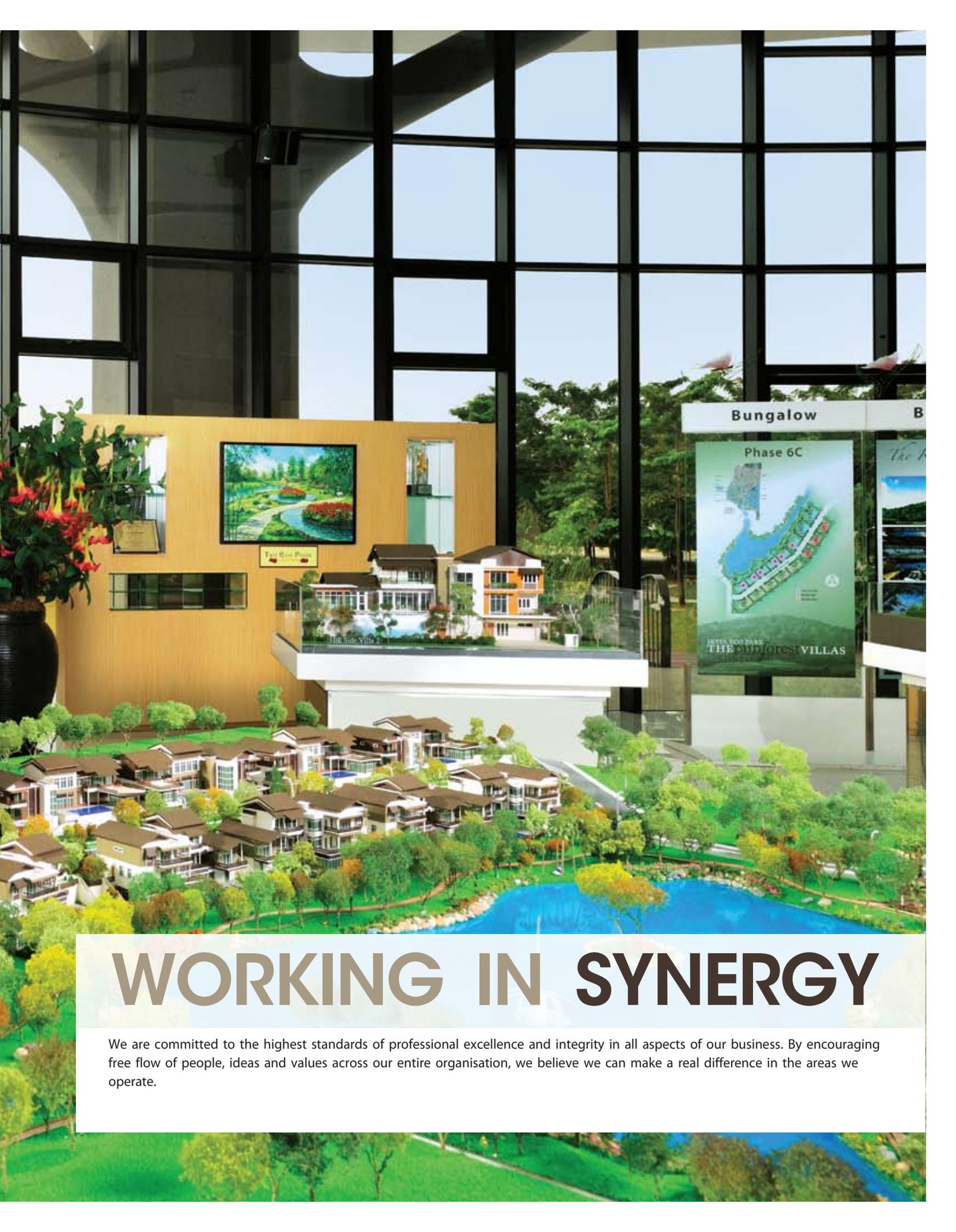
Tan Sri Dato' Sri Liew Kee Sin
President/Chief Executive Officer

All market segments – from our traditional townships in the Klang Valley, Johor Bahru and Penang to our new ventures into integrated commercial and luxury high-rise –

**performed
phenomenally**







WORKING IN SYNERGY

We are committed to the highest standards of professional excellence and integrity in all aspects of our business. By encouraging free flow of people, ideas and values across our entire organisation, we believe we can make a real difference in the areas we operate.



REVIEW OF OPERATIONS

The Group recorded a **46% jump** in future billings in FY2010.



Review of Operations





It was a record-breaking year for the Group in terms of sales as our back-to-back marketing campaigns of Best for the Best and Invest SetiaHomes proved a huge success, chalking in total sales of RM2.31 billion. FY2010 is the third consecutive year of increase in sales with the Group recording a 46% jump in future billings.

Property development continues to be the main driver of earnings for the Group recording 85% of the total turnover of

RM1.75 billion.



We sealed our position as Malaysia's No.1 Property Developer again, winning the title for the 5th time in The Edge Malaysia Top Property Developers Awards 2010. This feat can be attributed to the great teamwork within Setia and with our business partners.

The Group's execution prowess and ability to identify first-mover advantage opportunities puts us in good stead to build our brand, justifying the good capital appreciation of our properties.

Property development continues to be the main driver of earnings for the Group recording 85% of the total turnover of RM1.75 billion in FY2010. The remaining 15% was contributed by the Group's construction and manufacturing arm.

KLANG VALLEY

This is the 5th year of consecutive sales growth for our projects in the Klang Valley where the Group is well recognised by its flagship developments of Setia Alam and Setia Eco Park. Located in Shah Alam, both projects chartered combined sales of RM1.17 billion

out of total sales of RM1.54 billion for the Group's projects in the Klang Valley. Other projects that contributed to this impressive number were SetiaWalk in Pusat Bandar Puchong and the luxury high-rise of Setia Sky Residences in KL City Centre. In the year under review, a total of 2,450 units were sold.

Setia Alam, Shah Alam

The 2,525-acre township in Shah Alam was the best performer in terms of group sales, recording RM770 million with a total of 1,676 units sold. Sales eclipsed the previous full-year high by 90% with the standard terraced house seeing an average price increase of 16% per annum since our maiden launch in 2004.

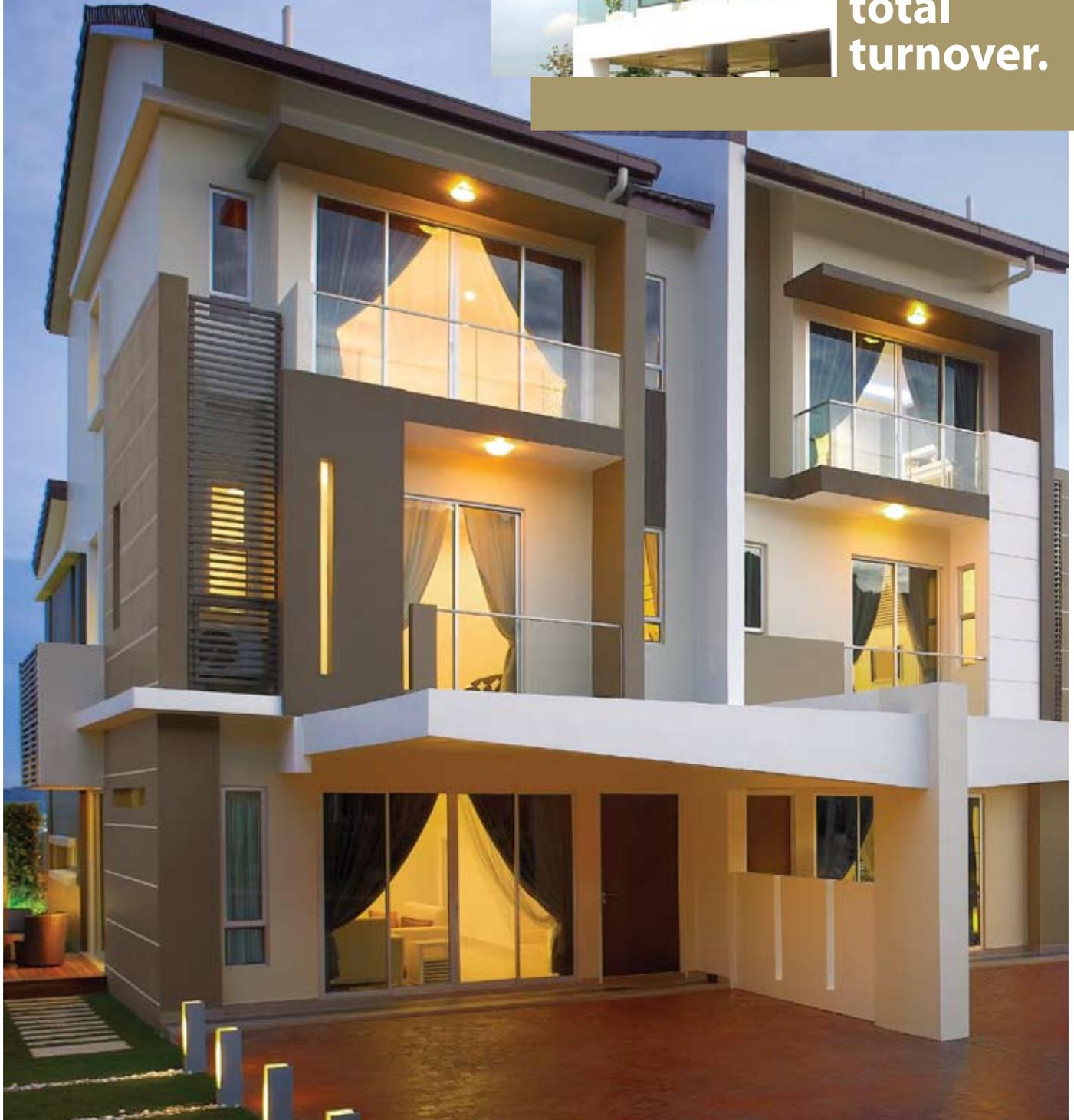
Over the last four years, the township of Setia Alam has experienced exponential growth in terms of infrastructure and amenities. The Group's commitment to continuously add value to the township took a leap forward when it managed to attract renowned property player Lend Lease to jointly invest in the development of a retail centre to be known as Setia City Mall.

Review of Operations



The Group was the top selling developer in Johor with its four projects contributing

29% of total turnover.



**SETIA ALAM, SHAH ALAM**

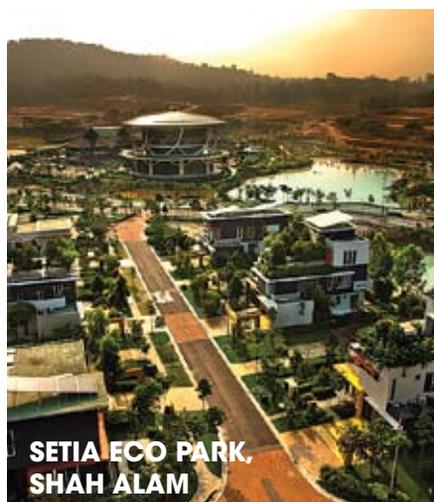
The new mall will form the focal point of Setia City – a 240-acre integrated green commercial hub that will set a new benchmark in green development. Setia City aims to be the first integrated project to have all its buildings certified under Malaysia's Green Building Index.

During the year, Setia Alam continued to strengthen community ties with its residents, organising a Hari Raya open house as a thank you to its loyal customers. Themed *The Spirit of Muhibbah in Aidilfitri*, the gathering serve as a platform to instil the spirit of neighbourliness and harmony amongst the many races and religions that call Setia Alam home. Other community outreach programmes include monthly recycling campaigns, blood donation drives, food cooking demos, sightseeing trips and the Setia Kids Club.

Setia Eco Park, Shah Alam

This low density and exclusive enclave of semi-detached houses and bungalows recorded strong sales during the year under review of RM396 million which amounts to 241 units in total. Despite cautious market sentiments, this 24-hour gated and guarded enclave with lifestyle offerings has since 2005 been attracting upgraders and enjoying strong sales and premium pricing. The semidees have seen an average price increase of 21% per annum since the maiden launch.

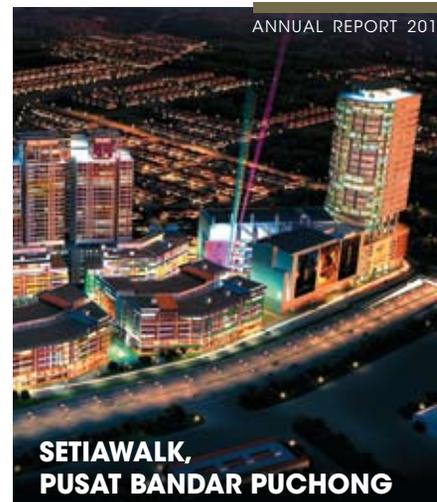
With more than 1,000 occupants now living in Setia Eco Park, we began organising

**SETIA ECO PARK, SHAH ALAM**

monthly activities for residents to get to know each other. Amongst them were a Green Bazaar, Jazz Musical Night, World Cup Football Fiesta and field trips to nature-inspired getaways.

Continuing to build on its strength in landscaping, Setia Eco Park unveiled its themed garden called the Sunburst Plateau which was completed in June and is the latest addition to its Summer Gardens Collection.

The year under review saw the launch of Phase 8C comprising 76 units of semidees.

**SETIAWALK, PUSAT BANDAR PUCHONG**

These homes take conservation one step further by utilising green technology in daily life as each unit is equipped with a Building-integrated PhotoVoltaic (BiPV) system and a solar water heating system that captures the renewable resource of the sun's light and converts it into energy, reducing reliance on traditional sources of electricity. The aesthetics of these green homes also conceal a rainwater-harvesting system that collects Malaysia's abundant rainfall. This water is then used for chores like cleaning pavements, watering plants, and washing cars.

Review of Operations



SETIA TROPIKA JOHOR

Setia Eco Park ended the year with a well-deserved award to its name – the FIABCI Malaysia Property Award 2010 for Best Low-Rise Residential Development. This is the third recognition from FIABCI, reaffirming the development's commitment to quality excellence.

SetiaWalk, Pusat Bandar Puchong

Positioned as a boutique lifestyle development that appeals to the trend-setter, SetiaWalk recorded total sales of RM227 million which amounted to 388 units.

The Group's final parcel of development in Pusat Bandar Puchong, SetiaWalk spans 20.8 acres of prime land fronting the LDP (Lebuhraya Damansara-Puchong) Highway. Poised to transform the face of Puchong by introducing a revolutionary lifestyle experience for dwellers and shoppers alike, this integrated hybrid development comprises both retail blocks and serviced apartments.

The confirmation of the extension of Kelana Jaya and Ampang line LRT extensions has added more buzz to the development as one of the proposed stations is expected to be positioned opposite the development.

As part of our continuing efforts to ensure the success and vibrancy of SetiaWalk, we are going the extra mile to provide pre-



SETIA ECO GARDENS

leasing services. A dedicated pre-leasing team has identified a list of potential suitors and matched them with our buyers to ensure an exciting tenancy mix and add value to the entire development.

More than 60% of the units have been tenanted as the development targets its retail offices to open for business in April 2011 with the Entertainment Centre operational by December 2011.

Setia Sky Residences, Kuala Lumpur

The expansion of our product range to include luxury high-rises bodes well for the Group. The demand for affordably priced smaller units in the city centre continues to climb and we have been able to take advantage of this by increasing our launch price for subsequent blocks of Setia Sky Residences.

In the year under review, Setia Sky Residences recorded RM143 million in sales amounting to 144 units. The development has seen an average increase of 25% in price per sq ft (psf) for each tower launch starting from RM680 psf for Boheme Tower to RM760 psf for Alia and now RM1,050 for Celeste.

Overseas promotion on the development continued steadily throughout the year with participation in property exhibitions in China, India, Korea and Indonesia to name a few.



JOHOR

The Group's projects in the southern region contributed 29% towards total turnover in FY2010 with the market remaining strong and resilient. The Group was the top selling property developer in Johor selling 1,614 units with a total sales value of RM607 million.

Currently, the Group has four ongoing projects which are Bukit Indah Johor, Setia Indah, Setia Tropika and Setia Eco Gardens. We believe products with attractive value propositions in terms of location, master plan, amenities, design and pricing will continue tapping into the resilient demand pool.

Bukit Indah Johor

The most matured township of our Johor developments, Bukit Indah was the best performer in the southern region ringing in sales of RM242 million amounting to 641 units. This can be attributed to the township's easy access to Singapore via the second link and a thriving commercial centre with a host of facilities and eateries.

With the AEON Shopping Centre and Tesco Hypermarket fully operational, Bukit Indah has become an address of choice. Its launch of The Sky Executive Suites in the third quarter of FY2010 was sold out in just days. The Sky Executive Suites comprises two majestic towers, each 25-storeys and are the tallest buildings in the region, commanding exceptional views of the



Straits of Johor. With this new addition to the township, Bukit Indah is poised to reap the fruits of our earlier investments.

Setia Indah Johor

Setia Indah is a matured and self-sustained township with comprehensive facilities and infrastructure. At the tail-end of its development, Setia Indah continues to attract purchasers who appreciate not only quality homes but those set against a lush tropical living environment. For the year under review, it sold 315 units totalling RM112 million.

With majority of its new products already 80% sold, the development is now focussing on community activities that promote a more environmentally-friendly living experience. These include monthly recycling campaigns, gotong-royong activities and the Setia Kids Club.

Nonetheless, Setia Indah had one last surprise for discerning homeowners. In September 2010, a flagship product for the township called The Z Bungalows were launched. These are a collection of lavish residences where each unit is individually protected by 10 security features that work synergistically around-the-clock for residents to live in total luxury, comfort and peace of mind.

Setia Tropika Johor

Setia Tropika has been touted as one of the fast-growing developments in Johor

Bahru. The 740-acre township recorded total sales of RM173 million, selling 407 units for FY2010. Since its inception five years ago, the township has more than 2,500 units of occupied residences and commercial lots, with more to come.

The opening of Johor Bahru's first Maybank lifestyle concept banking centre with drive through ATM and Malaysia's first drive through Starbucks Coffee outlet sets Setia Tropika apart from the other developments in the vicinity.

With the CBD being home to international and household brands such as Pizza Hut, KFC, Starbucks and Maybank, Setia Tropika introduced to market its first high-rise residential development called Sky Gardens Residences. This will feature an exciting 15,000 sq ft signature Sky Garden, the first-of-its-kind vertical gardens guaranteed to change the way people perceive nature.

Setia Eco Gardens

Setia Eco Gardens recorded sales of RM80 million for the year under review totaling 251 units. The award-winning development received a new accolade when its Eco Gallery was awarded the BCA Green Mark Gold Award accreditation for an existing building from Singapore-based BCA (Building and Construction Authority).

Eco Gallery is the venue for most of Setia Eco Gardens' community activities aimed at promoting a green lifestyle. In August 2010, the development organised a month-

long Eco-devotion Campaign with the theme of "Celebrating ECO" which featured a hybrid car show, organic culinary competition, recycling campaign, eco-games stalls and health awareness campaign.

PENANG

Up north, the Group is carving a niche in Penang as the limited supply of landed residential property on the island ensures that new product launches are often well-received. The northern region contributed 7% of the Group's total turnover and recorded sales of RM171 million.

Currently, S P Setia has two active projects in Penang which are Setia Pearl Island and Setia Vista with another three new ones planned for FY2011. These include Setia V Residences @ Gurney, Setia Greens and 11 Brook Residences.

Setia Pearl Island

For the year under review, Setia Pearl Island sold 456 units totalling RM134 million. It also launched a high-rise parcel called Reflections, located in the commercial precinct of the project. Pricing for the 29-storey Reflections offer 317 units, with a choice of five spacious floor plans and built-ups ranging from 1,077 to 1,512 sq ft. The RM150 million development is one of Penang's most anticipated projects and will include both a sky garden and a rooftop garden for added privacy, tranquillity and inspiration.

Setia Vista

Meanwhile, Setia Vista, which is located at Lebuhraya, some 5km away from Setia Pearl Island sold 54 units amounting to RM36 million. Offering the best in tropical living, Setia Vista is located in one of Penang's most desirable communities. The development is a guarded enclave and near to some of the finest forest reserve land in the country.



A photograph of a desk with a laptop, a green plant, and a window with blinds. The scene is brightly lit, suggesting a modern office environment. The laptop is open on the left, and the plant is in the center. The window with blinds is in the background, providing a view of the outdoors.

VALUING INNOVATION

We understand the value of innovation and constantly strive to improve and enhance our projects the best we can. We make every effort to ensure that your Setiahome is built to meet the highest standards, incorporating innovative designs which are hallmarks of our developments.

CORPORATE RESPONSIBILITY



We are committed to building sustainably in every aspect of our business, focussing on the 3Rs – Reduce, Reuse, Recycle.

ECO

Environment **Community** **Organisation**

Our successes and achievements are the result of teamwork and we continue to build creativity into our culture. We aspire to be a leader in every sense of the word, originating groundbreaking ideas and concepts in all our endeavours.

Our longstanding commitment to the community has been our greatest strength. Our goal, whether in philanthropy or engagement with our customers is to build capacity as we continuously provide avenues through which our customers and beneficiaries can realise their personal aspirations.



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

Corporate Responsibility

S P Setia's corporate responsibility charter took form in 2007 after many years of social work carried out through our charity trust – the S P Setia Foundation. Over the last 10 years, the Foundation has raised RM40.79 million that has been utilised to aid the underprivileged and deserving. Realising that Corporate Responsibility (CR) encompasses more than just philanthropy; our CR charter was created to better express our goals and aspirations.

Solar-powered homes

On the Environment front, our *LiveLearnWorkPlay* development philosophy of creating meaningful environments gained further affirmation when Setia Eco Park – our award-winning development in Setia Alam, Shah Alam partnered with the Malaysian Energy Centre (MEC) to develop the country's first energy-efficient homes powered by BIPV (Building Integrated PhotoVoltaic) solar technology.

The pilot launch of 20 energy-efficient bungalows was a sell-out success in 2007, which encouraged Setia Eco Park to introduce more BIPV homes to the market. In 2010, another 122 semidees and 17 bungalows were launched and sold out despite higher premiums. These energy-efficient homes provide an exciting platform to explore new ways of building sustainably to safeguard our planet for future generations to come.

Green Building Index (GBI)

The introduction of the country's own GBI is timely for the Group as going green has always been an important factor in our CR efforts as we find new ways to incorporate sustainability in all our developments. While Green Buildings may not be a new phenomenon in the country, they are usually stand alone structures.

S P Setia targets to be the first developer in the country to develop a fully green integrated project called Setia City in Setia Alam. This 240-acre integrated green commercial hub aims to have all its buildings certified under the GBI, including its retail centre known as Setia City Mall. The new mall will also set a benchmark in sustainable retail development, being the first and only mall to be included under the GBI pilot accreditation scheme.

Setia City serves as a precursor to the Group's exciting upcoming launch of KL Eco City – the RM6 billion integrated mixed-used commercial and residential development designed for Gold certification under both the Malaysian GBI standard and the US-LEED certification. This urban regeneration project which incorporates Environmentally Sustainable Design aims to be one of the first projects to be certified under the LEED Neighbourhood Development, a new accreditation launched in April 2009.

World Environment Day

Over the last three years, the Group also began creating awareness on World Environment Day (WED). In 2008, WED celebrations began with a green walk to raise public awareness about the importance of reducing carbon emissions and greenhouse gasses. A year later, the Group's WED celebrations was taken to the next level when we formed a strategic partnership with UTAR to establish an academic Chair in Environmental Engineering and Green Technology. A total of RM1.25 million will be spent over the next five years to fund research and development in the field of environmental engineering and green technology under UTAR's Faculty of Science, Engineering and Technology.

As the Group evolves and continues to engage its communities, WED awareness reached out to more people outside our developments. In 2010, the Group celebrated WED by holding ECO runs simultaneously in the Klang Valley, Johor and Penang. More than 5,000 people turned up in total at the three venues of Setia Alam, Shah Alam; Setia Eco Gardens, Johor and Setia Pearl Island, Penang.



Our CR charter was created to better express our

goals and aspirations.

This is a prelude to the Group's Green Action Plan where we have embarked on a journey to introduce a broad range of environment-oriented programmes for the community in all our projects. These include maintaining the parks and streetscapes, raising environmental awareness and promoting recycling and the like in all our developments.

Commitment to Community and Organisation

While we pursue our philanthropic activities through the Foundation, the investment in our own people and organisation remains consistent as we believe that honing the talent, creativity and execution power of Team Setia will continue to be key to our success. Our three-time recognition as Malaysia's Top 10 Employers in a survey conducted by Hewitt and The Edge confirms that our people practices are on the right track, benchmarked against other good employers in the market.

As the group continues to grow organically, we have put in place succession planning and training, launching several programmes over the years; the latest being the Setia Leadership Development Programme to identify and groom future leaders of the company. Through these programmes, we hope to grow Team Setia even stronger.

In our efforts to nurture team spirit, we set up the S P Setia Foundation Volunteers Club in 2009 to promote the practice of voluntarism amongst S P Setia staff. Activities include home visits to families receiving aid under the Setia Adoption Programme, visits to orphanages and homes to help clean up and reading to the blind.

For more stories on the Setia Adoption Programme and our ongoing activities to build and grow sustainably on the Environment, Community and Organisation fronts, visit our website at www.spsetia.com.my under Sustainability.



We have
**embarked
on a
journey**

to introduce a broad range of environment-oriented programmes for the community in all our projects.



Corporate Responsibility S P Setia Foundation Activities

Donation to Montfort Boys Town 7 December 2009

Moved by the noble efforts of Montfort Boys Town (MBT) in nurturing underprivileged youths in the country, S P Setia Foundation has once again shown its stalwart support for the vocational home by chipping in with an annual grant of RM20,000 for the 10th straight year, bringing the cumulative amount to RM200,000.

Rewarding excellence 16 January 2010

For the 8th consecutive year, S P Setia Foundation recognised and rewarded its children under the Setia Adoption Programme at its annual Excellence Awards Ceremony 2009.

A total of 190 students were given due recognition for their excellent results in the UPSR examinations.

Foundation sponsors basketball cum netball court to SMK St Mary 10 March 2010

The Foundation donated RM61,700 towards the building of a basketball/netball court for the school. Previously, students had to content with using a rented court nearby. With the said donation, the Foundation hopes it will further encourage sporting excellence amongst the students.



RM5.87 million collected at S P Setia Foundation Charity Dinner 2010

24 July 2010

The S P Setia Foundation Charity Dinner 2010 successfully raised RM5.87 million this year – the highest ever amount collected since the inception of the Foundation in 2000.

Guests of honour for the evening were Deputy Prime Minister Tan Sri Muhyiddin Yassin and wife Puan Sri Noorainee Abdul Rahman.

Founded in 2000 under the auspices of S P Setia Berhad, the Foundation is a charity trust which renders assistance to underprivileged individuals and charitable bodies in areas of education, general and medical welfare.

Funds are raised during one major single charity event which is the Annual Charity



Dinner. This year, the dinner was themed "Eco Jazz" which saw a unique eco fashion show put together by S P Setia Berhad staff and a special performance by Malaysia's Queen of Jazz Dato' Sheila Majid.

Over the last 10 years, the Foundation has raised a total of RM40.79 million for its charitable causes with approximately RM17.5 million spent on the Setia Adoption Programme (SAP).

Project Sunshine continues to spread the Joy of education

24 August 2010

The pursuit of education is never easy and for students coming from less privileged families, their journey is a difficult one. To give these children a voice and hope, the S P Setia Foundation and ntv7 collaborated on Season Two of Project Sunshine.

After a successful debut last April, the popular television programme returns with the same aim to highlight the needs and challenges that students face with the Foundation allocating RM195,000 for the project.



CORPORATE CALENDAR



S P Setia Annual Dinner & Dance 2009

4 December 2009

More than 1,400 staff of S P Setia gathered at the Sunway Convention Centre for this year's Annual Dinner and Dance

themed "Magical Green". This year's celebrations pushed the creativity limits of staff as everyone had to come dressed in eco-inspired outfits. The outcome, as expected at any Group event, was spectacular.



Parkson on board to anchor Setia City Mall at Setia Alam

8 December 2009

S P Setia Bhd and Lend Lease signed an agreement with Parkson Corporation Sdn Bhd for the rental of 120,000 sq ft at their new retail development in Setia

Alam, Shah Alam. Parkson joins the project as the sole department store and key anchor retailer of the 700,000 sq ft mall.

The new store, spread over two levels, will add to Parkson's portfolio of over 35 stores nationwide. With the addition of Parkson, the new mall moves closer to achieving its vision of becoming the destination of choice for neighbourhood shopping, entertainment and parklife.

Setia Tropika offers another first in Johor Bahru

9 December 2009

Setia Tropika's central business district officially welcomed the first drive-thru Maybank and Starbucks as well as KFC and Pizza Hut outlets. This was officially opened by Tuan Haji Mohd Jaafar Bin Awang, Dato' Bandar of Majlis Bandaraya Johor Bahru. These four outlets are part of Setia City Connects, a precinct in Setia Tropika's CBD which has been masterfully-planned to house international and renowned brands. Setia City Connects is expected to enhance the business and lifestyle experience for the tenants and consumers of this commercial hub.

S P Setia pounces on strategic CBD development opportunity in Melbourne

29 March 2010

The Group purchased a 46,715 sq ft piece of land in the heart of Melbourne's Central Business District (CBD) for RM92.4 million.

The largest remaining undeveloped site in the central spine of Melbourne's CBD, the land is a short walking distance to Melbourne Central Shopping Centre and Railway Station, and is close to the Queen Victoria Market. It is also close to RMIT University, University of Melbourne, La Trobe University and the beautiful Flagstaff Gardens.

Golden Screen Cinemas to open in Setia City Mall

13 May 2010

Golden Screen Cinemas (GSC), Malaysia's largest cinema operator, will open a nine-screen Multiplex at the new Setia City Mall, Setia Alam. The announcement came as construction begins on the 700,000 square foot mall, which will offer a fun and affordable family experience comprising amazing green spaces, fantastic shops, great food and entertainment.

Spread over 40,000 square feet on Level 2, the new cinema will house the latest 3D and digital technology, offering over 1,700 seats and will also include corporate entertaining facilities.

Setia takes to the skies with Firefly

31 March 2010

S P Setia took to new heights in marketing its properties when it unveiled a unique partnership with Firefly. A first in the property industry, the tie-up entails seven of the airline's European-made ATR-500s carrying the S P Setia brand internally and externally.

This partnership also makes aviation history as no airline in Malaysia has sealed a deal encompassing its entire fleet.

Firefly flies to 17 destinations from Subang and Penang with passengers coming from the corporate sector as well as tourists looking at domestic or regional travel. Offering 72 flights a day and carrying 4,000 passengers, this presents opportunities for S P Setia to introduce the best of Malaysian properties to locals and foreigners alike.



Corporate Calendar



Setia Alam welcomes more than 2,800 runners for World Environment Day

5 June 2010

Runners and friends of nature came from near and far to participate in the Setia ECO Half Marathon 2010 in S P Setia's flagship township of Setia Alam.

The Group celebrated WED by holding ECO runs simultaneously in the Klang Valley, Johor and Penang where the developer has projects in. More than 5,000 people turned up in total at the three venues of Setia Alam, Shah Alam; Setia Eco Gardens, Johor and Setia Pearl Island, Penang.

In Setia Alam, the half marathon saw more than 2,800 runners joining in the 11 categories with various distances of 21km, 10km, 4.5km and 2km. The running route covered the developer's two projects of Setia Alam and Setia Eco Park.

World Cup Fever hits Setia Alam

11 June 2010

In conjunction with World Cup 2010, Bandar Setia Alam Sdn Bhd, the developers of Setia Alam organised the Setia World Cup Fiesta 2010. The month-long event was held at Setia Avenue, the latest commercial precinct of the township and included a fun-packed line up of activities such as branded warehouse sales, food bazaars, live band performances, talent contests, football quizzes and street soccer matches.



Young shuttlers compete for top positions at the S P Setia Badminton Tournament 2010

20 June 2010

Following three consecutive days of intense competition, a new breed of young champions were crowned at the S P Setia Badminton Age Group Tournament 2010.

The tournament attracted a total of 314 players from seven states including Melaka, Johor, Kedah, Penang, Pahang and Perak as well as neighbouring Singapore.

Joyful Hari Raya celebrations at Setia Alam

3 October 2010

The Hari Raya celebration at Setia Alam's open house was not only a star-studded event packed with performances by popular songstress Ziana Zain and local entertainer Raja Azura, but also a meaningful one that reached out to help the needy.

The open house was held at the commercial centre of Setia Avenue and those in need were also not forgotten as donations were made to Rumah Amal Anak Yatim YPIN in Banting to construct a new hostel for the 40 children living there.



S P Setia Berhad donates RM400,000 to complete expansion of SJK(C) Pin Hwa (1)

15 October 2010

Just four years after the opening, the school has expanded from its initial 740 pupils to 1,430 – an increase that has led to insufficient classrooms, hindering student activity and learning. The school

embarked on a fundraising exercise to raise RM2.5 million for the expansion but the collection fell short of RM400,000. This was when S P Setia stepped in to offer assistance.

Students of SJK(C) Pin Hwa (1) now enjoy a more conducive learning environment with the completion of the school's expansion helped by S P Setia's donation of RM400,000.



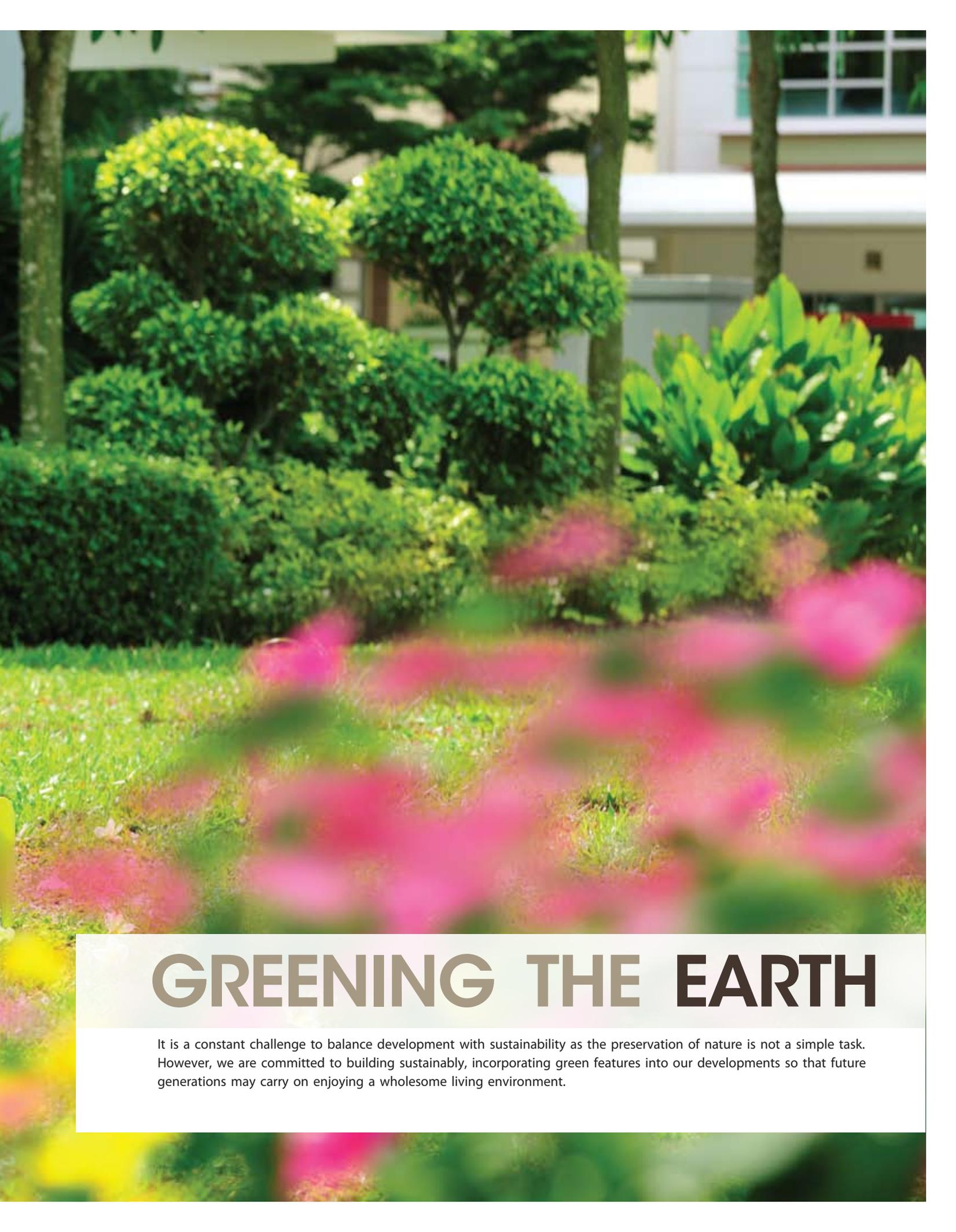
S P Setia launches first integrated green commercial hub

21 October 2010

S P Setia Berhad Group announced its plans to develop a 240-acre integrated green commercial hub called Setia City in its flagship township of Setia Alam. The freehold mixed development will comprise office towers, hotels, service apartments and a retail mall.

The commercial hub will be one of the largest master-planned city centers in the Klang Valley and will carry the S P Setia stamp of lush tropical landscapes featuring parks and gardens, as well as lakes and waterways that act as a natural counterpoint to the prevailing modernity.





GREENING THE EARTH

It is a constant challenge to balance development with sustainability as the preservation of nature is not a simple task. However, we are committed to building sustainably, incorporating green features into our developments so that future generations may carry on enjoying a wholesome living environment.

CORPORATE INFORMATION



BOARD OF DIRECTORS

Tan Sri Abdul Rashid Bin Abdul Manaf
(Chairman)

Tan Sri Dato' Sri Liew Kee Sin
(President/Chief Executive Officer)

Dato' Voon Tin Yow
(Deputy President/Chief Operating Officer)

Dato' Teow Leong Seng
(Executive Vice President/Chief Financial Officer)

Dato' Chang Khim Wah
(Executive Vice President/Executive Director)

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

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

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

Datuk Ismail Bin Adam
(Independent Non-Executive Director)

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

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

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

EXECUTIVE COMMITTEE

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)
Dato' Teow Leong Seng
Khor Chap Jen
Ong Kek Seng
Wong Tuck Wai
Kow Choong Ming
Norhayati Binti Subali
Lim Eng Tiong

ESOS OPTION COMMITTEE

Tan Sri Dato' Sri Liew Kee Sin
 (Chairman)
Ng Soon Lai @ Ng Siek Chuan
Datuk Ismail Bin Adam

SECRETARIES

Lee Wai Ngan (LS 00184)
Chan Toye Ying (LS 00185)

REGISTERED OFFICE

Plaza 138, Suite 18.03
 18th Floor, 138 Jalan Ampang
 50450 Kuala Lumpur
 T: +603-2161 5466
 F: +603-2163 6968

SHARE REGISTRAR

Plaza 138, Suite 18.03
 18th Floor, 138 Jalan Ampang
 50450 Kuala Lumpur
 T: +603-2161 5466
 F: +603-2163 6968

MAJOR BANKERS

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

AUDITORS

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

SOLICITORS

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

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
 Securities Berhad

INDICES

FTSE Bursa Malaysia Indices
 Standard & Poor's Indices

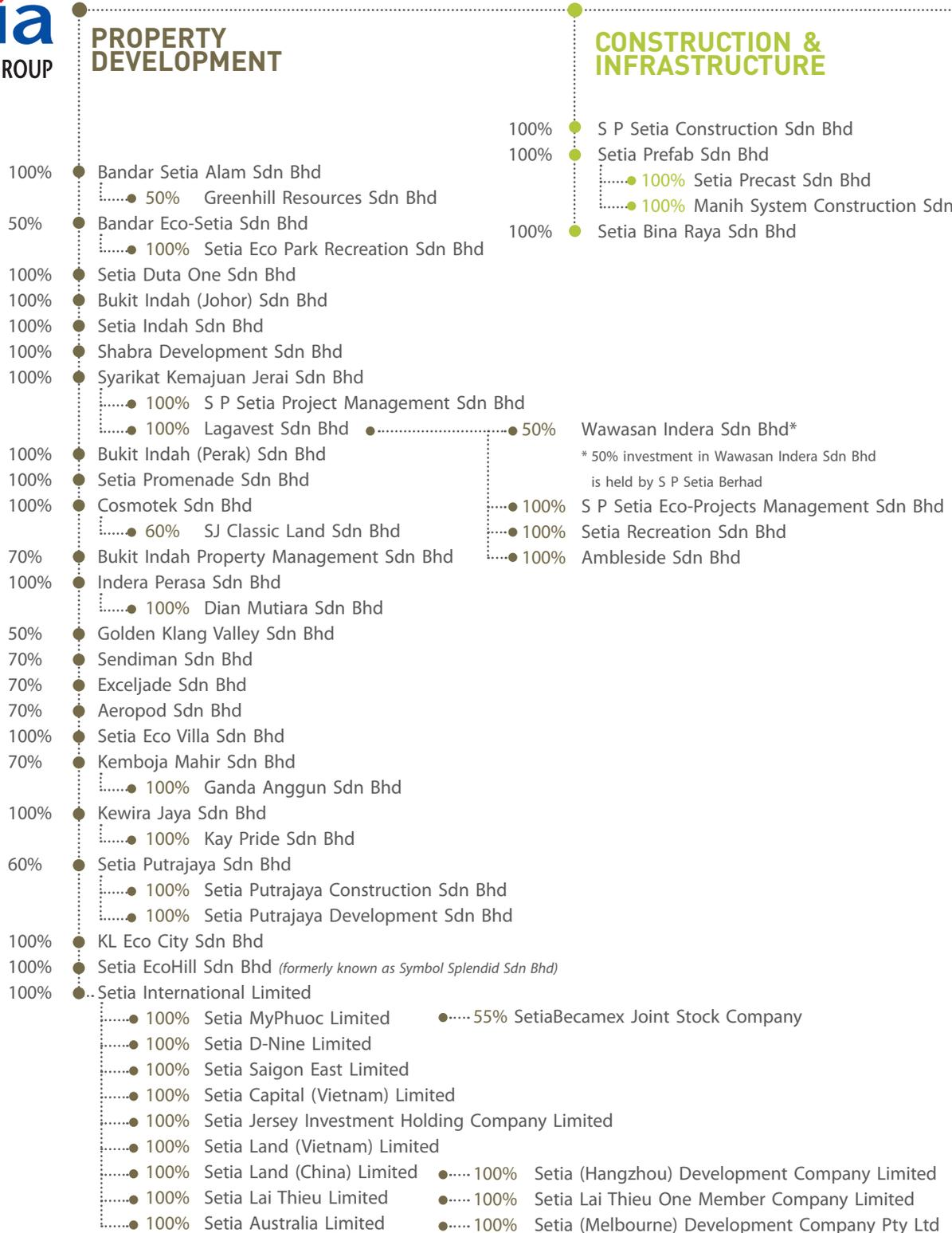
WEBSITE

www.spsetia.com.my



CORPORATE STRUCTURE

Builder of Distinction



MANUFACTURING/INVESTMENT & PROPERTY HOLDING/PROPERTY MANAGEMENT/OTHERS

- 60% Suharta Sdn Bhd
 - 100% Suharta Properties Sdn Bhd
 - 51% Suharta Development Sdn Bhd
 - 100% Suharta Management Sdn Bhd
 - 60% Yunikhas Sdn Bhd*
 - * 8% investment in Yunikhas Sdn Bhd is held by S P Setia Berhad
 - * 10% investment in Yunikhas Sdn Bhd is held by Manih System Construction Sdn Bhd
 - 100% Aneka Baru (M) Sdn Bhd

- 100% ● Setia-Wood Industries Sdn Bhd
 - 100% S P Setia Marketing 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
 - 20% Icfox (Malaysia) Sdn Bhd
- 100% ● Futurecrest (M) Sdn Bhd
 - 70% Kesas Kenangan Sdn Bhd
- 100% ● Bukit Indah (Selangor) Sdn Bhd
- 100% ● Setia Hicon Sdn Bhd
- 99.9% ● Kenari Kayangan Sdn Bhd
 - 49% PTB Property Developer Sdn Bhd
- 100% ● Tenaga Raya Sdn Bhd
- 50% ● Sentosa Jitra Sdn Bhd
- 100% ● Setiahomes (MM2H) Sdn Bhd
- 100% ● S P Setia International (S) Pte. Ltd.
- 100% ● Eco Meridian Sdn Bhd
- 100% ● Classic Euphoria Sdn Bhd
- 100% ● Retro Highland Sdn Bhd

BOARD OF DIRECTORS



>1
**Tan Sri Abdul Rashid
 Bin Abdul Manaf**
 (Chairman)

>2
**Tan Sri Dato' Sri
 Liew Kee Sin**
 (President and
 Chief Executive Officer)

>3
Dato' Voon Tin Yow
 (Deputy President and
 Chief Operating Officer)

>4
Dato' Teong Leong Seng
 (Executive Director and
 Chief Financial Officer)

>5
Dato' Chang Khim Wah
 (Executive Director)

>6
Tan Sri Datuk Seri Lee Lam Thye
 (Non-Independent
 Non-Executive Director)

>7
**Tan Sri Dato' Hari Narayanan
 A/L Govindasamy**
 (Independent
 Non-Executive Director)



>8
Dato' Leong Kok Wah
 (Independent
 Non-Executive Director)

>9
Datuk Ismail Bin Adam
 (Independent
 Non-Executive Director)

>10
Mr Ng Soon Lai
@ Ng Siek Chuan
 (Independent
 Non-Executive Director)

>11
Tan Sri Dato' Dr. Wan Mohd
Zahid Bin Mohd Noordin
 (Non-Independent
 Non-Executive Director)

>12
Dato' Noor Farida
Binti Mohd Ariffin
 (Non-Independent
 Non-Executive Director)



PROFILE OF BOARD OF DIRECTORS

>1

TAN SRI ABDUL RASHID BIN ABDUL MANAF (Chairman)

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

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

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

- Malaysian, 64 years of age
- Barrister-at-Law (Middle Temple London)

>2



>2

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

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

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

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

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

- Malaysian, 52 years of age
- Bachelor of Economics Degree (Business Administration) (University of Malaya)



>3
DATO' VOON TIN YOW
 (Deputy President and Chief Operating Officer)

Dato' Voon, the Deputy President and Chief Operating Officer of S P Setia Berhad Group has 26 years of working experience in the construction and property development industry, which includes 3 years in construction site management and 23 years in management of property development. He began his working career in 1984 by joining Kimali Construction Sdn Bhd as a Site Engineer and in 1986, he held the post of Development Engineer in Juru Bena Tenaga Sdn Bhd. In 1990, he joined Syarikat Kemajuan Jerai Sdn Bhd ("SKJ") as Project Manager and was subsequently appointed as the 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.

- Malaysian, 53 years of age
- Bachelor of Science Degree in Civil Engineering
- Master of Science Degree (University of Texas, Austin)



>4
DATO' TEOW LEONG SENG
 (Executive Director and Chief Financial Officer)

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

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

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

Prior to joining S P Setia Berhad Group, Dato' 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 29 years of experience in the property development industry, corporate finance, accounting and financial management and real-estate finance.

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.

- Malaysian, 52 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)

Profile of Board of Directors

>5



>5

DATO' CHANG KHIM WAH
(Executive Director)

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

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

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

- Malaysian, 46 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

>6



>6

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

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

Currently, he is the Chairman of the National Institute of Occupational Safety and Health (NIOSH) under the Ministry of Human Resources, the Vice Chairman and Member of the Executive Council of the Malaysian Crime Prevention Foundation (MCPF), Member of Board of Trustees of 1Malaysia Foundation 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 Datuk Seri 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.

- Malaysian, 64 years of age



>7

>7
TAN SRI DATO' HARI NARAYANAN
A/L GOVINDASAMY

(Independent Non-Executive Director)

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

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

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

- Malaysian, 60 years of age
- Bachelor of Engineering in Electrical & Electronic (University of Northumbria, England)

>8



>8
DATO' LEONG KOK WAH
 (Independent Non-Executive Director)

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 an Executive Director of Salcon Berhad and sits on the Board of various companies in Malaysia. He was appointed Director and a member of the Audit Committee of S P Setia Berhad on 1 June 2000. On 3 April 2001, he was appointed as a member of the Nomination Committee and Remuneration Committee. Subsequently on 21 September 2005, he was appointed as the Chairman of Remuneration Committee.

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

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

- Malaysian, 57 years of age
- Master of Business Administration (MBA) (University of Hull, UK)
- Member of Institute of Bankers (UK)
- Member of Institute of Credit Management (UK)
- Member of Institute of Marketing (UK)
- Member of Institute of Bankers Malaysia

Profile of Board of Directors



>9

DATUK ISMAIL BIN ADAM

(Independent Non-Executive Director)

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

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

- Malaysian, 65 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)

>10



>10

MR NG SOON LAI @ NG SIEK CHUAN

(Independent Non-Executive Director)

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

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

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

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

- Malaysian, 56 years of age
- Fellow of the Institute of Chartered Accountants in England and Wales



>11

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

(Non-Independent Non-Executive Director)

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

Tan Sri Dato' Dr. Wan Mohd Zahid started his career as a teacher, moving up to principal level and eventually held various positions in the Ministry of Education before his retirement as Director General of Education. Subsequent to his retirement, Tan Sri Dato' Dr. Wan Mohd Zahid was an advisor with special functions to the Minister of Education and also an advisor to Sekolah Bahasa Teikyo. He was appointed Director of S P Setia Berhad on 18 June 2009.

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

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

- Malaysian, 70 years of age
- B.A. Honours Degree from University of Malaya
- Masters from Stanford University, Palo Alto, California
- PhD from University of California, Berkeley
- Completed an Advanced Management Programme from Harvard Business School



>12

**DATO' NOOR FARIDA
BINTI MOHD ARIFFIN**

(Non-Independent
Non-Executive Director)

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

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

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

Prior to her appointment as Director-General, Dato' Noor held a number of key positions, including the Director of the Women and Development Programme, Human Resource and Development Group at the Commonwealth Secretariat in London, headed the newly established Legal Division of the Ministry in 1993 and in

1996 was appointed the Under-Secretary of the newly formed Territorial and Maritime Division of the Foreign Ministry.

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

Dato' Noor was again appointed the Malaysian Co-Agent by the Government when Malaysia and Singapore agreed to submit the Pulau Batu Puteh dispute to the International Court of Justice. She was appointed as Director of S P Setia Berhad on 18 June 2009.

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

- Malaysian, 64 years of age
- Barrister-at-Law (Gray's Inn), United Kingdom

CORPORATE GOVERNANCE STATEMENT

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

The Board is pleased to disclose below how the Group has applied the principles set out in the Code and except where stated otherwise, its compliance with the best practices of the Code for the year ended 31 October 2010.

A. BOARD OF DIRECTORS

1. The Board and its Responsibilities

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

The Board delegates certain responsibilities to the Board Committees, all of which operate within defined terms of reference to assist the Board in the execution of its duties and responsibilities. The Board Committees include the Audit Committee, Employees' Share Option Scheme Committee, Executive Committee, Nomination Committee, Remuneration Committee and Risk Management Committee. The respective Committees report to the Board on matters considered and their recommendation thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board. The composition of the Board Committees are set out on page 46 of this Annual Report.

2. Board Balance

The Board at the date of this statement consists of twelve (12) members, comprising four (4) Executive Directors and eight (8) Non-Executive Directors. Four (4) out of the eight (8) Non-

Executive Directors are independent which fulfils the prescribed requirement for one third of the Board to be independent as stated in Paragraph 15.02 of the Bursa Securities Listing Requirements. A brief profile of each Director is presented in pages 52 to 57 of this Annual Report.

The current composition of the Board provides the Group with a wealth of knowledge, experience, and core competencies to draw on with a comprehensive mix of skills which includes legal, financial, technical, banking and business expertise which are vital for the continued successful direction of the Group.

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

The Executive Directors together with the Executive Vice Presidents of the Group are responsible for overseeing the day-to-day management of financial and operational matters in accordance with the objectives and business strategies established by the Board. The Independent Non-Executive Directors ensure that business and investment proposals presented by management are fully deliberated and examined. They perform a key role by providing unbiased and independent views, advice and judgement, which take into account the interests of the Group and all its stakeholders including shareholders, employees, customers, business associates and the community as a whole.

3. Board Meetings

The Board meets at least once every quarter and additional meetings are convened as and when necessary. Meetings are scheduled at the start of each financial year to enable Board members to plan their schedules accordingly. All proceedings 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
Dato' Teow Leong Seng	5/5	100
Dato' Chang Khim Wah	5/5	100
Tan Sri Datuk Seri Lee Lam Thye	5/5	100
Tan Sri Dato' Hari Narayanan A/L Govindasamy	5/5	100
Dato' Leong Kok Wah	5/5	100
Datuk Ismail Bin Adam	5/5	100
Mr Ng Soon Lai @ Ng Siek Chuan *	5/5	100
Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin	4/5	80
Dato' Noor Farida Binti Mohd Ariffin **	3/5	60

* Mr Ng Soon Lai @ Ng Siek Chuan attended the March 2010 meeting via teleconferencing as he was overseas.

** Dato' Noor Farida Binti Mohd Ariffin attended the September 2010 meeting via teleconferencing as she was overseas.

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").

4. Supply of Information

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

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

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

The Chairman of the Audit Committee would brief the Board on matters deliberated by the Audit Committee which require the attention of the Board.

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.

Corporate Governance Statement

5. Appointment and Re-election to the Board

The Nomination Committee comprises entirely of Independent Non-Executive Directors. Members of the Nomination Committee are listed on page 46 of this Annual Report. The Nomination Committee is empowered to identify and recommend new appointments of Executive and Non-Executive Directors to the Board. In discharging this duty, the Nomination Committee will assess the suitability of an individual to be appointed to the Board by taking into account the individual's skills, knowledge, expertise and experience, professionalism and integrity.

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 at the next Annual General Meeting after their appointment. Pursuant to Section 129(6) of the Companies Act, 1965, Directors over seventy (70) years of age are required to retire at every Annual General Meeting and may offer themselves for re-appointment to hold office until the next Annual General Meeting.

6. Directors' Training

All Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities. During the financial year, Directors and senior management attended the following training programmes and seminars to further broaden their skills, knowledge and perspectives and keep them

abreast with new and relevant developments pertaining to changes in legislation, regulations and the market place:-

- (1) Promoting The Corporate Governance Agenda-Raising the Bar;
- (2) Becoming a mindful leader;
- (3) Leadership Development Programme;
- (4) Engaging and Enabling Employees for the Future;
- (5) How Corporations can Innovate & Market Like Apple;
- (6) How To Increase Business Productivity with Microsoft Office & Its Solutions;
- (7) Overview on Chapter 10 of Listing Requirements-Transactions;
- (8) Key Amendments to Listing Requirements for Main Market; Duties and Responsibilities of Directors, Audit Committee and Executive Directors;
- (9) Towards Corporate Governance Excellence for sustainable success; and
- (10) Banking Insights programme.

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

B. DIRECTOR'S REMUNERATION

Objective

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

Remuneration Procedures

The Remuneration Committee, consisting wholly of Independent Non-Executive Directors, recommends to the Board the remuneration package for the Executive Directors. The remuneration package for Executive Directors is structured on the basis of linking rewards to corporate and individual performance. Performance is measured against the results achieved by the Group and individual achievement against targets set at the beginning of each year. It is the ultimate responsibility of the entire Board to approve the remuneration of these Directors with the Executive Directors concerned abstaining from deliberations and voting on their own remuneration.

The remuneration package for Non-Executive Directors are determined by the Board as a whole, with the Non-Executive Directors abstaining from discussion on their own remuneration.

Remuneration Package

The remuneration package of Directors is as follows:-

(a) Basic salary

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

(b) Bonus scheme

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

(c) Fees and Other Emoluments

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

(d) Benefits-in-kind

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

The details of the remuneration of each Director of the Company who served during the financial year ended 31 October 2010 are as follows:-

Category	Basic Salary (RM'000)	Bonus (RM'000)	Fees (RM'000)	Other emoluments (RM'000)	Benefits-in-kind (RM'000)	Total (RM'000)
Executive Directors						
Tan Sri Dato' Sri Liew Kee Sin	4,580	3,304	-	-	1,229	9,113
Dato' Voon Tin Yow	3,057	1,904	-	-	388	5,349
Dato' Teow Leong Seng	982	493	-	-	86	1,561
Dato' Chang Khim Wah	1,120	538	-	-	7	1,665
Non-Executive Directors						
Tan Sri Abdul Rashid Bin Abdul Manaf	-	-	74	1,118	28	1,220
Tan Sri Datuk Seri Lee Lam Thye	-	-	74	532	-	606
Tan Sri Dato' Hari Narayanan A/L Govindasamy	-	-	74	161	-	235
Dato' Leong Kok Wah	-	-	74	161	-	235
Datuk Ismail Bin Adam	-	-	74	88	-	162
Mr Ng Soon Lai @ Ng Siek Chuan	-	-	74	70	-	144
Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin	-	-	74	-	-	74
Dato' Noor Farida Binti Mohd Ariffin	-	-	74	-	-	74

Corporate Governance Statement

C. SHAREHOLDERS

Communications between the Company and Investors

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

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

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

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

- www.spsetia.com.my

During the financial year, the Company participated in 14 investor conferences locally and abroad and in addition to that had 228 meetings with 482 individual financial analysts and investors. A total of 23 local and foreign research houses and brokerages contribute to the Bloomberg earnings estimates for the Company.

Annual General Meeting ("AGM")

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

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

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

- (i) Tan Sri Dato' Hari Narayanan
A/L Govindasamy,
Chairman of the Audit
Committee
E: hari@leighton.com.my
T: 03-2035 1788
F: 03-2692 7187
- (ii) Lee Wai Ngan
Chan Toye Ying
Company Secretaries
E: systems@ssassociates.com.my
T: 03-2161 5466
F: 03-2163 6968

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

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

Internal Control

The Statement on Internal Control set out on page 68 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 65 to page 67 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 2010, the Group has used the appropriate accounting policies and applied them consistently. The directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

ADDITIONAL COMPLIANCE INFORMATION

Options, Warrants Or Convertible Securities

During the financial year ended 31 October 2010, a total of 11,928,600 options were granted pursuant to the Employees Share Option Scheme but have not been vested and hence, are not exercisable by employees.

During the financial year, 2,500 warrants were exercised from the 160,253,297 outstanding detachable warrants 2008/2013. The Company did not issue any convertible securities during the financial year ended 31 October 2010.

Non-Audit Fees

The amount of non-audit fees incurred for services by the external auditors and their affiliated companies to the Group for financial year ended 31 October 2010 amounted to RM203,000.

Material Contracts

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

Corporate Governance Statement

Recurrent Related Party Transactions

At the Thirty Fifth Annual General Meeting of the Company held on 3 March 2010, the Company had obtained the approval from its shareholders for the renewal of the shareholders' mandate to enter into recurrent related party transactions of a revenue or trading nature, which are necessary for its day-to-day operations and in the ordinary course of its business, with related parties.

The said mandate took effect on 3 March 2010 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 23 February 2011, 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 28 January 2011 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 fulfil the following requirements:
 - comprise no fewer than 3 members;
 - all members must be non-executive Directors;
 - all members should be financially literate and at least one member must be a member of the Malaysian Institute of Accountants or have 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 deem fit.

4.0 ATTENDANCE AT MEETINGS

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

- iii. The Company Secretary shall be the secretary of the Committee.

5.0 FREQUENCY OF MEETINGS

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

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

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

Audit Committee Report

The Audit Committee held four (4) meetings during the financial year ended 31 October 2010. The details of attendance of the Audit Committee members are as follows:

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

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

6.0 QUORUM

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

7.0 AUTHORITY

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

8.0 DUTIES

The duties of the Committee shall be:

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

- approve any appointment or termination of senior staff members of the internal audit function; and
 - take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit reasons for resigning.
- vii. To review any related party transactions that may arise within the Company or Group.
- viii. To consider other related matters, as defined by the Board.

- (b) Discussed significant audit findings in respect of the financial statements of the Group with the External Auditors;
- (c) Reviewed the reports prepared by the Internal Auditors on the state of internal control of the Group; and
- (d) Reviewed the related party transactions entered into by the Company and the Group.

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 actions plans were highlighted to the Audit Committee.

STATEMENT ON EMPLOYEES SHARE OPTION SCHEME

The Audit Committee has reviewed and verified that during the financial year ended 31 October 2010, the allocation of share options pursuant to the ESOS to eligible employees of S P Setia Berhad Group had been made in accordance with the eligibility and entitlement criteria determined by the ESOS Committee and the share options have been granted in accordance with the By-Laws.

SUMMARY OF ACTIVITIES OF THE COMMITTEE DURING THE YEAR

The Audit Committee met four times during the financial year ended 31 October 2010. The activities of the Audit Committee for the financial year were as follows:

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

INTERNAL AUDIT FUNCTION

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

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.

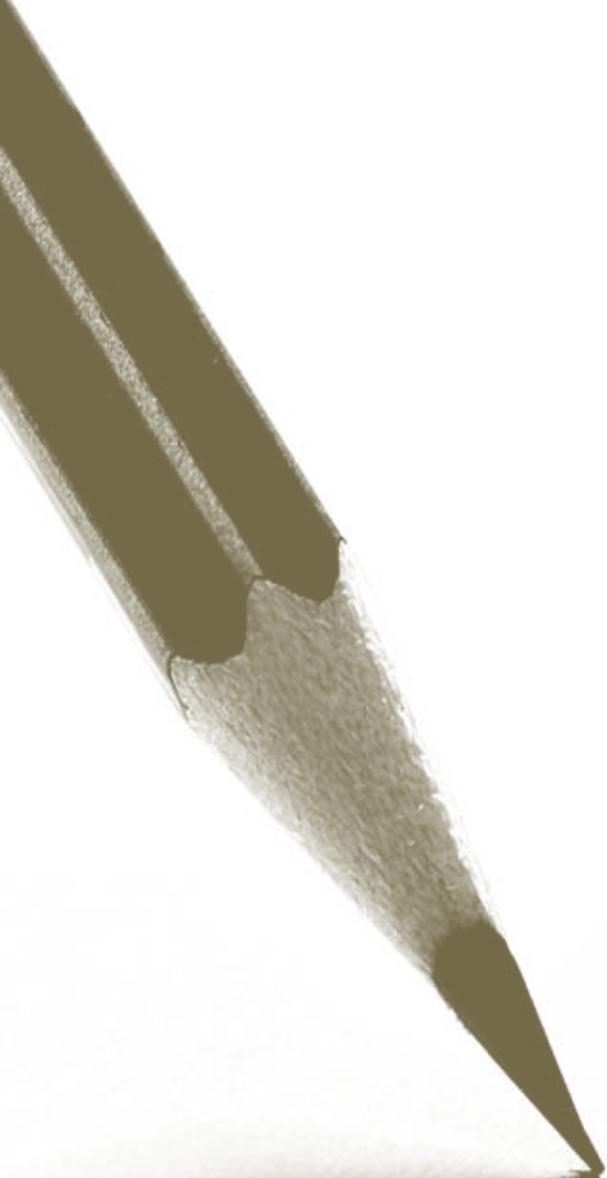
The said process is regularly reviewed by the Board and accords with the Statement on Internal Control - Guidance for Directors of Public Listed Companies.

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 review 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 high priority as identified by risk assessment 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 a 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 procedures include the following:
 - There is an organisation structure in place, which formally defines lines of responsibility and delegation of authority.
 - Key functions such as finance, tax, treasury, corporate, legal matters and contract awarding are controlled centrally.
 - There is strategic planning, annual budgeting and target-setting process, which includes forecasts for each area of business with detailed reviews at all levels of operations.
 - Actual performance compared with budget is reviewed with detailed explanation provided for any major variances.
 - The President/Chief Executive Officer, Deputy President/Chief Operating Officer and Executive Vice Presidents meet on a monthly basis with all Divisional Heads and Business Unit Heads to discuss on the Group's financial performance, business development, management issues and corporate issues.
- Standard Operating Procedures which include policies and procedures within the Group are continuously updated.
 - The Divisional Heads and Business Unit Heads are responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls.
 - Corporate values, which emphasise ethical behaviour are set out in the Group's Employee Handbook.

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



1,890,906
456,890
407,890
1,890
114,890
888

FINANCIAL STATEMENTS

71	Corporate Information
72	Directors' Report
78	Independent Auditors' Report
80	Balance Sheets
82	Income Statements
83	Consolidated Statement of Changes in Equity
84	Company Statement of Changes in Equity
85	Cash Flow Statements
88	Notes to the Financial Statements
168	Statement by Directors
168	Statutory Declaration



DOMICILE

Malaysia

LEGAL FORM AND PLACE OF INCORPORATION

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

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS

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

CORPORATE INFORMATION



DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2010

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 2010.

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	251,813	1,217
Retained earnings brought forward	1,002,779	546,285
Profit available for appropriation	1,254,592	547,502
Dividends	(114,391)	(114,391)
Retained earnings carried forward	1,140,201	433,111

DIVIDENDS

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

- (a) A final dividend of 9 sen per ordinary share of RM0.75 each less 25% income tax amounting to RM68,634,390 in respect of the financial year ended 31 October 2009, as proposed in the directors' report for that financial year; and
- (b) An interim dividend of 6 sen per ordinary share of RM0.75 each less 25% income tax amounting to RM45,756,259 in respect of the financial year ended 31 October 2010.

The directors now recommend a final dividend of 14 sen per ordinary share of RM0.75 each less 25% income tax amounting to RM106,764,873 in respect of the financial year ended 31 October 2010.

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 83 and 84.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its paid up share capital from 1,016,805,818 to 1,016,808,318 by the issuance of 2,500 new ordinary shares of RM0.75 each for cash arising from the exercise of Warrants at an exercise price of RM4.48 per ordinary share.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

ISSUE OF SHARES AND DEBENTURES (CONT'D)

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

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

EMPLOYEES' SHARE OPTIONS SCHEME

The movement during the financial year in the number of Employees' Share Options Scheme ("ESOS") options over the ordinary shares of RM0.75 each is as follows:

Date options granted	Exercise price RM	At 1.11.2009	Granted	Exercised	Forfeited*	At 31.10.2010
6 May 2009	2.96	68,988,500	-	-	(2,787,400)	66,201,100
22 March 2010	3.69	-	5,609,300	-	(94,900)	5,514,400
1 October 2010	4.05	-	6,319,300	-	-	6,319,300

* ESOS options forfeited from resigned employees.

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

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders, other than directors, who were granted options to subscribe for less than 3,000,000 ordinary shares of RM0.75 each. During the financial year, there were no option holders who were granted options to subscribe for 3,000,000 or more ordinary shares of RM0.75 each.

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
 Teow Leong Seng
 Dato' Chang Khim Wah
 Tan Sri Datuk Seri Lee Lam Thye
 Tan Sri Dato' Hari Narayanan A/L Govindasamy
 Dato' Leong Kok Wah
 Datuk Ismail Bin Adam
 Ng Soon Lai @ Ng Siek Chuan
 Tan Sri Dato' Dr Wan Mohd Zahid Bin Mohd Noordin
 Dato' Noor Farida Binti Mohd Ariffin

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)**

DIRECTORS' INTEREST IN SHARES, ESOS AND WARRANTS

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

	No. of ordinary shares of RM0.75 each			
	At 1.11.2009	Acquired	Disposed	At 31.10.2010
Tan Sri Abdul Rashid Bin Abdul Manaf				
- direct	67,000	-	-	67,000
- indirect	7,178,000	-	(2,969,100)	4,208,900
Tan Sri Dato' Sri Liew Kee Sin				
- direct	93,463,839	-	-	93,463,839
- indirect	28,201,297	-	-	28,201,297
Dato' Voon Tin Yow				
- direct	19,932	-	-	19,932
Teow Leong Seng				
- direct	10,933	-	-	10,933
Dato' Chang Khim Wah				
- direct	62,106	-	-	62,106
Tan Sri Datuk Seri Lee Lam Thye				
- indirect	18,000	-	-	18,000

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

	Exercise price RM	No. of Share Options			At 31.10.2010
		At 1.11.2009	Granted	Exercised	
Dato' Voon Tin Yow	2.96	3,000,000	-	-	3,000,000
Teow Leong Seng	2.96	3,000,000	-	-	3,000,000
Dato' Chang Khim Wah	2.96	3,000,000	-	-	3,000,000

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)**

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

	No. of Warrants			At 31.10.2010
	At 1.11.2009	Acquired	Disposed	
Tan Sri Abdul Rashid Bin Abdul Manaf - indirect	2,050,000	-	(1,350,000)	700,000
Tan Sri Dato' Sri Liew Kee Sin - direct	15,747,403	-	-	15,747,403
- indirect	14,970,235	-	-	14,970,235
Dato' Voon Tin Yow - direct	1,768,402	-	-	1,768,402
Teow Leong Seng - direct	1,822	-	-	1,822
Dato' Chang Khim Wah - direct	13,700	-	-	13,700
Tan Sri Datuk Seri Lee Lam Thye - indirect	3,000	-	-	3,000

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

DIRECTORS' BENEFITS

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

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

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)****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 2010 (CONT'D)**

AUDITORS

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

Signed on behalf of the directors in accordance with a directors' resolution dated 9 December 2010.

TAN SRI DATO' SRI LIEW KEE SIN
Director

DATO' VOON TIN YOW
Director

Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF S P SETIA BERHAD (INCORPORATED IN MALAYSIA)

Report on the Financial Statements

We have audited the financial statements of S P Setia Berhad, which comprise the balance sheets as at 31 October 2010 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 80 to 167.

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 2010 and of their financial performance and cash flows for the year then ended.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF S P SETIA BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)**

Report on Other Legal and Regulatory Requirements

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

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

Other Matters

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

MAZARS

No. AF: 1954
Chartered Accountants

TANG KIN KHEONG

No. 1501/9/11 (J/PH)
Partner

Kuala Lumpur

Date: 9 December 2010

BALANCE SHEETS

31 OCTOBER 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	108,248	146,014	280	312
Investment properties	4	116,586	197,587	1,103	1,105
Land held for property development	5	1,371,152	1,211,522	-	-
Prepaid lease payments	6	860	870	860	870
Investment in subsidiary companies	7	-	-	255,607	254,251
Investment in associated companies	8	2,249	2,282	650	650
Investment in jointly controlled entities	9	-	-	85,981	85,981
Other investments	10	337	337	-	-
Amounts owing by subsidiary companies	11	-	-	690,578	1,315,226
Amounts owing by associated companies	12	-	-	-	-
Amount owing by joint venture partner	13	-	7,166	-	-
Amounts owing by jointly controlled entities	14	30,213	15,900	113,310	58,600
Deferred tax assets	15	42,465	33,141	72	-
Total non-current assets		1,672,110	1,614,819	1,148,441	1,716,995
Current assets					
Property development costs	16	840,448	897,949	-	-
Gross amount due from customers	17	69,775	39,464	-	-
Inventories	18	23,601	27,318	-	-
Accrued billings	19	157,152	135,872	-	-
Trade receivables	20	241,296	230,135	5,471	-
Amounts owing by subsidiary companies	11	-	-	516,915	152,172
Amounts owing by jointly controlled entities	14	18,380	19,367	15,246	29,295
Other receivables, deposits and prepayments	21	270,731	71,130	581	665
Current tax assets		34,045	30,656	17,566	22,704
Deposits	22	646,140	610,315	515,463	338,886
Cash and bank balances	23	412,384	275,226	1,550	8,045
Total current assets		2,713,952	2,337,432	1,072,792	551,767
TOTAL ASSETS		4,386,062	3,952,251	2,221,233	2,268,762

BALANCE SHEETS
31 OCTOBER 2010 (CONT'D)

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
EQUITY AND LIABILITIES					
Equity					
Share capital	24	762,606	762,604	762,606	762,604
Share premium account		218,027	218,017	218,027	218,017
Option reserve (<i>non-distributable</i>)		24,482	6,988	24,482	6,988
Warrant reserve (<i>non-distributable</i>)		47,765	47,766	47,765	47,766
Exchange translation reserve (<i>non-distributable</i>)		(3,808)	(933)	-	-
Retained earnings		1,140,201	1,002,779	433,111	546,285
Equity attributable to shareholders of the Company		2,189,273	2,037,221	1,485,991	1,581,660
Minority interests		79	357	-	-
Total equity		2,189,352	2,037,578	1,485,991	1,581,660
Non-current liabilities					
Redeemable serial bonds	25	235,985	472,791	235,985	472,791
Redeemable cumulative preference shares	26	-	65,625	-	-
Amounts owing to subsidiary companies	11	-	-	127,222	132,991
Long term borrowings	27	780,350	568,768	-	-
Other loans	28	1,446	1,446	-	-
Hire purchase and finance lease liabilities	29	-	107	-	-
Deferred tax liabilities	30	979	981	-	9,521
Total non-current liabilities		1,018,760	1,109,718	363,207	615,303
Current liabilities					
Gross amount due to customers	17	7,117	7,537	2,781	3,823
Trade payables	31	344,977	290,100	12,183	8,358
Progress billings	19	40,377	45,024	-	-
Amounts owing to subsidiary companies	11	-	-	4,392	5,853
Other payables and accruals	32	148,929	122,101	14,216	15,896
Hire purchase and finance lease liabilities	29	-	80	-	-
Short term borrowings	33	197,806	144,273	50,000	-
Redeemable serial bonds	25	249,620	-	249,620	-
Redeemable cumulative preference shares	26	65,625	-	-	-
Bank overdrafts	34	107,613	186,167	38,843	37,869
Current tax liabilities		15,886	9,673	-	-
Total current liabilities		1,177,950	804,955	372,035	71,799
Total liabilities		2,196,710	1,914,673	735,242	687,102
TOTAL EQUITY AND LIABILITIES		4,386,062	3,952,251	2,221,233	2,268,762

Notes to and forming part of the financial statements are set out on pages 88 to 167
Auditors' Report – Pages 78 to 79

INCOME STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue	35	1,745,870	1,408,415	76,730	28,660
Cost of sales	36	(1,320,058)	(1,104,153)	(76,087)	(28,283)
Gross profit		425,812	304,262	643	377
Other operating income		16,658	17,373	220	844
Selling and marketing expenses		(62,206)	(32,171)	-	-
Administrative and general expenses		(132,109)	(86,461)	(43,278)	(29,133)
Profit/(Loss) from operations	37	248,155	203,003	(42,415)	(27,912)
Net profit from investing activities	38	92,045	36,609	70,063	75,282
Share of net profits less losses of associated companies		(33)	(448)	-	-
Finance costs	39	(9,200)	(8,052)	(23,386)	(22,973)
Profit before tax		330,967	231,112	4,262	24,397
Tax expense	40	(79,162)	(59,880)	(3,045)	(16,179)
Profit for the year		251,805	171,232	1,217	8,218
Atributable to:					
Shareholders of the Company		251,813	171,233	1,217	8,218
Minority interests		(8)	(1)	-	-
		251,805	171,232	1,217	8,218
Basic earnings per share (sen)	41	24.8	16.8		
Diluted earnings per share (sen)	41	24.3	16.7		
Dividend per share (net of tax) (sen)		15.0	10.5	15.0	10.5

Notes to and forming part of the financial statements are set out on pages 88 to 167
Auditors' Report – Pages 78 to 79

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2010

	Note	Attributable to shareholders of the Company						Total RM'000	Minority interests RM'000	Total equity RM'000
		Non-distributable				Exchange translation reserve RM'000	Distributable retained earnings RM'000			
		Share capital RM'000	Share premium RM'000	Option reserve RM'000	Warrants reserve RM'000					
Balance at 1.11.2008		762,524	217,584	-	47,798	1,500	945,936	1,975,342	358	1,975,700
Translation differences for the year		-	-	-	-	(2,433)	-	(2,433)	-	(2,433)
Profit for the year		-	-	-	-	-	171,233	171,233	(1)	171,232
Net (expense)/income recognised directly in equity		-	-	-	-	(2,433)	171,233	168,800	(1)	168,799
Dividends paid	42	-	-	-	-	-	(114,390)	(114,390)	-	(114,390)
Issue of ordinary shares pursuant to exercise of Warrants		80	433	-	(32)	-	-	481	-	481
Options granted under ESOS		-	-	6,988	-	-	-	6,988	-	6,988
Balance at 31.10.2009		762,604	218,017	6,988	47,766	(933)	1,002,779	2,037,221	357	2,037,578
Translation differences for the year		-	-	-	-	(2,875)	-	(2,875)	-	(2,875)
Profit for the year		-	-	-	-	-	251,813	251,813	(8)	251,805
Net (expense)/income recognised directly in equity		-	-	-	-	(2,875)	251,813	248,938	(8)	248,930
Dividends paid	42	-	-	-	-	-	(114,391)	(114,391)	-	(114,391)
Issue of ordinary shares pursuant to exercise of Warrants		2	10	-	(1)	-	-	11	-	11
Options granted under ESOS		-	-	17,494	-	-	-	17,494	-	17,494
Issuance of ordinary shares to a minority interest		-	-	-	-	-	-	-	8	8
Acquisition of additional shares in a subsidiary company		-	-	-	-	-	-	-	(278)	(278)
Balance at 31.10.2010		762,606	218,027	24,482	47,765	(3,808)	1,140,201	2,189,273	79	2,189,352

Notes to and forming part of the financial statements are set out on pages 88 to 167
Auditors' Report – Pages 78 to 79

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2010

	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 1.11.2008		762,524	217,584	-	47,798	652,457	1,680,363	
Profit for the year		-	-	-	-	8,218	8,218	
Dividends paid	42	-	-	-	-	(114,390)	(114,390)	
Issue of ordinary shares pursuant to exercise of Warrants		80	433	-	(32)	-	481	
Options granted under ESOS		-	-	6,988	-	-	6,988	
Balance at 31.10.2009		762,604	218,017	6,988	47,766	546,285	1,581,660	
Profit for the year		-	-	-	-	1,217	1,217	
Dividends paid	42	-	-	-	-	(114,391)	(114,391)	
Issue of ordinary shares pursuant to exercise of Warrants		2	10	-	(1)	-	11	
Options granted under ESOS		-	-	17,494	-	-	17,494	
Balance at 31.10.2010		762,606	218,027	24,482	47,765	433,111	1,485,991	

Notes to and forming part of the financial statements are set out on pages 88 to 167
Auditors' Report – Pages 78 to 79

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		330,967	231,112	4,262	24,397
Adjustments for:					
Allowance for doubtful debts no longer required		(585)	(80)	(1,144)	(1,298)
Bad and doubtful debts		20,292	915	1,400	2,662
Depreciation					
- property, plant and equipment		10,328	9,043	88	119
- investment properties		2,672	2,043	2	2
Development expenditure written off		256	-	-	-
(Gain)/Loss on disposal of property, plant and equipment		(151)	2,268	(1)	-
Property, plant and equipment written off		363	97	-	-
Amortisation of prepaid lease payments		10	10	10	10
Amortisation of bond discounts		-	-	12,814	12,214
Loss retained in associated companies		33	448	-	-
Realisation of profit of jointly controlled entities		(417)	(2,074)	-	-
Gain on disposal of a subsidiary company		(13)	-	-	-
Gain on disposal of investment properties		(68,857)	(8,052)	-	-
Gain on disposal of quoted investment		-	(25)	-	-
Impairment of investment properties		-	52	-	50
Impairment of investments in subsidiary companies		-	-	-	36,926
Employees' share options		17,144	6,834	3,411	1,519
Diminution in value of quoted investments		-	166	-	-
Discount on acquisition of additional shares in a jointly controlled entity		-	(6,879)	-	-
Discount on acquisition of additional shares in a subsidiary company		(89)	-	-	-
Unrealised foreign exchange loss		954	-	-	-
Deposits written off		7	-	-	-
Interest expense		9,200	8,052	10,572	10,759
Dividend income		-	-	(30,000)	(74,000)
Interest income		(16,443)	(15,756)	(40,327)	(40,162)
Rental income		(13,623)	(11,642)	-	-
Operating profit/(loss) before working capital changes		292,048	216,532	(38,913)	(26,802)
Changes in property development costs		189,117	111,108	-	-
Changes in accrued billings/progress billings		(25,927)	(13,965)	-	-
Changes in gross amount due from/to customers		(28,825)	19,452	(1,006)	2,330

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Changes in inventories		4,734	12,478	-	-
Changes in receivables		(38,545)	50,821	(3,331)	5,306
Changes in payables		83,703	33,173	(996)	3,335
Cash generated from/(used in) operations		476,305	429,599	(44,246)	(15,831)
Rental received		800	593	-	-
Interest received		6,180	4,932	8	17
Interest paid		(48,786)	(50,019)	(57)	(72)
Tax paid		(86,257)	(71,552)	-	-
Net cash generated from/(used in) operating activities		348,242	313,553	(44,295)	(15,886)
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to land held for property development		(178,040)	(171,650)	-	-
Purchase of property, plant and equipment	43	(62,968)	(47,358)	(92)	(231)
Purchase of investment properties		(3,018)	(8,676)	-	-
Proceeds from disposal of property, plant and equipment		742	6,159	1	-
Proceeds from disposal of investment properties		101,061	15,583	-	-
Proceeds from disposal of other investment		-	75	-	-
Acquisition of shares in subsidiary companies	44	(1,000)	-	-	-
Acquisition of additional shares in an existing subsidiary company	44	(189)	-	(189)	-
Subscription of additional shares in an existing subsidiary company		-	-	(1,167)	(100)
Acquisition of additional shares in an existing jointly controlled entity	45	-	1,138	-	(500)
Repayment from subsidiary companies		-	-	259,436	150,942
Advances to jointly controlled entities		(7,921)	(23,649)	(33,843)	(57,236)
Advances to joint venture partner		-	(195)	-	-
Deposit and part consideration paid for acquisition of land		(26,599)	-	-	-
Development expenditure paid		(553)	(798)	-	-
Advance payments made pending the signing of the Privatisation Agreement		(90,189)	(21,737)	-	-
Withdrawal/(Placement) of fixed deposits, sinking fund, debt service reserve and escrow accounts		15,190	(15,809)	-	-
Dividends received		-	-	50,812	27,188
Interest received		9,691	9,777	17,242	12,418
Rental received		12,823	11,049	-	-
Net cash (used in)/generated from investing activities		(230,970)	(246,091)	292,200	132,481

**CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)**

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares					
- by the Company		11	481	11	481
- by a subsidiary company to a minority shareholder		8	-	-	-
Repayment (to)/from subsidiary companies		-	-	(3,945)	366
Drawdown of bank term loans		435,190	302,011	-	-
Repayment of bank term loans		(215,534)	(185,421)	-	-
Drawdown of bridging loan		-	892	-	-
Drawdown of short term loan		57,743	-	50,000	-
Repayment of banker acceptance		-	(1,758)	-	-
Drawdown of revolving credit		15,000	57,580	-	-
Repayment of revolving credit		(29,171)	(41,639)	-	-
Payment of hire purchase and finance lease liabilities		(168)	(2,890)	-	-
Interest paid		(3)	(35)	(10,472)	(10,742)
Dividends paid		(114,391)	(114,390)	(114,391)	(114,390)
Net cash generated from/(used in) financing activities		148,685	14,831	(78,797)	(124,285)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		265,957	82,293	169,108	(7,690)
EFFECT OF EXCHANGE RATE CHANGES		770	(310)	-	-
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		672,503	590,520	309,062	316,752
CASH AND CASH EQUIVALENTS CARRIED FORWARD		939,230	672,503	478,170	309,062
Represented by:					
Deposits		640,974	587,604	515,463	338,886
Cash and bank balances		405,869	271,066	1,550	8,045
Bank overdrafts		(107,613)	(186,167)	(38,843)	(37,869)
		939,230	672,503	478,170	309,062

Notes to and forming part of the financial statements are set out on pages 88 to 167
Auditors' Report – Pages 78 to 79

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2010

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 ("MASB") and with the provisions of the Companies Act, 1965.

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

The financial statements 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) Adoption of new FRS

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial year except for the adoption of the new *FRS 8 – Operating Segments* which became effective for financial periods beginning on or after 1 July 2009. The adoption of FRS 8 did not have significant financial impact on the Group.

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

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

New FRSs, Amendments to FRSs and Interpretations		Effective for financial periods beginning on or after
FRS 1	First-time Adoption of Financial Reporting Standards (revised)	1 July 2010
FRS 3	Business Combinations (revised)	1 July 2010
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 101	Presentation of Financial Statements (revised)	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 124	Related Party Disclosures	1 January 2012
FRS 127	Consolidated and Separate Financial Statements (revised)	1 July 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRSs	Improvements to FRSs (2009)	1 January 2010
Amendments to FRSs	Improvements to FRSs (2010)	1 January 2011
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendment to FRS 1	Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2	Share-based Payment Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2	Share-based Payment	1 July 2010

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

New FRSs, Amendments to FRSs and Interpretations		Effective for financial periods beginning on or after
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 132	Financial Instruments: Presentation	1 March 2010
Amendments to FRS 138	Intangible Assets	1 July 2010
IC Interpretation 4	Determining Whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18	Transfer of Assets from Customers	1 January 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 July 2010
Amendments to IC Interpretation 14	Prepayment of a Minimum Funding Requirement	1 July 2011
TR - 3	Guidance on Disclosures of Transition to IFRSs	31 December 2010
TR i - 3	Presentation of Financial Statements of Islamic Financial Institutions	1 January 2010
TR i - 4	Shariah Compliant Sale Contracts	1 January 2011

The above new/revised FRSs, IC Interpretations and Amendments to FRSs are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except as discussed below. The Group and the Company are exempted from disclosing the possible impact to the financial statements upon initial application of FRS 7 and FRS 139.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

FRS 101 – Presentation of Financial Statements

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of income and expense recognised directly in equity, either in one single statement, or in two linked statements.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

The revised FRS 101 will be adopted retrospectively by the Group and the Company.

(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:

Classification between investment properties and owner-occupied properties

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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 an 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 2010 were RM108,248,000 and RM280,000 (2009 : RM146,014,000 and RM312,000), respectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

Depreciation of property, plant and equipment and investment properties (cont'd)

The carrying amounts of the Group's and Company's investment properties as at 31 October 2010 were RM116,586,000 and RM1,103,000 (2009 : RM197,587,000 and RM1,105,000), respectively.

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

Provision for stock obsolescence and inventories write down

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

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

The carrying amounts of the Group's inventories as at 31 October 2010 were RM23,601,000 (2009 : RM27,318,000).

Demand levels 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 2010 were RM560,620,000 and RM1,342,101,000 (2009 : RM343,698,000 and RM1,555,958,000), respectively.

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

Income taxes

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

Income taxes (cont'd)

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

The carrying amounts of the Group's and the Company's tax assets as at 31 October 2010 were RM76,510,000 and RM17,638,000 (2009 : RM63,797,000 and RM22,704,000), respectively.

The carrying amounts of the Group's and the Company's tax liabilities as at 31 October 2010 were RM16,865,000 and RM Nil (2009 : RM10,654,000 and RM9,521,000), respectively.

Deferred tax assets

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

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

The carrying amounts of the Group's recognised and unrecognised deferred tax assets as at 31 October 2010 were RM42,465,000 and RM72,779,000 (2009 : RM33,141,000 and RM54,362,000), respectively.

(e) Subsidiary companies

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 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 and 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Associated companies (cont'd)

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

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

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

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Interests in joint ventures (cont'd)

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

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

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

(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 off 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 2010 (CONT'D)

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 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)**

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Investment properties (cont'd)

(ii) Depreciation (cont'd)

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.

(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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Long term construction contracts (cont'd)

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.

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Foreign currencies (cont'd)

(ii) Transactions and balances in foreign currencies (cont'd)

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.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Impairment of assets (cont'd)

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

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

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

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

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

(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.

- (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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Employee benefits (cont'd)

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

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

(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 and cash equivalents

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

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, redeemable cumulative preference shares and ordinary shares.

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

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

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

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

(ab) Operating segments

In previous years, a segment was a distinguishable component of the Group that was engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment) which was subject to risks and rewards that were different from those of other segments.

Segment revenue, results, 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, results, 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.

Following the adoption of FRS 8, an operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by key management personnel to make decisions about resources to be allocated to the segment and assess its performance.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) Interest rate risk

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Interest rate risk (cont'd)

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

(b) Credit risk

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

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

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

(c) Market risk

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

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

(d) Foreign currency exchange risk

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

(e) Liquidity and cash flow risks

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT

Group 2010	Freehold		Leasehold building RM'000	Plant, machinery, crane and trucks RM'000	Office equipment, renovations, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
	Land RM'000	Buildings RM'000						
Cost								
At 1.11.2009	4,174	51,202	3,662	12,378	43,022	16,139	74,425	205,002
Additions	-	367	334	15	8,718	1,716	52,559	63,709
Disposals	-	-	-	(59)	(12)	(1,133)	-	(1,204)
Write-offs	-	-	-	-	(758)	(4)	-	(762)
Reclassification	-	-	-	-	1,363	-	(1,363)	-
Transfer to land held for property development (see note 5)	-	-	-	-	-	-	(29,340)	(29,340)
Transfer to property development costs (see note 16)	-	-	(3,649)	-	-	-	(621)	(4,270)
Transfer to investment properties upon completion (see note 4)	-	-	-	-	-	-	(55,976)	(55,976)
Exchange differences	-	-	(347)	(19)	(174)	(15)	-	(555)
At 31.10.2010	4,174	51,569	-	12,315	52,159	16,703	39,684	176,604
Accumulated depreciation								
At 1.11.2009	-	11,207	-	11,476	26,106	10,199	-	58,988
Charge for the year	-	1,542	-	294	7,257	1,648	-	10,741
Disposals	-	-	-	(49)	(12)	(872)	-	(933)
Write-offs	-	-	-	-	(395)	(4)	-	(399)
Exchange differences	-	-	-	(6)	(33)	(2)	-	(41)
At 31.10.2010	-	12,749	-	11,715	32,923	10,969	-	68,356
Net carrying amount								
At 31.10.2010	4,174	38,820	-	600	19,236	5,734	39,684	108,248

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

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

Group 2009	Freehold		Leasehold building RM'000	Plant, machinery, crane and trucks RM'000	Office equipment, renovations, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
	Land RM'000	Buildings RM'000						
Cost								
At 1.11.2008	4,163	50,126	-	12,366	33,773	34,210	16,741	151,379
Additions	-	863	-	29	5,785	1,749	46,748	55,174
Effect of acquisition of additional shares in a jointly controlled entity	-	84	-	-	196	79	-	359
Disposals	-	-	-	-	(608)	(19,671)	-	(20,279)
Write-offs	-	-	-	-	(270)	(223)	-	(493)
Reclassification	-	-	3,662	(8)	4,200	-	(7,854)	-
* Reclassification from land held for property development (see note 5)	11	129	-	-	-	-	41,983	42,123
* Reclassification from property development costs (see note 16)	-	-	-	-	-	-	649	649
Transfer to investment properties upon completion (see note 4)	-	-	-	-	-	-	(23,667)	(23,667)
Exchange differences	-	-	-	(9)	(54)	(5)	(175)	(243)
At 31.10.2009	4,174	51,202	3,662	12,378	43,022	16,139	74,425	205,002
Accumulated depreciation								
At 1.11.2008	-	9,723	-	11,057	21,042	19,736	-	61,558
Charge for the year	-	1,472	-	420	5,350	2,207	-	9,449
Effect of acquisition of additional shares in a jointly controlled entity	-	12	-	-	173	53	-	238
Disposals	-	-	-	-	(203)	(11,649)	-	(11,852)
Write-offs	-	-	-	-	(248)	(148)	-	(396)
Exchange differences	-	-	-	(1)	(8)	-	-	(9)
At 31.10.2009	-	11,207	-	11,476	26,106	10,199	-	58,988
Net carrying amount								
At 31.10.2009	4,174	39,995	3,662	902	16,916	5,940	74,425	146,014

* Reclassification of stamp duty and common infrastructure costs

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

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

Company 2010	Plant, machinery, cranes and trucks RM'000	Office equipment, renovations, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1.11.2009	1,706	3,862	374	5,942
Additions	-	92	-	92
Disposals	-	-	(5)	(5)
Write-offs	-	(103)	-	(103)
At 31.10.2010	1,706	3,851	369	5,926
Accumulated depreciation				
At 1.11.2009	1,705	3,747	178	5,630
Charge for the year	-	87	37	124
Disposals	-	-	(5)	(5)
Write-offs	-	(103)	-	(103)
At 31.10.2010	1,705	3,731	210	5,646
Net carrying amount				
At 31.10.2010	1	120	159	280

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

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

Company 2009	Plant, machinery, cranes and trucks RM'000	Office equipment, renovations, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1.11.2008	1,706	3,878	149	5,733
Additions	-	6	225	231
Write-offs	-	(22)	-	(22)
At 31.10.2009	1,706	3,862	374	5,942
Accumulated depreciation				
At 1.11.2008	1,705	3,683	145	5,533
Charge for the year	-	86	33	119
Write-offs	-	(22)	-	(22)
At 31.10.2009	1,705	3,747	178	5,630
Net carrying amount				
At 31.10.2009	1	115	196	312

Included in capital work-in-progress of the Group is interest expense of RM797,000 (2009 : RM Nil) incurred during the financial year.

Freehold land and buildings, including capital work-in-progress of the Group included above at a net carrying amount of RM44,506,000 (2009 : RM28,402,000), have been charged to partially secure the long term borrowings, revolving credit and bank overdrafts referred to in notes 27, 33 and 34 below.

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Plant and machinery	-	255	-	-
Motor vehicles	-	186	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

4. INVESTMENT PROPERTIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cost				
At 1 November	202,187	180,741	1,571	1,571
Additions	3,018	8,676	-	-
Disposals	(103,166)	(7,531)	-	-
Transfer from property, plant and equipment upon completion (see note 3)	55,976	23,667	-	-
Transfer to land held for property development (see note 5)	(36,292)	(9,288)	-	-
* Reclassification from land held for property development (see note 5)	-	5,922	-	-
Transfer to property development costs (see note 16)	(787)	-	-	-
At 31 October	120,936	202,187	1,571	1,571
Accumulated depreciation				
At 1 November	3,955	1,912	23	21
Charge for the year	2,672	2,043	2	2
Disposals	(2,922)	-	-	-
At 31 October	3,705	3,955	25	23
Accumulated impairment losses				
At 1 November	645	593	443	393
Charge for the year	-	52	-	50
At 31 October	645	645	443	443
Net carrying amount at 31 October	116,586	197,587	1,103	1,105
Comprising:				
Freehold land	50,236	93,359	928	928
Freehold buildings	65,850	103,721	-	-
Leasehold buildings	500	507	175	177
	116,586	197,587	1,103	1,105
Fair value at 31 October	505,547	853,854	1,375	1,375

* Reclassification of stamp duty and common infrastructure costs

Title deeds to certain of the Group's and Company's investment properties costing RM1,005,000 and RM200,000 (2009 : 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

4. INVESTMENT PROPERTIES (CONT'D)

Title deeds to certain of the Group's investment properties at a net carrying amount of RM56,359,000 (2009 : RM66,279,000) have been charged to banks to secure the long term borrowings referred to in note 27 below.

The fair values of the investment properties at 31 October 2010 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 2009	785,296	9,850	416,376	1,211,522
Additions	116,852	-	81,789	198,641
Transfer from property, plant and equipment (see note 3)	-	-	29,340	29,340
Transfer from investment properties (see note 4)	36,292	-	-	36,292
Reclassified to other receivables (see note 21)	-	-	(6,346)	(6,346)
Transfer to current assets as property development costs (see note 16)	(36,559)	-	(67,154)	(103,713)
Exchange differences	5,312	-	104	5,416
At 31 October 2010	907,193	9,850	454,109	1,371,152

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

* Reclassification of stamp duty and common infrastructure costs

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

5. LAND HELD FOR PROPERTY DEVELOPMENT (CONT'D)

Included in additions is interest expense of RM19,601,000 (2009 : RM13,096,000) incurred during the financial year.

Land held for property development included above at a carrying amount of RM936,822,000 (2009 : RM969,979,000) have been charged to banks to partially secure the long term borrowings, revolving credit and bank overdrafts referred to in notes 27, 33 and 34 below.

6. PREPAID LEASE PAYMENTS

	Group/Company	
	2010 RM'000	2009 RM'000
Long leasehold land		
Cost		
At 1 November	978	978
At 31 October	978	978
Accumulated amortisation		
At 1 November	108	98
Amortisation for the year	10	10
At 31 October	118	108
Net carrying amount		
At 31 October	860	870

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2010 RM'000	2009 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	180,675	179,319
Impairment loss	(40,254)	(40,254)
	255,607	254,251

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies are as follows:

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2010	2009	2010	2009		
	%	%	%	%		
Bandar Setia Alam Sdn Bhd	100	100	-	-	Malaysia	Property development and property investment holding
Setia Indah Sdn Bhd	100	100	-	-	Malaysia	Property development and property investment holding
Setia Duta One Sdn Bhd	100	100	-	-	Malaysia	Property development
* Syarikat Kemajuan Jerai Sdn Bhd	100	100	-	-	Malaysia	Property development and investment holding
* S P Setia Project Management Sdn Bhd	-	-	100	100	Malaysia	Property development project management
* Lagavest Sdn Bhd	-	-	100	100	Malaysia	Investment holding
* Wawasan Indera Sdn Bhd	50	50	50	50	Malaysia	Property development
* S P Setia Eco-Projects Management Sdn Bhd	-	-	100	100	Malaysia	Property development project management
* Setia Recreation Sdn Bhd	-	-	100	100	Malaysia	Club operator
* Ambleside Sdn Bhd	-	-	100	100	Malaysia	Property development
* Bukit Indah (Johor) Sdn Bhd	100	100	-	-	Malaysia	Property development and property investment holding
Setia Bina Raya Sdn Bhd	100	100	-	-	Malaysia	Road contractor
Setia Precast Sdn Bhd	-	-	100	100	Malaysia	Building contractors
Setia-Wood Industries Sdn Bhd	100	100	-	-	Malaysia	Prefabrication, installation, sale of wood products and provision of kiln dry services
S P Setia Marketing Sdn Bhd	-	-	100	100	Malaysia	Sale of wood products and buildings materials
S P Setia Estate Management Sdn Bhd	60	60	-	-	Malaysia	Property management services
S P Setia Construction Sdn Bhd	100	100	-	-	Malaysia	Building contractors
Bukit Indah (Perak) Sdn Bhd	100	100	-	-	Malaysia	Property development
S P Setia Management Services Sdn Bhd	100	100	-	-	Malaysia	Investment holding
Futurecrest (M) Sdn Bhd	100	100	-	-	Malaysia	Investment holding
Shabra Development Sdn Bhd	100	100	-	-	Malaysia	Property development
KL Eco City Sdn Bhd	100	100	-	-	Malaysia	Property development and property investment holding
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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2010	2009	2010	2009		
	%	%	%	%		
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	100	91	-	-	Malaysia	Dormant
Cosmotek Sdn Bhd	100	100	-	-	Malaysia	Investment holding
SJ Classic Land Sdn Bhd	-	-	60	60	Malaysia	Dormant
* Indera Perasa Sdn Bhd	100	100	-	-	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
* Kay Pride Sdn Bhd	-	-	100	-	Malaysia	Property development and property investment holding
Aeropod Sdn Bhd	70	70	-	-	Malaysia	Property development and property investment holding
Setia Eco Villa Sdn Bhd	100	100	-	-	Malaysia	Dormant
Sentosa Jitra Sdn Bhd	50	100	-	-	Malaysia	Dormant
Setiahomes (MM2H) Sdn Bhd	100	100	-	-	Malaysia	Dormant
Eco Meridian Sdn Bhd	100	-	-	-	Malaysia	Dormant
* Setia Ecohill Sdn Bhd (formerly known as Symbol Splendid Sdn Bhd)	100	-	-	-	Malaysia	Dormant
* Classic Euphoria Sdn Bhd	100	-	-	-	Malaysia	Dormant
* Retro Highland Sdn Bhd	100	-	-	-	Malaysia	Dormant
Setia International Limited	100	100	-	-	British Virgin Islands	Investment holding
Setia MyPhuoc Limited	-	-	100	100	British Virgin Islands	Investment holding

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2010	2009	2010	2009		
	%	%	%	%		
Setia D-Nine Limited	-	-	100	100	British Virgin Islands	Investment holding
Setia Saigon East Limited	-	-	100	100	British Virgin Islands	Investment holding
Setia Capital (Vietnam) Limited	-	-	100	100	British Virgin Islands	Investment holding
Setia Land (Vietnam) Limited	-	-	100	100	British Virgin Islands	Investment holding
Setia Australia Limited	-	-	100	-	British Virgin Islands	Investment holding
Setia Lai Thieu Limited	-	-	100	100	British Virgin Islands	Investment holding
+ Setia Lai Thieu One Member Company Limited	-	-	100	-	Vietnam	Property development
+ Setia (Melbourne) Development Company Pty Ltd	-	-	100	-	Australia	Property development
+ Setia Land (China) Limited	-	-	100	100	Hong Kong	Investment holding
+ Setia (Hangzhou) Development Company Limited	-	-	100	100	Hong Kong	Investment holding
+ S P Setia International (S) Pte Ltd	100	100	-	-	Singapore	Promotions, marketing and other activities related to property development

* Not audited by Mazars, Malaysia

+ Audited by member firms of Mazars in the respective countries

8. INVESTMENT IN ASSOCIATED COMPANIES

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Unquoted ordinary shares, at cost	3,022	3,022	650	650
Group's share of post-acquisition profits less losses	(773)	(740)	-	-
	2,249	2,282	650	650

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

8. INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

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

	2010 RM'000	2009 RM'000
Assets and liabilities		
Total assets	3,915	4,004
Total liabilities	93	116
Results		
Revenue	-	531
Loss for the year	(66)	(897)

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

	Equity interest				Principal activities
	Direct		Indirect		
	2010 %	2009 %	2010 %	2009 %	
Golden Klang Valley Sdn Bhd ("GKV")	50	50	-	-	Property development
PTB Property Developer Sdn Bhd ("PTB")	-	-	49	49	Property development
+ Konsortium Lebuhraya Wangsa-Keramat Sdn Bhd ("KLWK")	-	40	-	-	Dormant
+ KLWK Sdn Bhd ("KLWKS")	-	40	-	-	Dormant
* Icfox (Malaysia) Sdn Bhd ("Icfox")	-	-	20	20	Development of internet websites

* 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 Icfox where management financial statements made up to 31 October have been used.

+ Struck off during the financial year

9. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

	Company	
	2010 RM'000	2009 RM'000
Unquoted ordinary shares, at cost	49,931	49,931
Unquoted cumulative redeemable preference shares, at cost	36,050	36,050
	85,981	85,981

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

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			
	2010 %	2009 %	2010 %	2009 %		
Exceljade Sdn Bhd	70	70	-	-	Malaysia	Property development
Sendiman Sdn Bhd	70	70	-	-	Malaysia	Property development
Kemboja Mahir Sdn Bhd	70	70	-	-	Malaysia	Property development
Setia Putrajaya Sdn Bhd	60	60	-	-	Malaysia	Property development and building construction
Setia Putrajaya Construction Sdn Bhd	-	-	60	60	Malaysia	Building construction
Setia Putrajaya Development Sdn Bhd	-	-	60	60	Malaysia	Property development
Bandar Eco-Setia Sdn Bhd	50	50	-	-	Malaysia	Property development and property investment
Setia Eco Park Recreation Sdn Bhd	-	-	50	-	Malaysia	Club operator
Ganda Anggun Sdn Bhd	-	-	70	70	Malaysia	Property development
Kesas Kenangan Sdn Bhd	-	-	70	70	Malaysia	Property development and property investment
Greenhill Resources Sdn Bhd	-	-	50	50	Malaysia	Property investment
* SetiaBecamex Joint Stock Company	-	-	55	55	Vietnam	Property development

* The financial year of this jointly controlled entity ends on 31 December.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

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

The Group's interest in the assets, liabilities, revenue and profit of the jointly controlled entities are as follows:

	2010 RM'000	2009 RM'000
Assets and liabilities		
Non-current assets	484,791	385,610
Current assets	440,552	545,127
Total assets	925,343	930,737
Non-current liabilities	237,758	401,399
Current liabilities	420,665	324,537
Total liabilities	658,423	725,936
Results		
Revenue	253,820	277,022
Profit for the year/period	17,998	12,244

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

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

10. OTHER INVESTMENTS

	Group	
	2010 RM'000	2009 RM'000
Unquoted shares, at cost	462	462
Diminution in value	(125)	(125)
	337	337

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

11. AMOUNTS OWING BY/TO SUBSIDIARY COMPANIES

Amounts owing by subsidiary companies included under non-current assets

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

	Company	
	2010 RM'000	2009 RM'000
Bearing interest at 2.00% to 4.57% (2009 : 2.00% to 4.45%) per annum	271,692	818,571
Interest free	439,170	516,682
	710,862	1,335,253
Allowance for doubtful debts	(20,284)	(20,027)
	690,578	1,315,226

Amounts owing by subsidiary companies included under current assets

	Company	
	2010 RM'000	2009 RM'000
Trade accounts		
Retention sums receivable	2,658	4,635
Allowance for doubtful debts	(795)	(795)
	1,863	3,840
Unsecured advances		
- bearing interest at 2.00% to 4.57% (2009 : 2.00%) per annum	222,680	15,105
- interest free	292,372	104,915
Dividend receivable	-	28,312
	516,915	152,172

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

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

Amounts owing to subsidiary companies included under non-current liabilities

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

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

Amounts owing to subsidiary companies included under current liabilities

	Company	
	2010 RM'000	2009 RM'000
Trade accounts		
Sub-contract claims	1	2,424
Retention sums	1,311	1,985
	1,312	4,409
Unsecured interest free advances	3,080	1,444
	4,392	5,853

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

12. AMOUNTS OWING BY 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 which are not expected to be recalled within the next 12 months:

	Group	
	2010 RM'000	2009 RM'000
Gross amount of advances	73	73
Allowance for doubtful debts	(73)	(73)
	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

13. AMOUNT OWING BY JOINT VENTURE PARTNER

The amount owing by the joint venture partner in 2009 represents unsecured advances bearing interest at 8.00% per annum as follows:

	Group	
	2010 RM'000	2009 RM'000
Principal sum	-	6,346
Interest receivable	-	820
	-	7,166

On or about 15 December 2009, the Joint Venture Agreement with the Joint Venture Partner came to an end for, among other reasons, failure of common purpose. Subsequently, this amount has been reclassified as amount owing by former joint venture partner in other receivables (*see note 21*).

14. AMOUNTS OWING BY JOINTLY CONTROLLED ENTITIES

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest bearing at 8.00% to 8.30% (2009 : 7.55%) per annum	30,213	12,900	100,710	43,000
Interest free	-	3,000	12,600	15,600
	30,213	15,900	113,310	58,600

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

14. AMOUNTS OWING BY JOINTLY CONTROLLED ENTITIES (CONT'D)

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade accounts	7,768	2,591	-	-
Interest bearing advances at 8.00% to 8.30% (2009 : 7.55% to 8.00%) per annum	3,349	8,650	11,164	28,831
Interest free advances	7,263	8,126	4,082	464
	18,380	19,367	15,246	29,295

The trade accounts are expected to be settled within the normal credit period. Interest bearing and interest free advances are payable on demand.

15. DEFERRED TAX ASSETS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At beginning of the year	33,141	26,829	-	441
Originating/(Reversal) during the year	9,324	6,312	72	(441)
At end of the year	42,465	33,141	72	-

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

15. DEFERRED TAX ASSETS (CONT'D)

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Tax effects of:				
- unabsorbed capital allowances	167	97	129	-
- unutilised tax losses	6,775	5,134	-	-
- property development and construction profits	34,779	27,439	23	-
- excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	(2,176)	(246)	(28)	-
- excess of accumulated depreciation on property, plant and equipment over capital allowances claimed	9	167	-	-
- others	2,911	550	(52)	-
	42,465	33,141	72	-

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unutilised tax losses	71,252	52,018	-	-
Unabsorbed capital allowances	1,453	1,911	-	-
Excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	(366)	(231)	-	-
Others	440	664	-	-
	72,779	54,362	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

16. PROPERTY DEVELOPMENT COSTS

	Group	
	2010 RM'000	2009 RM'000
Freehold land at cost	531,824	574,591
Leasehold land at cost	16,983	327
Development and construction costs	2,426,945	2,420,528
Costs recognised as an expense in previous years	(2,077,803)	(2,141,462)
At 1 November	897,949	853,984
Costs transferred from land held for property development (<i>see note 5</i>)		
- freehold land at cost	36,559	59,755
- leasehold land at cost	-	18,361
- development costs	67,154	35,466
Costs transferred from investment properties (<i>see note 4</i>)	787	-
Transfer from/(Reclassification to) property, plant and equipment (<i>see note 3</i>)	4,270	(649)*
Costs incurred during the financial year		
- freehold land at cost	10,459	6,345
- development and construction costs	930,676	863,342
Effect of acquisition of additional shares in a jointly controlled entity	-	4,133
Exchange differences	(8,054)	(2,664)
	1,041,851	984,089
Costs recognised as an expense in the current year	(1,098,335)	(935,579)
Transferred to inventories	(1,017)	(4,545)
At 31 October	840,448	897,949

* *Reclassification of stamp duty and common infrastructure costs*

Property development costs included above at a carrying amount of RM374,971,000 (2009 : RM362,958,000), have been charged to banks to partially secure the long term borrowings, revolving credit, bridging loan and bank overdrafts referred to in notes 27, 33 and 34 below.

Included under development and construction costs is interest expense of RM31,770,000 (2009 : RM32,256,000) incurred during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

17. GROSS AMOUNT DUE FROM/TO CUSTOMERS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Aggregate contract expenditure incurred to-date	725,648	945,098	104,498	168,900
Attributable profit recognised to-date	63,138	82,163	750	7,286
	788,786	1,027,261	105,248	176,186
Progress billings	(726,128)	(995,334)	(108,029)	(180,009)
	62,658	31,927	(2,781)	(3,823)
Gross amount due from customers	69,775	39,464	-	-
Gross amount due to customers	(7,117)	(7,537)	(2,781)	(3,823)
	62,658	31,927	(2,781)	(3,823)
Progress billings comprise:				
Progress billings				
- received	716,729	905,124	102,558	177,387
- receivable	4,018	77,462	5,471	-
Retention sums	5,381	12,748	-	2,622
	726,128	995,334	108,029	180,009
Advances received for contract work not yet performed by the Group and the Company included under other payables and accruals (see note 32)	9,881	20,000	-	10,000

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Depreciation	413	406	36	-
Hire of machinery	423	292	-	-
Interest	1,493	1,706	-	-
Rental expense	95	37	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

18. INVENTORIES

	Group 2010			Group 2009		
	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	19,685	-	19,685	21,857	938	22,795
Raw materials	3,563	-	3,563	2,315	-	2,315
Work-in-progress	6	-	6	1,913	-	1,913
Finished goods	154	-	154	200	-	200
Consumable goods	193	-	193	95	-	95
	23,601	-	23,601	26,380	938	27,318

19. ACCRUED BILLINGS/PROGRESS BILLINGS

	Group	
	2010 RM'000	2009 RM'000
Revenue recognised in income statement to-date	5,801,559	3,103,702
Progress billings to-date	(5,684,784)	(3,012,854)
	116,775	90,848
Accrued billings	157,152	135,872
Progress billings	(40,377)	(45,024)
	116,775	90,848

20. TRADE RECEIVABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Gross progress billings receivable	179,103	167,766	5,973	502
Gross retention sums receivable	73,658	59,579	891	891
Other gross receivables	7,083	6,516	-	-
Total gross receivables	259,844	233,861	6,864	1,393
Allowance for doubtful debts	(18,548)	(3,726)	(1,393)	(1,393)
	241,296	230,135	5,471	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

20. TRADE RECEIVABLES (CONT'D)

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

Other gross receivables are collectible within 14 to 90 days.

21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Advance payments made pending the signing of the Privatisation Agreement (<i>see note 53(a)</i>)	112,803	22,614	-	-
Refundable deposit and part purchase consideration paid for the acquisition of development land in				
- Bandar and Daerah Kuala Lumpur	1,649	1,609	-	-
- Mukim of Tebrau, District of Johor Bahru	16,930	-	-	-
- Lai Thieu Town, Thuan An District, Binh Duong Province, Vietnam	9,629	-	-	-
Development expenditure	1,620	1,067	-	-
Refundable deposit placed with stakeholder for impending acquisition of development land	2,540	2,540	-	-
Amount owing from a purchaser for disposal of an investment property	68,040	-	-	-
Amount owing by former joint venture partner	13,890	-	-	-
Other sundry receivables, deposits and prepayments	51,315	46,471	581	665
	278,416	74,301	581	665
Allowance for doubtful debts	(7,685)	(3,171)	-	-
	270,731	71,130	581	665

The refundable deposit and part purchase consideration paid for the acquisition of development lands have not been completed as at 31 October 2010. The balance of these purchase considerations are disclosed as capital commitment in note 49 below.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

22. DEPOSITS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deposits				
- with licensed banks	572,360	594,449	445,317	338,886
- with other licensed financial institutions	73,780	15,866	70,146	-
	646,140	610,315	515,463	338,886

Included in deposits with licensed banks of the Group are amounts of RM1,726,000 (2009 : RM1,689,000) 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 RM3,440,000 (2009 : RM21,022,000) which were opened in accordance with terms and conditions set out in the term loan agreements referred to in note 27 below.

The effective interest rates range from 2.00% to 3.00% (2009 : 1.50% to 2.50%) per annum. All deposits have maturities of less than a year.

23. CASH AND BANK BALANCES

	Group	
	2010 RM'000	2009 RM'000
Cash and bank balances included monies in:		
Housing Development Accounts	340,322	213,467
Sinking Fund Accounts	1,269	3,886
Debt Service Reserve Account	3,818	255
Escrow Accounts	1,428	19

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

Funds maintained in the Housing Development Accounts earn interest ranging from 1.00% to 1.80% (2009 : 1.00% to 1.10%) per annum.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

24. SHARE CAPITAL

	Group and Company			
	2010		2009	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Authorised:				
Ordinary shares of RM0.75 each	1,600,000	1,200,000	1,600,000	1,200,000
Issued and fully paid:				
Ordinary shares of RM0.75 each				
At beginning of the year	1,016,805	762,604	1,016,698	762,524
Shares issued pursuant to:				
- exercise of Warrants	3	2	107	80
At end of the year	1,016,808	762,606	1,016,805	762,604

ESOS

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

- (a) The maximum number of new shares which may be made available under the Scheme shall not be more than ten percent (10%) of the issued and paid-up share capital of the Company at the point in time when an Offer is made.
- (b) Any employee or Executive Director of the S P Setia Group ("Selected Person") shall be eligible to participate in the Scheme and qualify for selection by the Option Committee, if, as at the Date of Allocation (where applicable):
 - (i) such employee or Executive Director has attained the age of eighteen (18) years;
 - (ii) such employee or Executive Director has been in the continuous full-time employment of S P Setia Group and his employment has been confirmed;
 - (iii) such employee or Executive Director is not a participant of any other employee share options scheme implemented by any company within the S P Setia Group which is in force for the time being;
 - (iv) in the case of an Executive Director, the specific allocation of the new shares to such Executive Director under the Scheme has been approved by the shareholders of the Company at a general meeting.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

24. SHARE CAPITAL (CONT'D)

ESOS (cont'd)

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

24. SHARE CAPITAL (CONT'D)

ESOS (cont'd)

(j) An employee may exercise his options subject to the following limits:

	Percentage of options exercisable (%)				
	Year 1	Year 2	Year 3	Year 4	Year 5
Number of options granted	-	-	33.33	33.33	33.34

The movement during the financial year in the number of ESOS options over the ordinary shares of RM0.75 each, in which the employees of the Group and Company are entitled to, is as follows:

Date options granted	Exercise price RM	At 1.11.2009 '000	Granted '000	Exercised '000	Forfeited* '000	At 31.10.2010 '000	Fair value at grant date RM
6 May 2009	2.96	68,988	-	-	(2,787)	66,201	0.66
22 March 2010	3.69	-	5,609	-	(95)	5,514	1.05
1 October 2010	4.05	-	6,319	-	-	6,319	1.17
		68,988	11,928	-	(2,882)	78,034	

* ESOS options forfeited from resigned employees.

The fair values of options granted in which FRS 2 applies, were determined using the *binomial* model. The significant inputs into the model are as follows:

	Option 1	Option 2	Option 3
Exercise price	RM2.96	RM3.69	RM4.05
Option life (number of days to expiry)	1,281	1,281	1,281
Weighted average share price at grant date	RM3.28	RM4.10	RM4.50
Expected dividend yield	6.3%	4.9%	4.4%
Risk free interest rates	3.78%	3.51%	3.18%
Expected volatility	32.66%	37.57%	38.16%

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

All ESOS granted are not exercisable as at balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

24. SHARE CAPITAL (CONT'D)

Warrants 2008/2013

As at 31 October 2010, 7,900,505 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 traded 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

25. REDEEMABLE SERIAL BONDS (CONT'D)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Redeemable serial bonds (<i>unsecured</i>)	500,000	500,000	500,000	500,000
Less:				
Unamortised discount	(14,395)	(27,209)	(14,395)	(27,209)
	485,605	472,791	485,605	472,791
Redeemable within the next 12 months	(249,620)	-	(249,620)	-
Redeemable later than 12 months	235,985	472,791	235,985	472,791

The redeemable serial bonds are payable as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Not later than one year	249,620	-	249,620	-
Later than one year but not later than five years	235,985	472,791	235,985	472,791
	485,605	472,791	485,605	472,791

26. REDEEMABLE CUMULATIVE PREFERENCE SHARES

	Group	
	2010 RM'000	2009 RM'000
Issued and fully paid:		
65,625,000 redeemable cumulative preference shares of RM0.01 each	656	656
Share premium of RM0.99 each	64,969	64,969
	65,625	65,625

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

26. REDEEMABLE CUMULATIVE PREFERENCE SHARES (CONT'D)

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

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

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

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

27. LONG TERM BORROWINGS

	Group	
	2010	2009
	RM'000	RM'000
<i>Secured</i>		
Total outstanding balances on:		
- term loans	870,127	651,157
- bridging loan	4,409	-
	874,536	651,157
Repayments due within the next 12 months included under short term borrowings (see note 33)	(94,186)	(82,389)
Repayments due later than 12 months included under non-current liabilities	780,350	568,768
The borrowings are repayable as follows:		
- not later than one year	94,186	82,389
- later than one year but not later than five years	740,068	539,604
- later than five years	40,282	29,164
	874,536	651,157

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)**

27. LONG TERM BORROWINGS (CONT'D)

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

The long term borrowings are analysed as follows:

	2010 RM'000	2009 RM'000
Variable rates borrowings at:		
- 2.00% above Bank Bill Swap Reference Rate, effectively, 6.80% (2009 : Nil) per annum	54,956	-
- 1.50% above costs of funds of the lending banks, effectively, 4.54% to 4.80% (2009 : 3.80% to 4.05%) per annum	133,154	137,364
- 1.25% above costs of funds of the lending banks, effectively, 4.25% to 4.56% (2009 : 3.55% to 4.23%) per annum	43,828	122,411
- 1.00% above costs of funds of the lending banks, effectively, 4.00% to 4.32% (2009 : 3.50% to 5.31%) per annum	197,578	260,582
- 0.85% above costs of funds of the lending banks, effectively, 3.86% to 3.96% (2009 : 4.10%) per annum	305,000	21,300
- 0.75% above costs of funds of the lending banks, effectively, 3.80% to 4.05% (2009 : 3.00% to 3.35%) per annum	140,020	109,500
	874,536	651,157

Included in long term borrowings is an amount of RM54,956,000 (2009 : RM Nil) denominated in Australian Dollar.

28. OTHER LOANS

The other loans are from minority shareholders of certain subsidiary companies. These loans are unsecured and not repayable within the next 12 months. There are no pre-agreed arrangements pertaining to the payment of interest and no interest was charged for the year ended 31 October 2010 (2009 : Nil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

29. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group	
	2010 RM'000	2009 RM'000
Total future instalments payable	-	200
Unexpired term charges	-	(13)
Total outstanding principal	-	187
Future instalments payable		
- not later than one year	-	87
- later than one year but not later than five years	-	113
Total future instalments payable	-	200
Outstanding principal		
- not later than one year (<i>included under current liabilities</i>)	-	80
- later than one year but not later than five years (<i>included under non-current liabilities</i>)	-	107
Total outstanding principal	-	187

There were no hire purchase liabilities as at 31 October 2010. The effective interest rates of the hire purchase liabilities in the previous financial year were between 2.68% and 7.42% per annum.

30. DEFERRED TAX LIABILITIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At 1 November	981	1,194	9,521	-
(Reversal)/Originating during the year	(2)	(213)	(9,521)	9,521
At 31 October	979	981	-	9,521

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

30. DEFERRED TAX LIABILITIES (CONT'D)

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Tax effects of:				
- construction profit	(214)	(274)	-	(23)
- excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	1,168	1,310	-	24
- unabsorbed capital allowances	-	(95)	-	(95)
- unpaid qualifying expenditure of hire purchase and finance lease liabilities	-	(8)	-	-
- allowance for doubtful debts	-	(143)	-	-
- dividend receivable	-	-	-	9,437
- others	25	191	-	178
	979	981	-	9,521

31. TRADE PAYABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Sub-contractors' claims	163,798	119,167	4,258	1,683
Retention sums	150,365	137,393	7,856	6,043
Others	30,814	33,540	69	632
	344,977	290,100	12,183	8,358

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 2010 (CONT'D)

32. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Redeemable serial bonds interest payable	4,384	4,356	4,384	4,356
Unsecured advances	8,774	8,774	-	-
Interest accrued	915	521	15	-
Contract advances received (see note 17)	9,881	20,000	-	10,000
Deposits received	26,578	14,969	60	75
Dividend accrued on redeemable cumulative preference shares	6,714	5,533	-	-
Unpaid consideration for property, plant and equipment acquired (see note 43)	-	56	-	-
Other sundry payables and accruals	91,683	67,892	9,757	1,465
	148,929	122,101	14,216	15,896

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

33. SHORT TERM BORROWINGS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<i>Secured:</i>				
Current portion of long term borrowings (see note 27)	94,186	82,389	-	-
Revolving credit	46,500	31,500	-	-
Short term loan	7,120	-	-	-
Bridging loan	-	892	-	-
<i>Unsecured:</i>				
Revolving credit	-	29,492	-	-
Short term loan	50,000	-	50,000	-
	197,806	144,273	50,000	-

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

The revolving credits of the Group bear interests at 0.75% to 1.00% above the lender banks' cost of funds. The effective interest rates range from 4.05% to 4.32% (2009 : 3.45% to 10.50%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

33. SHORT TERM BORROWINGS (CONT'D)

The short term loan of the Group and Company bears effective interest at 3.74% to 15.50% per annum and 3.74% per annum respectively.

The bridging loan of the Group bears interest at 1.00% per annum above the lender bank's cost of fund. The effective interest rate is 3.65% per annum.

Included in short term borrowings is an amount of RM7,120,000 (2009 : RM3,392,000) denominated in Vietnamese Dong.

34. BANK OVERDRAFTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Secured	6,525	7,777	-	-
Unsecured	101,088	178,390	38,843	37,869
	107,613	186,167	38,843	37,869

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

The bank overdrafts bear interests at 0.50% to 1.25% above the lender banks' cost of funds and bank lending rate. The effective interest rates range from 3.17% to 7.05% (2009 : 3.17% to 6.30%) per annum.

35. REVENUE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Sale of development properties	1,486,779	1,216,935	-	-
Contract revenue	193,007	119,374	76,730	28,660
Sale of other goods and services	66,084	72,106	-	-
	1,745,870	1,408,415	76,730	28,660

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

36. COST OF SALES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cost of properties sold	1,100,624	936,511	-	-
Contract cost recognised as expense	168,244	112,564	76,087	28,283
Cost of other goods and services sold	51,190	55,078	-	-
	1,320,058	1,104,153	76,087	28,283

37. PROFIT/(LOSS) FROM OPERATIONS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000

Profit/(Loss) from operations is stated after charging:

Auditors' remuneration				
- current year	721	639	70	70
- underprovision in prior years	62	10	10	-
Allowance for doubtful debts	120	542	-	-
Bad debts written off	20,172	371	-	-
Depreciation				
- property, plant and equipment	10,328	9,043	88	119
- investment properties	2,672	2,043	2	2
Amortisation of prepaid lease payments	10	10	10	10
Direct operating expenses on				
- revenue generating investment properties	861	438	-	-
- non-revenue generating investment properties	543	204	12	9
Directors' remuneration				
- Company's directors				
- fees	592	-	592	-
- other emoluments	24,726	20,277	24,726	20,277
- employee share options	2,046	912	2,046	912
- subsidiaries' directors				
- fees	14	24	-	-
- other emoluments	12,289	8,153	5,189	786
- employee share options	3,812	1,439	1,365	607
Deposits written off	7	-	-	-
Development expenditure written off	256	-	-	-
Property, plant and equipment written off	363	97	-	-
Loss on disposal of property, plant and equipment	-	2,268	-	-
Hiring charges	120	111	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Rental of				
- office equipment	268	152	101	87
- premises	2,203	1,740	213	213
Realised foreign exchange loss	-	-	210	-
Preliminary expenses	13	30	-	-
Unrealised foreign exchange loss	954	-	-	-
Waiver of liquidated ascertained damages on late completion receivable from contractor	659	761	-	-
and crediting:				
Allowance for doubtful debts no longer required	585	80	-	-
Interest income	6,180	4,932	8	540
Gain on disposal of property, plant and equipment	151	-	1	-
Realised foreign exchange gain	1,109	115	-	-
Rental received from operating leases other than those relating to investing properties	800	593	-	-
Liquidated ascertained damages on late completion receivable from contractor	432	864	-	-
Forfeiture income	99	152	-	-
Insurance claim received	-	482	-	-
Compensation received from compulsory land acquisition	-	2,786	-	-

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Company's directors	1,738	1,212	1,695	1,212
Subsidiaries' directors	88	81	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

38. NET PROFIT FROM INVESTING ACTIVITIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Gross dividends from				
- subsidiary companies	-	-	29,000	74,000
- jointly controlled entities	-	-	1,000	-
Interest income from				
- subsidiary companies	-	-	29,621	29,008
- jointly controlled entities	2,458	1,548	6,285	3,410
- deposits	7,805	9,276	4,413	7,204
Rental income from investment properties	12,823	11,049	-	-
Discount on acquisition of additional shares in a jointly controlled entity	-	6,879	-	-
Discount on acquisition of additional shares in a subsidiary company	89	-	-	-
Allowance for doubtful debts no longer required	-	-	1,144	1,298
Gain on disposal of a subsidiary company	13	-	-	-
Gain on disposal of quoted investment	-	25	-	-
Gain on disposal of investment properties	68,857	8,052*	-	-
	92,045	36,829	71,463	114,920
Impairment of investments in subsidiary companies	-	-	-	(36,926)
Impairment of investment properties	-	(52)	-	(50)
Impairment loss on other investments	-	(166)	-	-
Bad and doubtful debts	-	(2)	(1,400)	(2,662)
	92,045	36,609	70,063	75,282

* The gain on disposal of investment property was derived from the disposal of the Stage 1 Land referred to in note 53(d) below. Under the Amended and Restated Sale and Purchase Agreement (SPA) with Greenhill Resources Sdn Bhd (the Purchaser and a jointly controlled entity of the Group), the sale consideration for the Stage 1 Land is split into 2 portions.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

39. FINANCE COSTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest paid and payable on:				
Amortisation of bond discount	-	-	12,814	12,214
Bank overdrafts	999	508	57	72
Bond interest	915	1,264	10,000	10,000
Revolving credits	584	570	500	569
Bankers' acceptance	-	2	-	-
Term loan interest	120	116	15	-
Hire purchase and finance lease	3	35	-	-
Interest charged by subsidiary company	-	-	-	118
Dividend on redeemable cumulative preference shares	6,302	5,250	-	-
Others	277	307	-	-
	9,200	8,052	23,386	22,973

40. TAX EXPENSE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Malaysian taxation based on results for the year				
- current	78,513	67,564	12,698	6,689
- deferred	(912)	(6,258)	(9,594)	9,824
	77,601	61,306	3,104	16,513
Under/(Over) provision in prior years				
- current	10,372	(1,959)	(59)	(472)
- deferred	(8,811)	533	-	138
	79,162	59,880	3,045	16,179

The statutory tax rate applicable to the Company was 25% (2009 : 25%).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

40. 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	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Accounting profit (excluding share of results in associated companies)	331,000	231,560	4,262	24,397
Taxation at applicable tax rates	82,750	57,890	1,066	6,099
Tax effects arising from:				
Non-deductible expenses	9,168	5,795	2,324	10,738
Non-taxable income				
- Real Property Gains Tax	(16,590)	(2,013)	-	-
- Others	(2,896)	(1,608)	(286)	(324)
Originating of deferred tax assets not recognised	5,169	1,242	-	-
Over provision in prior years	1,561	(1,426)	(59)	(334)
	79,162	59,880	3,045	16,179
Tax savings during the financial year arising from:				
Utilisation of current year tax losses	3,318	1,524	3,317	1,524
Utilisation of previously unrecognised tax losses	-	981	-	-

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

41. 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 RM251,813,000 (2009 : RM171,233,000) by the weighted average number of shares in issue of 1,016,806,000 (2009 : 1,016,786,000). The weighted average number of shares in issue is calculated as follows:

	2010 '000	2009 '000
Number of ordinary shares at beginning of the year	1,016,805	1,016,698
Effect of shares issued pursuant to:		
- exercise of Warrants	1	88
Weighted average number of ordinary shares	1,016,806	1,016,786

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 RM251,813,000 (2009 : RM171,233,000) by the weighted average number of ordinary shares that would have been in issue upon full exercise of the options under the ESOS and the Warrants, adjusted for the number of such shares that would have been issued at fair value, calculated as follows:

	2010 '000	2009 '000
Weighted average number of ordinary shares calculated above	1,016,806	1,016,786
Weighted average number of unissued shares under ESOS		
- based on exercise price	70,849	33,833
- based on average fair value	(50,784)	(27,895)
Weighted average number of unexercised warrants		
- based on exercise price	-*	-*
- based on average fair value	-*	-*
Weighted average number of ordinary shares that would have been in issue	1,036,871	1,022,724

* The weighted average number of unexercised warrants have not been adjusted for the dilutive effects as the average market value of the ordinary shares of the Company is lower than the exercise price for the outstanding warrants and it is anti dilutive.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

42. DIVIDENDS

	2010 RM'000	2009 RM'000
<i>In respect of the year ended 31 October 2008</i>		
Final dividend of 10 sen per ordinary share of RM0.75 each less 25% income tax	-	76,260
<i>In respect of the year ended 31 October 2009</i>		
Interim dividend of 5 sen per ordinary share of RM0.75 each less 25% income tax	-	38,130
Final dividend of 9 sen per ordinary share of RM0.75 each less 25% income tax	68,634	-
<i>In respect of the year ended 31 October 2010</i>		
Interim dividend of 6 sen per ordinary share of RM0.75 each less 25% income tax	45,757	-
	114,391	114,390

Subsequent to 31 October 2010, the directors recommended a final dividend of 14 sen per ordinary share of RM0.75 each less 25% income tax amounting to RM106,764,873 in respect of the financial year ended 31 October 2010.

43. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Aggregate cost of property, plant and equipment acquired	62,912	55,174	92	231
Unpaid balance included under other payables and accruals (<i>see note 32</i>)	-	(56)	-	-
Unpaid balance included under trade payables	-	(7,810)	-	-
Cash paid in respect of previous year acquisition	56	50	-	-
Cash paid during the financial year	62,968	47,358	92	231

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

44. ACQUISITION OF SHARES IN SUBSIDIARY COMPANIES

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

Name of subsidiary companies acquired	Purchase consideration	Group's effective interest	Effective acquisition date
	RM'000	%	
2010			
Kay Pride Sdn Bhd	1,000	100	11 February 2010
Eco Meridian Sdn Bhd	#	100	3 September 2010
Setia Ecohill Sdn Bhd (<i>formerly known as Symbol Splendid Sdn Bhd</i>)	#	100	20 September 2010
Classic Euphoria Sdn Bhd	#	100	20 September 2010
Retro Highland Sdn Bhd	#	100	20 September 2010
2009			
S P Setia International (S) Pte Ltd	^	100	9 April 2009

Represent RM2

^ Represent RM5

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

	Carrying/Fair value	
	2010 RM'000	2009 RM'000
Cash and cash equivalents	2,200	-
Amount owing to immediate holding company	(2,200)	-
Net liability acquired	-	-
Total purchase consideration	1,000	*
Less: Cash and cash equivalents acquired	-	-
Net cash outflow on acquisition of new subsidiary companies	1,000	*

* Represent RM4

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

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

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

	2010 RM'000	2009 RM'000
Revenue		
During the financial year	-	-
Pre-acquisition	-	-
Post-acquisition	-	-
Net profit for the year		
During the financial year	15	80
Pre-acquisition	-	-
Post-acquisition	15	80

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

	2010 RM'000	2009 RM'000
Non-current assets	23,655	330
Current assets	361	1,357
Current liabilities	(23,001)	(1,605)
Non-current liabilities	-	-
Group's share of net assets	1,015	82

(b) Disposal of partial interest in Sentosa Jitra Sdn Bhd:

During the financial year, following the allotment of additional 2 ordinary shares of RM1 each to a third party, the Group's equity interest decreased from 100% to 50%. The dilution has no material effect to the result of the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

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

(c) Details of additional of interest in an existing subsidiary company are as follows:

Name of subsidiary companies acquired	Purchase consideration RM'000	Group's effective interest %	Effective acquisition date
2010			
Tenaga Raya Sdn Bhd	189	9	1 July 2010
2009			
Indera Perasa Sdn Bhd	*	30	18 September 2009

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

	2010 RM'000	2009 RM'000
Minority interest acquired	278	-
(Discount)/Goodwill on acquisition	(89)	*
Net cash outflow on acquisition	189	*

* Represent RM3

45. ACQUISITION OF ADDITIONAL SHARES IN A JOINTLY CONTROLLED ENTITY

The details of acquisition of additional interest in a jointly controlled entity during 2009 are as follows:

Name of jointly controlled entity	Purchase consideration RM'000	Additional interest acquired %	Effective acquisition date
Setia Putrajaya Sdn Bhd	6,652	10	29 October 2009

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

45. ACQUISITION OF ADDITIONAL SHARES IN A JOINTLY CONTROLLED ENTITY (CONT'D)

The share of net assets acquired and the net cash inflows arising from the acquisition of additional interest in the existing jointly controlled entity are as follows:

	Group
	2009 RM'000
Share of net assets acquired	13,531
Discount on acquisition	(6,879)
Total purchase consideration	6,652
Less: Portion contra against the outstanding balance due from acquiree	(6,152)
Portion discharged by cash	500
Less: Cash and cash equivalents acquired	(1,638)
Net cash inflows on acquisition	(1,138)

46. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Employee benefits expense	144,450	113,828	36,187	20,401

Include in the employee benefits expense was as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
EPF	12,346	9,045	3,150	1,994
Employee share options	17,144	6,834	3,411	1,519

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

47. RELATED PARTY DISCLOSURES

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

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Transactions with subsidiary companies								
Construction services rendered to subsidiary companies	-	-	261	1,176	-	-	-	-
Interest received and receivable	-	-	29,621	29,008	-	-	16,930	23,794
Management fee received and receivable	-	-	135	120	-	-	135	-
Purchase of building materials	-	-	4,157	9,168	-	-	1	2,017
Security services rendered	-	-	2,016	1,934	-	-	-	-
Transactions with jointly controlled entities								
Management fee received and receivable	7,316	6,572	-	-	-	694	-	-
Construction services rendered	1,769	1,931	-	-	-	1,931	-	-
Disposal of freehold land	-	15,584	-	-	-	-	-	-
Interest received and receivable	1,886	1,024	6,285	3,410	2,573	1,173	8,578	3,410
Marketing expenses charged	809	133	-	-	-	-	-	-
Purchase of property, plant and equipment	-	61	-	-	-	-	-	-
Rental paid and payable	289	287	213	213	-	-	-	-
Rental received and receivable	28	-	-	-	-	-	-	-
Staff secondment	171	-	-	-	-	-	-	-
Security services rendered	183	336	-	-	-	85	-	-
Sale of building material	8,502	7,493	-	-	-	750	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

47. RELATED PARTY DISCLOSURES (CONT'D)

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

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Transactions with jointly controlled entities (cont'd)								
Sale of development properties to								
a) Directors of the Company								
- Dato' Voon Tin Yow	-	2,602	-	-	-	47	-	-
- Tan Sri Datuk Seri Lee Lam Thye	-	1,420	-	-	-	18	-	-
- Teow Leong Seng	3,737	1,537	-	-	-	20	-	-
b) Directors of subsidiary companies								
- Tan Hon Lim	3,158	-	-	-	-	-	-	-
- Hoe Mee Ling	-	1,126	-	-	-	13	-	-
- Jamalullail Bin Abu Bakar	-	1,155	-	-	-	14	-	-
- Khor Chap Jen	-	824	-	-	-	5	-	-
- Norhayati Binti Subali	-	2,138	-	-	-	20	-	-
- Wong Sheue Yann	-	1,686	-	-	-	22	-	-
- Wong Tuck Wai	-	914	-	-	-	6	-	-
c) Former directors of subsidiary companies								
- Koe Peng Kang	-	1,261	-	-	-	32	-	-
- Heah Kok Boon	-	1,469	-	-	-	19	-	-
Sale of development properties to companies in which Tan Sri Dato' Sri Liew Kee Sin has financial interest								
- Bima Murni Sdn Bhd	4,550	-	-	-	-	-	-	-
- Jernih Padu Sdn Bhd	4,550	-	-	-	-	-	-	-
- Maya Sepadu Sdn Bhd	-	2,259	-	-	-	113	-	-
- Gito Gaya Sdn Bhd	-	2,111	-	-	-	106	-	-
- Citra Budaya Sdn Bhd	-	2,163	-	-	-	108	-	-
- Arca Unggul Sdn Bhd	-	-	-	-	36	-	-	-
- Tanjung Inai Sdn Bhd	-	-	-	-	12	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

47. RELATED PARTY DISCLOSURES (CONT'D)

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

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Transactions with directors of the Company, close family members of the directors and companies, firms in which they have interests								
Sale of development properties to								
Directors of the Company								
- Dato' Voon Tin Yow	888	3,076	-	-	3	-	-	-
- Dato' Chang Khim Wah	2,711	379	-	-	1,765	-	-	-
Close family member of Tan Sri								
- Datuk Seri Lee Lam Thye	-	341	-	-	-	-	-	-
Rental paid to								
- Alsirat Sdn Bhd, a company in which Tan Sri Abdul Rashid Bin Abdul Manaf has financial interest								
	54	72	-	-	-	-	-	-
Security services rendered to Tan Sri Abdul Rashid Bin Abdul Manaf								
	81	127	-	-	-	-	-	-
Disposal of motor vehicle in connection to Group's revised policy on car benefits to								
- Dato' Voon Tin Yow	-	315	-	-	-	-	-	-
- Dato' Leong Kok Wah	-	300	-	-	-	-	-	-
- Dato' Chang Khim Wah	-	108	-	-	-	-	-	-
- Teow Leong Seng	-	108	-	-	-	-	-	-
- Tan Sri Abdul Rashid Bin Abdul Manaf	-	636	-	-	-	-	-	-
- LKS Properties Sdn Bhd, a company in which Tan Sri Dato' Sri Liew Kee Sin has financial interest	-	630	-	-	-	-	-	-
- Emrail Sdn Bhd, a company in which Tan Sri Dato' Hari Narayanan A/L Govindasamy has financial interest	-	300	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

47. RELATED PARTY DISCLOSURES (CONT'D)

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

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Transactions with directors of subsidiary companies								
Sale of development properties to								
- Jamalullail Bin Abu Bakar	657	-	-	-	*	-	-	-
- Ong Kek Seng	733	-	-	-	(21)	-	-	-
- Phan Yan Chan	416	-	-	-	(12)	-	-	-
- Sundarajoo A/L Somu	429	-	-	-	-	-	-	-
- Tan Hon Lim	757	-	-	-	(9)	-	-	-
- Toh Puan Nik Sazalina Binti Mohd Zain	-	-	-	-	(150)	-	-	-
- Close family member of Wong Tuck Wai	356	-	-	-	*	-	-	-
- Wong Tuck Wai	-	360	-	-	-	33	-	-
- Khor Chap Jen (former director of the Company)	-	763	-	-	-	32	-	-
- Phan Yan Chan	-	516	-	-	-	515	-	-
<hr/>								
Sale of development properties to Wisdom Link Sdn Bhd, a company in which Hoe Mee Ling has financial interest	1,419	1,385	-	-	435	1,316	-	-

* Represent amount less than RM1,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

47. RELATED PARTY DISCLOSURES (CONT'D)

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

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Transactions with directors of subsidiary companies (cont'd)								
Disposal of motor vehicle in connections to the Group's revised policy on car benefits to								
a) Directors of subsidiary companies								
- Hoe Mee Ling	-	55	-	-	-	-	-	-
- Yap Kok Weng (former director of the Company)	-	79	-	-	-	-	-	-
- Khor Chap Jen (former director of the Company)	-	79	-	-	-	-	-	-
- Norhayati Binti Subali	-	53	-	-	-	-	-	-
- Wong Tuck Wai	-	90	-	-	-	-	-	-
- Captain Liew Siong Sing	-	67	-	-	-	-	-	-
- Sundarajoo A/L Somu	-	50	-	-	-	-	-	-
- Wong Sheue Yann	-	53	-	-	-	-	-	-
- Kow Choong Ming	-	90	-	-	-	-	-	-
b) Former directors of subsidiary companies								
- Ho Kai Meng	-	19	-	-	-	-	-	-
- Thum Kok Mun	-	50	-	-	-	-	-	-
- Heah Kok Boon	-	67	-	-	-	-	-	-
- Ong Kek Seng	-	84	-	-	-	-	-	-
- Lim Eng Tiong	-	45	-	-	-	-	-	-
- Ng Han Seong	-	23	-	-	-	-	-	-
- Gan Ber Koon	-	67	-	-	-	-	-	-
- Koe Peng Kang	-	97	-	-	-	-	-	-
Sales of building materials to								
- Norhayati Binti Subali	18	31	-	-	-	2	-	-
- Kow Choong Ming	9	14	-	-	-	-	-	-
- Khor Chap Jen (former director of the Company)	18	24	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

47. RELATED PARTY DISCLOSURES (CONT'D)

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

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Transaction with joint venture partner of subsidiary company								
Interest receivable	-	524	-	-	-	820	-	-
Others related party transactions								
Security management fee charged to a body established under the Trust Deed, Setia Badminton Academy	86	86	-	-	7	7	-	-
Rental charged to a body established under the Trust Deed, Setia Badminton Academy	120	72	-	-	100	142	-	-
Car rental charged to S P Setia Foundation	30	25	-	-	-	-	-	-
Disposal of motor vehicle to S P Setia Foundation	26	-	-	-	-	-	-	-
Sales of development properties to S P Setia Foundation	1,916	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

47. RELATED PARTY DISCLOSURES (CONT'D)

(b) Key management personnel compensation

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<i>Directors</i>				
Fees	592	-	592	-
Salary, bonuses and other emoluments	22,132	18,188	22,132	18,188
Estimated monetary value of benefits-in-kind	1,738	1,212	1,695	1,212
Total short-term employee benefits	24,462	19,400	24,419	19,400
Post-employment benefits				
- EPF	2,594	2,089	2,594	2,089
- Employee share options	2,046	912	2,046	912
	29,102	22,401	29,059	22,401
<i>Other key management personnel</i>				
Fees	14	24	-	-
Salary, allowances and bonuses	11,078	7,328	4,633	702
Estimated monetary value of benefits-in-kind	88	81	-	-
Total short-term employee benefits	11,180	7,433	4,633	702
Post-employment benefits				
- EPF	1,211	825	556	84
- Employee share options	3,812	1,439	1,365	607
	16,203	9,697	6,554	1,393
Total compensation	45,305	32,098	35,613	23,794

Directors' interests in ESOS

No share options were granted to the Company's executive directors under the ESOS during the financial year (2009 : 9,000,000 shares at an exercise price of RM2.96 each).

Other key management personnel's interests in ESOS

654,000 and 700,000 share options at an exercise price of RM3.69 and RM4.05 respectively were granted to the Company's other key management personnel under the ESOS during the financial year (2009 : 14,206,000 shares at an exercise price of RM2.96 each).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

48. OPERATING LEASE COMMITMENTS

The Group as lessee

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

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

	2010 RM'000	2009 RM'000
Not later than one year	138	518
Later than one year but not later than five years	9	77
	147	595

The Group as lessor

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

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

	Group	
	2010 RM'000	2009 RM'000
Not later than one year	1,703	10,615
Later than one year but not later than five years	3,994	42,849
Later than five years	33,168	215,936
	38,865	269,400

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

49. OTHER COMMITMENTS

	Group	
	2010 RM'000	2009 RM'000
Commitments to purchase development land (see note 21)		
- Contracted		
Mukim of Tebrau, District of Johor Bahru	152,366	-
Bandar and Daerah Kuala Lumpur	14,441	14,481
Lai Thieu Town, Thuan An District, Binh Duong Province, Vietnam	40,349	-
- Approved but not contracted	22,857	22,857
Contractual commitment to subscribe for ordinary shares in a jointly controlled entity	67,488	72,767
Contractual commitment to acquire investment properties	1,152	4,405
Commitment to acquire property, plant and equipment		
- approved and contracted	5,945	6,174
- approved but not contracted	-	49
	304,598	120,733

50. CONTINGENT LIABILITIES (unsecured)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Guarantees given to banks to secure banking facilities granted to subsidiary companies	-	-	1,421,757	858,609
Guarantees given to banks for performance bonds granted to subsidiary companies	-	-	21,395	15,342
Guarantees given to the suppliers of goods for credit terms granted to subsidiary companies	-	-	2,726	1,799
Guarantees given to banks for performance bonds granted to jointly controlled entities	524	379	1,748	1,262
Guarantees given to banks to secure banking facilities granted to jointly controlled entities	30,450	43,073	271,662	492,783
Contingent liabilities arising from potential liabilities	706	706	-	-
	31,680	44,158	1,719,288	1,369,795

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

50. CONTINGENT LIABILITIES (unsecured) (CONT'D)

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

The accrued dividend, net of tax, subject to the guarantee up to 31 October 2010 amounted to RM6,223,690 (2009 : RM5,533,279).

51. FINANCIAL INSTRUMENTS

(i) *Credit risk*

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

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

(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	Fair value	Carrying amount	Fair value
2010	RM'000	RM'000	RM'000	RM'000
Non-current assets				
Amounts owing by subsidiary companies	-	-	690,578	*
Amounts owing by jointly controlled entities	30,213	*	113,310	*
Other investments				
Unquoted shares	337	**	-	-
Non-current liabilities				
Redeemable serial bonds	235,985	241,338 [#]	235,985	241,338 [#]
Other loans	1,446	*	-	-
Amounts owing to subsidiary companies	-	-	127,222	*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

51. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Fair value (cont'd)

2009	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Non-current assets				
Amounts owing by subsidiary companies	-	-	1,315,226	*
Amounts owing by jointly controlled entities	15,900	*	58,600	*
Amount owing by joint venture partner	7,166	*	-	-
Other investments				
Unquoted shares	337	**	-	-
Non-current liabilities				
Redeemable serial bonds	472,791	480,362 [#]	472,791	480,362 [#]
Redeemable cumulative preference shares	65,625	68,215	-	-
Other loans	1,446	*	-	-
Amounts owing to subsidiary companies	-	-	132,991	*

Guarantees given

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

* *It is not practical to estimate the fair values of these financial instruments due principally to the absence of fixed repayment terms.*

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

The fair value of the redeemable serial bond is based on quoted market prices at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

52. SEGMENTAL ANALYSIS

2010	Property development RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External sales	1,486,779	193,007	66,084	-	1,745,870
Inter-segment sales	94,585	27,291	85,446	(207,322)	-
Total revenue	1,581,364	220,298	151,530	(207,322)	1,745,870
RESULTS					
Segment results	250,760	(7,231)	4,626	-	248,155
Net profit from investing activities					92,045
Share of associated companies' loss	(33)	-	-	-	(33)
Finance costs					(9,200)
Profit before tax					330,967
Tax expense					(79,162)
Profit for the year					251,805
OTHER INFORMATION					
Segment assets	3,382,592	214,105	710,606	-	4,307,303
Investment in associated companies	2,207	-	42	-	2,249
Current and deferred tax assets	55,395	19,809	1,306	-	76,510
Consolidated total assets					4,386,062
Segment liabilities	1,412,344	699,749	67,752	-	2,179,845
Current and deferred tax liabilities	15,421	1,090	354	-	16,865
Consolidated total liabilities					2,196,710
Capital expenditure	46,884	695	19,148		
Amortisation and depreciation	12,071	772	580		
Other non-cash items	(55,689)	24,567	59		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

52. SEGMENTAL ANALYSIS (CONT'D)

2009	Property development RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External sales	1,216,935	119,374	72,106	-	1,408,415
Inter-segment sales	52,450	11,211	66,513	(130,174)	-
Total revenue	1,269,385	130,585	138,619	(130,174)	1,408,415
RESULTS					
Segment results	192,790	6,636	3,577	-	203,003
Net profit from investing activities					36,609
Share of associated companies' loss	(448)	-	-	-	(448)
Finance costs					(8,052)
Profit before tax					231,112
Tax expense					(59,880)
Profit for the year					171,232
OTHER INFORMATION					
Segment assets	2,951,384	320,653	614,135	-	3,886,172
Investment in associated companies	2,240	-	42	-	2,282
Current and deferred tax assets	38,133	25,610	54	-	63,797
Consolidated total assets					3,952,251
Segment liabilities	1,191,731	679,630	32,658	-	1,904,019
Current and deferred tax liabilities	9,211	201	1,242	-	10,654
Consolidated total liabilities					1,914,673
Capital expenditure	56,544	1,182	6,124		
Amortisation and depreciation	10,172	734	596		
Other non-cash items	(2,518)	2,683	(6,495)		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

52. SEGMENTAL ANALYSIS (CONT'D)

(a) Primary reporting format – business segment

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

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

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

(b) Secondary reporting format – geographical segment

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

53. SIGNIFICANT EVENT PENDING COMPLETION

The following are the status of corporate proposals that have been announced by the Company but not completed as at 31 October 2010:

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

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

Pending the signing of the Privatisation Agreement, both parties have on 23 April 2009 entered into an interim agreement to set out, amongst others, the Parties' respective rights and obligations and the steps to be taken in procuring the eventual issuance of the title to the said lands by the State Authority.

As announced on 12 August 2010, KLEC and DBKL have agreed to extend the period for the execution of the Privatisation Agreement to expire on 20 February 2011;

- (b) Co-operation agreement entered into 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 as announced on 3 January 2008.

As announced on 5 July 2010, the parties have mutually agreed to extend the period for fulfilment of the conditions precedent to expire on 3 July 2011;

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2010 (CONT'D)

53. SIGNIFICANT EVENT PENDING COMPLETION (CONT'D)

- (c) Development agreement entered into by Aeropod Sdn Bhd, a 70% owned subsidiary of S P Setia Berhad and the State Government of Sabah for the proposed development of a piece of land measuring approximately 59.21 acres in Tanjung Aru, Kota Kinabalu, Sabah as announced on 29 January 2008.

As announced on 28 October 2010, the parties have mutually agreed to extend the period for fulfilment of the conditions precedent to expire on 29 April 2011;

- (d) 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 ("Original Land") located within Precinct 1 of the Setia Alam township ("Said Land") to Greenhill Resources Sdn Bhd ("Greenhill") for a total consideration of RM119,572,200 and proposed joint venture between BSA and Lend Lease Asian Retail Investment Fund 2 Limited ("ARIF"), a wholesale real estate development fund managed by Lend Lease Investment Management Pte Ltd, for the development of a retail mall on the Said Land, as announced on 2 July 2008.

Subsequently on 15 July 2009, BSA had entered into several agreements to reflect certain changes to the earlier Proposals announced on 2 July 2008. The agreements include the Sale and Purchase Agreement between BSA and Greenhill and GR Investments Ltd ("GRI") for the disposal by BSA to Greenhill of approximately 16.19 acres of the Original Land ("Stage 2 Land") for a total consideration of approximately RM63.5 million;

- (e) Setia (Hangzhou) Development Company Limited, a subsidiary of S P Setia Berhad, had on 28 October 2009 entered into a Joint Venture Contract with Hangzhou Ju Shen to establish a limited liability joint-venture company ("JV Co"). The purpose of the JV Co is to undertake the Project on a piece of land measuring approximately 5 acres which will be developed as the first phase of the Project.

As announced on 26 October 2010, the parties have mutually agreed to extend the period for fulfilment of the conditions precedent to expire on 27 April 2011;

- (f) On 26 October 2009, a subsidiary of S P Setia Berhad, Setia Lai Thieu Limited ("Setia LT"), had entered into an In-Principle Agreement with Investment and Industrial Development Corporation (Becamex IDC Corp) ("Becamex") for the assignment of the implementation and development of an independent mixed-use real estate project on a piece of land measuring approximately 108,400 square metres / 26.79 acres located in Lai Thieu Town, Thuan An District, Binh Duong Province, Vietnam ("Land") from Becamex to a company to be established by Setia LT in Vietnam for a total consideration of United States Dollars Sixteen Million Two Hundred and Sixty Thousand (US\$16,260,000) only.

As announced on 11 March 2010, the People's Committee of Binh Duong Province had on 10 March 2010 issued the Investment Certificate for the establishment of Setia Lai Thieu One Member Company Limited to undertake the development of Eco-Xuan Lai Thieu on the Land for a term of 50 years from the date of issuance of the Investment Certificate; and

- (g) On 9 September 2010, a wholly owned subsidiary of the S P Setia Berhad, Setia Indah Sdn Bhd, had entered into a conditional Sale and Purchase Agreement ("SPA") with Kelana Ventures Sdn Bhd to purchase a piece of land held under H.S. (D) 371066 for PTD 117031 in the Mukim of Tebrau, District of Johor Bahru, state of Johor Darul Takzim measuring approximately 259.10 acres for a total cash consideration of RM169,295,940. The acquisition had been completed on 3 December 2010.

54. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 9 December 2010 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 80 to 167 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 2010 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 9 December 2010.

TAN SRI DATO' SRI LIEW KEE SIN
Director

DATO' VOON TIN YOW
Director

Kuala Lumpur

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Teow Leong Seng, 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 80 to 167 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 9 December 2010)
)
)
)

TEOW LEONG SENG

Before me:

ARSHAD BIN ABDULLAH
W550
Commissioner for Oaths

ANALYSIS OF SHAREHOLDINGS

AS AT 23 DECEMBER 2010

Authorised Share Capital	:	RM1,200,000,000
Issued Share Capital	:	1,016,808,318
Paid Up Share Capital	:	RM762,606,238.50
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	10.95	15,858	0.00
100 - 1,000	1,074	23.19	780,709	0.08
1,001 - 10,000	2,106	45.48	7,893,821	0.78
10,001 - 100,000	585	12.63	17,714,249	1.74
100,001 to less than 5% of issued shares	356	7.69	587,850,248	57.81
5% and above of issued shares	3	0.06	402,553,433	39.59
Total	4,631	100.00	1,016,808,318	100.00

LIST OF THIRTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	%
1. Amanahraya Trustees Berhad - Skim Amanah Saham Bumiputera	204,565,798	20.12
2. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	130,656,785	12.85
3. Permodalan Nasional Berhad	67,330,850	6.62
4. EB Nominees (Tempatan) Sendirian Berhad - Pledged Securities Account for Tan Sri Dato' Sri Liew Kee Sin	38,092,987	3.75
5. Tan Sri Dato' Sri Liew Kee Sin	37,245,855	3.66
6. HSBC Nominees (Asing) Sdn Bhd - BNP Paribas Secs Svs Lux for Aberdeen Global	31,940,600	3.14
7. Cartaban Nominees (Asing) Sdn Bhd - Exempt An for State Street Bank & Trust Company	22,725,630	2.23
8. Puan Sri Datin Sri How Teng Teng	19,451,298	1.91
9. Amanahraya Trustees Berhad - Amanah Saham Wawasan 2020	19,317,850	1.90
10. HSBC Nominees (Asing) Sdn Bhd - Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)	15,584,750	1.53
11. Citigroup Nominees (Tempatan) Sdn Bhd - Exempt An for American International Assurance Berhad	14,171,200	1.39
12. CIMB Group Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Sri Dato' Sri Liew Kee Sin	12,874,999	1.27
13. Cartaban Nominees (Asing) Sdn Bhd - State Street London Fund OD75 for Ishares Public Limited Company	10,734,750	1.06

ANALYSIS OF SHAREHOLDINGS AS AT 23 DECEMBER 2010 (CONT'D)

LIST OF THIRTY LARGEST SHAREHOLDERS (CONT'D)

Name of Shareholders	No. of Shares	%
14. Amanahraya Trustees Berhad - Amanah Saham Malaysia	10,560,200	1.04
15. HSBC Nominees (Asing) Sdn Bhd - BBH And Co Boston for Vanguard Emerging Markets Stock Index Fund	8,844,552	0.87
16. Sakura Gold Sdn Bhd	8,749,999	0.86
17. Kumpulan Wang Persaraan (Diperbadankan)	8,497,900	0.84
18. Dynamic Growth Management Limited	8,250,000	0.81
19. Lee Siew Choong	7,399,700	0.73
20. Citigroup Nominees (Asing) Sdn Bhd - CBNY for E.I.I International Property Fund	7,235,000	0.71
21. HSBC Nominees (Asing) Sdn Bhd - HSBC BK PLC for Henderson TR Pacific Investment Trust PLC	7,200,000	0.71
22. Valuecap Sdn Bhd	7,090,800	0.70
23. Pertubuhan Keselamatan Sosial	6,712,367	0.66
24. HSBC Nominees (Asing) Sdn Bhd - Exempt An for J.P. Morgan Bank Luxembourg S.A.	6,216,500	0.61
25. HSBC Nominees (Asing) Sdn Bhd - Exempt An for the Bank of New York Mellon (Mellon ACCT)	6,211,950	0.61
26. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	5,628,300	0.55
27. Amanahraya Trustees Berhad - Public Islamic Dividend Fund	5,529,000	0.54
28. Citigroup Nominees (Asing) Sdn Bhd - Goldman Sachs International	5,506,401	0.54
29. Citigroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Sri Dato' Sri Liew Kee Sin	5,249,998	0.52
30. Cartaban Nominees (Asing) Sdn Bhd - State Street London Fund FSID for First State Asia Pacific Sustainability Fund	5,176,600	0.51
	744,752,619	73.24

SUBSTANTIAL SHAREHOLDERS

Name	No. of Ordinary Shares Held			
	Direct	%	Indirect	%
Amanahraya Trustees Berhad - Skim Amanah Saham Bumiputera	204,565,798	20.11	-	-
Employees Provident Fund Board	151,968,035	14.95	-	-
Tan Sri Dato' Sri Liew Kee Sin	93,463,839	9.19	^a 28,201,297	2.77
Permodalan Nasional Berhad	67,330,850	6.62	-	-
Yayasan Pelaburan Bumiputra	-	-	^b 67,330,850	6.62

^a Deemed interested by virtue of the shareholdings held by Sakura Gold Sdn Bhd and his spouse.

^b Deemed interested by virtue of the shareholdings held by Permodalan Nasional Berhad pursuant to Section 6A of the Companies Act, 1965.

DIRECTORS AND THEIR SHAREHOLDINGS

Name	No. of Ordinary Shares Held			
	Direct	%	Indirect	%
Tan Sri Abdul Rashid Bin Abdul Manaf	67,000	0.01	^a 3,624,000	0.36
Tan Sri Dato' Sri Liew Kee Sin	93,463,839	9.19	^b 28,201,297	2.77
Dato' Voon Tin Yow	19,932	*	-	-
Dato' Teow Leong Seng	10,933	*	-	-
Dato' Chang Khim Wah	62,106	0.01	-	-
Tan Sri Datuk Seri Lee Lam Thye	-	-	^c 18,000	*
Tan Sri Dato' Hari Narayanan A/L Govindasamy	-	-	-	-
Dato' Leong Kok Wah	-	-	-	-
Datuk Ismail Bin Adam	-	-	-	-
Ng Soon Lai @ Ng Siek Chuan	-	-	-	-
Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin	-	-	-	-
Dato' Noor Farida Binti Mohd Ariffin	-	-	-	-

^a Deemed interested by virtue of the shareholdings held by Alsirat Sdn Bhd and his daughter.

^b Deemed interested by virtue of the shareholdings held by Sakura Gold Sdn Bhd and his spouse.

^c Deemed interested by virtue of the shareholdings held by his son.

* Insignificant.

ANALYSIS OF WARRANTS HOLDINGS

AS AT 23 DECEMBER 2010

DISTRIBUTION OF WARRANTS HOLDINGS

Size of Warrants Holdings	No. of Warrants Holders	%	No. of Warrants	%
Less than 100	40	1.35	1,776	0.00
100 - 1,000	732	24.69	369,416	0.23
1,001 - 10,000	1,281	43.20	6,752,227	4.21
10,001 - 100,000	739	24.93	26,257,372	16.39
100,001 to less than 5% of outstanding warrants	170	5.73	89,476,301	55.84
5% and above of outstanding warrants	3	0.10	37,393,705	23.33
Total	2,965	100.00	160,250,797	100.00

LIST OF THIRTY LARGEST WARRANTS HOLDERS

Name of Warrants Holders	No. of Warrants	%
1. Tan Sri Dato' Sri Liew Kee Sin	15,747,403	9.83
2. Puan Sri Datin Sri How Teng Teng	13,511,902	8.43
3. Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund Alpe for Alpine International Real Estate Equity Fund	8,134,400	5.08
4. HSBC Nominees (Asing) Sdn Bhd - RBS Coutts Sg for Grandly Star Capital Limited	5,000,000	3.12
5. Mayban Securities Nominees (Tempatan) Sdn Bhd - UOB Kay Hian Private Limited for Harry Lee Vui Khiun	4,006,400	2.50
6. Lim Beng Leong	3,063,000	1.91
7. HSBC Nominees (Asing) Sdn Bhd - Exempt An for Credit Suisse	2,550,000	1.59
8. Teng Li Ling	2,488,600	1.55
9. Amanahraya Trustees Berhad - Amanah Saham Wawasan 2020	2,207,375	1.38
10. Citigroup Nominees (Asing) Sdn Bhd - UBS AG Singapore for Boston Private Capital Limited	2,007,100	1.25
11. HDM Nominees (Asing) Sdn Bhd - DBS Vickers Secs (S) Pte Ltd for Koh Alan	2,000,000	1.25
12. Amanahraya Trustees Berhad - Skim Amanah Saham Bumiputera	1,698,849	1.06
13. Teoh Aik Ping	1,650,500	1.03
14. Dato' Voon Tin Yow	1,595,000	1.00
15. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Deutsche Trustees Malaysia Berhad for Prugrowth Fund	1,525,000	0.95
16. RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Loke See Ooi	1,471,500	0.92
17. Sakura Gold Sdn Bhd	1,458,333	0.91
18. OSK Nominees (Tempatan) Sdn Berhad - Pledged Securities Account for Lee Cheng Lock	1,458,300	0.91

Name of Warrants Holders	No. of Warrants	%
19. Ngan Bee Lee	1,400,000	0.87
20. Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Bank for Teh Swee Heng	1,398,800	0.87
21. Dynamic Growth Management Limited	1,375,000	0.86
22. Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chia Siya Heng	1,361,000	0.85
23. HDM Nominees (Tempatan) Sdn Bhd - DBS Vickers Secs (S) Pte Ltd for Harry Lee Vui Khiun	1,300,000	0.81
24. Kong Sum Mooi	1,105,000	0.69
25. UOBM Nominees (Asing) Sdn Bhd - Exempt An for Societe Generale Bank & Trust, Singapore Branch	1,100,000	0.69
26. Citigroup Nominees (Asing) Sdn Bhd - UBS AG Singapore for Zurich Capital Management Limited	1,058,500	0.66
27. Chan Yin Peng	1,030,900	0.64
28. ECML Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Goh Siew Leam	1,000,000	0.62
29. ECML Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chang Lip Ngin	997,000	0.62
30. Permodalan Nasional Berhad	928,250	0.58
	85,628,112	53.43

DIRECTORS' WARRANTS HOLDINGS

Name	No. of Warrants Held			
	Direct	%	Indirect	%
Tan Sri Abdul Rashid Bin Abdul Manaf	-	-	-	-
Tan Sri Dato' Sri Liew Kee Sin	15,747,403	9.83	^a 14,970,235	9.34
Dato' Voon Tin Yow	1,768,402	1.10	-	-
Dato' Teow Leong Seng	1,822	*	-	-
Dato' Chang Khim Wah	13,700	0.01	-	-
Tan Sri Datuk Seri Lee Lam Thye	-	-	^b 3,000	*
Tan Sri Dato' Hari Narayanan A/L Govindasamy	-	-	-	-
Dato' Leong Kok Wah	-	-	-	-
Datuk Ismail Bin Adam	-	-	-	-
Ng Soon Lai @ Ng Siek Chuan	-	-	-	-
Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin	-	-	-	-
Dato' Noor Farida Binti Mohd Ariffin	-	-	-	-

^a Deemed interested by virtue of the warrants held by Sakura Gold Sdn Bhd and his spouse.

^b Deemed interested by virtue of the warrants held by his son.

* Insignificant.

LIST OF MATERIAL PROPERTIES HELD BY THE GROUP

AS AT 31 OCTOBER 2010

No.	Location	Description	Date of Acquisition	Land Area (sq. ft.)	Tenure	Net Book Value (RM)
1	Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Land under development and held for development	30/03/02	54,927,021	Freehold	595,762,395
2	Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim	Land under development and held for development	10/01/07	35,891,104	Freehold	333,683,691 *
3	Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Land under development and held for development	13/12/03	9,324,049	Freehold	243,682,383 *
4	Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Land under development and held for Development	04/08/04	10,105,978	Freehold	210,175,002
5	Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim	Land under development and held for development	15/02/96	5,398,987	Freehold	119,912,309
6	Mukim 12, Daerah Barat Daya, Pulau Pinang	Land under development and held for development	27/09/05	1,553,364	Freehold	117,259,381
7	Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Land under development and held for development	23/08/99	1,381,371	Freehold	101,198,472
8	Section 41, City of Melbourne, Parish of Melbourne North, Australia	Land held for development	29/03/10	46,715	Freehold	99,772,741
9	Mukim 10 & Mukim 12, Daerah Barat Daya, Pulau Pinang	Land held for development	19/01/09	1,256,793	Freehold	71,863,018
10	Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim	Land under development and held for development	25/10/01	3,564,379	Freehold	61,112,687

* 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 Sixth Annual General Meeting of the Company will be held at **Function Hall, Canopy Club, 5C, Jalan Setia Nusantara U13/17, Setia Eco Park, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Wednesday, 23 February 2011 at 11.00 a.m.** for the following purposes:-

AGENDA

- To receive the audited financial statements of the Company for the financial year ended 31 October 2010 together with the reports of the Directors and auditors thereon.

(Please refer to Explanatory Note A)

- To declare a final dividend of 14 sen per share less 25% tax for the financial year ended 31 October 2010.

Resolution 1

- 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 | Resolution 2 |
| (b) Datuk Ismail Bin Adam | Resolution 3 |
| (c) Dato' Chang Khim Wah | Resolution 4 |
| (d) Tan Sri Datuk Seri Lee Lam Thye | Resolution 5 |

- To consider and if thought fit, to pass the following Ordinary Resolution in accordance with Section 129(6) of the Companies Act, 1965:-

"That Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin, who has attained the age of seventy years and retiring in accordance with Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting".

Resolution 6

- To approve the payment of Directors' Fees of RM592,000 for the financial year ended 31 October 2010.

Resolution 7

- To re-appoint Mazars, Chartered Accountants, the retiring auditors, as the auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.

Resolution 8

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:-

- ORDINARY RESOLUTION** **Resolution 9**
PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AS SPECIFIED IN SECTION 2.3.1 OF THE CIRCULAR TO SHAREHOLDERS DATED 28 JANUARY 2011

"THAT, subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("S P Setia Group") to enter into and give effect to specified recurrent related party transactions of a revenue or trading nature of the S P Setia Group with specified classes of Related Parties (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and as specified in Section 2.3.1 of the Circular to Shareholders dated 28 January 2011) 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:-

- 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;
- the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

NOTICE OF ANNUAL GENERAL MEETING

(iii) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier,

THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things as they may consider necessary or expedient in the best interest of the Company (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”

8. **SPECIAL RESOLUTION** **Resolution 10**
PROPOSED AMENDMENT TO ARTICLE 135 OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

“THAT the existing Article 135 of the Company’s Articles of Association be deleted in its entirety and replaced with the following new Article 135:-

Existing Article 135

Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled thereto, or, if several persons are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons or to such persons and such address as such entitled persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or such person as the holder may direct and payment of the cheque shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

New Article 135

Any dividend, **interest** or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post **directed** to the **last** registered address of the members or **to such** person entitled thereto, or, if several persons are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons or to such person and **to** such address as such entitled persons may **in** writing direct **or paid via electronic transfer or**

other methods of funds transfer or remittance to the account provided by the holder who is named in the Record of Depositors. Every such cheque or warrant **or electronic transfer or remittance** shall be made payable to the order of the person to whom it is sent **or remitted** or **to** such person as the holder may direct and **the** payment of **any such cheque or warrant or electronic transfer or remittance** shall be a good discharge to the Company **in respect of the dividend, interest, or other money payable in cash represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that endorsement thereon, or the instruction for the electronic transfer or remittance has been forged.** Every such cheque or warrant **or electronic transfer or remittance** shall be sent **or remitted** at the risk of the person entitled to the money **thereby** represented.

9. To transact any other business of which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a Final Dividend of 14 sen per share less 25% tax for the financial year ended 31 October 2010, if approved by the shareholders at the 36th Annual General Meeting, will be paid on 31 March 2011 to shareholders whose names appear in the Record of Depositors on 16 March 2011.

A depositor shall qualify for entitlement only in respect of:-

- i) shares transferred into the depositor’s securities account before 4.00 p.m. on 16 March 2011, in respect of transfers; and
- ii) shares bought on Bursa Malaysia Securities Berhad (“Bursa Securities”) on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board

LEE WAI NGAN (LS 00184)
 CHAN TOYE YING (LS 00185)
 Company Secretaries

28 January 2011
 Kuala Lumpur

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. The Form of Proxy, in the case of an individual, shall be signed by the appointor or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.
3. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. The Form of Proxy duly completed and signed must be deposited at the Registered Office of the Company at Plaza 138, Suite 18.03, 18th Floor, 138, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.

Explanatory Note A

This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the audited financial statements. As such, this item is not put forward for voting.

Explanatory Notes on Special Business

1. *Ordinary Resolution 9 – Proposed Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature.*

The proposed Resolution 9, if approved, will allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue and trading nature relating to sale of properties by the S P Setia Group to related parties. The details of the proposal are set out in the Circular to Shareholders dated 28 January 2011 which is circulated together with the 2010 Annual Report.

2. *Special Resolution – Proposed Amendment to Article 135 of the Company's Articles of Association on Electronic Dividend Payment (eDividend).*

The proposed Resolution 10, if approved, will facilitate the payment of cash dividend, interest or any money payable to the shareholders via electronic payment such as telegraphic transfer or electronic transfer or remittance to shareholders' bank account in line with eDividend implemented by Bursa Securities.

GROUP DIRECTORY

HEAD OFFICE

S P SETIA BERHAD (19698-X)

Setia Corporate Tower,
5A, Jalan Setia Nusantara U13/17,
Setia Eco Park, Seksyen U13,
40170 Shah Alam,
Selangor Darul Ehsan, Malaysia.
T: +603-3344 8800
F: +603-3344 3232
E: corp@spsetia.com.my
W: www.spsetia.com.my

SETIA ALAM

BANDAR SETIA ALAM SDN BHD (566140-D)

GREENHILL RESOURCES SDN BHD (813548-H)

S. P. SETIA SECURITY SERVICES SDN BHD (512181-H)

Setia Alam Welcome Centre,
2, Jalan Setia Indah AD U13/AD,
Setia Alam, Seksyen U13,
40170 Shah Alam,
Selangor Darul Ehsan, Malaysia.
T: +603-3343 2255 (Sales)
+603-3361 7755 (Technical)
+603-3344 9949 (Greenhill)
F: +603-3345 2255 (Sales)
+603-3345 2525 (Technical)
+603-3344 3546 (Greenhill)
E: bsa-sales@spsetia.com.my
corp@spsetia.com.my

SETIA ECO PARK

BANDAR ECO-SETIA SDN BHD (566138-A)

5B/1/3, 1st Floor,
Jalan Setia Nusantara U13/17,
Setia Alam, Seksyen U13,
40170 Shah Alam,
Selangor Darul Ehsan, Malaysia.
T: +603-3343 2228
F: +603-3343 7228
E: eco-sales@spsetia.com.my

S P SETIA CONSTRUCTION SDN BHD (405936-P)

SETIA PRECAST SDN BHD (347177-A)

Support Center Setia Alam,
Unit 23A – 2, Setia Avenue,
2, Jalan Setia Prima S U13/S,
Setia Alam, Seksyen U13,
40170 Shah Alam,
Selangor Darul Ehsan, Malaysia.
T: +603-3344 1900

(Group Quality Management/
Group Contracts Division)
+603-3344 3033 (Precast)

F: +603-3344 1702
(Group Quality Management)
+603-3344 1381
(Group Contracts Division)
+603-3344 3733 (Precast)

E: corp@spsetia.com.my
setiaprecast@spsetia.com.my

SETIA SKY RESIDENCES

EXCELJADE SDN BHD (765480-D)

SENDIMAN SDN BHD (729054-X)

SYARIKAT KEMAJUAN JERAI SDN BHD (23898-U)

Sky Pod, Setia Sky Residences,
No. 78, Jalan Raja Muda Abdul Aziz,
Off Jalan Tun Razak,
50300 Kuala Lumpur, Malaysia.
T: +603-2697 2255
F: +603-2697 2552
E: sky-sales@spsetia.com.my
grande-sales@spsetia.com.my

S P SETIA ESTATE MANAGEMENT SDN BHD (251637-X)

2, Jalan Setia Tropika U13/20,
Bandar Setia Eco,
Setia Eco Park, Seksyen U13,
40170 Shah Alam,
Selangor Darul Ehsan, Malaysia.
T: +603-3342 7222 / 4292 8633
F: +603-3342 3030 / 4297 3719
E: estate@spsetia.com.my
support@spsetia.com.my

KL ECO CITY SDN BHD (185140-X)

Suite 5.01, Level 5,
The Gardens South Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur, Malaysia.
T: +603-2287 5522
F: +603-2287 5225
E: klecocity@spsetia.com.my

SETIAWALK GALLERIA

BANDAR SETIA ALAM SDN BHD (566140-D)

Jalan Bandar Dua,
Pusat Bandar Puchong,
47160 Puchong,
Selangor Darul Ehsan, Malaysia.

T: +603-5882 2255
F: +603-5882 2722
E: setiawalk-sales@spsetia.com.my

SETIA-WOOD INDUSTRIES SDN BHD (23725-V)

S P SETIA MARKETING SDN BHD (175198-P)

Lot 5 & 6, Jalan Indah 1/3,
Taman Industri Rawang Indah,
48000 Rawang,
Selangor Darul Ehsan, Malaysia.
T: +603-6092 8022
F: +603-6092 0322
E: setiawood@spsetia.com.my

SETIA PUTRAJAYA DEVELOPMENT SDN BHD (424955-P)

3A, Jalan P9G/7,
62250 Putrajaya, Malaysia.
T: +603-8887 8008
F: +603-8887 8010
E: spj-sales@spsetia.com.my

EASTERN REGION**AEROPOD SDN BHD (767765-P)**

B-10-1, 1st Floor, Block B,
KK Times Square,
Off Coastal Highway,
88100 Kota Kinabalu,
Sabah, Malaysia.

T: +608-848 6255
F: +608-848 6299
E: corp@spsetia.com.my

NORTHERN REGION**SETIA PEARL ISLAND****SETIA VISTA****SETIA PROMENADE SDN BHD
(388384-W)****KEWIRA JAYA SDN BHD (504851-V)****KAY PRIDE SDN BHD (177772-V)****SETIA RECREATION SDN BHD (505572-T)**

Pearl Island Country Club,
8, Persiaran Kelicap,
11900 Bayan Lepas,
Penang, Malaysia.

T: +604-641 2255
F: +604-642 2255
E: spi-sales@spsetia.com.my

SOUTHERN REGION**BUKIT INDAH****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.

T: +607-241 2255
F: +607-241 5955/2855
E: bukitindah@spsetia.com.my

SETIA ECO GARDENS**KESAS KENANGAN SDN BHD (745817-H)**

Pejabat Tapak, Lot 2110, KM 5.5,
Jalan Gelang Patah-Ulu Choh,
81550 Johor Darul Takzim, Malaysia.

T: +607-555 2525
F: +607-555 2552/2555
E: seg-sales@spsetia.com.my

SETIA INDAH**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.

T: +607-351 2255
F: +607-351 2525
E: setiaindah@spsetia.com.my

SETIA TROPIKA**SETIA INDAH SDN BHD (185555-H)**

Wisma S P Setia,
1, Jalan Setia Tropika,
Taman Setia Tropika, Kempas,
81200 Johor Bahru,
Johor Darul Takzim, Malaysia.

T: +607-237 2255
F: +607-237 2225
E: setiatropika@spsetia.com.my

INTERNATIONAL**ECOLAKES, MY PHUOC****SETIABECAMEX JOINT STOCK COMPANY**

NE2 Highway,
Ecolakes My Phuoc,
3A Hamlet, Thoi Hoa Commune,
Ben Cat District,
Bin Duong Province, Vietnam.

T: +84 650 3577 577
F: +84 650 3577 225
E: ecolakes-sales@setiabecamex.vn

ECOXUAN, LAI THIEU**SETIA LAI THIEU ONE MEMBER
COMPANY LIMITED**

Office 02-03, 88/10, Dong Nhi,
Lai Thiew Town Thuan An District,
Binh Duong Province, Vietnam.

T: +84 650 3797 255
F: +84 650 3797 225
E: ecoxuan@spsetia.com.vn

**S P SETIA INTERNATIONAL (S) PTE LTD
(200906303E)**

1, Harbourfront Place #01-06,
Harbourfront Tower One,
Singapore 098633.

T: +65 6271 2255
F: +65 6271 3522
E: sg_sales@spsetia.com.my

**SETIA (MELBOURNE) DEVELOPMENT
COMPANY PTY LTD (ACN: 143 464 804)**

Level 42, Rialto South Tower,
525 Collins Street,
Melbourne Vie 3000, Australia.

T: +613 9616 2525
F: +613 9616 2555

This page has been left blank intentionally

PROXY FORM

I/We _____ NRIC No./Company No. _____
(full name in block letters)

of _____
(full address)

being a member/members of S P SETIA BERHAD, hereby appoint _____
(full name in block letters)

NRIC No. _____ of _____
(full address)

and/or failing him/her, _____
(full name in block letters)

NRIC No. _____ of _____
(full address)

or failing him/her, the Chairman of the Meeting as * my/our proxy to attend and vote for * me/us and on * my/our behalf at the Thirty Sixth Annual General Meeting of the Company to be held at Function Hall, Canopy Club, 5C, Jalan Setia Nusantara U13/17, Setia Eco Park, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Wednesday, 23 February 2011 at 11.00 a.m. and at any adjournment thereof in the manner as indicated below:-

NO.	RESOLUTION	FOR	AGAINST
1.	Approval of Final Dividend		
2.	Re-election of Tan Sri Dato' Sri Liew Kee Sin		
3.	Re-election of Datuk Ismail Bin Adam		
4.	Re-election of Dato' Chang Khim Wah		
5.	Re-election of Tan Sri Datuk Seri Lee Lam Thye		
6.	Re-appointment of Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin		
7.	Approval of Directors' Fees		
8.	Re-appointment of Mazars, Chartered Accountants as Auditors		
9.	Proposed Shareholders' Mandate as specified in Section 2.3.1 of the Circular to Shareholders dated 28 January 2011		
10.	Proposed Amendment to the Articles of Association		

* 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 _____ 2011. _____

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/her stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. The Form of Proxy, in the case of an individual, shall be signed by the appointor or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.
3. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. The Form of Proxy duly completed and signed must be deposited at the Registered Office of the Company at Plaza 138, Suite 18.03, 18th Floor, 138, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.

2nd fold here

Affix Stamp
Here

The Company Secretary
S P SETIA BERHAD
Plaza 138, Suite 18.03
18th Floor, 138 Jalan Ampang
50450 Kuala Lumpur

1st fold here

Setia Corporate Tower
5A, Jalan Setia Nusantara U13/17,
Setia Eco Park, Seksyen U13,
40170 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel: +603-3344 8800 • Fax: +603-3344 3232

www.spsetia.com.my

MALAYSIA | VIETNAM | AUSTRALIA | SINGAPORE | CHINA

livelearnworkplay