

Builder of Distinction

Setia

S P SETIA BHD GROUP

Annual Report 2013



HOMEGROWN



WORLD-RENOWNED

livelearnworkplay

Malaysia | Vietnam | Australia | Singapore | China | Indonesia | United Kingdom

S P SETIA IS AN AWARD-WINNING PUBLIC LISTED COMPANY AND A MARKET LEADER IN PROPERTY DEVELOPMENT. OVER THE YEARS, WE HAVE BUILT HOMES FOR MALAYSIANS FROM ALL WALKS OF LIFE. OUR PRODUCTS RANGE FROM RESIDENTIAL HOUSES TO HIGH-RISE CONDOMINIUMS AS WELL AS COMMERCIAL CENTRES AND BUSINESS PARKS

S P SETIA



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VISION MISSION VALUES

OUR VALUES ARE THE ANCHOR
THAT KEEPS US STEADY AS WE
REACH FOR THE STARS

OUR **VISION**

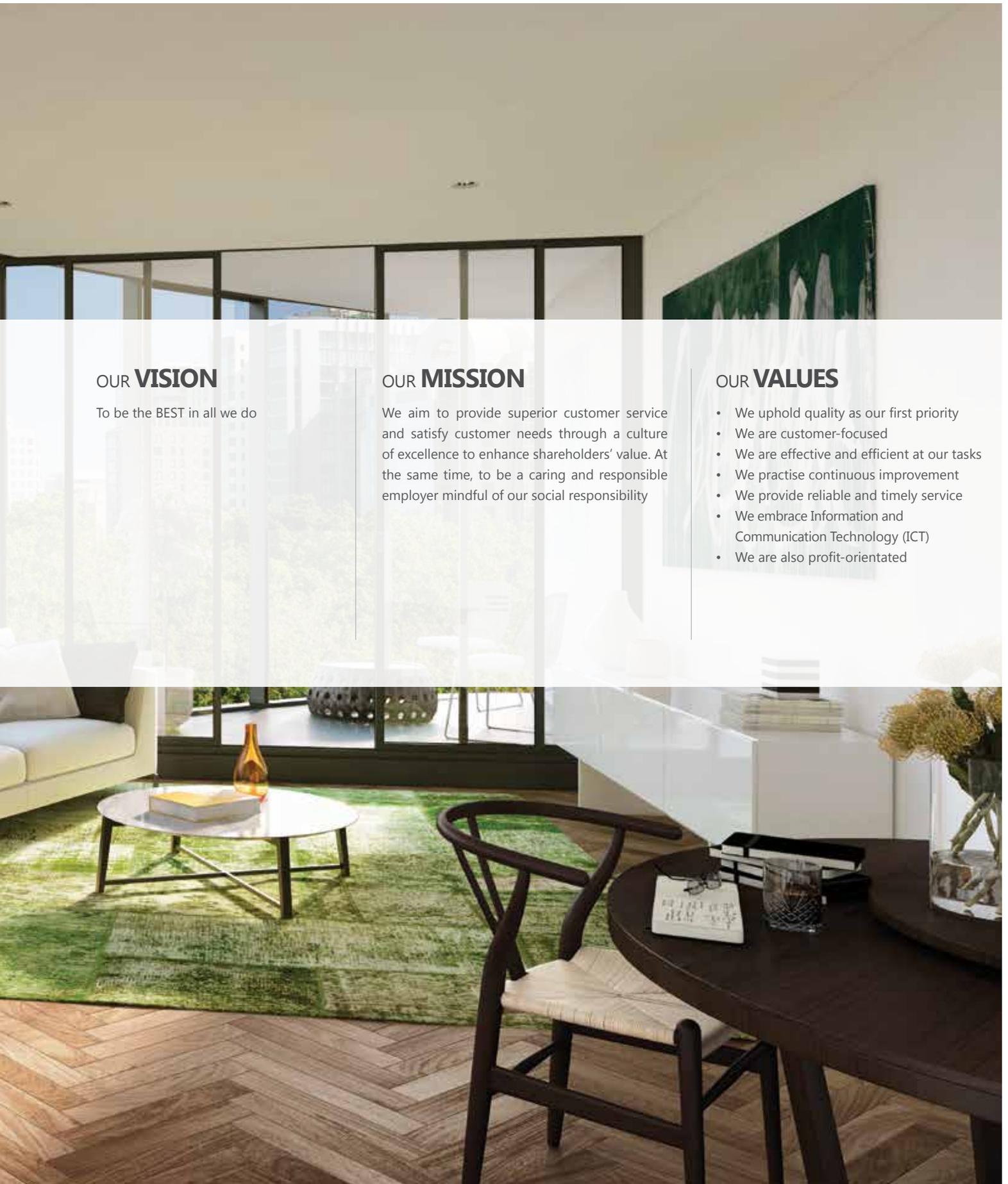
To be the BEST in all we do

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





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RICHLIY







CORPORATE PROFILE

MADE IN MALAYSIA

THE S P SETIA STORY BEGAN IN 1974, WHEN THE COMPANY WAS INCORPORATED AS A CONSTRUCTION COMPANY. IT WAS LISTED ON THE KUALA LUMPUR STOCK EXCHANGE (NOW BURSA MALAYSIA) IN 1993. IN 1996, IT REFOCUSED ITS CORE BUSINESS TO **PROPERTY DEVELOPMENT** WITH SUPPORTING BUSINESSES IN **CONSTRUCTION**, **INFRASTRUCTURE** AND **WOOD-BASED MANUFACTURING**.

Today, S P Setia is recognised as Malaysia's leading listed real estate player with a proven track record of innovation-driven and standard-setting developments. The Group's strength lies in its prowess in creating meaningful environments based on its development philosophy of Live Learn Work Play. Its extensive portfolio includes townships, eco sanctuaries, luxury residences, business parks, as well as commercial and retail developments.

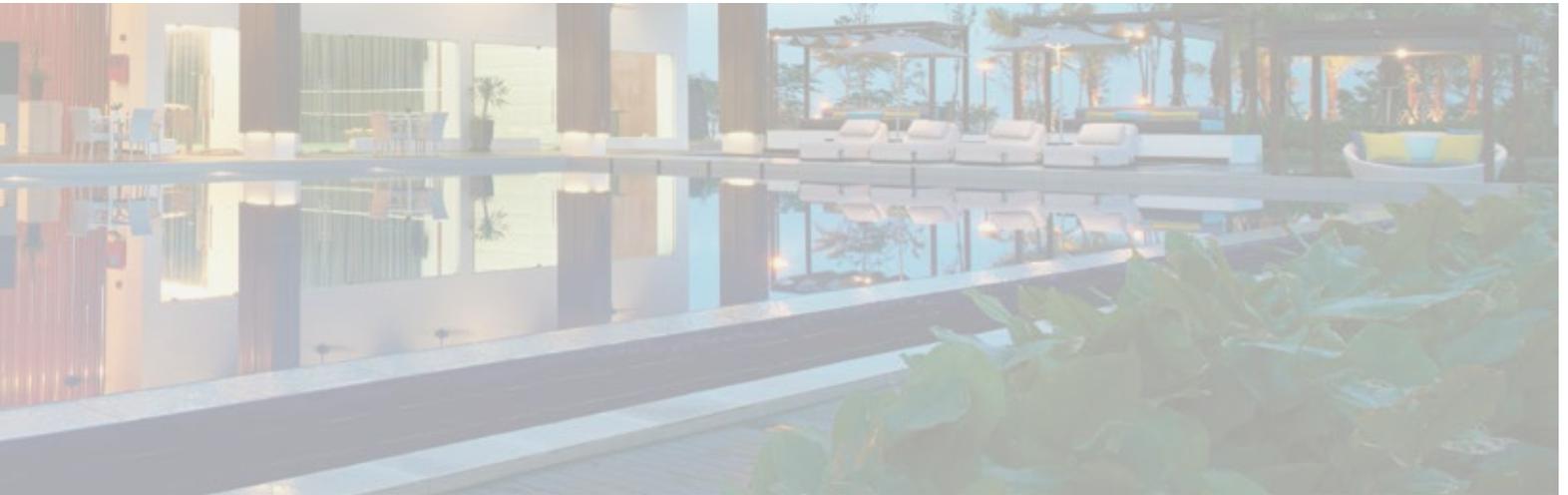
In Malaysia, the Group boasts a strong presence in the key urban centres of the Klang Valley, Johor Bahru/Iskandar Malaysia and Penang. It also has a growing presence in Sabah.

Starting with its first project, Pusat Bandar Puchong, the Group has grown from strength to strength, setting industry benchmarks through innovative and high quality lifestyle offerings that has won it awards and accolades both locally and internationally.

S P Setia is the only Malaysian developer to be recognised five times by the International Real Estate Federation (FIABCI). Locally, the Group has garnered nine FIABCI Malaysia Property Awards, the latest being Best Retail Development for Setia City Mall in 2013.

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

The Group has made it the Aon Hewitt Best Employers list five times since 2003. In 2011, the Group also emerged as the Overall Best Employer in Malaysia and among one of the Best Employers in Asia Pacific. In 2013, the Group was recognised as Malaysia's Best of the Best Employer in the same study.



AN INTERNATIONAL BRAND

In 2007, S P Setia made its maiden foray overseas when Vietnam's top state-owned conglomerate, Becamex IDC Corp, chose S P Setia as its joint-venture partner to launch its 558-acre, USD880 million township project. Known as EcoLakes, this ground-breaking eco sanctuary located 40km outside Ho Chi Minh City, was named First Runner-up in the FIABCI Prix d'Excellence Award for Best Development Master Plan in 2010. Following this success, the Group launched a mixed development project called EcoXuan Lai Thieu in Tuan An District, Binh Dong Province.

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

In November 2011, the Group launched its first project in Australia, Fulton Lane in Melbourne, to great acclaim. This high-rise condominium with distinctive architecture provided by the acclaimed Karl Fender of Fender Katsalidis Architects will enhance the northern end of the CBD by offering quality dwellings as well as contributing to the city's unique laneway culture.

In April 2012, S P Setia was invited by the Malaysian Government to lead the Malaysian consortium formed to jointly develop the China-Malaysia Qinzhou Industrial Park (QIP).

IN SEPTEMBER OF THE SAME YEAR, S P SETIA ENTERED THE UNITED KINGDOM, ACQUIRING LONDON'S ICONIC BATTERSEA POWER STATION THROUGH A JOINT-VENTURE CONSORTIUM WITH SIME DARBY AND THE EMPLOYEES PROVIDENT FUND. THE PROJECT HAS BEEN A TREMENDOUS SUCCESS WITH PRODUCTS BEING BROUGHT TO MARKET IN A RECORD-BREAKING FOUR MONTHS AND AN UNPRECEDENTED 95% SOLD WITHIN THREE WEEKS.

In 2013, the Group launched its second project in Melbourne, this time on the upmarket St Kilda Road, for an exclusive luxury apartment development named Parque.

GLOBAL PRESENCE

NORTHERN REGION

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



CENTRAL REGION

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

SOUTHERN REGION

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

EASTERN REGION

- Aeropod

VIETNAM

- EcoLakes
- EcoXuan

SINGAPORE

- 18 Woodsville
- Eco Sanctuary

JAKARTA

- Representative Office

CHINA

- Qinzhou Industrial Park

LONDON

- Battersea Power Station

MELBOURNE

- Fulton Lane
- Parque



Net Profit Increased by

8%

from Previous Year

GROUP FINANCIAL SUMMARY

GROUP FIVE-YEAR SUMMARY

Year Ended 31 October (RM'000)	2013	2012	2011	2010	2009
Revenue	3,060,528	2,526,595	2,232,473	1,745,870	1,408,415
Profit Before Tax	570,343	567,505	430,594	330,967	231,112
Profit Attributable to Shareholders	417,858	393,816	327,973	251,813	171,233
Paid-Up Capital	1,844,034	1,504,250	1,374,554	762,606	762,604
Shareholders' Equity	5,525,543	4,043,874	3,446,442	2,189,273	2,037,221
Total Assets Employed	12,441,762	9,353,304	5,585,657	4,386,062	3,952,251
Total Net Tangible Assets	5,472,568	4,027,412	3,439,486	2,189,352 [#]	2,037,578 [#]
Earnings Per Share (sen)	17.9	20.5	19.2	16.5 [^]	11.2 [^]
Dividend Per Share (sen)					
- Tax dividend	1.6	14.0	14.0	20.0	14.0
- Single Tier dividend	9.4	-	-	-	-
Net Tangible Assets Per Share (RM)	2.25	2.01	1.88	1.43 [^]	1.33 [^]
Return on equity (%)	7.56	9.74	9.52	11.50	8.41
Net gearing ratio (times)	0.41	0.58	N/A	0.26	0.27
Dividend payout ratio (%)	62.4	61.2	59.8	60.7	62.4
Share Price - High (RM)	3.99	4.10	4.62	5.27	4.62
Low (RM)	2.98	3.49	2.97	3.51	2.39

GROUP QUARTERLY SUMMARY

QUARTER ENDED (RM'000)	31 OCTOBER 2013	31 JULY 2013	30 APRIL 2013	31 JANUARY 2013
Revenue	900,168	761,506	711,304	687,550
Profit Before Tax	179,594	144,450	130,130	116,169
Profit Attributable to Shareholders	127,293	101,882	95,770	92,913
Paid-Up Capital	1,844,034	1,844,034	1,844,034	1,603,509
Shareholders' Equity	5,525,543	5,464,777	5,499,458	4,529,681
Total Assets Employed	12,441,762	12,272,740	11,634,487	9,725,486
Total Net Tangible Assets	5,472,568	5,421,210	5,465,923	4,505,751
Earnings Per Share (sen)	5.2	4.1	4.0	4.6
Dividend Per Share (sen)				
- Tax dividend	-	-	1.6	-
- Single Tier dividend	7.0	-	2.4	-
Net Tangible Assets Per Share (RM)	2.25	2.22	2.24	2.12

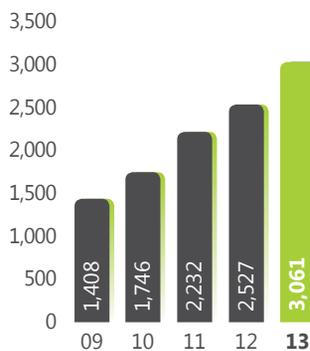
[^] The comparative figures for earnings per share have been adjusted to take into account the issuance of bonus shares in the financial year ended 31 October 2011.

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

The Group Achieved a Revenue of
RM3.06
 billion in FY2013

GROUP FIVE-YEAR SUMMARY YEAR ENDED 31 OCTOBER

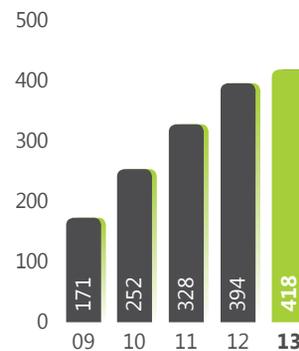
REVENUE
 (RM'000)



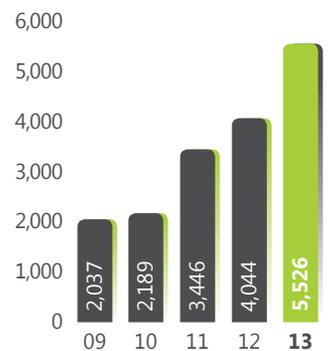
PROFIT BEFORE TAX
 (RM'000)



**PROFIT ATTRIBUTABLE TO
 SHAREHOLDERS (RM'000)**

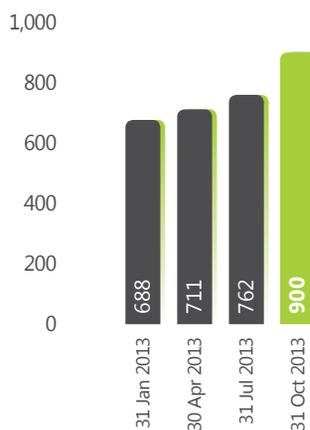


SHAREHOLDERS' EQUITY
 (RM'000)

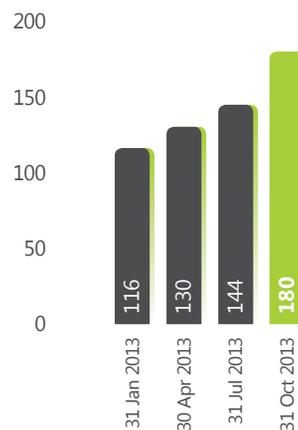


GROUP QUARTERLY SUMMARY FINANCIAL YEAR 2013

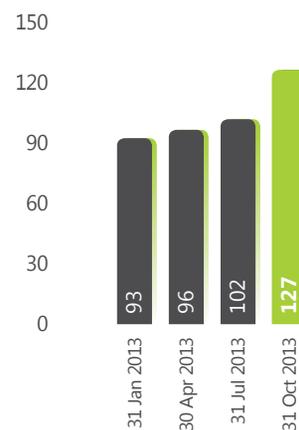
REVENUE
 (RM'000)



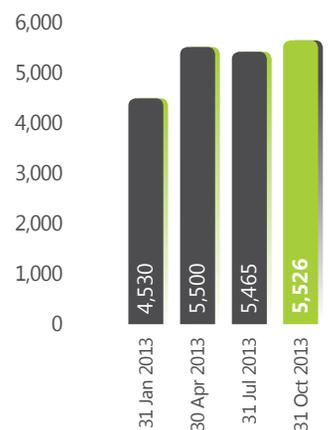
PROFIT BEFORE TAX
 (RM'000)



**PROFIT ATTRIBUTABLE TO
 SHAREHOLDERS (RM'000)**



SHAREHOLDERS' EQUITY
 (RM'000)





live! learn! work! play!

PRODUCTIVELY







CORPORATE INFORMATION

BOARD OF DIRECTORS

Tun Dato' Seri Zaki Bin Tun Azmi
(Independent Non-Executive 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 Director/Chief Financial Officer)

Dato' Khor Chap Jen
(Executive Director)

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

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

Datuk Ismail Bin Adam
(Independent Non-Executive Director)

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

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

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

RISK MANAGEMENT COMMITTEE

Dato' Voon Tin Yow (Chairman)
Dato' Teow Leong Seng
Dato' Khor Chap Jen
Datuk Wong Tuck Wai
Datuk Ong Kek Seng
Mr Kow Choong Ming
Cik Norhayati Binti Subali
Mr Lim Eng Tiong

LONG TERM INCENTIVE PLAN COMMITTEE

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

**SECRETARIES**

Ms Lee Wai Ngan (LS 00184)

Ms Chan Toye Ying (LS 00185)

REGISTERED OFFICE

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

SHARE REGISTRAR

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

MAJOR BANKERS

OCBC Group
CIMB Group
Maybank Group
HSBC Group
Standard Chartered Group
RHB Bank Berhad
Hong Leong Group
DBS Bank Ltd
Alliance Financial Group
Public Bank Berhad
Ambank Group
Affin Bank Berhad
Bank Muamalat Malaysia Berhad
United Overseas Bank (Malaysia) 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
Cheang & Ariff

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

INDICES

FTSE Bursa Malaysia Indices
Standard & Poor's Indices

WEBSITE

www.spsetia.com

Builder of Distinction

Setia

S P SETIA BHD GROUP

CORPORATE STRUCTURE

PROPERTY DEVELOPMENT

100%	Bandar Setia Alam Sdn Bhd	50%	Greenhill Resources Sdn Bhd		
100%	Setia Duta One Sdn Bhd	100%	Setia Alam Recreation Sdn Bhd		
50%	Bandar Eco-Setia Sdn Bhd	100%	Setia Eco Park Recreation Sdn Bhd		
100%	Bukit Indah (Johor) Sdn Bhd				
100%	Setia Indah Sdn Bhd				
100%	Shabra Development Sdn Bhd				
100%	Syarikat Kemajuan Jerai Sdn Bhd	100%	S P Setia Project Management Sdn Bhd		
100%	Bukit Indah (Perak) Sdn Bhd	100%	Lagavest Sdn Bhd		
100%	Setia Promenade Sdn Bhd		50%	Wawasan Indera Sdn Bhd *	
70%	Bukit Indah Property Management Sdn Bhd		100%	* 50% investment in Wawasan Indera Sdn Bhd is held by S P Setia Berhad	
50%	Golden Klang Valley Sdn Bhd		100%	S P Setia Eco-Projects Management Sdn Bhd	
100%	Sendiman Sdn Bhd		100%	Setia Recreation Sdn Bhd	
100%	Exceljade Sdn Bhd		100%	Ambleside Sdn Bhd	
100%	Aeropod Sdn Bhd				
70%	Setia Eco Glades Sdn Bhd				
70%	Kemboja Mahir Sdn Bhd	100%	Ganda Anggun Sdn Bhd		
100%	Kewira Jaya Sdn Bhd	100%	Kay Pride Sdn Bhd		
60%	Setia Putrajaya Sdn Bhd	100%	Setia Putrajaya Construction Sdn Bhd		
100%	KL Eco City Sdn Bhd	100%	Setia Putrajaya Development Sdn Bhd		
100%	Setia International Limited	100%	Setia MyPhuoc Limited	55%	SetiaBecamex Joint Stock Company
100%	Setia EcoHill Sdn Bhd	100%	Setia D-Nine Limited		
100%	Setia City Development Sdn Bhd	100%	Setia Saigon East Limited		
100%	Gita Kasturi Sdn Bhd	100%	Setia Capital (Vietnam) Limited		
50%	Retro Highland Sdn Bhd	100%	Setia Land (Vietnam) Limited		
100%	Setia Ecohill 2 Sdn Bhd (Formerly known as Bukit Indah (Selangor) Sdn Bhd)	100%	Setia Land (China) Limited		
100%	Setia Hicon Sdn Bhd	95%	Setia Lai Thieu Limited	100%	Setia Lai Thieu One Member Company Limited
100%	S P Setia International (S) Pte. Ltd.	100%	Setia Australia Limited	100%	Setia (Melbourne) Development Company Pty Ltd
50%	Setia Federal Hill Sdn Bhd (Formerly known as Sentosa Jitra Sdn Bhd)	100%	Setia Jersey Investment Holding Company Limited	100%	Setia St Kilda (Melbourne) Pty Ltd
100%	Eco Meridian Sdn Bhd	100%	Setia Bac Ninh Limited		
100%	Setia Bina Raya Sdn Bhd	40%	Battersea Project Holding Company Limited & subsidiaries		
100%	Intra Hillside Sdn Bhd	40%	Battersea Power Station Development Company Limited	100%	Battersea Power Station Estates Limited
100%	Rockbay Streams Sdn Bhd				
100%	Setia Eco Land Sdn Bhd				

CONSTRUCTION & INFRASTRUCTURE

100%	S P Setia Construction Sdn Bhd
100%	Setia Prefab Sdn Bhd
100%	Setia Precast Sdn Bhd
100%	Manih System Construction Sdn Bhd
60%	Suharta Sdn Bhd
100%	Suharta Properties Sdn Bhd <i>(In Members' Voluntary Liquidation)</i>
51%	Suharta Development Sdn Bhd
100%	Suharta Management Sdn Bhd <i>(In Members' Voluntary Liquidation)</i>
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 <i>(In Members' Voluntary Liquidation)</i>

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

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%	S P Setia PMC Sdn Bhd <i>(Formerly known as Setia Alam Property Holdings Sdn Bhd)</i>
100%	S P Setia Technology Sdn Bhd
20%	Icfox (Malaysia) Sdn Bhd <i>(In Members' Voluntary Liquidation)</i>
100%	Futurecrest (M) Sdn Bhd
70%	Kesas Kenangan Sdn Bhd
100%	S P Setia (Indonesia) Sdn Bhd
100%	Setiahomes (MM2H) Sdn Bhd
99.9%	Kenari Kayangan Sdn Bhd
49%	PTB Property Developer Sdn Bhd
100%	Tenaga Raya Sdn Bhd
100%	Setia Eco Green Sdn Bhd
45%	Qinzhou Development (Malaysia) Consortium Sdn Bhd
100%	Qinzhou Development (Hong Kong) Limited
100%	Pelita Mentari Sdn Bhd
100%	Flexrise Projects Sdn Bhd
100%	S P Setia Property Services Sdn Bhd
40%	Kuantan Pahang Holding Sdn Bhd <i>(Formerly known as Ivory Paragon Sdn Bhd)</i>
51%	Malaysia-China Kuantan Industrial Park Sdn Bhd
100%	Cosmotek Sdn Bhd
60%	SJ Classic Land Sdn Bhd
100%	Indera Perasa Sdn Bhd
100%	Dian Mutiara Sdn Bhd
100%	Setia Eco Heights Sdn Bhd
100%	S P Setia Development Pte Ltd
100%	S P Setia DMC Sdn Bhd <i>(Formerly known as Pavilion Ahead Sdn Bhd)</i>
100%	Ivory Streams Sdn Bhd

OUR AWARDS



8-TIME WINNER **THE EDGE MALAYSIA TOP PROPERTY DEVELOPERS AWARDS**

Ranked No.1

2013
2012
2011
2010
2008
2007
2006
2005

Best Qualitative Attributes Category

2013
2012

The Edge-PEPS Value Creation Excellence Award

2013 – SetiaWalk, Selangor

The Edge-PAM Green Excellence Award

2013 – Setia City Mall, Selangor



5-TIME WINNER **FIABCI PRIX D' EXCELLENCE AWARDS**

Best Master Plan Development

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

Best Purpose-Built/Specialised Project

2012 – Eco Greens, Setia Eco Gardens,
Johor

Best Residential (Low-Rise) Development

2011 – Setia Eco Park, Selangor

Runner-up Best Master Plan Development

2010 – EcoLakes, Vietnam



8-TIME WINNER **FIABCI MALAYSIA PROPERTY AWARDS**

Best Retail Development

2013 – Setia City Mall, Selangor

Best Master Plan Development

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

Best Purpose-Built/Specialised Project

2011 – Eco Greens, Setia Eco Gardens,
Johor

Best Residential (Low-Rise) Development

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

Property Man of the Year

2007 – Tan Sri Liew Kee Sin



AON HEWITT BEST EMPLOYERS STUDY

2013 – Best of the Best Employer in Malaysia
 2011 – Overall Best Employer in Malaysia and one of the Best Employers in Asia Pacific

Top 10 Best Employers in Malaysia

2003, 2005 & 2009



REHDA RECOGNITION AWARD

2013 – Outstanding Developer



BCA GREEN MARK

Platinum Award

2012 – Eco Sanctuary, Singapore

Gold Award

2012 – Setia City Mall, Selangor
 2010 – Eco Gallery, Setia Eco Gardens, Johor

S P SETIA HAS BEEN RECOGNISED MANY TIMES BOTH IN MALAYSIA AND INTERNATIONALLY. HOWEVER, WE ARE ALWAYS CONSCIOUS OF THE FACT THAT THESE AWARDS ARE MERELY THE MEANS TO AN END, NOT THE END ITSELF. THE PURSUIT OF AWARDS, IN PARTICULAR, INTERNATIONAL AWARDS, ARE AN EXERCISE IN SELF IMPROVEMENT. THEY ALLOW US TO BENCHMARK OUR PRODUCTS, SERVICES AND OPERATIONS FOR THE BENEFIT OF OUR CUSTOMERS, BUSINESS PARTNERS AND TEAM SETIA.

BOARD OF DIRECTORS

- 1 TUN DATO' SERI ZAKI BIN TUN AZMI**
Independent Non-Executive 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



- | | | |
|--|---|---|
| <p>4 DATO' TEOW LEONG SENG
Executive Director and Chief Financial Officer</p> | <p>7 TAN SRI DATO' HARI NARAYANAN A/L GOVINDASAMY
Independent Non-Executive Director</p> | <p>10 TAN SRI DATO' DR. WAN MOHD ZAHID BIN MOHD NOORDIN
Non-Independent Non-Executive Director</p> |
| <p>5 DATO' KHOR CHAP JEN
Executive Director</p> | <p>8 DATUK ISMAIL BIN ADAM
Independent Non-Executive Director</p> | <p>11 ENCIK ZAINAL ABIDIN BIN JAMAL
Non-Independent Non-Executive Director</p> |
| <p>6 MR NG SOON LAI @ NG SIEK CHUAN
Senior Independent Non-Executive Director</p> | <p>9 DATO' NOOR FARIDA BINTI MOHD ARIFFIN
Independent Non-Executive Director</p> | |



PROFILE OF BOARD OF DIRECTORS



TUN DATO' SERI ZAKI BIN TUN AZMI

(Independent Non-Executive Chairman)

Malaysian, 68 years of age

Barrister-at-Law (Lincoln's Inn)

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

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

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

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

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

PROFILE OF BOARD OF DIRECTORS (CONT'D)



TAN SRI DATO' SRI LIEW KEE SIN

(President and Chief Executive Officer)

Malaysian, 55 years of age

Bachelor of Economics Degree (Business Administration)

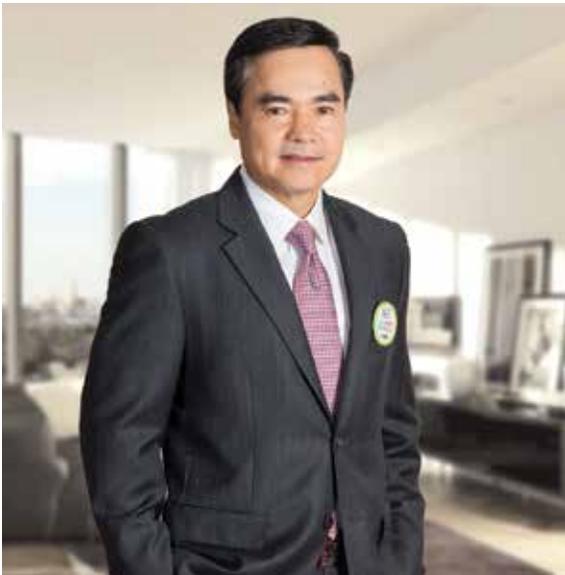
(University of Malaya)

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

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

Tan Sri Dato' Sri Liew was awarded Corporate Executive of the Year in 2005 for mid-cap companies by AsiaMoney Magazine. In 2007, he was named Property Man of the Year by FIABCI Malaysia Property Awards 2007 in recognition of his contributions to the country's real estate industry and community at large. He was also named the Ernst & Young Entrepreneur for the year 2011 in the Masters Category and also emerged as the Country Winner. In 2012, he was honoured by *The Edge* Malaysia with an Outstanding Property Personality Award, and was conferred a Lifetime Achievement Award for Property and Philanthropic Leadership by the World Chinese Economic Forum. In September 2013, *The Edge* Billion Ringgit Club also named him as Malaysia's Outstanding CEO for showing exemplary leadership in building businesses and creating value.

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



DATO' VOON TIN YOW

(Deputy President and Chief Operating Officer)

Malaysian, 56 years of age

Bachelor of Science Degree in Civil Engineering

Master of Science Degree (University of Texas, Austin)

Dato' Voon has 29 years of working experience in the construction and property development industry, which includes 3 years in construction site management and 26 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.

During the Asian Financial Crisis in the late 1990s, Dato' Voon led the team which went down to Johor Bahru to strongly establish S P Setia's credentials there as creator of beautifully landscaped townships, which met the needs of home buyers at the time for affordable housing. S P Setia's strong success in Johor enabled the Group to return to the Klang Valley in a significant way in 2002 by acquiring the 4,000 acre North Hummock Estate which are today the Group's flagship Setia Alam and Setia Eco Park townships. Both these townships along with another in Johor Bahru, namely Setia Eco Gardens, have won the prestigious international FIABCI Prix d'Excellence award for Best Masterplan Development.

The above successes and many more paved the way for the Group's international ventures. From its home base in Malaysia, S P Setia is now present in 6 other countries – Vietnam, Australia, Singapore, Indonesia, United Kingdom and most recently, China. As Deputy President and Chief Operating Officer of the Group, Dato' Voon oversees the entire eco-system which has been developed over the years to establish the policies, procedures which have made S P Setia Malaysia's No.1 developer today.

Dato' Voon also played a key role in leading the Malaysian Consortium comprising S P Setia and Rimbunan Hijau Group to successfully agree terms with a Chinese Consortium to jointly develop the China-Malaysia Qinzhou Industrial Park (QIP) in the People's Republic of China.

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

PROFILE OF BOARD OF DIRECTORS (CONT'D)



DATO' TEOW LEONG SENG

(Executive Director and Chief Financial Officer)

Malaysian, 55 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)

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 Battersea Power Station Project and heads the business development activities in the United Kingdom.

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.

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 more than 30 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.



DATO' KHOR CHAP JEN

(Executive Director)

Malaysian, 54 years of age

Bachelor of Engineering (Hons) (University of Malaya)

Fellow of the Institution of Engineers, Malaysia

Professional Engineer registered with the Board of Engineers,
Malaysia

Dato' Khor is currently the Executive Vice-President of the S P Setia Berhad Group of Companies. Dato' Khor holds a Bachelor of Engineering (Hons) degree from the University of Malaya. He oversees the northern and central region of the Property Divisions as well as the Construction Division of the Group. He also oversees the Group's overseas subsidiaries in Australia and Vietnam.

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

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

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

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

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

PROFILE OF BOARD OF DIRECTORS (CONT'D)



MR NG SOON LAI @ NG SIEK CHUAN

(Senior Independent Non-Executive Director)

Malaysian, 59 years of age

Fellow of the Institute of Chartered Accountants in England and Wales

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

He was appointed as Chief Executive Director of Alliance Bank Malaysia Berhad on 21 January 1994 and to the Board of Alliance Merchant Bank Berhad on 22 July 2002 until his resignation on 31 August 2005. He was appointed Director, member of the Audit Committee and member of the Nomination Committee of S P Setia Berhad on 21 September 2005. On 22 March 2012, he was re-designated as the Chairman of the Audit Committee of S P Setia Berhad. He was appointed as member of the Remuneration Committee on 26 February 2013.

His directorships in other public companies include Deutsche Bank (M) Berhad, Unico-Desa Plantations Berhad, Hiap Teck Venture Berhad, Tune Insurance Malaysia Berhad (formerly known as Oriental Capital Assurance Berhad), ELK-Desa Resources Berhad and Tune Ins Holdings Berhad.

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



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

(Independent Non-Executive Director)

Malaysian, 63 years of age

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

Tan Sri Dato' Hari Narayanan is a businessman by profession and also a member of the Institute of Engineers, Malaysia (IEM). He is also a registered professional engineer with the Board of Engineers, Malaysia. He has extensive experience in electrical and electronic engineering and has held various key positions with some established companies as an engineer and entrepreneur. He was appointed Director and a member of the Audit Committee of S P Setia Berhad on 14 November 1996. He was the Chairman of the Audit Committee from 28 April 1997 until 22 March 2012. On 3 April 2001, he was appointed as a member of the Remuneration Committee and was re-designated as the Chairman of the Remuneration Committee on 22 March 2012.

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

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

PROFILE OF BOARD OF DIRECTORS (CONT'D)



DATUK ISMAIL BIN ADAM

(Independent Non-Executive Director)

Malaysian, 68 years of age

Master in Public Administration (MPA) (Pennsylvania State University, U.S.A.)

Diploma in Public Administration (University of Malaya)

Bachelor of Arts (Honours) (University of Malaya)

Datuk Ismail started his career in 1969 as an Assistant Director of Public Services Department. After a short posting in the Ministry of Defence from 1981 to 1983, he was made Deputy Director Service Division of Public Services Department from 1983 until 1988. In 1988, he was with the Ministry of Culture, Arts and Tourism as a Deputy Secretary General and as Secretary General in 1995. He then assumed his last position as Secretary General of Ministry of Health Malaysia from 1999 until 2000. He has extensive experience in general management, project management, hospitality, tourism, cultural and arts management and health and medical administration. He was appointed Director and a member of the Audit Committee of S P Setia Berhad on 19 December 2001. On 21 September 2005, he was appointed as a member of the Remuneration Committee and was subsequently appointed as the Chairman of the Nomination Committee on 2 October 2006. He was re-designated as member of the Nomination Committee on 26 February 2013.

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



DATO' NOOR FARIDA BINTI MOHD ARIFFIN

(Independent Non-Executive Director)

Malaysian, 67 years of age
Barrister-at-Law (Gray's Inn), United Kingdom

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

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

Dato' Noor previously held a number of key positions, including Special Adviser on the Maritime Issues to the Minister of Foreign Affairs Malaysia, an Alternate Director at the Maritime Institute of Malaysia (MIMA), Director-General of the Research, Treaties and International Law Department of the Ministry of Foreign Affairs, Ambassador-At-Large for the High-Level Group on Follow-up to the ASEAN Charter (HLEG), Director of the Women and Development Programme, Human Resource and Development Group at the Commonwealth Secretariat in London, headed the newly established Legal Division of the Ministry in 1993 and in 1996 was appointed the Under-Secretary of the newly formed Territorial and Maritime Division of the Foreign Ministry.

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

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

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

PROFILE OF BOARD OF DIRECTORS (CONT'D)



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

(Non-Independent Non-Executive Director)

Malaysian, 73 years of age

B.A. Honours Degree from University of Malaya

Masters from Stanford University, Palo Alto, California

PhD from University of California, Berkeley

Completed an Advanced Management Programme from
Harvard Business School

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

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

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

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



ENCIK ZAINAL ABIDIN BIN JAMAL
(Non-Independent Non-Executive Director)
Malaysian, 59 years of age
LL.B (Honours), University of Singapore

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

Encik Zainal Abidin Jamal was appointed as Director of S P Setia Berhad on 12 September 2013.

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



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CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS,

IT HAS BEEN A PHENOMENAL YEAR FOR S P SETIA BERHAD WITH THE GROUP ACHIEVING SALES OF RM8.241 BILLION FOR ITS FINANCIAL YEAR ENDED 31 OCTOBER 2013. THIS IS ALMOST DOUBLE THE SALES ACHIEVED IN 2012 AT RM4.234 BILLION AND 50% ABOVE THE GROUP'S SALES TARGET OF RM5.5 BILLION.



Parque Melbourne



The Group achieved a profit before taxation (PBT) of RM570.34 million on the back of revenue totalling RM3.06 billion in FY2013. This represents a 0.5% increase in PBT (5% increase in PBT before expensing the company's Long Term Incentive Plan for employees) and a 21% increase in revenue as compared to the preceding year.

The slower rate of increase in PBT compared to revenue is partly caused by the mismatch between initial expenses incurred and income recognition on several sizeable new projects both in Malaysia and overseas. However the extremely strong sales achieved by these new projects, which include Eco Sanctuary in Singapore, Battersea Power Station in London, Parque Melbourne in Australia, Setia Eco Glades and Setia EcoHill in Malaysia, will contribute strongly to earnings in the years ahead. Apart from the projects mentioned above, the Group's maiden Fulton Lane project in Australia also performed strongly.

The phenomenal result validates management's well thought out strategy to venture into global cities with strong debut projects. Coupled with solid execution and tremendous support from the Group's customer base, this has enabled S P Setia to garner high brand acceptance speedily in London, Australia and Singapore.

On the corporate front, S P Setia successfully raised RM942.86 million from the placement of 320.7 million new shares representing approximately 15% of the company's enlarged issued and paid-up share capital on 8 February 2013.

The placement funds raised will be utilised by the Group to fund its many ongoing projects in Malaysia as well as its investments overseas. These include our 40% stake in the redevelopment of Battersea Power Station in London, joint-venture start-up capital and initial development cost for the G2G Qinzhou Industrial Park which the Group is spearheading in China and our own existing developments in Australia and Singapore.

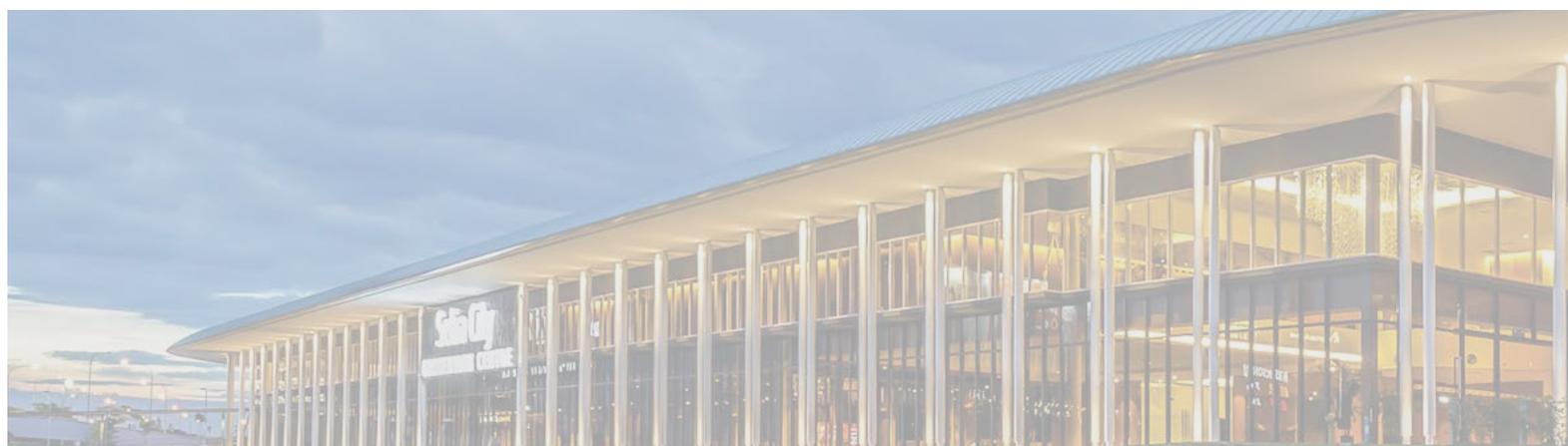
S P Setia's strong home base in Malaysia continued to shine with Klang Valley projects recording the highest growth with RM2.84 billion sales, 53% higher compared to RM1.85 billion secured in FY2012.

This was largely due to the overwhelming demand for affordable homes launched in the Group's matured Setia Alam and Precinct 15, Putrajaya projects as well as strong take-ups achieved by the eco-themed Setia Eco Glades in Cyberjaya and Setia EcoHill in Semenyih following the first launch of both projects at the start and later part of the year respectively.

KL Eco City's first residential tower, Vogue Suites One, also did very well and interest in Setia Sky Residences picked up following completion of the first two tower blocks, thereby providing an experiential showcase of the unique amenities and lifestyle concepts offered by this luxury development.

“THE GROUP ACHIEVED A PROFIT BEFORE TAXATION (PBT) OF RM570.34 MILLION ON THE BACK OF REVENUE TOTALLING RM3.06 BILLION IN FY2013.”





CHAIRMAN'S STATEMENT (CONT'D)

Over in Johor Bahru, the Group achieved sales of RM1.6 billion which is 18% higher than last year. Projects that contributed to this were Bukit Indah, Setia Indah, Setia Tropika, Setia Eco Cascadia, Setia Sky 88, Setia Business Park I & II and Setia Eco Gardens.

This solid growth from an already high base is largely due to the market leadership of the Setia brand down south as well as the positive interest in Iskandar projects prevailing during the year.

In Penang and East Malaysia, sales of RM463 million and RM90 million were recorded respectively.

Accordingly, I am pleased to announce that the Board has proposed a gross final dividend of 7 sen per share. Together with the interim dividend of 4 sen per share, total gross dividend for the year works out to be 11 sen per share representing a 62.4% payout of its profit after tax for the year.

LOCAL AND OVERSEAS ACCOLADES

The Group's culture of excellence continued in FY2013 with a number of local and international recognitions. The year saw the Group being named *The Edge* Malaysia's

No.1 Property Developer for the 8th time, making S P Setia the record holder of the award.

Apart from the top property developer award, S P Setia also received the Best in Qualitative Attributes Award, *The Edge*-PEPS Value Creation Excellence Award 2013 for SetiaWalk Puchong and *The Edge*-PAM Green Excellence Award 2013 for Setia City Mall in Shah Alam.

Setia City Mall also received another great recognition for the year under review when it won the FIABCI Malaysia Property Award 2013 in the Retail Category. The Malaysia Property Awards, regarded as the property Oscars, is the platform for winners to compete at the international level for the FIABCI Prix d'Excellence Awards.

On the same note, 2013 saw the Group win its fifth FIABCI Prix d'Excellence Award for Best Master Plan in conjunction with the 64th FIABCI World Congress held in Taichung, Taiwan. This year's honour went to Setia Alam, S P Setia's flagship township development in Shah Alam. With this win, the Group has set a new benchmark in the country by being the only Malaysian developer with five FIABCI Prix d'Excellence Awards to its name.

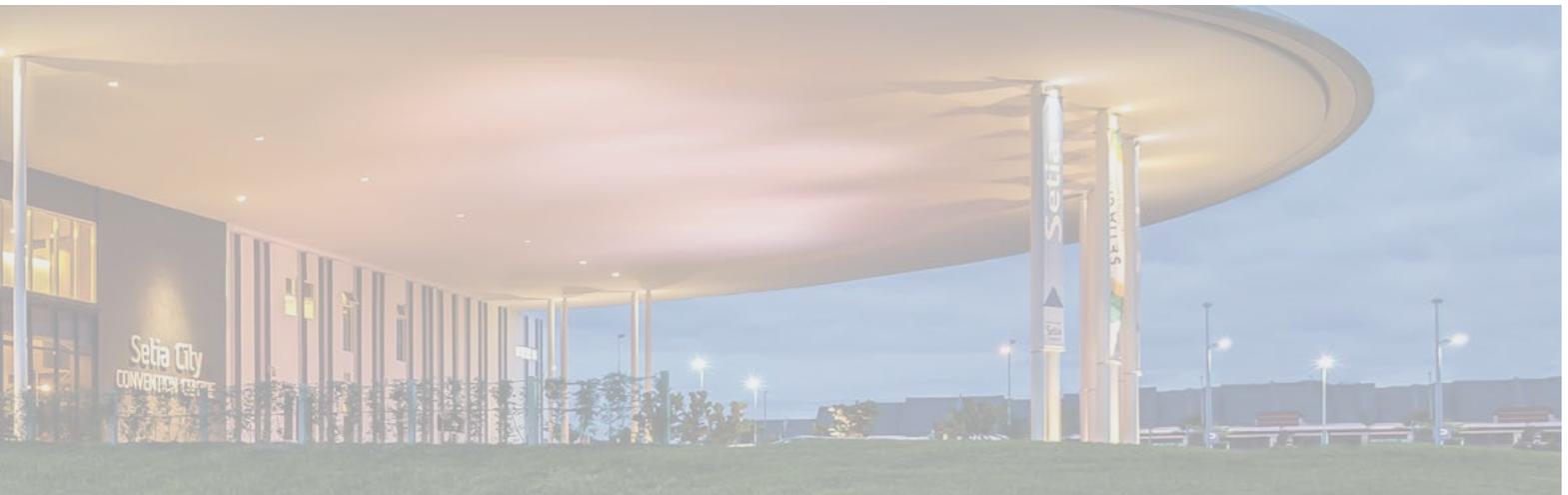


Setia Eco Park

This recognition for Best Master Plan is the third for the Group with Setia Eco Gardens (Johor Bahru) in 2009 and Setia Eco Park (Shah Alam) winning in 2007. Apart from three FIABCI Prix d'Excellence Awards for Best Master Plan, S P Setia has also been recognised in the Specialised Project (Purpose-Built) Category for Setia Eco Gardens in 2012 and Best Residential (Low-Rise) Development 2011 for Setia Eco Park.

The Group's strong brand presence with consumers was also reaffirmed this year with a Gold Award at the Putra Brands Awards 2013. This award is organised by the Association of Accredited Advertising Agents Malaysia where winners are selected by 6,000 consumers nationwide. The second Gold Award won by the Group in 2013 was at The Reader's Digest Trusted Brand study. The study is one of the most representative and objective branding surveys in the region and it is the third year running that S P Setia has been recognised.

“THE YEAR SAW THE GROUP BEING NAMED *THE EDGE* MALAYSIA'S NO.1 PROPERTY DEVELOPER FOR THE 8TH TIME, MAKING S P SETIA THE RECORD HOLDER OF THE AWARD.”



At the organisation level, I am extremely pleased to share that S P Setia has once again been named Malaysia's top employer in the AON Hewitt Best Employers Study 2013. This is the second time the Group has emerged as the country's top employer. In 2011, the Group was named Overall Best Employer in Malaysia by Aon Hewitt. It has been in the Best Employers list for five times in total. According to Aon Hewitt Malaysia, S P Setia was consistent in its high score in all four categories that the companies were judged in. These were high employee engagement, effective leadership, compelling brand and high performance culture.

I would also like to congratulate S P Setia's President and CEO Tan Sri Liew Kee Sin for being named Outstanding CEO at *The Edge* Billion Ringgit Club (BRC) awards 2013. This prestigious honour recognises a CEO who has shown exemplary leadership in building business and creating value. It is indeed a fitting tribute for a man who has built up the Group from very humble beginnings with only two localised projects into the truly global property player that S P Setia is today with more than 40 projects, both local and international, under development.

CORPORATE RESPONSIBILITY

As the Group continues to strive for excellence, we remain committed to our responsibilities as a corporate citizen, mainly through our philanthropic activities via the S P Setia Foundation and engaging our communities throughout our developments.



Eco Sanctuary

The year began with the S P Setia Foundation giving due recognition to its Setia Adopted Children under the Setia Adoption Programme (SAP) by celebrating their achievements at its annual Excellence Awards Ceremony. A total of 190 children were rewarded for their academic excellence in the UPSR examinations.

Since its launch in 2000, the SAP remains one of the core activities of the Foundation and it has spent approximately RM22.7 million to carry out the programme.

Its focus on education also saw the Foundation contributing in kind to various schools across the country, including Sabah to help improve the learning environments in the schools.

I would like to take this opportunity to convey the Board's heartfelt appreciation to Tan Sri Lee Lam Thye, Chairman of the S P Setia Foundation for his tireless efforts in ensuring the continuation of the good work of the Foundation not only in the field of education,



CHAIRMAN'S STATEMENT (CONT'D)

but also through the aid that it provides in general welfare, medical assistance as well as community enrichment. The Board accepted Tan Sri Lee's resignation as a Director of S P Setia Berhad on 20 January 2014 and records its thanks to Tan Sri Lee for his service and invaluable contributions as a Board member for the last seven years.

The Group's efforts in community-building continued with its annual celebration of World Environment Day (WED) and Setia Community Day. This year's WED was a celebration of foot power where multiple events were held at S P Setia's townships located in the Klang Valley, Johor and Penang with the tagline "Setia ECO Walkathon - Walking is Loving our Planet". The aim was to engage actively with S P Setia's communities and promote sustainable living.

Meanwhile, the Setia Community Day theme of "Get To Know Your Neighbours Better" saw our business units organise multiple get together sessions in small groups around our various townships' neighbourhoods to help foster better community ties.

Another milestone by the Group this year in its continuous commitment to the community and stakeholders was the establishment of the S P Setia auxiliary police force, also known as Polis Bantuan S P Setia. A memorable ceremony was held for 121 members at Setia City Convention Centre in Setia Alam to welcome them to the Group. The setting up of Polis Bantuan S P Setia is yet another effort on our part to enhance the standards of living in our development projects for the benefit of

our customers. The force has been deployed to S P Setia's townships in the Klang Valley, Johor and Penang.

STRONG AND SOLID FOUNDATIONS

Thanks to a visionary President & CEO Tan Sri Liew Kee Sin and the tireless efforts of Team Setia under the leadership of the senior management team, S P Setia now has 4,782 acres of prime landbank still to be developed with approximately RM102.54 billion in remaining gross development value to be realised, of which S P Setia's effective share amounts to RM71 billion. The Group's record-breaking sales performance in FY2013 has grown the total unbilled billings to be carried forward to FY2014 to RM9.643 billion. This is expected to contribute strongly to the Group's earnings over the next few financial years. S P Setia's foray into overseas markets like Australia, Singapore and the United Kingdom have also seen great success with all launches mostly sold out.

As we enter into the new financial year, the Group is cautious of the many uncertainties ahead, both global and domestic. Nonetheless, we expect that the record-level of locked-in sales in FY2013 will give the Group some space to better plan upcoming launches to suit the needs of the market depending on the conditions that arise.

I would like to thank all our customers, shareholders and business associates for your unfailing support which have made it possible for Team Setia to achieve all that we have thus far.

As Chairman of the Board, we are saddened by the resignations of two key senior executives of the company. Dato' Teow Leong Seng, Executive Vice President & Chief Financial Officer will be leaving S P Setia effective 31 July 2014. The Board would like to take this opportunity to thank Dato' Teow for his invaluable services and dedication over the years and we wish him the best in his future undertakings.

The Board has also accepted the resignation of Tan Sri Liew effective 30 April 2014 with a very heavy heart. S P Setia's remarkable rise from a small-scale developer in the early 1990s to a fully integrated property player with operations spanning seven countries must be attributed to this exceptional man who not only has great vision but also persistence to conquer the world.

As Chairman, I would like to offer the Board's deepest gratitude to Tan Sri Liew for leading Team Setia over the last 18 years. On a more personal note, I have known Tan Sri Liew since the early years of Syarikat Kemajuan Jerai Sdn Bhd before its reverse takeover of S P Setia in 1996 and I can say without a doubt that without Tan Sri Liew at the helm of S P Setia, the company would not even be close to what it is today. We wish him the very best in his future endeavours.

TUN DATO' SERI ZAKI BIN TUN AZMI
Chairman



KL Eco City



PRESIDENT'S REPORT

DEAR VALUED SHAREHOLDERS,

2013 HAS TRULY BEEN AN AMAZING YEAR FOR S P SETIA BERHAD WITH SALES EXCEEDING RM8 BILLION, ALMOST DOUBLING THE SALES TARGET SET AND CREATING A NEW BENCHMARK IN THE PROPERTY DEVELOPMENT INDUSTRY. THE RECORD-BREAKING SALES IN FY2013 REFLECTS THE GROUP'S SUCCESS IN BOTH MALAYSIAN AND INTERNATIONAL MARKETS.

The Group's ongoing projects in the Klang Valley, Johor, Penang and Sabah contributed a total of RM4.996 billion with the balance of RM3.245 billion coming from its international ventures in Singapore, Melbourne and London.

The sizeable contribution from S P Setia's international projects validates the Group's growing brand presence overseas which augurs well for future international ventures. This was seen in both Singapore when we launched Eco Sanctuary in early 2013 and more recently in Melbourne when S P Setia launched our second Australian project called Parque. We were tremendously gratified that a significant portion of the sales were taken up by the locals to augment the continuing strong support we received from our own customer base.

As such, the Group saw it as an opportune time to launch the Setia International Centre (SIC) in Kuala Lumpur. As a one-stop property gallery, SIC provides a unique opportunity for investors to view the Group's investment-grade products, whether local or international – all under one roof.

SIC represents yet another effort by the Group to better serve our Malaysian customers by providing them with a local service centre for their overseas property investments with the Group. At the same time it enables S P Setia to showcase its prowess in transforming itself to become a truly global property developer.

With projects in different parts of the world varying in terms of design, material specifications, cultural and lifestyle preferences, SIC allows the Group to share with Malaysian and international investors the different dynamics and project features that are unique to each and every development.

GROWING THE SETIA BRAND

FY2013 began very strongly for the Group with the launch of the iconic Battersea Power Station project in London, in which S P Setia has a 40% stake. Apart from Battersea, the Group also launched two new projects in Malaysia and one in Singapore in the first four months of the financial year. These were Setia Eco Glades in Cyberjaya, Setia EcoHill in Semenyih and Eco Sanctuary in Singapore.

The 40% share of sales generated by the Battersea Power Station project alone came up to RM1.358 billion. This phenomenal result could not have been achieved without the overwhelming support from our own customers who have such strong faith in the Setia brand that they are prepared to follow us into different countries, firstly Australia, then Singapore and now the United Kingdom.



On the home front, the Group's ability to transplant the DNA of our award-winning projects to capture fresh market share and Team Setia's nimbleness in addressing changing market conditions has enabled us to grow our market share in Malaysia substantially.

Despite a slight moderation in demand for luxury homes as a result of more cautious bank lending and the lower loan-to-value ratios permitted for third home loans, the Group successfully penetrated a new development corridor by launching Setia Eco Glades in Cyberjaya. This was achieved by offering beautifully conceived link villas, semi-dees and bungalows within an ecologically attuned and sustainable environment, modelled after our award-winning Setia Eco Park project.

In the new growth corridor of Semenyih, the Group's Setia EcoHill project garnered overwhelming response with over 26,000 registrants for 760 available units of terraced and cluster homes. Ballot numbers finished within five hours with 2,000 interested purchasers turning up on the launch day.

The Group also adapted our product mix to meet the strong demand for starter homes within our mature townships. In Setia Alam, we launched affordable apartments to attract first-time homebuyers with much success. This will provide a ready pool of future upgraders for both Setia Alam and Setia Eco Park.

The Group is also preparing to meet the demands for housing by potential employees of the many corporate offices and retail outlets

which have started up and will be starting up at the Group's Setia City commercial hub where Setia City Mall is located. The Group's new headquarters relocated to Setia City on 17 January 2014 and it will be joined shortly by other well-known corporates such as Top Glove Corporation Berhad, Khind Holdings Berhad and Century Logistics Holdings Berhad.

Similar strategies are also being adopted for the Group's matured townships of Bukit Indah, Setia Indah as well as Setia Tropika in Johor. This is in line with the Group's aim to build up sustainable pipelines of future end-user demand for our many developments within the Iskandar region.

STAMPING A MARK IN THE UK

Exactly one year after the contract of sale was signed for the acquisition of Battersea Power Station, the shareholders' consortium made up of S P Setia, Sime Darby Property and the Employees Provident Fund held a ground breaking ceremony on site graced by the Prime Ministers of the UK and Malaysia to celebrate London's most visionary and eagerly anticipated new development.

The redevelopment of Battersea Power Station is being undertaken by British-based Battersea Power Station Development Company and construction work has already begun which will see this former industrial site become home to a vibrant new neighbourhood. The 39-acre Battersea Power Station site will house 3,500 new homes, shops, cafés, restaurants and offices, set amidst a new 6-acre riverside park with the



Setia EcoHill



PRESIDENT'S REPORT (CONT'D)

fully restored Grade II* listed Power Station at its heart and open to the public.

The redevelopment of the site will also generate 15,000 new jobs and see the restoration of the historic Power Station. It will be a key element of the extensive redevelopment of Nine Elms on London's South Bank. Battersea Power Station will be served by a new underground station and river bus services, making it one of the most accessible new destinations in London.

The ground breaking ceremony follows the appointment of award-winning British firm Carillion for construction works at Circus West, the first phase of the site. Following the sales launch on 10 January 2013 in London and a global launch covering the cities of Kuala Lumpur, Singapore and Hong Kong immediately thereafter, 99% of Phase One has been sold.

This achievement is a first for the London property market and demonstrates the

reputational strength of the consortium members and the depth of the real customer following we enjoy both at home, within Asia and increasingly in the United Kingdom.

Our marketing prowess in understanding what property purchasers want, commitment to excellence in service whether they are based in Malaysia, London or elsewhere and our UK team's depth of understanding of the project played a major role in securing this unprecedented result.



Battersea Power Station



I would also like to thank our bankers, customers and stakeholders for their strong support without which we could not have come so far, so fast.

GOING FORWARD

The Group is currently working on plans for its upcoming projects like the 1NIH Complex in Setia Alam, Setia Federal Hill in Bangsar, Setia Eco Forest in Penang, the British High Commission land in Ampang as well as an exciting new eco-sanctuary right next to Templer's Park in the Klang Valley. Overseas, there is the upcoming launch of Phase Two of Battersea Power Station. With such a strong pipeline, the Group should be kept very busy for at least the next 10 years.

I would like to take this opportunity to thank Team Setia for their loyalty and unwavering commitment in keeping with the Group's vision "To be the Best in All we do" that has made us the country's No.1 Property

Developer for the 8th time this year and the first homegrown company to be named Malaysia's Best Employer twice and one of the Best Employers in Asia Pacific.

No company can stay at the top without the support of a strong team of dedicated people who are every bit as committed to the Group's vision as top management is. This award from our own employees and following a study into our people practices by Aon Hewitt truly demonstrates the unity and strength of the Spirit of Team Setia. As we have worked hard to give every employee a strong stake in the Company's success over the years, they have rewarded the Company by giving us their best. It is because of their combined talent, creativity and industry that we have achieved our many successes.

I will shortly be handing over the reins as CEO after 18 years at the helm. When I was appointed, we only had two projects in the Klang Valley - today the Group has more than

40 projects in six countries, a wide product range and geographically diversified business and customer base. S P Setia clearly has much embedded value which can continue to be unlocked for the benefit of all its stakeholders and I wish the Board and management team all the very best as they build on the strong foundations which we have laid together over the last two decades.

For all our successes during my tenure, I would like to extend my heartfelt thanks to our customers, business associates and friends who have supported us through these years. It has been a wonderful journey and one which I hope will continue well into the future.

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

“THE GROUP’S VISION “TO BE THE BEST IN ALL WE DO” THAT HAS MADE US THE COUNTRY’S NO.1 PROPERTY DEVELOPER FOR THE 8TH TIME THIS YEAR AND THE FIRST HOMEGROWN COMPANY TO BE NAMED MALAYSIA’S BEST EMPLOYER TWICE AND ONE OF THE BEST EMPLOYERS IN ASIA PACIFIC.”



REVIEW OF OPERATIONS

PROPERTY DEVELOPMENT CONTINUES TO BE THE MAIN DRIVER OF EARNINGS FOR THE GROUP RECORDING 92% OF THE TOTAL TURNOVER OF RM3.061 BILLION IN FY2013. THE REMAINING 8% WAS CONTRIBUTED BY THE GROUP'S CONSTRUCTION AND MANUFACTURING ARM.

PROJECTS IN THE CENTRAL REGION CONTRIBUTED 31% OF EARNINGS WHILE THE SOUTHERN REGION CONTRIBUTED 37% FOLLOWED BY THE NORTHERN REGION AT 6%. ANOTHER 6% WAS CONTRIBUTED BY THE INTERNATIONAL DIVISION WHILE THE COMMERCIAL DIVISION CONTRIBUTED 12% TO EARNINGS.

KLANG VALLEY

It was another record-breaking year for our projects in the Klang Valley with total combined sales of RM2.84 billion contributed by eight projects which were Setia Alam, Setia Eco Park, Setia Sky Residences, SetiaWalk, KL Eco City, Setia Eco Glades, Setia EcoHill and Putrajaya.

Setia Alam, Shah Alam

The 2,525-acre Setia Alam came full circle this year by winning the FIABCI International Prix d'Excellence Awards held in Taichung, Taiwan. S P Setia's flagship township that embodies the developer's development philosophy of Live Learn Work Play has blossomed over the last decade to become one of the most sought after townships to live in.

In FY2013, Setia Alam recorded sales of RM790 million with the launch of several new products which include Duta Villa, Trefoil and several blocks of medium-cost apartments.

With a growing community of more than 40,000 residents, the township continued on its community building activities from celebrating major festivals together to recycling campaigns and neighbourhood get-togethers.

Meanwhile, Setia Alam's new commercial hub of Setia City which includes the Setia City Mall and Setia City Convention Centre saw a slew of activities this year. This included the completion of S P Setia's new corporate headquarters and the beginning of works for Top Glove's new headquarters with several other office towers expected to follow suit soon.

Setia Eco Park, Shah Alam

The multiple award-winning Setia Eco Park continued to draw discerning buyers to this 791-acre exclusive enclave. Setia Eco Park recorded sales of RM163 million for the year under review.

Continuously adding value for its residents and purchasers, Setia Eco Park's multipurpose hall which can house up to 1,000 guests has been completed and is scheduled to open its doors in the first quarter of 2014.

Meanwhile, the current concourse area has been given a facelift and is now known as the Lifestyle Coffee House. Re-opened in December, the place saw new F&B tenants being introduced with activities like ladies appreciation nights and live band performances taking place on weekends. At the same time, a wellness and specialist



hub is also being set up which will include a Dr Ko Skin Specialist Centre and TAGs Spine and Joint Specialist Centre to be opened in mid-2014.

SetiaWalk, Pusat Bandar Puchong

One of the first projects for S P Setia in the Klang Valley, SetiaWalk reached a milestone in 2013 when it held a Topping Out Ceremony on the 26th floor of Trigon. The completion of Trigon Luxury Residences marks the final phase of S P Setia's development in Puchong, some 20 years since it acquired the 700-acre tract in Pusat Bandar Puchong.

The development was also the proud recipient of *The Edge*-PEPS Value Creation Excellence (non-residential) award in October for its shop offices. Since SetiaWalk's launch in 2008 the project has seen a capital appreciation of 12-20% with one block being sold en bloc with a capital appreciation of 70%.



SetiaWalk

For the year under review, SetiaWalk recorded sales totalling RM45 million in total. Residents can expect to enjoy a whole new world of convenience when the LRT station located opposite the development completes in 2014.

Setia Sky Residences, Kuala Lumpur

The Group's first luxury high-rise located in the heart of Kuala Lumpur City Centre recorded RM180 million in sales for the year under review. The project also welcomed its first residents for Boheme Tower by holding an appreciation night for residents and purchasers. This year also saw the launch of the final tower Divina. Comprising 291 units with build-ups from 624 sq ft to 1,259 sq ft, Divina is the fourth tower of Setia Sky Residences. In keeping with the project's goal to meet the lifestyle needs and aspirations of the urban sophisticate, its residents will be able to enjoy some 120,000 sq ft of entertainment and recreational facilities, such as the open air Sky Deck on Level 5 and a Sky Club at Level 34 that offers unparalleled views of the Kuala Lumpur City skyline.

KL Eco City, Kuala Lumpur

Rising next to Mid Valley, KL Eco City checks all the boxes in setting new benchmarks, offering over seven million sq ft of commercial offices, retail, hotel and upmarket residential space.

KL Eco City is designed with many attractions in mind, but the one feature that stands out is the KL Eco City Integrated Rail Hub comprising the existing Abdullah Hukum LRT station, which will be integrated with the new KTM Komuter station to be completed



in 2016. This will then be extended to house the proposed MRT subterranean station. A covered pedestrian bridge will further link KL Eco City to The Gardens and Mid Valley City.

Four new bridges and ramps will link the project to Federal Highway, New Pantai Expressway, Jalan Maarof and Jalan Bangsar and to further enhance smooth traffic flow, a unique 2-tier internal road system will provide efficient circulation within the development.

For the year under review KL Eco City launched the Pillar 12 – a quadrant offering individual strata office floor ownership. It sits above a purpose-built retail mall and comes with an exclusive grand entrance lobby. Only 15 individual strata office floors are open for sale with built-up sizes ranging from 3,000 sq ft to 4,300 sq ft.

KL Eco City recorded sales of RM785 million for FY2013.



REVIEW OF OPERATIONS (CONT'D)

Setia Eco Glades, Cyberjaya

This enclave of 268 acres of freehold land in Cyberjaya is developed based on S P Setia's award-winning Setia Eco Park.

The development is designed with eight heritage concepts, eight islands, and eight fountains. There are five Hammock Clubs that will house swimming pools, gyms, basketball courts and social spaces. The waterfront residential community offers resort-style living in luxury and serenity, where outdoor activities go hand-in-hand with beautiful vistas.

Recently launched are the sanctuaries of Eastern and Western Heritage, inspired by the peranakan and colonial heritage of Malaysia respectively. The Sanctuary of Eastern Heritage features 2-storey bungalows and 2-story semi-detached homes while The Sanctuary of Western Heritage is inspired by the romantic colonial eras of the English, Dutch, French and Spanish. It features impressive homes of idyllic old-world charms with a contemporary twist.

For the year under review, Setia Eco Glades recorded a total of RM569 million in sales.

Setia EcoHill, Semenyih

The long-awaited launch of this mixed township development, Setia EcoHill, took place in October 2013, and to astounding public response. The project had more than 26,000 registrants for 760 units. Ballot numbers finished within five hours with over 2,000 people turning up for the sales launch.

Set amidst the rolling hills of Semenyih and spanning 673 acres of freehold land, Setia EcoHill is modelled after the hugely successful Setia Alam in Shah Alam. The township will feature 80 acres of beautiful parkland, landscaped gardens and waterways. It will be a sustainable community as much as possible, where residents may buy locally from nearby organic farms and market gardens.

The project recorded a total of RM140 million for the year under review.

JOHOR

The Group has eight ongoing projects in Johor which are Bukit Indah, Setia Indah, Setia Tropika, Setia Eco Gardens, Setia Eco Cascadia, Setia Business Park I & II and Setia Sky 88. These developments continue to be the top selling projects in the Southern region with combined sales of RM1.603 billion.

Bukit Indah Johor

Spanning 1,500 acres, Bukit Indah is an established township in Iskandar Malaysia that is a hot spot for both commercial and residential property buyers. The project recorded total sales of RM377 million for the year under review.

This year also saw its brand new sales gallery relocating to the new 5-storey office tower of Wisma S P Setia. The same building also houses The Residence Club for added convenience to S P Setia's purchasers.

The well-established township that enjoys amenities like AEON shopping mall, Tesco Hypermarket and many dining outlets as

well as hotels is still very much in demand. Its launches of Bukit Indah Sky View and Sky Breeze serviced apartments attracted more than 3,000 people and sold out within a day.

Setia Indah

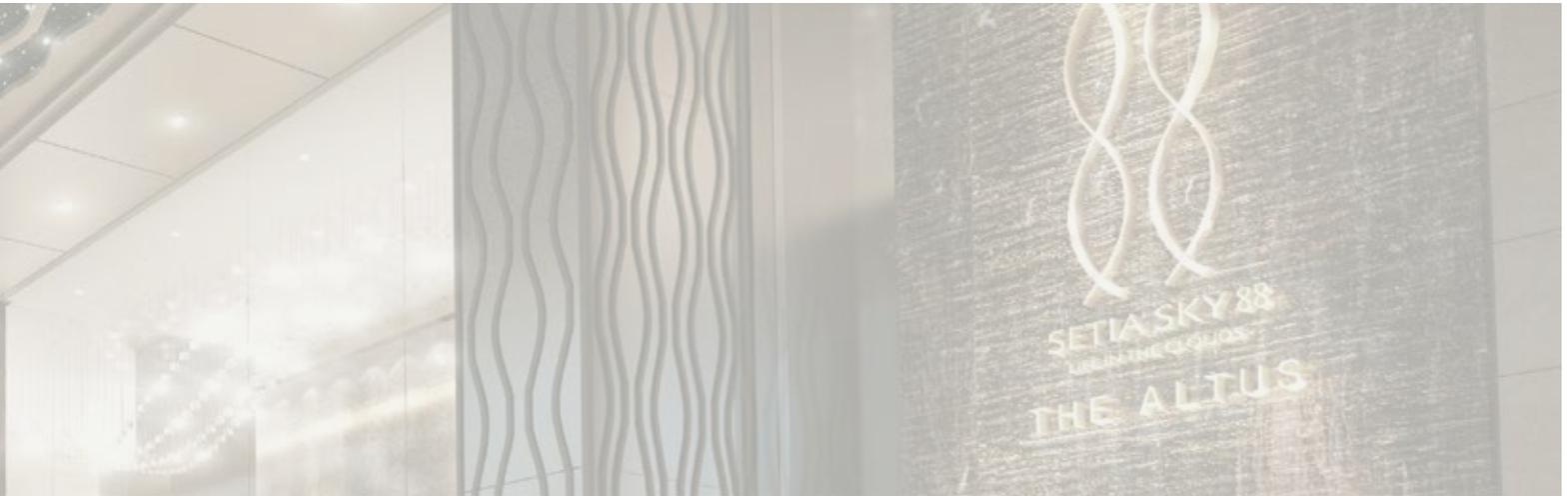
This mature township in Tebrau recorded RM94 million in sales for FY2013. The fully integrated township is a world-class, self-contained development, modelled after the huge success of S P Setia's Bukit Indah Johor. Its signature landmark, the award-winning 18-acre town park, sits in the centre of the development and has become an integral part of life here. It won the 2002 Johor State Landscape Awards and the 2005 National Landscape Award.

With the township almost complete, one of the remaining launches here are the serviced apartments called Sky Oasis Residences which offers units ranging from 756 sq ft to 1,003 sq ft. This latest launch contributed to Setia Indah's sales totalling RM94 million for the year under review.

Setia Tropika

Spread across 740 acres of prime Johor Bahru land, this is one of the fastest-growing developments in the state and is strategically located next to the North-South highway. The project recorded RM265 million in sales in FY2013 contributed by the launch of its high-end precinct of landed residences called Fenix Villas.

The sales gallery has also found a new home called the Tropika Welcome Centre. This is a 5-storey commercial building with a built-up of 8,000 sq ft and tenanted by F&B outlets



and other amenities like a bookstore, gift & souvenir store and professional firms. This has helped to attract more patrons to visit the Welcome Centre.

The year under review also saw the handing over of 40 units of Resort Twin Villas, 76 units of cluster homes and 12 units of Resort Villas. Moving forward, Setia Tropika is looking at introducing more resort-themed villas to its development.

Setia Eco Gardens

Sprawling over 765 acres of undulating terrain in the heart of Iskandar Malaysia, the multiple award-winning Setia Eco Gardens handed over its first phase of Eco Villas in March. These 48 villas are located just next to Eco Greens, the 20-acre award-winning park.

Residents here are made up of varied nationals from Malaysia, Japan, France, Singapore, the United Kingdom and Germany. Amenities within walking distance include Tenby International School, Pai Tze Chinese Primary



Setia Business Park

School and a good mix of shops to cater to daily needs.

Setia Eco Gardens recorded sales of RM365 million the year under review.

Setia Business Park I

The latest MNC to join the fold in the business park is Howco Metal. With Nusajaya progressing well, SBP has attracted a lot of Singaporean companies especially from the Tuas area. Total sales value for the year under review was RM300 million with Phase 3 and 4 being handed over in FY2013.

Setia Business Park II (SBP II)

With the sales gallery officially opened on site, it provides a temporary base for purchasers waiting for their facility to be completed. SBP II is now also accessible from Bandar Dato' Onn road which leads to easy access to the north south highway, Eastern Dispersal Link and Woodlands Singapore. The cluster

factories are expected to be handed over sometime in 2014. SBP II recorded sales of RM123 million for the year under review.

Setia Eco Cascadia

The latest eco township in Johor's stable, Setia Eco Cascadia recorded RM218 million in sales for FY2013. The project also launched the first phase of semi-detached and second phase of cluster homes. These two new launches are located in the Montana precinct. Apart from that, Eco Hub, the first phase of shop offices has been launched and is expected to bring convenience to its residents when completed in 2016.

Moving forward, Setia Eco Cascadia hopes to introduce zero-lot bungalows and bungalows in the Montana precinct. The signature cascading waterfalls at its entrance statement also won the Merit Award in the Malaysia Landscape Architecture Awards 2012 for property development organised by ILAM.



REVIEW OF OPERATIONS (CONT'D)

Setia Sky 88

At the moment, this is the most-luxurious serviced apartments in Johor Bahru city centre. Merely two minutes from the Customs, Immigration and Quarantine (CIQ) complex, Setia Sky 88 is the most sought after address in the city. The successful maiden launch of two towers called Nube and Sora contributed to RM161 million in sales. The final tower called The Altus will be launched in FY2014 with an average selling price of RM1,400 psf.

PENANG

The Group continues to have a strong presence in Penang, recording total combined sales of RM463 million contributed by four ongoing projects which are Setia Pearl Island, Setia Greens, 11 Brook Residences and Setia V Residences.

Setia Pearl Island

S P Setia first ventured into Penang in 2007 with the launch of the 112.6-acre Setia Pearl Island. This former golf course has now been transformed into the preferred development on the island. Setia Pearl Island recorded sales of RM102 million for the year under review.

Setia Greens

Setia Greens is one of the first green townships in the Northern Region as well as one of the first developments there to be submitted for the Green Building Index (GBI) certification. This guarded community comprising terraces and semi-detached houses is located in the up-and-coming district of Changkat Sungai Ara. The project recorded RM232 million in sales with the launch of Setia Pinnacle – its high-rise luxury condominium.

11 Brook Residences

This project has one of the most prestigious addresses in Penang as it is situated in the upscale neighbourhood of Brook Road, adjacent to the Turf Club. This exclusive gated and guarded enclave comprises of only 11 units of two- and three-storey bungalows that come complete with private swimming pools. For the year under review, 11 Brook Residences recorded sales of RM14 million.

Setia V Residences

Setia V Residences is S P Setia's latest project in Penang. This masterpiece has been meticulously crafted to maximise panoramic views of the sea and also living spaces in the air. The iconic building consists of two tower blocks. Tower A offers 48 storeys while Tower B has 31 storeys with a total of 178 units for both towers. Tower A comprises 106 units while Tower B has 72 units. The floor layout



Setia Greens



ranges from 1,376 sq ft to 4,118 sq ft and is designed to provide elegant yet practical living spaces with much privacy in mind. For the year under review, Setia V Residences recorded sales of RM116 million.

SABAH

The Group's maiden project of Aeropod contributed RM90 million in sales for the year under review. Strategically located directly opposite Kota Kinabalu International Airport, Aeropod will be the new home of the existing Tanjung Aru railway station, which is part of the 134km Tenom-Tanjung Aru line formerly known as the North Borneo Railway and is the only operational rail transport system in Sabah. S P Setia will modernise and redevelop the train station, which covers about 18 acres. As Kota Kinabalu's new transport hub, Aeropod will mirror KL Sentral in many ways.

AUSTRALIA

Both projects in Melbourne Australia are doing well. Fulton Lane in Melbourne's Central Business District is almost sold out with building works already commenced. Meanwhile the Group's second project called Parque also received overwhelming response when it was launched in November 2013.

Fulton Lane and Parque contributed RM542 million and RM443 million respectively in sales for FY2013.

VIETNAM

The Group first established its foothold in Vietnam in 2007 and now has two ongoing projects here. They are EcoLakes at My Phuoc and EcoXuan at Lai Thieu. Both developments contributed a total of RM11 million in sales for the year under review.

SINGAPORE

FY2013 kicked off with the launch of Eco Sanctuary which has achieved close to 75% take-up.

The nature-inspired condominium sited along Chestnut Ave, off Upper Bukit Timah Road was well received by locals and overseas investors impressed by its tranquil environment laced with butterfly trails, dragonfly ponds, sunbirds pavilions as well as panoramic views of the central catchment reserve.

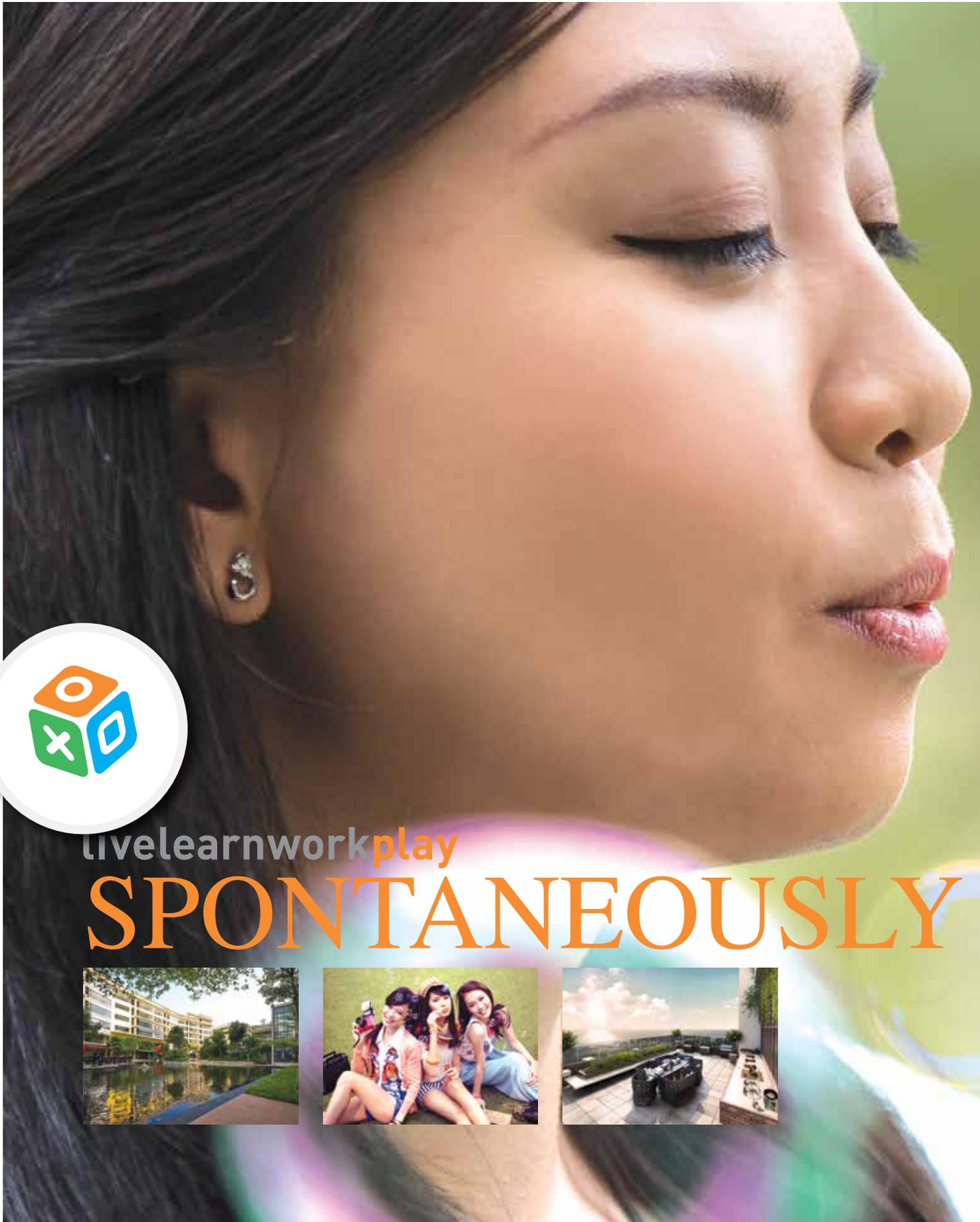
Eco Sanctuary is a BCA Green Mark Platinum standard development and also won 3 awards which is 2013 Asia Pacific Best Apartment, Singapore 5-star Best Apartment as well as Singapore 5-star Best High-Rise Architecture.

Meanwhile, 18 Woodsville saw construction work commence on site in Jan 2013 after the successful launch in 2012. Both projects contributed a total of RM891 million to total Group sales.

UNITED KINGDOM

The Group's 40% share of Battersea Power Station contributed significantly to sales numbers in FY2013 amounting to a total of RM1.358 billion. A groundbreaking ceremony was held on 4 July 2013 and this was followed by the appointment of Carillion as the contractors. With Phase 1 almost all sold, the consortium is looking at launching Phase 2 in 2014.

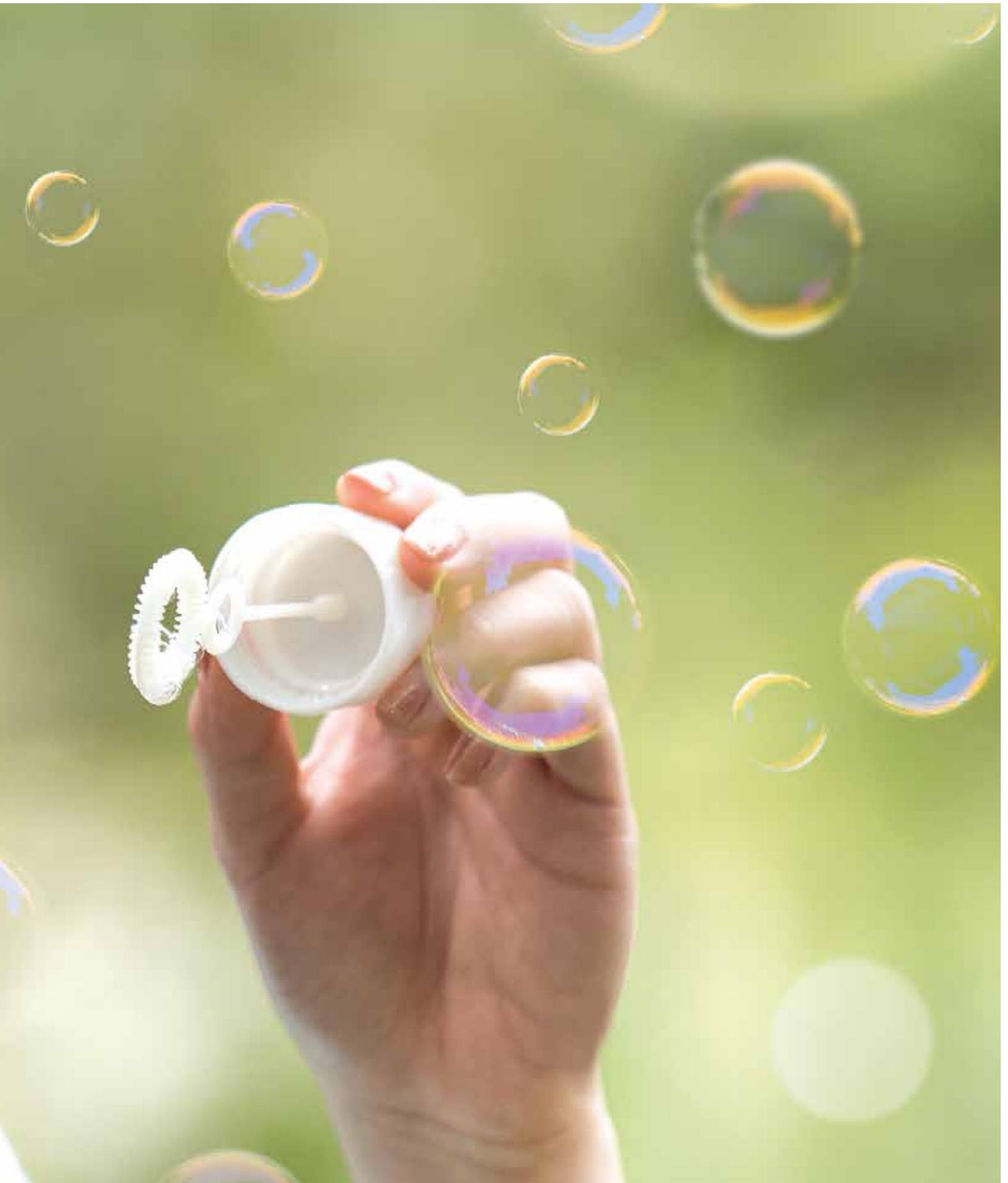




livelearnworkplay

SPONTANEOUSLY





CORPORATE RESPONSIBILITY





S P Setia endeavours to integrate our role as a corporate citizen with our day-to-day business. We are guided by our corporate responsibility charter, "Building Sustainable Communities for All", which was framed in 2007 to express our goals and aspirations as a corporate citizen. The scope of our commitment encompasses three areas of interest, namely, Environment, Community and Organisation, or ECO for short. Our focus is on promoting sustainability within our organisation, the communities we are engaged in and the nation at large.

Before 2007, our CSR initiatives took the form of social work channelled through our charity trust, the S P Setia Foundation which was founded in 2000. Since its formation, Team Setia has raised a total of RM65 million for the Foundation, from just the Annual Charity Dinners alone. In 2013, RM6.7 million was utilised to aid the underprivileged and deserving through a variety of programmes.

Today, our CSR initiatives encompasses both the philanthropy of the Foundation as well as the broad scope of activities that fall into the ambit of our corporate responsibility charter. Some of our notable CSR achievements in 2013 are included in the following pages.

TEAM SETIA HAS RAISED A TOTAL OF RM65 MILLION FOR THE FOUNDATION, FROM JUST THE ANNUAL CHARITY DINNERS ALONE.



CORPORATE RESPONSIBILITY (CONT'D)



SUSTAINABLE DEVELOPMENTS

Our aim of incorporating sustainability features within all our developments has borne fruit. In November 2012, Eco Sanctuary in Singapore was conferred the BCA Green Mark Platinum award. In October 2013, Setia City Mall in Setia Alam, Selangor, won both *The Edge* Malaysia Property Excellence Award and *The Edge*-PAM Green Excellence Award.

As Malaysia's first certified green mall, Setia City Mall is definitely setting new benchmarks for both the property and retail industries as it was named Best Retail Development in the FIABCI Malaysia Property Awards 2013.

In 2013, we launched Setia EcoHill in Semenyih, to overwhelming response proving that the Malaysian house buyer is looking for sustainable developments that can support an environmentally responsible lifestyle. Over 25,000 people registered their interest in the township in the few weeks before the soft launch in early October, during which 760 units of terrace house, semi-D, linked semi-D and zero-lot bungalow snapped up within five hours.

WORLD ENVIRONMENT DAY

Since 2008, the Group has observed World Environment Day (WED) with the aim of inculcating environmental awareness both internally as well as within our communities throughout Malaysia and abroad.

In 2013, S P Setia chose to celebrate World Environment Day (WED) on foot, by organising multiple events at its townships located in the Klang Valley, Johor and Penang with the theme "Setia ECO Walkathon – Walking is Loving our Planet". More than 4,000 people turned up in total at the three venues of Setia Alam, Shah Alam; Setia Eco Cascadia, Johor and Setia Pearl Island, Penang.

"Walking is a great way to enjoy the beauty of nature, get some exercise and mingle with friends and family whilst honouring World Environment Day" said Tan Sri Liew Kee Sin, President and Chief Executive Officer of S P Setia Berhad.





The participation fees collected amounting to RM31,931 were donated to the Global Environment Centre (GEC), a non-profit organisation established to address key environmental issues of global importance, such as climate change, biodiversity and sustainable water resources.

COMMITMENT TO COMMUNITY AND ORGANISATION

S P Setia also continues to invest in our own people and organisation as we believe that this is as important as our philanthropic and community CSR endeavours. Honing the talent, creativity and execution power of Team Setia will continue to be key to our success.

In 2013, the Group established an auxiliary police force to benefit our customers and the community. The additional police presence in our townships will help reduce concerns among residents of crime incidents through a more visible and frequent presence of auxiliary police personnel who will be doing their patrols regularly.

The first cohort comprising 121 members graduated from their 9-week training session at PULAPOL conducted by PDRM in June 2013, which was marked by a commissioning ceremony at Setia City Convention Centre in Setia Alam.

S P Setia's President and CEO Tan Sri Liew Kee Sin said the Group hoped to increase the number of auxiliary police personnel to 200 within the next year and eventually to 500 and deploy them to all its various projects located in the Klang Valley, Johor, Penang and Kota Kinabalu.



1. A new milestone was achieved when the first batch of S P Setia auxiliary police were commissioned in June 2013
2. Through the S P Setia Sports & Recreation Club, opportunities such as the Mount Kinabalu expedition are made possible
3. S P Setia CEO & President Tan Sri Liew Kee Sin with the best personnels from the inaugural batch of S P Setia auxiliary police



CORPORATE RESPONSIBILITY (CONT'D)



12 JANUARY 2013 REWARDING STUDENTS FOR ACADEMIC EXCELLENCE

The Foundation through its annual Excellence Awards Ceremony recognised and rewarded 190 Setia Adopted Children. These students hail from all over Malaysia and have excelled in the UPSR examinations.

16 FEBRUARY 2013 NEW HOSTEL FOR SK MATUNGGONG, SABAH

The Foundation continues to touch the lives of villagers in Sabah's rural and remote areas with a donation of RM300,000 to build a hostel for Sekolah Kebangsaan Matunggong in Kudat. This new hostel will benefit students from 16 villages around the Matunggong area who have been travelling 8km by foot each day to reach school.



26 FEBRUARY 2013 CATERING FOR A GROWING STUDENT POPULATION

It has been a short two years since SJK (C) Ladang Harcroft started operations and response from students have been so overwhelmingly positive that the school faced a shortage of desks and chairs. Coming to their aid, the Foundation contributed 300 sets of desks and chairs worth RM25,500 to the school.



1 MARCH 2013 GIFT OF FURNITURE FOR SJK (C) CHENG & SJK (C) KIOW MIN

Students from SJK (C) Cheng and SJK (C) Kiow Min will enjoy a more comfortable learning environment following a RM34,000 sponsorship of furniture from the Foundation. Both schools located in Malacca, were in dire need of new study desks and chairs.

4 MARCH 2013 AID FOR ONE OF SABAH'S OLDEST SCHOOLS

SRK Sacred Heart, which was established in 1903 is one of the oldest schools in Sabah and the institution received a donation from the Foundation comprising 150 sets of tables and chairs worth RM21,150 to equip five classrooms.



22 MAY 2013 WELCOMING ADOPTED STUDENTS FROM SEMENYIH

The Setia Adoption Programme welcomes more students under its wings with the expansion of the programme to Semenyih in Selangor. A total of 180 new primary students from six schools now receive educational assistance from the Foundation.



CORPORATE RESPONSIBILITY (CONT'D)

23 JUNE 2013

NEW DIALYSIS MACHINES FOR ST. JOHN AMBULANCE

Four dialysis machines worth RM180,000 were donated to St. John Ambulance Malaysia – Selangor Coastal Area (SJAM-KPS) to assist the organisation in continuing with its valuable service to the public.



18 JULY 2013

CONTINUED SUPPORT FOR MAA MEDICARE CHARITY FUND

In efforts to reduce the financial burden faced by kidney failure patients and their families, the Foundation donated two haemodialysis machines worth RM80,000 to the MAA Medicare Kidney Charity Fund (MAA Medicare). The donation is for two centres in Butterworth and Kota Bharu.





30 AUGUST 2013 RENEWED HOPE FOR WISMA HARAPAN

The children and adults of Selangor and Federal Association for the Mentally Handicapped in Wisma Harapan, Kuala Lumpur will now have a much better place for learning and training with the donation of RM80,000 from the Foundation to refurbish and renovate the premises. The 35-year-old building was also given a new coat of paint by the S P Setia Foundation Volunteers Club.

10 OCTOBER 2013 PROMOTING VOCATIONAL TRAINING

Ten deserving girls from the YWCA Vocational Opportunity Training Centre received a sponsorship for a residential training course courtesy of the Foundation. The sponsorship amounting to RM80,000 covers training, accommodation, utilities, meals, uniforms and stationeries.



12 NOVEMBER 2013 RM50,000 FOR THE CHILDREN OF RUMAH KELUARGA KAMI

Children in Rumah Keluarga Kami (RKK), Kajang will benefit from a sponsorship worth RM50,000 from the Foundation for furniture and built in cabinets in their new bungalow home. RKK, established in June 1990, is a home to underprivileged, abused and abandoned children who are in need of basic necessities such as shelter, food, education and love.

CORPORATE CALENDAR



10 NOVEMBER 2012 BEST MASTERPLAN DEVELOPMENT

The 2,290-acre Setia Alam in Shah Alam is S P Setia's first project to fully adopt the Group's Live Learn Work Play development philosophy. It was awarded a FIABCI Malaysia Property Award for Best Master Plan Development.



28 NOVEMBER 2012 SETIA INTERNATIONAL CENTRE OFFERS ONE-STOP PROPERTY INVESTMENT OPPORTUNITY

One-stop property gallery, the Setia International Centre presents a unique opportunity for investors to view S P Setia's investment-grade products, whether local or international – all under one roof. The new gallery was officiated by YB Senator Dato' Raja Nong Chik Bin Dato' Raja Zainal Abidin, Minister of Federal Territories and Urban Wellbeing.



5 APRIL 2013 PM UNVEILS CYBERJAYA CITY CENTRE PROJECT

Prime Minister Datuk Seri Najib Tun Razak unveiled the RM6 billion Cyberjaya City Centre project, which will be jointly developed by S P Setia and Cyberview Sdn Bhd. The 141-acre project will support Cyberjaya's development providing a composition of commercial, residential units and corporate offices.



26 APRIL 2013

A TRIBUTE TO THE SETIA BRAND

As tribute to the strength of the 'Setia' brand, S P Setia was honoured with a Gold Award at the Putra Brands Awards 2013. The awards were organised by the Association of Accredited Advertising Agents Malaysia and winners are selected by 6,000 consumers nationwide.



9 MAY 2013

ONLY HOMEGROWN COMPANY TO BE NAMED BEST EMPLOYER IN MALAYSIA TWICE

Another prestigious award is added to S P Setia's growing list after it was named Best of the Best Employer in Malaysia 2013 by Aon Hewitt in its Best Employers Study. This is the second time the developer is being recognised as the country's top employer. In 2011 the Group was named Overall Best Employer in Malaysia by Aon Hewitt. It has been in the Best Employers list for five times in total.



27 MAY 2013

A 5TH FIABCI PRIX D'EXCELLENCE

A new benchmark in the country was set by S P Setia when it became the only Malaysian developer with five FIABCI Prix d'Excellence Awards to its name. Its township of Setia Alam in Shah Alam emerged as the Gold Winner for Best Master Plan at the 64th FIABCI World Congress in Taiwan.



CORPORATE CALENDAR (CONT'D)



29 MAY 2013 A TRUSTED DEVELOPER

For the third year in running, S P Setia has been recognised with a Gold Award at *The Reader's Digest* Trusted Brand study. The study is one of the most representative and objective branding surveys in the region.



4 JULY 2013 PRIME MINISTERS OF MALAYSIA AND UK BREAK GROUND AT BATTERSEA POWER STATION REDEVELOPMENT

The Prime Ministers of Malaysia and UK visited Battersea Power Station to celebrate ground breaking at London's most visionary and eagerly anticipated new development – eighty years after it first generated electricity and thirty years since it was decommissioned.

Prime Minister David Cameron and Prime Minister Najib Razak were joined by Boris Johnson, Mayor of London; Tan Sri Liew Kee Sin, President of S P Setia and Chairman of the shareholders' consortium; Tan Sri Dato' Mohd Bakke Salleh, President of Sime Darby and Datuk Shahril Ridza Ridzuan, Chief Executive Officer of Employees' Provident Fund.



15 JULY 2013 SIGNING OF JOINT VENTURE CONTRACT FOR CHINA-MALAYSIA QINZHOU INDUSTRIAL PARK

After working together in close collaboration for more than a year, the Malaysian and Chinese Consortiums have successfully agreed terms for the entry into a Sinoforeign Joint Venture (JV) Contract for the development of the China-Malaysia Qinzhou Industrial Park (QIP). The Contract was formalised by the consortium members before Dato' Sri Mustapa Mohamed, Minister of International Trade and Industry and Chen Wu, Governor of the People's Government of Guangxi Zhuang Autonomous Region, representing the Chinese Government. The Malaysian Consortium is represented by S P Setia Berhad and Rimbunan Hijau Group, whilst the Chinese Consortium is represented by Qinzhou Jingu Investment Co., Ltd.



26 AUGUST 2013

TRIGON TOPPING OUT CEREMONY – A CELEBRATION OF S P SETIA'S PUCHONG LEGACY

S P Setia closed out one of its earliest townships with the topping out ceremony of Trigon in Pusat Bandar Puchong. The luxury residential component of SetiaWalk, this 26-storey building is the tallest in Puchong and also the final phase of the developer's development in this area. The Puchong journey began in 1993 when the developer purchased 700 acres in Pusat Bandar Puchong. Since then, it has built over 10,000 units of terraced homes, apartments and shoplots.



10 OCTOBER 2013

S P SETIA IS NO.1 FOR THE 8TH YEAR!

S P Setia Berhad has been named *The Edge* No.1 Property Developer 2013, making this the 8th time and a truly amazing feat as no other developer in Malaysia has achieved this record number of No.1 wins.

S P Setia also won for the Best Qualitative Attributes Category for the second year running. Adding to the awards roll, the developer also took home *The Edge*-PEPS Value Creation Excellence Award 2013 for SetiaWalk and *The Edge*-PAM Green Excellence Award 2013 for Setia City Mall.



30 OCTOBER 2013

INDUSTRY RECOGNITION

The Real Estate Housing and Developer's Association of Malaysia (REDHA) launched its inaugural Recognition Award this year and S P Setia was the proud first recipient of the Outstanding Developer Award.

CORPORATE GOVERNANCE STATEMENT

THE BOARD OF DIRECTORS (“BOARD”) IS COMMITTED TO MAINTAIN GOOD CORPORATE GOVERNANCE THROUGHOUT THE GROUP FOR LONG-TERM SUSTAINABLE BUSINESS GROWTH AND TO SAFEGUARD, PROTECT AND ENHANCE SHAREHOLDERS’ VALUE.

The following describes how the Group has applied the principles set out in the Malaysian Code on Corporate Governance 2012 (“Code”) and except where stated otherwise, its compliance with the best practices of the Code for the year ended 31 October 2013.

1. THE BOARD OF DIRECTORS

1.1 Roles and Responsibilities

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

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

The Board has delegated certain responsibilities to the Board Committees, all of which operate within defined terms of reference to assist the Board in the execution of its duties and responsibilities. The respective Committees report to the Board on matters discussed and deliberated and makes recommendations to the Board for final decision. The Board Committees include Audit Committee, Nomination Committee, Remuneration Committee, Risk Management Committee and Long Term Incentive Plan Committee. The composition of the Board Committees are set out on page 14 of this Annual Report.

1.2 Code of Conduct and Business Ethics

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

1.3 Sustainability

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

1.4 Supply of Information

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

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

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

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

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

1.5 Board Charter

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

1.6 Board Composition

As at 31 October 2013, the Board consisted of twelve (12) members of whom four (4) are Executive Directors and eight (8) are Non-Executive Directors. The Chairman and four other members of the Board are Independent Non-Executive Directors, which fulfills the prescribed requirement for at least one third (1/3) of the Board to be independent as stated in Paragraph 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). Tan Sri Lee Lam Thye has tendered his resignation as a Non-Independent Non-Executive Director of the Company on 20 January 2014. Tan Sri Liew Kee Sin, the President/Chief Executive Officer and Dato' Teong Leong Seng, the Chief Financial Officer have given their notice of intention to resign with effect from 30 April 2014 and 31 July 2014 respectively. The profiles of the Directors are set out in page 22 to page 33 of this Annual Report.

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

The Board has appointed Mr Ng Soon Lai @ Ng Siek Chuan as the Senior Independent Non-Executive Director.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

1.7 Board Meetings

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

During the financial year under review, five (5) Board meetings were held and the attendance record for each Director is as follows:-

Name of Director	Total Meetings Attended	Percentage of Attendance (%)
Tun Dato' Seri Zaki Bin Tun Azmi	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 (resigned on 1 April 2013)	2/2	100
Dato' Khor Chap Jen (appointed on 27 June 2013)	2/2	100
Tan Sri Lee Lam Thye	5/5	100
Mr Ng Soon Lai @ Ng Siek Chuan	5/5	100
Tan Sri Dato' Hari Narayanan A/L Govindasamy	5/5	100
Dato' Leong Kok Wah (retired on 28 February 2013)	1/1	100
Datuk Ismail Bin Adam	5/5	100
Dato' Noor Farida Binti Mohd Ariffin	4/5	80
Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin	5/5	100
Encik Zainal Abidin Bin Jamal (appointed on 12 September 2013)	2/2	100

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

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

1.8 Nomination Committee

The Nomination Committee comprises entirely of Independent Non-Executive Directors. Members of the Nomination Committee are listed on page 14 of this Annual Report. The Nomination Committee is empowered to identify and recommend new appointments of Executive and Non-Executive Directors to the Board. In discharging this duty, the Nomination Committee will assess the suitability of an individual to be appointed to the Board by taking into account the individual's skills, knowledge, expertise and experience, professionalism and integrity. The Nomination Committee will also ensure that women candidates are sought to meet the gender diversity policy as recommended by the MCCG 2012.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

1.9 Appointment and Re-election to the Board

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

1.10 Reinforce Independence

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

The Board has assessed the independence of the Independent Non-Executive Directors and have determined that all the five (5) Independent Non-Executive Directors remain objective and independent.

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

The Board is satisfied that Tan Sri Dato' Hari Narayanan A/L Govindasamy and Datuk Ismail Bin Adam, who have served for 12 years or more remain objective and independent and have continued to actively participate and express their views during Board deliberations and decision making by the Board. In view thereof, the Board recommends and support the resolutions for their re-appointment as Independent Non-Executive Directors of the Company which will be tabled for shareholders' approval at the forthcoming AGM of the Company.

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

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

1.12 Directors' Training

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

- (1) Enhanced Understanding of Risk Management and Internal Control;
- (2) Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers;
- (3) Bursa Malaysia's Focus Group for Board of Directors : Bursa Malaysia's Revised Corporate Governance Guide;
- (4) Board Chairman's Series : The Role of the Chairman;
- (5) Nomination Committee Programme;
- (6) Sustainability Training for Directors and Practitioners; and
- (7) Launch of Statement on Risk Management and Internal Control- Guidelines for Directors of Listed Issuers.

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

2.0 DIRECTORS' REMUNERATION

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

2.1 Remuneration Procedures

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

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

2.2 Remuneration Package

The remuneration package of Directors is as follows:-

(a) Basic Salary

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

(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 2013 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	5,970	7,168	-	-	1,329	14,467
Dato' Voon Tin Yow	4,169	4,704	-	-	335	9,208
Dato' Teow Leong Seng	1,590	1,764	-	-	45	3,399
Dato' Khor Chap Jen (appointed on 27.06.2013)	586	-	-	-	7	593
Dato' Chang Khim Wah (resigned on 01.04.2013)	784	1,659	-	-	4	2,447
Non-Executive Directors						
Tun Dato' Seri Zaki Bin Tun Azmi	-	-	128	568	7	703
Tan Sri Lee Lam Thye	-	-	128	827	7	962
Mr Ng Soon Lai @ Ng Siek Chuan	-	-	128	144	-	272
Tan Sri Dato' Hari Narayanan A/L Govindasamy	-	-	128	242	-	370
Dato' Leong Kok Wah (retired on 28.02.2013)	-	-	-	191	-	191
Datuk Ismail Bin Adam	-	-	128	128	-	256
Dato' Noor Farida Binti Mohd Ariffin	-	-	128	-	-	128
Tan Sri Dato' Dr Wan Mohd Zahid Bin Mohd Noordin	-	-	128	-	-	128
Encik Zainal Abidin Bin Jamal	-	-	-	-	-	-

CORPORATE GOVERNANCE STATEMENT (CONT'D)

3.0 ACCOUNTABILITY AND AUDIT

3.1 Financial Reporting

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

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

The Directors are satisfied that in preparing the financial statements of the Group and of the Company for the financial year ended 31 October 2013, the Group has used the appropriate accounting policies and applied them consistently. The Directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

The Statement of Directors' Responsibility is also enclosed in page 181 of this Annual Report.

3.2 Relationship with External Auditors

The external auditors plays an important role in ensuring the reliability of the Company's financial statements and providing the assurance of accuracy to shareholders. The Board via the Audit Committee maintains a formal and transparent professional relationship with the Group's external auditors. The role of the Audit Committee in relation to the auditors is described in the Audit Committee Report set out on page 76 to page 78 of this Annual Report.

3.3 Risk Management and Internal Control

The Board maintains a sound risk management framework and system of internal control to safeguard shareholders' investment and the Group's asset. The Statement on Risk Management and Internal Control which provides an overview of the state of internal controls within the Group is set out in pages 79 to 80 of this Annual Report.

4.0 TIMELY AND HIGH QUALITY DISCLOSURE

4.1 Corporate Disclosure Policy

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

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

4.2 Leverage on information technology

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

5.0 SHAREHOLDERS

5.1 Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM")

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

5.2 Communications between the Company and Investors

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

Information disseminated is clear, relevant and comprehensive, which is timely and readily accessible by all stakeholders. Effective communication channels with the Company's shareholders, stakeholders and the public are maintained through the dissemination of press releases, press conferences, timely announcements and disclosures made to Bursa Securities.

The Company's Investor Relations Department plays an important role in providing ongoing updates on the Group's development activities and conducting regular dialogues and discussions with fund managers, financial analysts, shareholders and media. These meetings provide a vital avenue and direct channel of communication where financial analysts and institutional fund managers can gain a better understanding of the businesses and direction of the Group; enter into constructive dialogues and discussions based on the mutual understanding of objectives; and where relevant feedback is factored into the Company's business decisions. Media are also invited to attend the Company's major events and property launches where briefings are given on the relevant projects.

During the financial year, the Company continued to participate in investor conferences/roadshows locally and abroad and had 124 meetings with 265 financial analysts, brokers and fund managers. A total of 21 local and foreign research houses and brokerages contribute to the Bloomberg earnings estimates for the Company.

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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

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

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

- (i) As at 30 January 2014, the status of the utilization proceeds raised under the Placement exercise which was completed on 25 February 2013 amounting to RM942.86 million is set out below :-

Purpose	Proposed utilisation RM'000	Actual utilization RM'000	Balance unutilized RM'000
Exiting projects and general working capital requirements	550,000	(169,159)	380,841
Future expansion plans	181,900	(79,893)	102,007
Repayment of bank borrowings	200,000	(200,000)	-
Estimated expenses for the Corporate Exercise	10,958	(9,541)	1,417
Total	942,858	(458,593)	484,265

- (ii) On 5 December 2013, S P Setia Berhad ("the Company") obtained authorisation from the Securities Commission Malaysia vide its letter dated 4 December 2013 for the proposed issuance of unrated subordinated Islamic perpetual notes ("Sukuk Musharakah") pursuant to a proposed Sukuk Musharakah programme of up to RM700 million in nominal value under the Shariah principle of Musharakah ("Sukuk Musharakah Programme"). The Company had on 13 December 2013 issued a total of RM609 million in nominal value of the Sukuk Musharakah. As at the date of this annual report, no proceeds has been utilized.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year ended 31 October 2013, the Company did not issue any options, warrants or convertible securities except for the Employee Share Grant Plan ("ESGP") and Employee Share Option Scheme ("ESOS") issued under the Long Term Incentive Plan ("LTIP"). The LTIP is the only scheme that is in existence during the financial year ended 31 October 2013.

The number of options and shares granted during the financial year ended 31 October 2013 are 80,863,500 and 17,034,969 respectively. No options and shares have been vested. As such, no new shares have been issued pursuant to LTIP. The number of options and shares granted to the directors are disclosed in pages 84 to 86 of this Annual Report.

In accordance with the By-Laws, the allocation of shares under the LTIP is based on the individual's position, contribution and performance. For the financial year ended 31 October 2013, the actual percentage of ESGP granted to the directors and senior management of the Group was 10.2% of the total ESGP granted while the actual percentage of ESOS granted to the directors and senior management of the Group was 61.3% of the total ESOS granted. No options and shares were granted to the Non-Executive Directors.

During the financial year ended 31 October 2013, 132,344,335 warrants were converted into ordinary shares. The warrants have lapsed on 21 January 2013.

NON-AUDIT FEES

The amount of non-audit fee incurred for the services by the external auditors and their affiliated companies to the Group for financial year 31 October 2013 amounted to RM333,119.00.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest which were still subsisting as at the end of the financial year under review or which were entered into since the end of the previous financial year except as disclosed on note 41(a) of the financial statements.

RECURRENT RELATED PARTY TRANSACTIONS

At the Thirty Eighth Annual General Meeting of the Company held on 28 February 2013, 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 28 February 2013 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 20 March 2014, 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 26 February 2014 attached to this Annual Report.

AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE

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

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

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

In compliance with the Listing Requirements of Bursa Malaysia Securities Berhad, all three (3) members of the Audit Committee are independent non-executive directors. Mr Ng Soon Lai @ Ng Siek Chuan is the Chairman of the Audit Committee and Senior Independent Non-Executive Director. Mr Ng is also a qualified chartered accountant and the Fellow of the Institute of Chartered Accountants in England and Wales.

TERMS OF REFERENCE

1.0 PURPOSE

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

2.0 COMPOSITION

- i. The Audit Committee shall be appointed by the Directors amongst their numbers, who fulfils the following requirements:
 - comprised no fewer than 3 members;
 - all members must be non-executive Directors;
 - all members should be financially literate and at least one member must be a member of the Malaysian Institute of Accountants or 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, Group Financial Controller, Chief Internal Auditor and representatives of the External Auditor will normally attend meetings.
- ii. Other Directors and employees may attend any particular Audit Committee meeting only upon the invitation of the Audit Committee specific to the relevant meeting.
- iii. The Company Secretary shall be the secretary of the Committee.

5.0 FREQUENCY OF MEETINGS

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

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

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

AUDIT COMMITTEE REPORT (CONT'D)

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

The Audit Committee held four (4) meetings during the financial year ended 31 October 2013. The details of attendance of the Audit Committee members are as follows:

Name of Audit Committee Member	Total attendance of meetings
Mr Ng Soon Lai @ Ng Siek Chuan	4/4
Tan Sri Dato' Hari Narayanan A/L Govindasamy	4/4
Datuk Ismail Bin Adam	4/4
Dato' Leong Kok Wah (Retired on 28.02.2013)	1/1

The Chief Financial Officer, Chief Internal Auditor 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.

AUDIT COMMITTEE REPORT (CONT'D)

vi. To do the following, in relation to the internal audit function:

- review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of members of the internal audit function;
- approve any appointment or termination of senior staff members of the internal audit function; and
- take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit reasons for resigning.

vii. To review any related party transactions that may arise within the Company or Group.

viii. To consider other related matters, as defined by the Board.

SUMMARY OF ACTIVITIES OF THE COMMITTEE DURING THE YEAR

The Audit Committee met four times during the financial year ended 31 October 2013. The activities of the Audit Committee for the financial year were as follows:

- 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.
- Discussed significant audit findings in respect of the financial statements of the Group with the External Auditors;
- Reviewed the reports prepared by the Internal Auditors on the state of internal control of the Group; and
- 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;
- Reviewed related party transactions.

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

The total cost incurred for the internal audit function for the financial year ended 31 October 2013 was approximately RM2.25 million.

STATEMENT ON LONG TERM INCENTIVE PLAN ("LTIP")

The Audit Committee has reviewed and verified that during the financial year ended 31 October 2013, the allocation of shares and options to the eligible employees of S P Setia Berhad Group had been made in accordance with the eligibility and entitlement criteria determined by the LTIP Committee and the shares and options have been granted in accordance with the By-Laws.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD RESPONSIBILITY

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

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

RISK MANAGEMENT

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

The Group has a Risk Management Committee which is chaired by the Deputy President/Chief Operating Officer and is primarily responsible for the risk oversight function within the Group. The Committee coordinates the overall risk management activities within the Group and reports to the Board on a quarterly basis on significant risk issues.

INTERNAL AUDIT FUNCTION

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

INTERNAL CONTROL

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

- a) The Board has appointed the Audit Committee to review the effectiveness of the Group's system of internal control on behalf of the Board. This is accomplished through the review of the 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 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 include forecasts for each area of business with detailed reviews at all levels of operations.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

- Actual performance compared with budget is reviewed with detailed explanation provided for any major variances.
- The President/Chief Executive Officer, Deputy President/Chief Operating Officer and Executive Vice Presidents meet on a monthly basis with all Divisional Heads and Business Unit Heads to discuss on the Group's financial performance, business development, management issues and corporate issues.
- Standard Operating Procedures which include policies and procedures within the Group are continuously reviewed and updated.
- The Divisional Heads and Business Unit Heads are responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls.
- Corporate values, which emphasise ethical behaviour are set out in the Group's Employee Handbook.

The Group's system of internal control does not apply to Associate Companies and Jointly Controlled Entities where the Group does not have full management control over these entities. However, the Group's interest is served through representations on the Board of the respective Associate Companies and Jointly Controlled Entities.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report for the financial year ended 31 October 2013. Based on their review, the external auditors have reported to the Board that nothing had come to their attention that causes them to believe that the Statement on Risk Management and Internal Control is inconsistent with their understanding of the processes the Board has adopted in the review of the adequacy and integrity of the risk management and internal control of the Group.

CONCLUSION

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

This statement was approved by the Audit Committee on 12 December 2013.

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CORPORATE INFORMATION

DOMICILE	: Malaysia
LEGAL FORM AND PLACE OF INCORPORATION	: Public listed company limited by way of shares incorporated in Malaysia under the Companies Act, 1965
REGISTERED OFFICE	: Plaza 138, Suite 18.03 18th Floor, 138 Jalan Ampang 50450 Kuala Lumpur
PRINCIPAL PLACE OF BUSINESS	: S P Setia Bhd Corporate HQ No. 12, Persiaran Setia Dagang Setia Alam, Seksyen U13 40170 Shah Alam Selangor Darul Ehsan

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2013

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 2013.

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 and jointly controlled entities are indicated in notes 6 and 8 respectively to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	419,287	286,392
Attributable to:		
Owners of the Company	417,858	286,392
Non-controlling interests	1,429	-
	419,287	286,392

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 RM165,963,073 in respect of the financial year ended 31 October 2012, as proposed in the directors' report for that financial year; and
- (b) Interim dividends of 4 sen consist of 1.6 sen per ordinary share of RM0.75 each less 25% income tax and single tier dividend of 2.4 sen per ordinary share amounting to RM88,513,635 in respect of the financial year ended 31 October 2013.

The directors now recommend a single tier final dividend of 7 sen per ordinary share of RM0.75 each amounting to RM172,109,858 in respect of the financial year ended 31 October 2013. The financial statements for the current financial year do not reflect this proposed dividend, which if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings for the financial year ending 31 October 2014.

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 93 to 94.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from RM1,504,250,938 to RM1,844,034,189 by way of :

- (a) Issuance of 132,344,335 new ordinary shares of RM0.75 each for cash arising from the exercise of Warrants at RM2.99 per ordinary share; and
- (b) The issuance of 320,700,000 new ordinary shares of RM0.75 each for cash pursuant to the Company's Placement at a subscription price of RM2.94 per share. The shares were issued for the purpose of working capital.

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

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

EMPLOYEE SHARE GRANT PLAN AND EMPLOYEE SHARE OPTION SCHEME

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

The LTIP comprises the Employee Share Grant Plan ("ESGP") and Employee Share Option Scheme ("ESOS"). The salient features, terms and details of the LTIP are disclosed in note 23 to the financial statements.

During the financial year, the Company granted 17,035,000 shares under the ESGP and 80,864,000 share options under the ESOS to eligible executive directors and eligible employees of the Company and/or its eligible subsidiaries. The details of the shares and options granted under LTIP and its vesting conditions are disclosed in note 23 to the financial statements.

The Company has been granted an exemption by the Companies Commission of Malaysia from having to disclose the names who have been awarded LTIP in aggregate of less than 1,222,640 shares. The names of option holders who were awarded LTIP shares of RM0.75 each of 1,222,640 and more during the financial year are as follows:

	No. shares under the ESGP of RM0.75 each			
	At 1.11.2012	Granted - 6.5.2013	Vested	At 31.10.2013
Dato' Voon Tin Yow	-	336,000	-	336,000
Dato' Teow Leong Seng	-	280,000	-	280,000
Dato' Khor Chap Jen	-	280,000	-	280,000
Datuk Ong Kek Seng	-	280,000	-	280,000
Datuk Wong Tuck Wai	-	280,000	-	280,000
Yap Kok Weng	-	280,000	-	280,000
Hoe Mee Ling	-	114,800	-	114,800
Datuk Koe Peng Kang	-	85,560	-	85,560
Tan Hon Lim	-	102,640	-	102,640
Norhayati Binti Subali	-	97,640	-	97,640

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

EMPLOYEE SHARE GRANT PLAN AND EMPLOYEE SHARE OPTION SCHEME (CONT'D)

	No. of share options under the ESOS of RM0.75 each			
	At 1.11.2012	Granted - 6.5.2013	Exercised	At 31.10.2013
Dato' Voon Tin Yow	-	9,600,000	-	9,600,000
Dato' Teow Leong Seng	-	8,000,000	-	8,000,000
Dato' Khor Chap Jen	-	8,000,000	-	8,000,000
Datuk Ong Kek Seng	-	8,000,000	-	8,000,000
Datuk Wong Tuck Wai	-	8,000,000	-	8,000,000
Yap Kok Weng	-	8,000,000	-	8,000,000
Hoe Mee Ling	-	1,260,000	-	1,260,000
Datuk Koe Peng Kang	-	1,238,000	-	1,238,000
Tan Hon Lim	-	1,125,000	-	1,125,000
Norhayati Binti Subali	-	1,125,000	-	1,125,000

DIRECTORS

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

Tun Dato' Seri Zaki Bin Tun Azmi
 Tan Sri Dato' Sri Liew Kee Sin
 Dato' Voon Tin Yow
 Dato' Teow Leong Seng
 Dato' Chang Khim Wah (resigned on 1 April 2013)
 Dato' Khor Chap Jen (appointed on 27 June 2013)
 Tan Sri Lee Lam Thye
 Tan Sri Dato' Hari Narayanan A/L Govindasamy
 Dato' Leong Kok Wah (retired on 28 February 2013)
 Datuk Ismail Bin Adam
 Mr Ng Soon Lai @ Ng Siek Chuan
 Dato' Noor Farida Binti Mohd Ariffin
 Tan Sri Dato' Dr Wan Mohd Zahid Bin Mohd Noordin
 Encik Zainal Abidin Bin Jamal (appointed on 12 September 2013)

DIRECTORS' INTEREST IN SHARES AND LONG TERM INCENTIVE PLAN ("LTIP")

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

	No. of ordinary shares of RM0.75 each			
	At 1.11.2012	Addition	Disposal	At 31.10.2013
Tan Sri Dato' Sri Liew Kee Sin - direct	112,996,970	-	(45,198,787)	67,798,183
Dato' Voon Tin Yow - direct	29,898	-	-	29,898
Dato' Teow Leong Seng - direct	16,399	-	(16,399)	-

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

DIRECTORS' INTEREST IN SHARES AND LONG TERM INCENTIVE PLAN ("LTIP") (CONT'D)

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

	No. shares under the ESGP of RM0.75 each			
	As at 1.11.2012 or date of appointment	Granted	Vested	At 31.10.2013
Dato' Voon Tin Yow	-	336,000	-	336,000
Dato' Teow Leong Seng	-	280,000	-	280,000
Dato' Khor Chap Jen	-	280,000	-	280,000
Tan Sri Lee Lam Thye -indirect	-	25,600	-	25,600

	No. of share options under the ESOS of RM0.75 each			
	As at 1.11.2012 or date of appointment	Granted	Exercised	At 31.10.2013
Dato' Voon Tin Yow	-	9,600,000	-	9,600,000
Dato' Teow Leong Seng	-	8,000,000	-	8,000,000
Dato' Khor Chap Jen	-	8,000,000	-	8,000,000

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements or the fixed salary of a full-time employee of the Company as shown in note 35 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefit which may be deemed to have arisen from the transactions disclosed in note 41 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than those arising from the shares or share options granted under the LTIP.

OTHER STATUTORY INFORMATION

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

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

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

HOLDING COMPANY

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

AUDITORS

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

Signed on behalf of the directors in accordance with a directors' resolution dated 12 December 2013

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 statements of financial position as at 31 October 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 90 to 180.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 October 2013 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF S P SETIA BERHAD (INCORPORATED IN MALAYSIA) (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 accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 6 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

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

OTHER MATTERS

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

MAZARS

No. AF: 1954
Chartered Accountants

CHONG FAH YOW

No. 3004/07/14 (J)
Chartered Accountant

Date: 12 December 2013

Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION

31 OCTOBER 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	2	121,856	77,315	83	144
Investment properties	3	1,013,046	602,310	1,759	1,769
Land held for property development	4	4,918,472	4,514,037	-	-
Concession assets	5	52,129	11,708	-	-
Investments in subsidiary companies	6	-	-	1,695,983	1,334,766
Investments in associated companies	7	1,689	1,891	650	650
Investments in jointly controlled entities	8	-	-	88,908	90,981
Other investments	9	-	337	-	-
Amounts owing by subsidiary companies	10	-	-	1,653,689	1,168,459
Amounts owing by associated companies	11	-	-	-	-
Amount owing by a former joint venture partner	12	14,380	13,714	-	-
Amounts owing by jointly controlled entities	13	41,569	57,772	232,763	305,372
Deferred tax assets	14	167,885	93,779	6	214
Total non-current assets		6,331,026	5,372,863	3,673,841	2,902,355
Current assets					
Property development costs	15	2,693,117	1,606,654	-	-
Gross amount due from customers	16	641	25,741	-	-
Inventories	17	43,244	23,552	-	-
Accrued billings	18	122,932	132,705	-	-
Trade receivables	19	646,571	471,448	5,959	5,959
Amounts owing by subsidiary companies	10	-	-	975,742	761,623
Amounts owing by jointly controlled entities	13	32,220	18,174	18,104	42,210
Amounts owing by associated companies	11	9,283	-	9,280	-
Other receivables, deposits and prepayments	20	288,969	139,845	2,470	6,005
Current tax assets		30,541	18,759	62	4,454
Deposits	21	1,024,981	594,206	740,930	431,174
Cash and bank balances	22	1,218,237	949,357	4,191	31,306
Total current assets		6,110,736	3,980,441	1,756,738	1,282,731
TOTAL ASSETS		12,441,762	9,353,304	5,430,579	4,185,086

STATEMENTS OF FINANCIAL POSITION

31 OCTOBER 2013 (CONT'D)

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
EQUITY AND LIABILITIES					
Equity					
Share capital	23	1,844,034	1,504,250	1,844,034	1,504,250
Share premium (<i>non-distributable</i>)		2,128,696	1,113,480	2,128,696	1,113,480
Options reserve (<i>non-distributable</i>)		23,529	242	23,529	242
Warrants reserve (<i>non-distributable</i>)		-	28,904	-	28,904
Exchange translation reserve (<i>non-distributable</i>)		(987)	(2,686)	-	-
Retained earnings		1,530,271	1,399,684	301,085	266,323
Equity attributable to owners of the Company		5,525,543	4,043,874	4,297,344	2,913,199
Non-controlling interests		(846)	(4,754)	-	-
Total equity		5,524,697	4,039,120	4,297,344	2,913,199
Non-current liabilities					
Long term borrowings	25	3,915,084	2,361,745	700,000	-
Deferred tax liabilities	26	4,951	2,195	-	-
Total non-current liabilities		3,920,035	2,363,940	700,000	-
Current liabilities					
Gross amount due to customers	16	2,311	6,022	-	-
Trade payables	27	546,434	493,806	6,754	8,791
Progress billings	18	810,700	414,808	-	-
Amounts owing to subsidiary companies	10	-	-	163,411	93,548
Other payables and accruals	28	985,616	466,857	4,343	20,916
Short term borrowings	29	553,554	1,166,404	240,000	850,000
Redeemable serial bonds (unsecured)	24	-	249,584	-	249,584
Bank overdrafts	30	60,875	104,847	18,727	49,048
Current tax liabilities		37,540	47,916	-	-
Total current liabilities		2,997,030	2,950,244	433,235	1,271,887
Total liabilities		6,917,065	5,314,184	1,133,235	1,271,887
TOTAL EQUITY AND LIABILITIES		12,441,762	9,353,304	5,430,579	4,185,086

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 OCTOBER 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue	31	3,060,528	2,526,595	-	2,746
Cost of sales	32	(2,118,478)	(1,663,696)	-	-
Gross profit		942,050	862,899	-	2,746
Other operating income	33	108,466	65,026	391,282	323,679
Selling and marketing expenses		(181,555)	(175,939)	(87)	-
Administrative and general expenses		(241,369)	(169,470)	(41,219)	(80,925)
Share of results of associated companies		(162)	12	-	-
Finance costs	34	(57,087)	(15,023)	(40,469)	(20,609)
Profit before tax	35	570,343	567,505	309,507	224,891
Tax expense	36	(151,056)	(179,877)	(23,115)	(20,721)
Profit for the year		419,287	387,628	286,392	204,170
Other comprehensive income, net of tax:					
Exchange differences on translation of foreign operations		1,689	2,070	-	-
Total comprehensive income for the year		420,976	389,698	286,392	204,170
Profit attributable to:					
Owners of the Company		417,858	393,816	286,392	204,170
Non-controlling interests		1,429	(6,188)	-	-
		419,287	387,628	286,392	204,170
Total comprehensive income attributable to:					
Owners of the Company		419,557	395,515	286,392	204,170
Non-controlling interests		1,419	(5,817)	-	-
		420,976	389,698	286,392	204,170
Basic earnings per share (sen)	37	18.0	20.5		
Diluted earnings per share (sen)	37	17.8	20.0		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2013

	<----- Attributable to shareholders of the Company ----->									
	Note	<----- Non-distributable ----->				Distributable				
		Share capital RM'000	Share premium RM'000	Share- based payment reserve RM'000	Warrants reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
Balance at 31.10.2011		1,374,554	696,575	39,304	46,036	(4,319)	1,294,292	3,446,442	(6,956)	3,439,486
Total other comprehensive income for the year, represented by exchange differences on translation of foreign operations		-	-	-	-	1,699	-	1,699	371	2,070
Profit for the year		-	-	-	-	-	393,816	393,816	(6,188)	387,628
Transactions with owners:										
Dividends paid	38	-	-	-	-	-	(204,631)	(204,631)	-	(204,631)
Issuance of ordinary shares:										
- exercise of ESOS		50,496	146,174	(38,891)	-	-	-	157,779	-	157,779
- exercise of Warrants		64,665	210,266	-	(17,132)	-	-	257,799	-	257,799
- acquisition of additional equity interest in subsidiary companies		14,535	60,465	-	-	(66)	(83,964)	(9,030)	7,519	(1,511)
Issue of shares by a subsidiary company to a non-controlling interest		-	-	-	-	-	-	-	500	500
ESOS lapsed/forfeited		-	-	(171)	-	-	171	-	-	-
Balance at 31.10.2012		1,504,250	1,113,480	242	28,904	(2,686)	1,399,684	4,043,874	(4,754)	4,039,120
Total other comprehensive income for the year, represented by exchange differences on translation of foreign operations		-	-	-	-	1,699	-	1,699	(10)	1,689
Profit for the year		-	-	-	-	-	417,858	417,858	1,429	419,287
Transactions with owners:										
Acquisition of additional equity interest in subsidiary companies		-	-	-	-	-	(35,641)	(35,641)	2,489	(33,152)
Dividends paid	38	-	-	-	-	-	(254,477)	(254,477)	-	(254,477)
Issuance of ordinary shares:										
- exercise of Warrants		99,259	322,750	-	(26,299)	-	-	395,710	-	395,710
- Placement		240,525	702,333	-	-	-	-	942,858	-	942,858
Share issuance expense		-	(9,867)	-	-	-	-	(9,867)	-	(9,867)
Share-based payment under the Employees' Long Term Incentive Plan ("LTIP")		-	-	23,529	-	-	-	23,529	-	23,529
ESOS lapsed		-	-	(242)	-	-	242	-	-	-
Warrants lapsed		-	-	-	(2,605)	-	2,605	-	-	-
Balance at 31.10.2013		1,844,034	2,128,696	23,529	-	(987)	1,530,271	5,525,543	(846)	5,524,697

The accompanying notes form an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2013

	Note	<----- Non-distributable ----->				Distributable	Total RM'000
		Share capital RM'000	Share premium RM'000	Share- based payment reserve RM'000	Warrants reserve RM'000	Retained earnings RM'000	
Balance at 31.10.2011		1,374,554	696,575	39,304	46,036	266,613	2,423,082
Total comprehensive income for the year, represented by profit for the year		-	-	-	-	204,170	204,170
Transactions with owners:							
Dividends paid	38	-	-	-	-	(204,631)	(204,631)
Issuance of ordinary shares:							
- exercise of ESOS		50,496	146,174	(38,891)	-	-	157,779
- exercise of Warrants		64,665	210,266	-	(17,132)	-	257,799
- acquisition of additional equity interest in a subsidiary company		14,535	60,465	-	-	-	75,000
ESOS lapsed/forfeited		-	-	(171)	-	171	-
Balance at 31.10.2012		1,504,250	1,113,480	242	28,904	266,323	2,913,199
Total comprehensive income for the year, represented by profit for the year		-	-	-	-	286,392	286,392
Transactions with owners:							
Dividends paid	38	-	-	-	-	(254,477)	(254,477)
Issuance of ordinary shares:							
- exercise of Warrants		99,259	322,750	-	(26,299)	-	395,710
- Placement		240,525	702,333	-	-	-	942,858
Share issuance expense		-	(9,867)	-	-	-	(9,867)
Share-based payment under LTIP		-	-	23,529	-	-	23,529
ESOS lapsed		-	-	(242)	-	242	-
Warrants lapsed		-	-	-	(2,605)	2,605	-
Balance at 31.10.2013		1,844,034	2,128,696	23,529	-	301,085	4,297,344

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2013

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	570,343	567,505	309,507	224,891
Adjustments for:				
Allowance for doubtful debts no longer required	(69)	(11)	(8,013)	-
Bad and doubtful debts	1,019	9	30	5,669
Development expenditure written off	303	-	-	-
Depreciation of property, plant and equipment and investment properties	24,082	16,130	71	78
Gain on disposal of property, plant and equipment	(704)	(16)	-	(1)
Loss on disposal of unquoted investment	40	-	-	-
Loss on disposal of subsidiary companies	21	-	-	-
Loss on disposal of associated company	2	-	-	-
Property, plant and equipment written off	6,252	75	-	-
Impairment of investment in an associated company	-	400	-	-
Amortisation of bond discounts	-	-	416	6,955
Loss/(Gain) retained in associated companies	162	(12)	-	-
Realisation of profit of jointly controlled entities	(2,374)	(2,533)	-	-
Gain on disposal of investment properties	(9,192)	(2,456)	-	(233)
Interest income from financial assets measured at amortised cost	(685)	(653)	(5,273)	(3,568)
Interest expense on financial liabilities measured at amortised cost	6,735	-	-	-
Impairment of investments in subsidiary companies	-	-	-	19,828
Impairment loss of property, plant and equipment and investment properties	-	9,723	-	-
Loss from fair value adjustment of financial assets	-	24	18,331	3,346
Gain from fair value adjustment of financial liabilities	(18,158)	-	(119)	-
Share-based payment	23,529	-	9	-
Unrealised foreign exchange gain	(1,113)	(883)	-	-
Interest expense	50,352	15,023	40,053	13,654
Dividend income	-	-	(253,368)	(199,971)
Interest income	(48,380)	(36,680)	(115,065)	(85,572)
Rental income	(8,611)	(5,810)	-	-
Operating profit/(loss) before working capital changes	593,554	559,835	(13,421)	(14,924)
Changes in property development costs	63,289	(114,856)	-	-
Changes in accrued billings/progress billings	420,409	268,020	-	-
Changes in gross amount due from/to customers	13,366	(2,416)	-	-
Changes in inventories	(444)	3,030	-	-
Changes in receivables	(289,448)	(187,801)	3,535	(3,875)
Changes in payables	248,142	358,201	(17,427)	562
Cash generated from/(used in) operations	1,048,868	884,013	(27,313)	(18,237)
Rental received	1,716	880	-	-
Interest received	20,504	16,187	331	186
Interest paid	(157,101)	(79,592)	(1,304)	(631)
Net tax paid	(244,388)	(175,796)	(16,715)	(6,637)
Net cash generated from/(used in) operating activities	669,599	645,692	(45,001)	(25,319)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to land held for property development	(1,372,681)	(3,076,893)	-	-
Purchase of property, plant and equipment	(40,193)	(16,642)	-	(12)
Purchase of investment properties	(147,560)	(173,241)	-	-
Additions to concession assets	(47,702)	(11,708)	-	-
Proceeds from disposal of property, plant and equipment	1,025	172	-	1
Proceeds from disposal of investment properties	15,834	13,925	-	40
Proceeds from disposal of unquoted investment	216	-	-	-
Liquidation of subsidiary companies	25	-	-	-
Additional interest in a jointly controlled entity	-	-	(450)	-
Acquisition of additional shares in existing subsidiary companies	(41,263)	(1,511)	(43,801)	(6,582)
Subscription of additional shares in existing jointly controlled entities	-	-	-	(5,998)
Subscription of unquoted cumulative redeemable preference shares in jointly controlled entities	-	-	-	(94,200)
Acquisition of additional cumulative redeemable preference shares in subsidiary companies	(15,450)	-	(15,450)	-
Advances to associated companies	(9,283)	-	(8,804)	-
Advances to subsidiary companies	-	-	(863,737)	(1,166,382)
Advances to jointly controlled entities	(28,027)	(5,354)	(21,084)	(27,656)
Deposit and part consideration paid for acquisition of land	(40,000)	(2,366)	-	-
Development expenditure paid	(21,477)	(4,580)	-	-
(Placement)/Withdrawal of fixed deposits, sinking fund, debt service reserve, escrow and revenue accounts	(805)	(5,459)	1,206	(1,206)
Dividends received	-	-	252,318	193,234
Interest received	27,876	20,493	110,276	36,367
Rental received	6,895	4,930	-	-
Net cash used in investing activities	(1,712,570)	(3,258,234)	(589,526)	(1,072,394)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of ordinary shares				
- by the Company	1,338,568	407,812	1,338,568	407,812
- by a subsidiary company to a minority shareholder	-	500	-	-
Payment of share issue expenses	(9,867)	-	(9,867)	-
Advances from/(Repayment to) subsidiary companies	-	-	74,403	(116,777)
Advances from a minority shareholder of a subsidiary company	67,957	-	-	-
Drawdown of bank borrowings	2,586,280	3,090,042	840,000	900,000
Repayment of bank borrowings	(1,693,909)	(638,402)	(750,000)	(100,000)
Redemption of bonds	(250,000)	-	(250,000)	-
Interest paid	(5,516)	(6,604)	(39,932)	(12,596)
Dividends paid	(254,477)	(204,631)	(254,477)	(204,631)
Net cash generated from financing activities	1,779,036	2,648,717	948,695	873,808

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	736,065	36,175	314,168	(223,905)
EFFECT OF EXCHANGE RATE CHANGES	6,757	(2,893)	-	-
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	1,420,479	1,387,197	412,226	636,131
CASH AND CASH EQUIVALENTS CARRIED FORWARD	2,163,301	1,420,479	726,394	412,226
Represented by:				
Deposits	1,023,581	592,916	740,930	429,968
Cash and bank balances	1,200,595	932,410	4,191	31,306
Bank overdrafts	(60,875)	(104,847)	(18,727)	(49,048)
	2,163,301	1,420,479	726,394	412,226
Cash and cash equivalents included in the cash flows comprise the following amounts:-				
Deposits	1,024,981	594,206	740,930	431,174
Cash and bank balances	1,218,237	949,357	4,191	31,306
Bank overdrafts	(60,875)	(104,847)	(18,727)	(49,048)
	2,182,343	1,438,716	726,394	413,432
Less: Deposits pledged and maintained in Sinking Fund	(1,400)	(1,290)	-	(1,206)
Sinking Fund, Debt Service Reserve, Escrow and Revenue Accounts	(17,642)	(16,947)	-	-
	2,163,301	1,420,479	726,394	412,226

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

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

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

(b) Changes in accounting policies

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

FRS 124	Related Party Disclosures (revised)
Amendments to FRS 7	Disclosures – Transfer of Financial Assets
Amendments to FRS 101	Presentation of Items of Other Comprehensive Income

The adoption of the above new FRS and Amendments to FRS does not have any material impact on the financial statements of the Group and the Company.

The following are the Amendments to FRSs which are effective but were not applicable to the Group and the Company for the financial year ended 31 October 2013:

Amendment to FRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 112	Deferred Tax: Recovery of Underlying Assets

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

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

New/Revised FRSs, Amendments to FRSs and IC Interpretations		Effective for financial periods beginning on or after
FRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2015
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)	1 January 2015
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosures of Interests in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013
FRS 119	Employee Benefits	1 January 2013
FRS 127	Separate Financial Statements	1 January 2013
FRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to FRSs	Improvements to FRSs (2012)	1 January 2013
Amendments to FRS 1	Government Loans	1 January 2013
Amendments to FRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

New/Revised FRSs, Amendments to FRSs and IC Interpretations		Effective for financial periods beginning on or after
Amendments to FRS 10, FRS 11 and FRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities	1 January 2014
Amendments to FRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
IC Interpretation 21	Levies	1 January 2014

The above new/revised FRSs, Amendments to FRSs and IC Interpretations are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the following:

FRS 9, Financial Instruments

FRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of FRS 139 that relate to the classification and measurement of financial instruments.

FRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

For financial liabilities, the standard retains most of the FRS 139 requirements. The main change is in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The Group and the Company have yet to assess FRS 9's full impact and intends to adopt FRS 9 no later than the accounting period beginning on or after 1 January 2015.

FRS 10, Consolidated Financial Statements

FRS 10, Consolidated Financial Statements introduces a new single control model to determining which investees should be consolidated. FRS 10 supersedes FRS 127, Consolidated and Separated Financial Statements and IC Interpretation 112, Consolidation – Special Purpose Entities. There are three elements to the definition of control in FRS 10:- (i) power by investor over an investee, (ii) exposure, or rights, to variable returns from investor's involvement with the investee, and (iii) investor's ability to affect those returns through its power over the investee. The Group is yet to assess FRS 10's full impact and intends to adopt FRS 10 no later than the accounting period beginning on or after 1 January 2013.

FRS 11, Joint Arrangements

FRS 11, Joint Arrangements establishes the principles for classification and accounting for joints arrangements and supersedes FRS 131, Interests in Joint Ventures. Under FRS 11, a joint arrangement may be classified as joint venture or joint operation. Interest in joint venture will be accounted for using the equity method whilst interest in joint operation will be accounted for using the applicable FRSs relating to the underlying assets, liabilities, income and expense from the joint operations. The Group is yet to assess FRS 11's full impact and intends to adopt FRS 11 no later than the accounting period beginning on or after 1 January 2013.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

FRS 12, Disclosure of Interests in Other Entities

FRS 12 provides disclosure requirements for all forms of interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. Disclosures include significant judgements and assumptions made in determining the nature of the entity's interest in another entity and the risks associated with those interests. The Group is yet to assess FRS 12's full impact and intends to adopt FRS 12 no later than the accounting period beginning on or after 1 January 2013.

FRS 13, Fair Value Measurement

FRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements.

This FRS explains how to measure fair value of assets, liabilities and equity but does not introduce new fair value measurement requirements. Other than additional disclosures, the adoption of FRS 13 does not have significant impact on the amounts recognised in the financial statements.

FRS 128, Investments in Associates and Joint Ventures

The FRS 128 prescribes the accounting for investment in associates as well as joint ventures where the equity method of accounting is required in accordance with FRS 11. The option to proportionately consolidate joint ventures' results and financial position in the venturer's financial statements will no longer be permitted. Accordingly, the investments in jointly controlled entities and jointly controlled operation will be accounted for in the consolidated financial statements using the equity method of accounting. This will be applied retrospectively. The Group is yet to assess FRS 128's full impact and intends to adopt FRS 128 no later than the accounting period beginning on or after 1 January 2013.

On 19 November 2011, the MASB issued new MASB approved accounting standards, i.e. Malaysian Financial Reporting Standards ("MFRS").

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

The Group falls within the definition of Transitioning Entities and has opted to defer adoption of MFRS. The Group will adopt MFRS and will prepare its first set of MFRS financial statements when the MFRS framework is mandated by the MASB. In presenting its first set of MFRS financial statements, the Group will quantify the financial effects of the differences between the currently applied FRS and MFRS. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

Accordingly, the financial performance and financial position of the Group as disclosed in these financial statements for the year ended 31 October 2013 could be different if prepared in accordance with MFRS framework.

Certain subsidiaries, associates and joint ventures of the Group prepare their financial statements using MFRS framework. Accordingly, reconciliations have been performed for the different financial reporting frameworks. However, the differences did not have significant impact to these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Significant accounting judgements and estimates

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

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

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

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

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

Classification between investment properties and owner-occupied properties

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

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

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

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

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

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

(ii) *Key sources of estimation uncertainty*

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (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

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 the Company's property, plant and equipment as at 31 October 2013 were RM121,856,000 and RM83,000 (2012 : RM77,315,000 and RM144,000), respectively.

The carrying amounts of the Group's and the Company's investment properties as at 31 October 2013 were RM1,013,046,000 and RM1,759,000 (2012 : RM602,310,000 and RM1,769,000), 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 2013 were RM43,244,000 (2012 : RM23,552,000).

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.

Impairment of loans and receivables

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

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

The carrying amount of the Group's and Company's trade and other receivables as at 31 October 2013 were RM1,032,992,000 and RM2,898,007,000 (2012 : RM700,953,000 and RM2,289,628,000), respectively.

Impairment of non-financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (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

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

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

The carrying amount of the Group's and the Company's tax assets as at 31 October 2013 were RM30,541,000 and RM62,000 (2012 : RM18,759,000 and RM4,454,000), respectively.

The carrying amount of the Group's tax liabilities as at 31 October 2013 was RM37,540,000 (2012 : RM47,916,000).

Deferred tax assets

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

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

The carrying amount of the Group's and the Company's recognised deferred tax assets as at 31 October 2013 were RM167,885,000 and RM6,000 (2012 : RM93,779,000 and RM214,000), respectively.

The carrying amount of the Group's unrecognised deferred tax assets as at 31 October 2013 was RM70,544,000 (2012 : RM136,533,000).

Revenue recognition of property development activities and construction contracts

The Group recognises property development activities and construction contracts based on the percentage of completion method. The stage of completion of the property development activities and construction contracts is measured in accordance with the accounting policies set out in 1(n) and 1(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Subsidiary companies (cont'd)

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

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

(f) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and of all its subsidiary companies 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 using the pooling-of-interest method of accounting.

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Basis of consolidation (cont'd)

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

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

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

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

(g) 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 recognised in profit or loss.

On disposal, the difference between the net disposal proceeds and the carrying amount of the associated company is included in profit or loss.

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 profit or loss 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 1(r)(iii) below.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Associated companies (cont'd)

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) Interest in joint ventures

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

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

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

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

On disposal, the difference between the net disposal proceeds and the carrying amount of the jointly controlled entity disposed is included in profit or loss.

(i) Property, plant and equipment

(i) Measurement basis

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

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

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Property, plant and equipment (cont'd)

(ii) Depreciation (cont'd)

The principal annual rates used for this purpose are:

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

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

(j) Investment properties

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

(i) Measurement basis

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

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

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

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

(ii) Depreciation

Freehold land and investment properties under construction are not depreciated.

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

The principal annual rates used for this purpose are:

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Service concession arrangements

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

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

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

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

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

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

(l) Concession assets

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

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

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

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

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

(m) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Leases (cont'd)

(i) Finance lease (cont'd)

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

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

(ii) Operating lease

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

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

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

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

The excess of revenue recognised in profit or loss over the billings to purchasers of properties is recognised as accrued billings under current assets.

The excess of billings to purchasers of properties over revenue recognised in profit or loss is recognised as progress billings under current liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Long term construction contracts

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

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

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

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

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

(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) Financial instruments

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

(i) Initial recognition and measurement

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

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

(ii) Financial instrument categories and subsequent measurement

Financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Loans and receivables

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

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

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

Financial liabilities

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

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

(iii) Derecognition of financial assets and liabilities

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

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

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

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

(r) Impairment of assets

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Impairment of assets (cont'd)

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

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

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

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

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

(ii) Unquoted equity securities carried at cost

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

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) 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 profit or loss.

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

(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 profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.
- (iii) Revenue from the sale of goods is measured at the fair value of the consideration receivable and is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.
- (iv) Dividend income is recognised when the right to receive payment is established.
- (v) Interest income is recognised on a time proportion basis.
- (vi) Rental income is recognised on a straight-line basis over the specific tenure of the respective leases.
- (vii) Club subscription fee is recognised on an accrual basis.

(u) Foreign currencies

(i) Functional currency

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

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

(ii) Transactions and balances in foreign currencies

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Foreign currencies (cont'd)

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

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

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

Exchange differences arising on the settlement of monetary items and the translation of monetary items are included in profit or loss for the period.

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

(iii) Translation of foreign operations

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

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

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

(v) Employee benefits

(i) Short term employee benefits

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

(ii) Post-employment benefits

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

(iii) Share-based payment transactions

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Employee benefits (cont'd)

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

ESGP

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

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

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

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

ESOS

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

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

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

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

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

(w) Borrowing costs

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

All other borrowing costs are charged to profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Provisions

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

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

(y) Taxation

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

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

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

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

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

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

(z) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, deposits with licensed banks, fixed income trust funds and other licensed financial institutions, which are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

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

(aa) Operating segments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

2. PROPERTY, PLANT AND EQUIPMENT

Group 2013	----- Freehold -----		Plant, machinery, cranes and trucks RM'000	Office equipment, renovations, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
	Land RM'000	Buildings RM'000					
Cost							
At 1.11.2012	4,174	52,484	14,725	72,250	21,974	3,165	168,772
Additions	-	2,327	5,455	19,623	6,173	6,756	40,334
Disposals	-	-	(559)	(618)	(964)	-	(2,141)
Write-offs	-	(5,950)	(4)	(1,826)	(25)	-	(7,805)
Reclassification	-	-	1,063	3,868	-	(4,931)	-
Acquisition of additional equity interest in subsidiary companies	-	-	-	486	82	-	568
Transfer (to)/from investment properties (see note 3)	(439)	5,907	-	-	-	-	5,468
Transfer from land held for property development (see note 4)	-	10,787	-	-	-	-	10,787
Transfer from property development cost (see note 15)	-	-	-	-	-	10,739	10,739
Exchange differences	-	360	-	(80)	6	-	286
At 31.10.2013	3,735	65,915	20,680	93,703	27,246	15,729	227,008
Accumulated depreciation							
At 1.11.2012	-	14,941	12,307	50,313	13,546	-	91,107
Charge for the year	-	2,039	1,928	10,153	2,599	-	16,719
Acquisition of additional equity interest in subsidiary companies	-	-	-	314	61	-	375
Disposals	-	-	(559)	(506)	(755)	-	(1,820)
Write-offs	-	(674)	(3)	(864)	(12)	-	(1,553)
Exchange differences	-	18	-	(44)	-	-	(26)
At 31.10.2013	-	16,324	13,673	59,366	15,439	-	104,802
Accumulated impairment loss							
At 1.11.2012/31.10.2013	-	202	-	148	-	-	350
Net carrying amount At 31.10.2013	3,735	49,389	7,007	34,189	11,807	15,729	121,856

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

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

Group 2012	----- Freehold -----		Plant, machinery, cranes and trucks RM'000	Office equipment, renovations, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
	Land RM'000	Buildings RM'000					
Cost							
At 1.11.2011	4,174	52,418	12,899	63,554	18,212	1,857	153,114
Additions	-	66	2,006	8,367	4,335	1,868	16,642
Disposals	-	-	(105)	(58)	(515)	(52)	(730)
Write-offs	-	-	(17)	(146)	(57)	-	(220)
Reclassification	-	-	-	508	-	(508)	-
Exchange differences	-	-	(58)	25	(1)	-	(34)
At 31.10.2012	4,174	52,484	14,725	72,250	21,974	3,165	168,772
Accumulated depreciation							
At 1.11.2011	-	14,051	11,949	40,988	12,064	-	79,052
Charge for the year	-	890	522	9,424	1,949	-	12,785
Disposals	-	-	(105)	(58)	(411)	-	(574)
Write-offs	-	-	(17)	(73)	(55)	-	(145)
Exchange differences	-	-	(42)	32	(1)	-	(11)
At 31.10.2012	-	14,941	12,307	50,313	13,546	-	91,107
Accumulated impairment loss							
At 1.11.2011	-	-	-	-	-	-	-
Charge for the year	-	202	-	148	-	-	350
At 31.10.2012	-	202	-	148	-	-	350
Net carrying amount							
At 31.10.2012	4,174	37,341	2,418	21,789	8,428	3,165	77,315

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

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

Company 2013	Plant, machinery, cranes and trucks RM'000	Office equipment, renovations, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1.11.2012/31.10.2013	1,706	3,863	360	5,929
Accumulated depreciation				
At 1.11.2012	1,705	3,805	275	5,785
Charge for the year	-	25	36	61
At 31.10.2013	1,705	3,830	311	5,846
Net carrying amount At 31.10.2013	1	33	49	83
2012				
Cost				
At 1.11.2011	1,706	3,865	365	5,936
Additions	-	12	-	12
Disposals	-	(14)	(5)	(19)
At 31.10.2012	1,706	3,863	360	5,929
Accumulated depreciation				
At 1.11.2011	1,705	3,791	243	5,739
Charge for the year	-	28	37	65
Disposals	-	(14)	(5)	(19)
At 31.10.2012	1,705	3,805	275	5,785
Net carrying amount At 31.10.2012	1	58	85	144

Freehold land and buildings, including capital work-in-progress of the Group included above at a net carrying amount of RM12,551,000 (2012 : RM2,048,000) have been charged to banks to partially secure the long term borrowings, revolving credits and bank overdrafts referred to in notes 25, 29 and 30 below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

3. INVESTMENT PROPERTIES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cost				
At beginning of the year	620,033	267,338	2,349	2,549
Additions	178,218	176,325	-	-
Disposals	(6,824)	(1,126)	-	(200)
Transfer to property, plant and equipment (see note 2)	(5,468)	-	-	-
Transfer from property development cost (see note 15)	1,827	178,762	-	-
Transfer from/(to) land held for development (see note 4)	243,455	(1,266)	-	-
Exchange differences	8,078	-	-	-
At 31 October	1,039,319	620,033	2,349	2,349
Accumulated depreciation				
At beginning of the year	7,710	4,052	137	154
Charge for the year	8,732	3,773	10	13
Disposals	(182)	(115)	-	(30)
At 31 October	16,260	7,710	147	137
Accumulated impairment losses				
At beginning of the year	10,013	645	443	443
Charge for the year	-	9,373	-	-
Disposals	-	(5)	-	-
At 31 October	10,013	10,013	443	443
Net carrying amount				
At 31 October	1,013,046	602,310	1,759	1,769
<i>Comprising:</i>				
Investment properties under construction	193,429	118,726	-	-
Freehold land	335,729	68,126	928	928
Freehold buildings	426,969	391,980	-	-
Leasehold land	56,919	23,478	831	841
	1,013,046	602,310	1,759	1,769
Fair value at 31 October	1,399,661	1,109,972	2,896	2,720

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

3. INVESTMENT PROPERTIES (CONT'D)

Included in investment properties under construction of the Group is interest expense of RM Nil (2012 : RM3,193,000) incurred during the financial year.

Title deeds to certain of the Group's investment properties costing RM399,000 (2012 : RM399,000) have yet to be issued in or transferred to the name of the Company and subsidiary companies concerned.

The Group's investment properties at a net carrying amount of RM616,884,000 (2012 : RM341,333,000) have been charged to banks to secure the long term borrowings referred to in note 25, 29 and 30 below.

The fair values of the investment properties at 31 October 2013 are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experiences in the locations and category of properties being valued.

The fair value of investment properties under construction amounting to RM118,508,000 (2012 : RM47,609,000) cannot be reliably and separately determined until the construction is completed or the fair value becomes reliably determinable, whichever is earlier.

4. LAND HELD FOR PROPERTY DEVELOPMENT

Group 2013	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
Cost				
At 1 November 2012	2,915,883	732,704	865,450	4,514,037
Additions	951,143	148,660	483,457	1,583,260
Acquisition of additional equity interest in subsidiary companies	24,470	-	4,220	28,690
Transfer to property, plant and equipment (<i>see note 2</i>)	-	-	(10,787)	(10,787)
Transfer to investment properties (<i>see note 3</i>)	(225,700)	-	(17,755)	(243,455)
Transfer to property development costs (<i>see note 15</i>)	(340,443)	(505,684)	(168,577)	(1,014,704)
Reclassified from other receivables, deposits and prepayments	45,753	-	-	45,753
Exchange differences	12,165	2,974	539	15,678
At 31 October 2013	3,383,271	378,654	1,156,547	4,918,472
2012				
Cost				
At 1 November 2011	1,226,129	9,850	595,315	1,831,294
Additions	2,103,903	635,571	430,398	3,169,872
Transfer from investment properties (<i>see note 3</i>)	1,266	-	-	1,266
Transfer to property development costs (<i>see note 15</i>)	(465,124)	(80,747)	(305,450)	(851,321)
Reclassified from other receivables, deposits and prepayments	102,911	114,815	146,287	364,013
Reclassification	(48,624)	48,624	-	-
Exchange differences	(4,578)	4,591	(1,100)	(1,087)
At 31 October 2012	2,915,883	732,704	865,450	4,514,037

Included in additions is borrowing costs of RM87,891,000 (2012 : RM55,043,000) incurred during the financial year.

Land held for property development included above at a carrying amount of RM2,368,326,000 (2012 : RM2,602,677,000) have been charged to banks to partially secure the long term borrowings, revolving credits and bank overdrafts referred to in notes 25, 29 and 30 below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

5. CONCESSION ASSETS

	Group	
	2013 RM'000	2012 RM'000
Cost		
At 1 November	11,708	-
Additions	47,702	11,708
Transfer to property development costs (<i>see note 15</i>)	(7,281)	-
At 31 October	52,129	11,708
Accumulated amortisation		
At 1 November	-	-
Charge for the year	-	-
At 31 October	-	-
Net carrying amount at 31 October	52,129	11,708

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

6. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2013 RM'000	2012 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	326,981	265,630
Capital contribution to subsidiary companies, at cost	1,297,069	1,015,156
LTIP granted to employees of subsidiary companies	17,953	-
Impairment loss	(61,206)	(61,206)
	1,695,983	1,334,766

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

The subsidiary companies are as follows:

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2013 %	2012 %	2013 %	2012 %		
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	Inactive

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2013	2012	2013	2012		
	%	%	%	%		
Setia Precast Sdn Bhd	-	-	100	100	Malaysia	Building contractors
Setia-Wood Industries Sdn Bhd	100	100	-	-	Malaysia	Prefabrication, installation, sale of wood products and provision of kiln dry services
S P Setia Marketing Sdn Bhd	-	-	100	100	Malaysia	Sale of wood products and building materials
S P Setia Estate Management Sdn Bhd	60	60	-	-	Malaysia	Property management services
S P Setia Construction Sdn Bhd	100	100	-	-	Malaysia	Building contractors and manufacturing and sale of building materials
Bukit Indah (Perak) Sdn Bhd	100	100	-	-	Malaysia	Property development
S P Setia Management Services Sdn Bhd	100	100	-	-	Malaysia	Investment holding
Futurecrest (M) Sdn Bhd	100	100	-	-	Malaysia	Investment holding
Shabra Development Sdn Bhd	100	100	-	-	Malaysia	Property development
KL Eco City Sdn Bhd	100	100	-	-	Malaysia	Property development and property investment holding
S. P. Setia Security Services Sdn Bhd	51	51	-	-	Malaysia	Provision of security services
Setia Prefab Sdn Bhd	100	100	-	-	Malaysia	Investment holding
Manih System Construction Sdn Bhd	-	-	100	100	Malaysia	Investment holding
Suharta Sdn Bhd	-	-	60	60	Malaysia	Investment holding
Suharta Development Sdn Bhd	-	-	51	51	Malaysia	Property development
Yunikhas Sdn Bhd	8	8	70	70	Malaysia	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2013	2012	2013	2012		
	%	%	%	%		
Suharta Management Sdn Bhd	-	-	-	100	Malaysia	Under members' voluntary liquidation
Suharta Properties Sdn Bhd	-	-	-	100	Malaysia	Under members' voluntary liquidation
Aneka Baru (M) Sdn Bhd	-	-	-	100	Malaysia	Under members' voluntary liquidation
Tenaga Raya Sdn Bhd	100	100	-	-	Malaysia	Dormant
Cosmotek Sdn Bhd	100	100	-	-	Malaysia	Investment holding
SJ Classic Land Sdn Bhd	-	-	60	60	Malaysia	Dormant
* Indera Perasa Sdn Bhd	100	100	-	-	Malaysia	Investment holding
* Dian Mutiara Sdn Bhd	-	-	100	100	Malaysia	Dormant
* Kenari Kayangan Sdn Bhd	100	100	-	-	Malaysia	Investment holding
Setia Ecohill 2 Sdn Bhd <i>(formerly known as Bukit Indah (Selangor) Sdn Bhd)</i>	100	100	-	-	Malaysia	Property development and property investment holding
S P Setia Property Holdings Sdn Bhd	100	100	-	-	Malaysia	Property investment holding
Setia Hicon Sdn Bhd	100	100	-	-	Malaysia	Property development
S P Setia Technology Sdn Bhd	100	100	-	-	Malaysia	Contractor for home automation and alarm systems
S P Setia PMC Sdn Bhd <i>(formerly known as Setia Alam Property Holdings Sdn Bhd)</i>	100	100	-	-	Malaysia	General management and administration services
Setia Promenade Sdn Bhd	100	100	-	-	Malaysia	Property development and property investment holding
* Bukit Indah Property Management Sdn Bhd	70	70	-	-	Malaysia	Property development
* Kewira Jaya Sdn Bhd	100	100	-	-	Malaysia	Property development
* Kay Pride Sdn Bhd	-	-	100	100	Malaysia	Property development and property investment holding

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interest				Country of incorporation	Principal activities
	Direct 2013 %	2012 %	Indirect 2013 %	2012 %		
Aeropod Sdn Bhd	100	70	-	-	Malaysia	Property development and property investment holding
Sentosa Jitra Sdn Bhd	50	50	-	-	Malaysia	Property development and property investment holding
Setiahomes (MM2H) Sdn Bhd	100	100	-	-	Malaysia	Dormant
Eco Meridian Sdn Bhd	100	100	-	-	Malaysia	Construction and operation of concession asset and property investment holding
Setia Ecohill Sdn Bhd	100	100	-	-	Malaysia	Property development and property investment holding
* S P Setia (Indonesia) Sdn Bhd	100	100	-	-	Malaysia	Representative office in Indonesia
* Retro Highland Sdn Bhd	50	50	-	-	Malaysia	Property development
* Setia City Development Sdn Bhd	100	100	-	-	Malaysia	Property development and property investment holding
Gita Kasturi Sdn Bhd	100	100	-	-	Malaysia	Property development and property investment holding
* Intra Hillside Sdn Bhd	100	100	-	-	Malaysia	Property development and property investment holding
Setia Alam Recreation Sdn Bhd	-	-	100	100	Malaysia	Club operator
* Setia Eco Green Sdn Bhd	100	100	-	-	Malaysia	Dormant
Setia Eco Heights Sdn Bhd	100	100	-	-	Malaysia	Dormant
Setia Eco Land Sdn Bhd	100	100	-	-	Malaysia	Property development and property investment holding
S P Setia Property Services Sdn Bhd	100	100	-	-	Malaysia	Property and building management and investment holding
Flexrise Projects Sdn Bhd	100	100	-	-	Malaysia	Investment holding
Pelita Mentari Sdn Bhd	100	100	-	-	Malaysia	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interest				Country of incorporation	Principal activities
	Direct 2013 %	2012 %	Indirect 2013 %	2012 %		
Kuantan Pahang Holding Sdn Bhd <i>(formerly known as Ivory Paragon Sdn Bhd)</i>	- [^]	100	-	-	Malaysia	Investment holding
* Battersea Power Station Malaysia Sdn Bhd	- [#]	100	-	-	Malaysia	Promotion, marketing and other activities related to property development
* Rockbay Streams Sdn Bhd	100	-	-	-	Malaysia	Property development
Ivory Streams Sdn Bhd	100	-	-	-	Malaysia	Property management services
S P Setia DMC Sdn Bhd <i>(formerly known as Pavillion Ahead Sdn Bhd)</i>	100	-	-	-	Malaysia	Investment holding
Exceljade Sdn Bhd	100	-	-	-	Malaysia	Property development
Sendiman Sdn Bhd	100	-	-	-	Malaysia	Property development
Setia International Limited	100	100	-	-	British Virgin Islands	Investment holding
Setia MyPhuoc Limited	-	-	100	100	British Virgin Islands	Investment holding
Setia D-Nine Limited	-	-	-	100	British Virgin Islands	Under members' voluntary liquidation
Setia Saigon East Limited	-	-	-	100	British Virgin Islands	Under members' voluntary liquidation
Setia Capital (Vietnam) Limited	-	-	100	100	British Virgin Islands	Investment holding
Setia Land (Vietnam) Limited	-	-	100	100	British Virgin Islands	Investment holding
Setia Bac Ninh Limited	-	-	100	100	British Virgin Islands	Investment holding
Setia Australia Limited	-	-	100	100	British Virgin Islands	Investment holding
Setia Lai Thieu Limited	-	-	95	95	British Virgin Islands	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2013	2012	2013	2012		
	%	%	%	%		
Setia Jersey Investment Holding Company Limited	-	-	100	100	Jersey	Investment holding
+ Setia Lai Thieu One Member Company Limited	-	-	95	95	Vietnam	Property development
+ Setia (Melbourne) Development Company Pty Ltd	-	-	100	100	Australia	Property development
+ Setia St Kilda (Melbourne) Pty Ltd	-	-	100	100	Australia	Property development
+ Setia Land (China) Limited	-	-	100	100	Hong Kong	Investment holding
+ Setia (Hangzhou) Development Company Limited	-	-	-	100	Hong Kong	Under members' voluntary liquidation
+ S P Setia International (S) Pte Ltd	100	100	-	-	Singapore	Promotion, marketing and other activities related to property development
+ S P Setia Development Pte Ltd	100	100	-	-	Singapore	Dormant

* Not audited by Mazars, Malaysia

+ Audited by member firms of Mazars in the respective countries

Became a jointly controlled entity during the financial year

^ Became an associated company during the financial year

7. INVESTMENTS IN ASSOCIATED COMPANIES

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Unquoted ordinary shares, at cost	2,022	3,022	650	650
Group's share of post-acquisition profits less losses	67	(731)	-	-
Impairment loss	(400)	(400)	-	-
	1,689	1,891	650	650

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

7. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

The summarised financial information of the associated companies, not adjusted for the percentage ownership held by the Group:

	2013 RM'000	2012 RM'000
Assets and liabilities		
Total assets	35,169	4,004
Total liabilities	32,067	100
Results		
Revenue	265	-
(Loss)/Profit for the year	(596)	28

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

	Equity interest				Principal activities
	Direct		Indirect		
	2013 %	2012 %	2013 %	2012 %	
Golden Klang Valley Sdn Bhd ("GKV")	50	50	-	-	Property development
PTB Property Developer Sdn Bhd ("PTB")	-	-	49	49	Property development
Icfox (Malaysia) Sdn Bhd ("Icfox")	-	-	-	20	Under members' voluntary liquidation
Kuantan Pahang Holding Sdn Bhd (formerly known as Ivory Paragon Sdn Bhd)	40	-	-	-	Investment holding
Malaysia-China Kuantan Industrial Park Sdn Bhd	-	-	51	-	Property development

8. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Company	
	2013 RM'000	2012 RM'000
Unquoted ordinary shares, at cost	83,031	85,381
Capital contribution, at cost	5,600	5,600
LTIP granted to employees of jointly controlled entities	277	-
	88,908	90,981

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

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

The jointly controlled entities are as follows:

	Proportion of ownership interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2013 %	2012 %	2013 %	2012 %		
^ Exceljade Sdn Bhd	-	70	-	-	Malaysia	Property development
^ Sendiman Sdn Bhd	-	70	-	-	Malaysia	Property development
Kemboja Mahir Sdn Bhd	70	70	-	-	Malaysia	Property development
Setia Putrajaya Sdn Bhd	60	60	-	-	Malaysia	Property development, building construction and investment holding
Setia Putrajaya Construction Sdn Bhd	-	-	60	60	Malaysia	Building construction
Setia Putrajaya Development Sdn Bhd	-	-	60	60	Malaysia	Property development
Bandar Eco-Setia Sdn Bhd	50	50	-	-	Malaysia	Property development and property investment
Setia Eco Park Recreation Sdn Bhd	-	-	50	50	Malaysia	Club operator
Ganda Anggun Sdn Bhd	-	-	70	70	Malaysia	Property development
Kesas Kenangan Sdn Bhd	-	-	70	70	Malaysia	Property development and property investment
Greenhill Resources Sdn Bhd	-	-	50	50	Malaysia	Property investment
Setia Eco Glades Sdn Bhd	70	70	-	-	Malaysia	Property development and property investment holding
* SetiaBecamex Joint Stock Company	-	-	55	55	Vietnam	Property development
* Qinzhou Development (Malaysia) Consortium Sdn Bhd	45	45	-	-	Malaysia	Investment holding
Qinzhou Development (Hong Kong) Limited	-	-	45	45	Hong Kong	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

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

	Proportion of ownership interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2013 %	2012 %	2013 %	2012 %		
Battersea Project Holding Company Limited	-	-	40	40	Jersey	Investment holding
Battersea Project Land Company Limited	-	-	40	40	Jersey	Property development and property investment holding
Battersea Power Station Development Company Limited	-	-	40	40	United Kingdom	Project development management
Battersea Power Station Malaysia Sdn Bhd	-	-	40	-	Malaysia	Promotion, marketing and other activities related to property development
Battersea Phase 1 Holding Company Limited	-	-	40	-	Jersey	Property investment holding
Battersea Project Phase 1 Company Limited	-	-	40	-	Jersey	Property investment holding
Battersea Project Phase 1 Management Company Limited	-	-	40	-	Jersey	Dormant
Battersea Project Phase 1 Nominee Company Limited	-	-	40	-	Jersey	Property investment holding
Battersea Project Phase 1 GP Limited	-	-	40	-	Jersey	Property development and property investment holding
Battersea Project Phase 1 LP Limited	-	-	40	-	Jersey	Property development and property investment holding
Battersea Project Phase 1 Commercial Limited Partnership	-	-	40	-	United Kingdom	Property development and property investment holding
Battersea Phase 2 Holding Company Limited	-	-	40	-	Jersey	Investment holding
Battersea Project Phase 2 Company Limited	-	-	40	-	Jersey	Property development
Battersea Project Phase 2 Development Company Limited	-	-	40	-	Jersey	Property development

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

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

	Proportion of ownership interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2013 %	2012 %	2013 %	2012 %		
Battersea Project Phase 2 Residential Company Limited	-	-	40	-	Jersey	Property development
Battersea Project Phase 2 Nominee Company Limited	-	-	40	-	Jersey	Property investment holding
Battersea Project Phase 2 Management Company Limited	-	-	40	-	Jersey	Dormant
Battersea Power Station Energy Company Limited	-	-	40	-	Jersey	Dormant
Battersea Project Phase 2 GP Limited	-	-	40	-	Jersey	Property development and property investment holding
Battersea Project Phase 2 LP Limited	-	-	40	-	Jersey	Property development and property investment holding
Battersea Project Phase 2 Commercial Limited Partnership	-	-	40	-	United Kingdom	Property development and property investment holding
Battersea Phase 3 Holding Company Limited	-	-	40	-	Jersey	Property investment holding
Battersea Project Phase 3 Company Limited	-	-	40	-	Jersey	Property investment holding
Battersea Project Phase 3 Development Company Limited	-	-	40	-	Jersey	Property development
Battersea Project Phase 3 Residential Company Limited	-	-	40	-	Jersey	Property development
Battersea Project Phase 3 Nominee Company Limited	-	-	40	-	Jersey	Property investment holding
Battersea Project Phase 3 Management Company Limited	-	-	40	-	Jersey	Dormant
Battersea Project Phase 3 GP Limited	-	-	40	-	Jersey	Property development and property investment holding

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

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

	Proportion of ownership interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2013 %	2012 %	2013 %	2012 %		
Battersea Project Phase 3 LP Limited	-	-	40	-	Jersey	Property development and property investment holding
Battersea Project Phase 3 Commercial Limited Partnership	-	-	40	-	United Kingdom	Property development and property investment holding
Battersea Phase 4 Holding Company Limited	-	-	40	-	Jersey	Investment holding
Battersea Project Phase 4 Company Limited	-	-	40	-	Jersey	Property development
Battersea Project Phase 4 Development Company Limited	-	-	40	-	Jersey	Dormant
Battersea Project Phase 4 Residential Company Limited	-	-	40	-	Jersey	Property development
Battersea Project Phase 4 Nominee Company Limited	-	-	40	-	Jersey	Property investment holding
Battersea Project Phase 4 Management Company Limited	-	-	40	-	Jersey	Dormant
Battersea Project Phase 4 GP Limited	-	-	40	-	Jersey	Property development and property investment holding
Battersea Project Phase 4 LP Limited	-	-	40	-	Jersey	Property development and property investment holding
Battersea Project Phase 4 Commercial Limited Partnership	-	-	40	-	United Kingdom	Property development and property investment holding
Battersea Phase 5 Holding Company Limited	-	-	40	-	Jersey	Property investment holding
Battersea Project Phase 5 Company Limited	-	-	40	-	Jersey	Property investment holding
Battersea Project Phase 5 Development Company Limited	-	-	40	-	Jersey	Dormant

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

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

	Proportion of ownership interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2013 %	2012 %	2013 %	2012 %		
Battersea Project Phase 5 Residential Company Limited	-	-	40	-	Jersey	Dormant
Battersea Phase 6 Holding Company Limited	-	-	40	-	Jersey	Investment holding
Battersea Project Phase 6 Company Limited	-	-	40	-	Jersey	Property development
Battersea Project Phase 6 Development Company Limited	-	-	40	-	Jersey	Dormant
Battersea Project Phase 6 Residential Company Limited	-	-	40	-	Jersey	Property development and property investment holding
Battersea Project Phase 6 Nominee Company Limited	-	-	40	-	Jersey	Property investment holding
Battersea Project Phase 6 Management Company Limited	-	-	40	-	Jersey	Dormant
Battersea Project Phase 6 GP Limited	-	-	40	-	Jersey	Property development and property investment holding
Battersea Project Phase 6 LP Limited	-	-	40	-	Jersey	Property development and property investment holding
Battersea Project Phase 6 Commercial Limited Partnership	-	-	40	-	United Kingdom	Property development and property investment holding
Battersea Phase 7 Holding Company Limited	-	-	40	-	Jersey	Property investment holding
Battersea Project Phase 7 Company Limited	-	-	40	-	Jersey	Property investment holding
Battersea Project Phase 7 Development Company Limited	-	-	40	-	Jersey	Dormant

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

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

	Proportion of ownership interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2013 %	2012 %	2013 %	2012 %		
Battersea Project Phase 7 Residential Company Limited	-	-	40	-	Jersey	Dormant
Battersea Project Phase 7 Nominee Company Limited	-	-	40	-	Jersey	Property development and property investment holding
Battersea Project Phase 7 Management Company Limited	-	-	40	-	Jersey	Dormant
Battersea Project Phase 7 GP Limited	-	-	40	-	Jersey	Property development and property investment holding
Battersea Project Phase 7 LP Limited	-	-	40	-	Jersey	Property development and property investment holding
Battersea Project Phase 7 Commercial Limited Partnership	-	-	40	-	United Kingdom	Property development and property investment holding
Battersea Project Estate Company Limited	-	-	40	-	Jersey	Dormant
Battersea Project Phase 2 Refurbishment Company Limited	-	-	40	-	Jersey	Property development
BPS Sales and Lettings Limited	-	-	40	-	Jersey	Dormant

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

^ Became a subsidiary during the financial year. See note 39 (ii) to the financial statements

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

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

The Group's interest in the assets, liabilities, revenue, other operating income, expenses and profit of the jointly controlled entities is as follows:

	2013 RM'000	2012 RM'000
Assets and liabilities		
Non-current assets	1,814,475	1,919,826
Current assets	1,047,036	685,836
Total assets	2,861,511	2,605,662
Non-current liabilities	1,042,706	1,056,364
Current liabilities	960,125	722,052
Total liabilities	2,002,831	1,778,416
Results		
Revenue	470,873	415,970
Other operating income	24,749	9,657
Expenses	421,894	359,834
Profit for the year	73,728	65,793

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

The Group's shares of operating lease commitments and capital commitments of the jointly controlled entities are disclosed in notes 42 and 43 respectively to the financial statements.

9. OTHER INVESTMENTS

	2013 RM'000	Group 2012 RM'000
Unquoted shares, at cost	-	462
Diminution in value	-	(125)
	-	337

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

10. 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	
	2013 RM'000	2012 RM'000
Bearing interest at 4.15% to 4.53% (2012 : 4.15% to 4.79%) per annum	1,545,175	1,109,809
Interest free	86,851	58,656
Unquoted cumulative redeemable preference shares	21,673	-
	1,653,699	1,168,465
Allowance for doubtful debts	(10)	(6)
	1,653,689	1,168,459

Amounts owing by subsidiary companies included under current assets

	Company	
	2013 RM'000	2012 RM'000
Trade accounts:		
- retention sums receivable	2,187	2,187
- allowance for doubtful debts	(795)	(795)
	1,392	1,392
Unsecured advances:		
- bearing interest at 4.15% to 4.53% (2012 : 4.15% to 4.36%) per annum	415,275	576,720
- interest free	540,276	200,357
- unquoted cumulative redeemable preference shares	27,658	-
	983,209	777,077
Allowance for doubtful debts	(8,859)	(16,846)
	974,350	760,231
	975,742	761,623

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

Amounts owing to subsidiary companies included under current liabilities

	Company	
	2013 RM'000	2012 RM'000
Trade accounts - retention sums	1,310	1,310
Unsecured interest free advances	162,101	92,238
	163,411	93,548

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

11. 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 2013 RM'000	2012 RM'000
Gross amount of advances	73	73
Allowance for doubtful debts	(73)	(73)
	-	-

Amounts owing by associated companies included under current assets

	Group 2013 RM'000	2012 RM'000	Company 2013 RM'000	2012 RM'000
Unsecured advances:				
- bearing interest at 7.60% (2012 : Nil) per annum	9,280	-	9,280	-
- interest free	3	-	-	-
	9,283	-	9,280	-

12. AMOUNT OWING BY A FORMER JOINT VENTURE PARTNER

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

	Group 2013 RM'000	2012 RM'000
Principal sum	12,988	12,322
Interest receivable	1,392	1,392
	14,380	13,714

13. 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 2013 RM'000	2012 RM'000	Company 2013 RM'000	2012 RM'000
Interest bearing at 8.00% to 8.60% (2012 : 8.00% to 8.60%) per annum	41,569	57,772	138,563	192,574
Unquoted cumulative redeemable preference shares	-	-	94,200	112,798
	41,569	57,772	232,763	305,372

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

13. 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade accounts	3,378	8,852	-	-
Advances bearing interest at 8.00% to 8.60% (2012 : 8.00% to 8.60%) per annum	5,268	7,220	17,560	24,827
Interest free advances	23,574	2,102	544	1,947
Unquoted cumulative redeemable preference shares	-	-	-	15,436
	32,220	18,174	18,104	42,210

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

14. DEFERRED TAX ASSETS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At beginning of the year	93,779	66,920	214	3,729
Recognised in profit or loss	74,106	26,859	(208)	(3,515)
At end of the year	167,885	93,779	6	214

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 future against which the deferred tax assets can be utilised.

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Tax effects of:				
- unabsorbed capital allowances	130	64	-	-
- unutilised tax losses	33,203	12,464	-	-
- property development and construction profits	113,985	77,289	23	23
- excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	(4,267)	(1,279)	(17)	(28)
- others	24,834	5,241	-	219
	167,885	93,779	6	214

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

14. DEFERRED TAX ASSETS (CONT'D)

Temporary differences unabsorbed capital allowances and unutilised tax losses exist as at 31 October of which deferred tax benefits have not been recognised in the financial statements, as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Unutilised tax losses	68,893	111,486	-	-
Unabsorbed capital allowances	1,530	4,422	-	-
Excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	(99)	(1,352)	-	-
Others	220	21,977	-	-
	70,544	136,533	-	-

15. PROPERTY DEVELOPMENT COSTS

	Group	
	2013 RM'000	2012 RM'000
Freehold land at cost	1,010,969	633,340
Leasehold land at cost	98,053	13,442
Development and construction costs	4,797,063	3,883,906
Costs recognised as an expense in previous years	(4,299,431)	(3,655,268)
	1,606,654	875,420
At 1 November		
Costs transferred to property, plant and equipment (<i>see note 2</i>)		
- freehold land	(3,284)	-
- development costs	(7,455)	-
Costs transferred to investment properties (<i>see note 3</i>)		
- freehold land	(1,827)	(178,762)
Costs transferred from land held for property development (<i>see note 4</i>)		
- freehold land	340,443	465,124
- leasehold land	505,684	80,747
- development costs	168,577	305,450
Costs transferred from concession assets (<i>see note 5</i>)		
- freehold land	7,281	-
Costs incurred during the financial year		
- freehold land	15,203	65,695
- leasehold land	137,427	3,814
- development and construction costs	1,739,590	1,431,823
Acquisition of additional equity interest in subsidiary companies		
- freehold land	24,154	-
- development costs	79,927	-
- costs incurred during the financial year	(76,576)	-
Exchange differences	(687)	(975)
	2,928,457	2,172,916
Costs recognised as an expense in the current year	(1,822,612)	(1,441,388)
Unsold completed properties transferred to inventories	(19,382)	(294)
	2,693,117	1,606,654
At 31 October		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

15. PROPERTY DEVELOPMENT COSTS (CONT'D)

Property development costs included above at a carrying amount of RM1,520,497,000 (2012 : RM424,473,000), have been charged to banks to partially secure the long term borrowings, revolving credits, bridging loans and bank overdrafts referred to in notes 25, 29 and 30 below.

Included under development and construction costs is borrowing costs of RM53,133,000 (2012 : RM36,779,000) incurred during the financial year.

16. GROSS AMOUNT DUE FROM/TO CUSTOMERS

	Group	
	2013 RM'000	2012 RM'000
Aggregate contract expenditure incurred to-date	71,665	404,949
Attributable profit recognised to-date	13,340	56,545
	85,005	461,494
Progress billings	(86,675)	(441,775)
	(1,670)	19,719
Gross amount due from customers	641	25,741
Gross amount due to customers	(2,311)	(6,022)
	(1,670)	19,719
Progress billings comprise:		
Progress billings		
- received	52,948	428,291
- receivable	12,944	7,534
Retention sums	20,783	5,950
	86,675	441,775
Advances received for contract work not yet performed by the Group included under other payables and accruals (<i>see note 28</i>)	-	2,559

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

	Group	
	2013 RM'000	2012 RM'000
Depreciation	1,369	428
Hire of machinery	6,086	1,142
Rental expense	348	443

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

17. INVENTORIES

	Group	
	2013 RM'000	2012 RM'000
At cost:		
Stock of completed properties	39,007	19,993
Raw materials	4,067	3,190
Work-in-progress	3	4
Finished goods	-	141
Consumable goods	167	224
	43,244	23,552

18. ACCRUED BILLINGS/PROGRESS BILLINGS

	Group	
	2013 RM'000	2012 RM'000
Revenue recognised in profit or loss to-date	9,832,853	8,581,822
Progress billings to-date	(10,520,621)	(8,863,925)
	(687,768)	(282,103)
Accrued billings	122,932	132,705
Progress billings	(810,700)	(414,808)
	(687,768)	(282,103)

19. TRADE RECEIVABLES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Gross progress billings receivable	465,715	364,179	502	502
Gross retention sums receivable	164,314	89,962	891	891
Other gross receivables	19,590	20,427	5,959	5,959
Total gross receivables	649,619	474,568	7,352	7,352
Allowance for doubtful debts	(3,048)	(3,120)	(1,393)	(1,393)
	646,571	471,448	5,959	5,959

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

19. TRADE RECEIVABLES (CONT'D)

The Group has charged trade receivables amounting to approximately RM3,430,000 (2012 : RM18,202,000) as security for bank borrowings. Ageing analysis of the Group's and the Company's trade receivables are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Neither past due nor impaired	366,338	315,658	5,959	5,959
1 to 30 days past due not impaired	57,255	75,180	-	-
31 to 60 days past due not impaired	21,214	22,286	-	-
61 to 90 days past due not impaired	59,455	26,231	-	-
91 to 120 days past due not impaired	52,031	20,934	-	-
More than 121 days past due not impaired	90,278	11,159	-	-
	646,571	471,448	5,959	5,959
Individually impaired	3,048	3,120	1,393	1,393
	649,619	474,568	7,352	7,352

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At beginning of the year	3,120	3,120	1,393	1,393
Reversal of impairment loss	(69)	(1)	-	-
Impairment loss written off	(4)	-	-	-
Impairment loss recognised	1	1	-	-
At 31 October	3,048	3,120	1,393	1,393

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	636,161	469,896	5,959	5,959
Vietnamese Dong	1,324	1,317	-	-
Singapore Dollar	9,086	-	-	-
Sterling Pound	-	235	-	-
	646,571	471,448	5,959	5,959

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

20. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Refundable deposits and part purchase considerations paid for the acquisition of development land in				
- Mukim Beranang, Daerah Ulu Langat, Negeri Selangor	-	33,013	-	-
- Seksyen 2, Town of Jelutong, District of Timor Laut, Pulau Pinang	-	8,200	-	-
- New Urban Zone, Tien Du District, Bac Ninh Province, Vietnam	-	3,057	-	-
- Mukim 12, District of Barat Daya, Pulau Pinang	1,367	1,367	-	-
- Pekan Templer, District of Gombak	40,000	-	-	-
Advance payments in relation to the Privatisation Agreement	28,702	-	-	-
Prepaid development expenditure	96	7,321	-	-
Refundable deposit placed with stakeholder for impending acquisition of development land	-	4,304	-	-
Tender deposit	-	3,366	-	-
Dividend receivable	-	-	1,987	1,987
Amount owing from a purchaser for disposal of investment properties	-	1,037	-	363
Value Added Tax/Government Service Tax receivables	150,168	16,706	-	-
Other sundry receivables, deposits and prepayments	77,306	69,148	483	3,655
	297,639	147,519	2,470	6,005
Allowance for doubtful debts	(8,670)	(7,674)	-	-
	288,969	139,845	2,470	6,005

The refundable deposits and part purchase considerations were paid for the acquisition of development lands that have not been completed as at 31 October 2013. The balance of these purchase considerations are disclosed as other commitments in note 43 below.

The Group has charged other receivables, deposits and prepayments amounting to approximately RM152,198,000 (2012 : RM18,023,000) as security for bank borrowings.

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	134,922	117,083	2,470	6,005
US Dollar	136	3,673	-	-
Sterling Pound	150,223	14,376	-	-
Vietnamese Dong	2,352	3,634	-	-
Australian Dollar	791	750	-	-
Other currencies	545	329	-	-
	288,969	139,845	2,470	6,005

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

21. DEPOSITS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Deposits:				
- with licensed banks	698,921	214,238	414,889	51,206
- with other licensed financial institutions	326,060	379,968	326,041	379,968
	1,024,981	594,206	740,930	431,174

Included in deposits with licensed banks of the Company is RM Nil (2012 : RM1,206,000) which have been pledged to banks as security for banking facilities granted to the Company.

Included in deposits with licensed banks of the Group are funds maintained under sinking fund accounts and escrow accounts amounting to RM1,400,000 (2012 : RM84,000) which were opened in accordance with terms and conditions set out in the term loan agreements referred to in note 25 below.

Included in deposits of the Group are amounts of RM97,625,000 (2012 : RM76,727,000) which have been charged to banks as security for banking facilities granted to jointly controlled entities.

Included in deposits of the Group is an amount of RM101,829,000 (2012 : RM50,298,000) which is held under Housing Development (Project Account Rules) Control and Licensing Act in Singapore. Funds maintained in the Project Account Rules earn interest rate at 0.15% (2012 : Nil) per annum.

The effective interest rates for the Group's and the Company's deposits range from 1.92% to 3.30% and 2.99% to 3.30% per annum respectively (2012 : 2.80% to 4.19% and 3.10% to 4.19% per annum). All deposits have maturities of less than a year.

The currency exposure profile of deposits is as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	833,028	525,479	740,930	431,174
Australian Dollar	3,614	-	-	-
Singapore Dollar	101,829	-	-	-
Sterling Pound	86,510	68,727	-	-
	1,024,981	594,206	740,930	431,174

22. CASH AND BANK BALANCES

	Group	
	2013 RM'000	2012 RM'000
Cash and bank balances include monies in:		
- Housing Development Accounts	898,827	652,091
- Sinking Fund Accounts	3,395	5,087
- Debt Service Reserve Accounts	7,646	9,478
- Escrow Accounts	48,369	71,926
- Revenue Accounts	433	274

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

22. CASH AND BANK BALANCES (CONT'D)

The Group has charged cash and bank balances amounting to approximately RM80,834,000 (2012 : RM57,394,000) as security for bank borrowings.

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 2.05% (2012 : 1.00% to 2.05%) per annum.

The sinking fund, debt service reserve and escrow accounts were opened in accordance with the terms and conditions set out in the term loan agreements referred to in note 25 below.

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	1,029,521	871,155	4,191	31,306
US Dollar	2,006	242	-	-
Sterling Pound	66,505	19,325	-	-
Vietnamese Dong	2,293	5,334	-	-
Singapore Dollar	111,159	50,852	-	-
Australian Dollar	6,753	2,449	-	-
	1,218,237	949,357	4,191	31,306

23. SHARE CAPITAL

	Group/Company			
	2013		2012	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Authorised:				
Ordinary shares of RM0.75 each	3,000,000	2,250,000	3,000,000	2,250,000
Issued and fully paid:				
Ordinary shares of RM0.75 each				
At beginning of the year	2,005,668	1,504,250	1,832,738	1,374,554
Issuance of shares:				
- arising from Placement	320,700	240,525	-	-
- exercise of Warrants	132,345	99,259	86,221	64,665
- exercise of ESOS	-	-	67,329	50,496
- acquisition of additional equity interests in a subsidiary company	-	-	19,380	14,535
At end of the year	2,458,713	1,844,034	2,005,668	1,504,250

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

23. SHARE CAPITAL (CONT'D)

Share Capital

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM1,504,250,938 to RM1,844,034,189 by way of:

- (a) The issuance of 320,700,000 new ordinary shares of RM0.75 each for cash pursuant to the Company's Placement at a subscription price of RM2.94 per share. The shares were issued for the purpose of working capital; and
- (b) The issuance of 132,344,335 new ordinary shares of RM0.75 each for cash arising from the exercise of Warrants at RM2.99 per ordinary share.

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

The Employees' Share Option Scheme which was previously implemented on 6 May 2009 was terminated following the implementation of the Long Term Incentive Plan ("LTIP" or "Scheme") on 10 April 2013. The LTIP, which comprises the Employee Share Grant Plan ("ESGP") and Employee Share Option Scheme ("ESOS") allows the Company to grant shares and/or share options under the ESGP and ESOS respectively to eligible employees and Executive Directors of the Group of up to 15% of the issued and paid-up share capital of the Company. The LTIP is governed by the By-Laws which was approved by the shareholders on 28 February 2013 and is administered by the LTIP Committee which is appointed by the Board, in accordance with the By-Laws. The LTIP shall be in force for a period of 5 years to 9 April 2018, unless extended further.

LTIP

The main features of the Scheme are as follows:

- (a) The maximum number of new ordinary shares which may be made available under the Scheme at the point in time when an LTIP award is offered shall not be more than fifteen percent (15%) of the issued and paid-up ordinary share capital of the Company.
- (b) The LTIP awards shall be awarded after taking into consideration the employee's position, contribution and performance (where applicable) or such criteria as the LTIP Committee may deem fit subject to the following:
 - (i) that the number of new ordinary shares made available under the Scheme shall not exceed the amount stipulated in (a) above; and
 - (ii) that not more than ten percent (10%) of the total new ordinary shares to be issued under the Scheme at the point in time when an LTIP award is offered be allocated to any employee or Executive Director who, either singly or collectively through persons connected with him, holds twenty percent (20%) or more in the issued and paid-up share capital of the Company.
- (c) In the case of the ESGP, the shares will be vested with the grantee at no consideration on the vesting date; while in the case of the ESOS, the option price will be determined based on the five (5) day volume weighted average market price of the ordinary shares on the date the ESOS award is offered with a potential discount of not more than ten percent (10%) or at the par value of the ordinary shares, whichever is higher.
- (d) The shares and share options granted under the ESGP and ESOS respectively will vest over two (2) to three (3) years commencing 30 June 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

23. SHARE CAPITAL (CONT'D)

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

ESGP

	At date of grant '000	Vested '000	Lapsed '000	At 31.10.2013 '000
Offer 1	15,947	-	(513)	15,434
Offer 2	1,088	-	(8)	1,080
	17,035	-	(521)	16,514

ESOS

	At date of grant '000	Vested '000	Lapsed '000	At 31.10.2013 '000
Offer 1	79,361	-	-	79,361
Offer 2	1,503	-	-	1,503
	80,864	-	-	80,864

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

	ESGP		ESOS	
	Offer 1	Offer 2	Offer 1	Offer 2
Exercise price	*	*	RM3.08	RM3.04
Date of grant	6 May 2013	19 August 2013	6 May 2013	19 August 2013
Fair value at grant date	RM3.15	RM3.14	RM0.51	RM0.52
Vesting period / Option life	2 years	2 years	3 years 6 months	3 years 6 months
Weighted average share price at grant date	RM3.42	RM3.37	RM3.42	RM3.37
Expected dividend yield	4.1%	4.2%	4.1%	4.2%
Risk free interest rates	3.21%	3.67%	3.21%	3.67%
Expected volatility	18.62%	18.82%	18.62%	18.82%

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

23. SHARE CAPITAL (CONT'D)

Warrants 2008/2013

Pursuant to the terms and conditions stipulated in the Deed Poll executed on 19 November 2007, the Exercise Rights to exercise the Warrants expired on 21 January 2013. Unexercised Warrants have been reversed from the Warrants Reserve accordingly.

24. REDEEMABLE SERIAL BONDS (unsecured)

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

Interest on the Bonds at 2.00% per annum is payable semi-annually in arrears with the last payment on the date of maturity of the Bonds.

	Group/Company 2013 RM'000	2012 RM'000
Serial Bond 2	-	250,000
Less: Unamortised discount	-	(416)
Redeemable within the next 12 months	-	249,584
Redeemable later than 12 months	-	-

The redeemable serial bonds are payable as follows:

	Group/Company 2013 RM'000	2012 RM'000
Not later than one year	-	249,584
Later than one year but not later than five years	-	-
	-	249,584

The Serial Bond 2 was fully redeemed upon its maturity on 23 November 2012.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

25. LONG TERM BORROWINGS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<i>Secured</i>				
Term loans	2,725,086	2,110,417	-	-
Bridging loans	314,263	134,100	-	-
Revolving credits	91,373	21,690	-	-
Medium term note	320,517	305,000	-	-
<i>Unsecured</i>				
Term loans	800,000	-	800,000	-
	4,251,239	2,571,207	800,000	-
Repayments due within the next 12 months included under short term borrowings (see note 29)	(336,155)	(209,462)	(100,000)	-
Repayments due later than 12 months included under non-current liabilities	3,915,084	2,361,745	700,000	-
The borrowings are repayable as follows:				
Not later than one year	336,155	209,462	100,000	-
Later than one year but not later than five years	3,592,215	2,239,523	700,000	-
Later than five years	322,869	122,222	-	-
	4,251,239	2,571,207	800,000	-

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

	Group		Company	
	2013 %	2012 %	2013 %	2012 %
Term loans	1.38 - 6.10	1.39 - 5.14	3.85 - 4.35	-
Bridging loans	4.08 - 5.54	4.45 - 5.14	-	-
Revolving credits	3.04 - 14.48	4.25 - 4.30	-	-
Medium term note	4.03	4.01	-	-

The long term borrowings are secured by:

- various fixed charges and deeds of assignment over various lands belonging to the Group as indicated in notes 2, 3, 4 and 15 above;
- sinking fund, debt service reserve, escrow and revenue accounts as indicated in notes 21 and 22 above; and
- a specific debenture over the fixed and floating assets of a subsidiary company and jointly controlled entities as indicated in notes 2, 3, 4, 15, 19, 20, 21 and 22 above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

25. LONG TERM BORROWINGS (CONT'D)

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	2,840,603	1,471,221	700,000	-
Sterling Pound	555,318	435,500	-	-
Singapore Dollar	432,934	407,046	-	-
Australian Dollar	70,558	47,978	-	-
US Dollar	15,671	-	-	-
	3,915,084	2,361,745	700,000	-

26. DEFERRED TAX LIABILITIES

	Group	
	2013 RM'000	2012 RM'000
At 1 November	2,195	975
Recognised in profit or loss	2,756	1,220
At 31 October	4,951	2,195

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

	Group	
	2013 RM'000	2012 RM'000
Tax effects of :		
- excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	3,071	1,252
- unutilised tax losses	(128)	(148)
- unabsorbed capital allowances	(381)	(5)
- others	2,389	1,096
	4,951	2,195

27. TRADE PAYABLES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sub-contractors' claims	229,210	207,266	3,418	4,754
Retention sums	246,283	214,941	3,317	4,018
Others	70,941	71,599	19	19
	546,434	493,806	6,754	8,791

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

27. TRADE PAYABLES (CONT'D)

The normal credit terms extended by sub-contractors and suppliers range from 15 to 90 days. The retention sums are repayable upon the expiry of the defect liability period of 12 to 24 months.

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

The currency exposure profile of trade payables is as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	531,993	489,331	6,754	8,791
Sterling Pound	3,795	1,989	-	-
Vietnamese Dong	1,540	1,402	-	-
Australian Dollar	292	563	-	-
Singapore Dollar	8,814	521	-	-
	546,434	493,806	6,754	8,791

28. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Redeemable serial bonds interest payable	-	2,178	-	2,178
Unsecured advances	78,177	10,220	-	-
Interest accrued	10,590	3,638	1,475	480
Contract advances received (see note 16)	-	2,559	-	-
Deposits received	122,061	38,163	-	-
Deferred revenue	95,739	102,538	-	-
Unpaid consideration for acquisition of development lands	303,622	134,539	-	-
Value Added Tax/Government Service Tax payables	144,218	-	-	-
Other sundry payables and accruals	231,209	173,022	2,868	18,258
	985,616	466,857	4,343	20,916

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

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	620,292	359,470	4,343	20,916
Sterling Pound	321,539	53,490	-	-
Vietnamese Dong	32,812	48,449	-	-
Australian Dollar	3,939	1,341	-	-
Singapore Dollar	7,013	4,083	-	-
Other currencies	21	24	-	-
	985,616	466,857	4,343	20,916

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

29. SHORT TERM BORROWINGS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<i>Secured:</i>				
Current portion of long term borrowings (see note 25)	236,155	209,462	-	-
Revolving credits	59,895	99,189	-	-
Short term loan	12,504	7,753	-	-
<i>Unsecured:</i>				
Current portion of long term borrowings (see note 25)	100,000	-	100,000	-
Short term loan	-	50,000	-	50,000
Revolving credits	145,000	300,000	140,000	300,000
Bridging loan	-	500,000	-	500,000
	553,554	1,166,404	240,000	850,000

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

	Group		Company	
	2013 %	2012 %	2013 %	2012 %
<i>Secured:</i>				
Current portion of long term borrowings (see note 25)	4.06 - 14.25	2.75 - 5.00	-	-
Revolving credits	4.37 - 14.48	2.75 - 4.43	-	-
Short term loan	5.54 - 12.90	13.00	-	-
<i>Unsecured:</i>				
Current portion of long term borrowings (see note 25)	4.35	-	4.35	-
Short term loan	-	4.03	-	4.03
Revolving credits	4.11 - 4.70	4.05 - 4.45	4.11	4.05 - 4.45
Bridging loan	-	4.14	-	4.14

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

- fixed charges over various lands belonging to the Group as indicated in notes 2, 3, 4 and 15 above.
- a specific debenture over the fixed and floating assets of a subsidiary company and jointly controlled entities as indicated in notes 2, 3, 4, 15, 19, 20, 21 and 22 above.

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	504,118	1,120,742	240,000	850,000
US Dollar	4,107	-	-	-
Australian Dollar	45,326	-	-	-
Sterling Pound	-	37,909	-	-
Vietnamese Dong	3	7,753	-	-
	553,554	1,166,404	240,000	850,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

30. BANK OVERDRAFTS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Secured	1,806	2,949	-	-
Unsecured	59,069	101,898	18,727	49,048
	60,875	104,847	18,727	49,048

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

	Group		Company	
	2013 %	2012 %	2013 %	2012 %
Secured	7.35	7.35	-	-
Unsecured	4.02 - 5.25	3.64 - 5.25	4.02 - 4.15	4.02 - 4.25

The secured bank overdrafts are secured by fixed charges over various lands belonging to the Group as indicated in notes 2, 3, 4 and 15 above.

The currency exposure profile of bank overdrafts is as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	49,131	93,430	18,727	49,048
Singapore Dollar	11,744	11,417	-	-
	60,875	104,847	18,727	49,048

31. REVENUE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sale of development properties	2,809,627	2,274,846	-	-
Contract revenue	121,877	127,962	-	2,746
Sale of other goods and services	129,024	123,787	-	-
	3,060,528	2,526,595	-	2,746

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

32. COST OF SALES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cost of properties sold	1,911,773	1,454,537	-	-
Contract cost recognised as expense	112,203	108,525	-	-
Cost of other goods and services sold	94,502	100,634	-	-
	2,118,478	1,663,696	-	-

33. OTHER OPERATING INCOME

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Gross dividends from				
- subsidiary companies	-	-	241,800	197,984
- jointly controlled entities	-	-	11,568	1,987
Interest income from				
- subsidiary companies	-	-	80,301	57,166
- jointly controlled entities	4,486	4,708	14,184	15,696
- deposits	23,390	15,785	20,249	12,524
- financial assets measured at amortised cost	685	653	5,273	3,568
- others	20,504	16,187	331	186
Rental income from investment properties	6,895	4,930	-	-
Rental received from operating leases other than those relating to investment properties	1,716	880	-	-
Impairment of investments in subsidiary companies no longer required	-	-	1	-
Allowance for doubtful debts no longer required	69	11	8,013	-
Gain on disposal of investment properties	9,192	2,456	-	233
Gain arising from fair value adjustment on financial liabilities carried at amortised cost	18,158	-	119	-
Liquidated damages on late completion	3,769	-	-	-
Management fee	-	-	6,966	33,911
Others	19,602	19,416	2,477	424
	108,466	65,026	391,282	323,679

34. FINANCE COSTS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Amortisation of bond discount	-	-	416	6,955
Bank overdraft interest	2,331	1,752	1,304	631
Bond interest	91	226	343	5,000
Revolving credits interest	8,415	3,833	7,902	3,066
Bridging loan interest	16,882	3,525	10,260	3,525
Term loan interest	19,813	5,169	19,219	1,432
Others	9,555	518	1,025	-
	57,087	15,023	40,469	20,609

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

35. PROFIT BEFORE TAX

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit before tax is stated after (crediting)/charging:				
Auditors' remuneration				
- current year	1,011	927	107	107
- under provision in prior years	9	24	-	-
Bad and doubtful debts	1,019	9	30	5,669
Depreciation				
- property, plant and equipment	15,350	12,357	61	65
- investment properties	8,732	3,773	10	13
Direct operating expenses on				
- income generating investment properties	199	158	-	-
- non-income generating investment properties	10	28	10	16
Development expenditure written off	303	-	-	-
Directors' remuneration				
- Company's directors				
- fees	896	928	896	928
- other emoluments	28,958	29,163	5,059	27,112
- share-based payment under LTIP	4,309	-	-	-
- subsidiaries' directors				
- fees	19	18	-	-
- other emoluments	21,964	19,880	671	7,076
- share-based payment under LTIP	6,433	-	-	-
- jointly controlled entities' directors				
- fees	-	2	-	-
- other emoluments	857	2,071	-	-
- share-based payment under LTIP	104	-	-	-
Gain on disposal of property, plant and equipment	(704)	(16)	-	(1)
Property, plant and equipment written off	6,252	75	-	-
Impairment of property, plant and equipment	-	350	-	-
Impairment of investment properties	-	9,373	-	-
Impairment of investments in subsidiary companies	-	-	-	19,828
Loss from fair value adjustment of financial assets	-	24	18,331	3,346
Loss on disposal of an unquoted investment	40	-	-	-
Loss on disposal of subsidiary companies	21	-	-	-
Rental of				
- office equipment	5,793	333	81	98
- premises	4,864	2,714	94	231
(Gain)/Loss on foreign exchange	(1,616)	2,758	-	-
Impairment of investment in an associated company	-	400	-	-

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Company's directors	1,734	1,303	961	1,253
Subsidiaries' directors	230	174	20	40
Jointly controlled entities' directors	-	4	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

36. TAX EXPENSE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Malaysian taxation based on results for the year				
- current	219,073	207,680	23,090	18,470
- deferred	(70,516)	(27,845)	(21)	(18)
	148,557	179,835	23,069	18,452
Under/(Over) provision in prior years				
- current	5,141	(2,158)	(183)	(1,264)
- deferred	(2,642)	2,200	229	3,533
	151,056	179,877	23,115	20,721

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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Accounting profit (excluding share of results in associated companies)	570,505	567,493	309,507	224,891
Taxation at applicable tax rate	142,626	141,873	77,377	56,223
Tax effects arising from:				
Non-deductible expenses	45,482	32,206	13,693	11,354
Non-taxable income				
- gain from disposal of investment properties	-	(611)	-	(55)
- interest income	(4,478)	(3,022)	(4,478)	(3,022)
- single tier dividend income	-	-	(60,450)	(45,496)
- others	(18,634)	(6,233)	(3,073)	(552)
Deferred tax assets not recognised	3,077	14,877	-	-
Utilisation of deferred tax assets previously not recognised	(19,574)	(130)	-	-
Effect on different tax rate used	58	875	-	-
Under provision in prior years	2,499	42	46	2,269
	151,056	179,877	23,115	20,721
Tax savings during the financial year arising from:				
Utilisation of current year tax losses	56,054	1,475	-	-

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.

Any remaining balance in the Section 108 account after 31 December 2013 will be disregarded. All companies will be mandatorily moved to the single tier tax system on 1 January 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

37. EARNINGS PER SHARE

Basic earnings per share

The basic earnings per share has been calculated by dividing the Group's profit for the year attributable to shareholders of the Company of RM417,858,000 (2012 : RM393,816,000) by the weighted average number of ordinary shares in issue of 2,330,360,000 (2012 : 1,919,974,000). The weighted average number of ordinary shares in issue is calculated as follows:

	2013 '000	2012 '000
Profit for the financial year attributable to owners of the Company (RM)	417,858	393,816
Number of ordinary shares at beginning of the year	2,005,668	1,832,738
Effect of shares issued pursuant to:		
- Acquisition of additional equity interests in a subsidiary company	-	14,138
- Placement	221,415	-
- Exercise of ESOS	-	49,800
- Exercise of Warrants	103,277	23,298
Weighted average number of ordinary shares	2,330,360	1,919,974
Basic Earnings Per Share (sen)	18.0	20.5

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 RM417,858,000 (2012 : RM393,816,000) 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:

	2013 '000	2012 '000
Profit for the financial year attributable to owners of the Company (RM)	417,858	393,816
Weighted average number of ordinary shares calculated above	2,330,360	1,919,974
Weighted average number of unissued shares under ESOS		
- based on exercise price	47,483	17,834
- based on average fair value	(36,287)	(10,760)
Weighted average number of unexercised Warrants		
- based on exercise price	32,012	208,377
- based on average fair value	(28,540)	(162,071)
Weighted average number of ordinary shares that would have been in issue	2,345,028	1,973,354
Diluted Earnings Per Share (sen)	17.8	20.0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

38. DIVIDENDS

	2013 RM'000	2012 RM'000
<i>In respect of the year ended 31 October 2011</i>		
Final dividend of 9 sen per ordinary share of RM0.75 each less 25% income tax	-	129,599
<i>In respect of the year ended 31 October 2012</i>		
Interim dividend of 5 sen per ordinary share of RM0.75 each less 25% income tax	-	75,032
Final dividend of 9 sen per ordinary share of RM0.75 each less 25% income tax	165,963	-
<i>In respect of the year ended 31 October 2013</i>		
Interim dividend of 4 sen which consist of 1.6 sen per ordinary shares less 25% income tax and single tier dividend of 2.4 sen per ordinary shares	88,514	-
	254,477	204,631

Subsequent to 31 October 2013, the directors recommended a single tier final dividend of 7 sen per ordinary shares amounting to RM172,109,858 in respect of the financial year ended 31 October 2013.

39. ACQUISITION OF SHARES IN COMPANIES

- (i) On 20 March 2013, the Group acquired the remaining 30% equity interest in Aeropod Sdn Bhd ("Aeropod") it did not already owned for a cash consideration of RM15,000,000. The carrying amount of Aeropod net liabilities in the Group's financial statements on the date of the acquisition was RM9,886,000. The Group recognised a decrease in retained earnings of RM17,489,000 and an increase in non-controlling interest of RM2,489,000.

The following summarises the effect of changes in the equity interest in Aeropod that is attributable to owners of the Company:

	2013 RM'000
Equity interest at the beginning of the year	(8,021)
Effect of increase in Company's ownership interest	(2,489)
Share of comprehensive loss	(646)
Equity interest at 31 October 2013	(11,156)

- (ii) On 21 February 2013, the Group purchased the remaining 30% equity interest in Exceljade Sdn Bhd ("Exceljade") for a total cash consideration of RM23,500,000, which resulted in Exceljade becoming a wholly owned subsidiary. On 20 March 2013, the Group purchased the remaining 30% equity interest in Sendiman Sdn Bhd ("Sendiman") for a total cash consideration of RM5,300,000, which resulted in Sendiman becoming a wholly owned subsidiary.

In previous years, both Exceljade and Sendiman ("the Companies") were accounted for as jointly controlled entities. During the year, based on re-assessment of the respective shareholders' agreement, the directors are of the opinion that the Company has control over the Companies. Accordingly, they have been reclassified from jointly controlled entity to subsidiary during the financial year. Retrospective restatement has not been made to the financial statements of the Group as the reclassification and change in accounting treatment is immaterial.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

40. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Employee benefits expense	264,796	197,629	11,093	35,858

Included in employee benefits expense are the following:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
EPF	22,823	18,202	788	3,611
Share-based payment under LTIP	23,418	-	9	-

41. RELATED PARTY DISCLOSURES

The following significant related party transactions took place at terms agreed between the parties during the financial year:

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

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Transactions with subsidiary companies								
Interest received and receivable	-	-	82,294	57,166	-	-	83,907	69,651
Management fee received and receivable	-	-	6,966	32,489	-	-	32,050	31,067
Security services rendered	-	-	1,056	2,180	-	-	-	-
Staff secondment	-	-	1,913	-	-	-	1,093	-
Rental paid and payable	-	-	55	-	-	-	-	-
Transactions with jointly controlled entities								
Management fee received and receivable	10,250	11,191	115	1,422	1,437	1,716	-	1,422
Construction services rendered	1,432	7,156	-	-	1,104	2,454	-	-
Interest received and receivable	4,113	4,709	13,707	15,696	8,872	8,290	29,534	27,635
Redemption fees charged	752	442	-	-	25	24	-	-
Rental paid and payable	355	314	39	231	-	-	-	-
Rental received and receivable	359	62	-	-	230	47	-	-
Staff secondment	432	307	82	-	56	42	82	-
Security services rendered	262	190	-	-	23	19	-	-
Sale of building materials	2,666	5,897	-	-	727	1,811	-	-
Acquisition of motor vehicle	40	-	-	-	34	-	-	-
Event service fee charged	24	-	-	-	9	-	-	-
Group marketing fee charged	642	-	-	-	-	-	-	-
Marketing support fee charged	547	-	-	-	547	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

41. RELATED PARTY DISCLOSURES (CONT'D)

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

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2013	2012	2013	2012	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Transactions with associated companies								
Interest received and receivable	476	-	476	-	476	-	476	-
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								
- Tan Sri Dato' Sri Liew Kee Sin	13,221	12,466	-	-	-	-	-	-
- Dato' Voon Tin Yow	10,958	5,007	-	-	377	-	-	-
- Dato' Teow Leong Seng	-	4,513	-	-	-	-	-	-
- Ng Soon Lai @ Ng Siek Chuan	-	2,970	-	-	-	-	-	-
- Tan Sri Dato' Hari Narayanan A/L Govindasamy	-	3,415	-	-	-	-	-	-
- Tan Sri Lee Lam Thye	945	-	-	-	-	-	-	-
- Dato' Khor Chap Jen	3,664	-	-	-	157	-	-	-
- Close family member of Tan Sri Lee Lam Thye	-	172	-	-	-	-	-	-
Sale of development properties to companies in which								
- Tan Sri Dato' Sri Liew Kee Sin has financial interest								
- Citra Budaya Sdn Bhd	3,469	-	-	-	(167)	-	-	-
- Tan Sri Dato' Sri Liew Kee Sin has financial interest								
- Maya Sepadu Sdn Bhd	5,555	-	-	-	-	-	-	-
- Tan Sri Dato' Sri Liew Kee Sin has financial interest								
- Gito Gaya Sdn Bhd	10,169	-	-	-	(225)	-	-	-
- Tan Sri Dato' Sri Liew Kee Sin has financial interest								
- WRXY Assets Sdn Bhd	70,602	-	-	-	27,456	-	-	-
- Tan Sri Dato' Hari Narayanan A/L Govindasamy has financial interest								
- Rekasemi Resources Sdn Bhd	-	1,295	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

41. RELATED PARTY DISCLOSURES (CONT'D)

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

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Transactions with directors of the Company, close family members of the directors and companies, firms in which they have interests (cont'd)								
Timber flooring work rendered to Tan Sri Dato' Sri Liew Kee Sin	-	27	-	-	-	-	-	-
Transactions with former director of the Company and firm in which the former Director has interests								
Sale of development properties to Company in which Dato' Chang Khim Wah has financial interest	-	1,601	-	-	-	-	-	-
- Ganda Mantap Sdn Bhd	-	1,601	-	-	-	-	-	-
Rental paid to Alsirat Sdn Bhd, a company in which Tan Sri Abdul Rashid Bin Abdul Manaf has financial interest	-	41	-	-	-	-	-	-
Security services rendered to Tan Sri Abdul Rashid Bin Abdul Manaf	-	82	-	-	-	-	-	-
Transactions between jointly controlled entities and former directors of the Company and firm in which the Director has interests								
Sale of development properties to								
- Dato' Leong Kok Wah	5,357	-	-	-	-	-	-	-
- Dato' Chang Khim Wah	11,380	-	-	-	-	16	-	-
- Company in which Dato' Chang Khim Wah has financial interest								
- Ganda Mantap Sdn Bhd	-	1,793	-	-	-	-	-	-
Transactions between jointly controlled entities and former director of subsidiary companies								
Sale of development properties to								
- Tan Sri Dato' Tee Tiam Lee	3,553	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

41. RELATED PARTY DISCLOSURES (CONT'D)

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

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2013	2012	2013	2012	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Transactions with directors of subsidiary companies and close family members of the directors								
Sale of development properties to								
- Dato' Khor Chap Jen	-	3,980	-	-	-	-	-	-
- Toh Puan Nik Sazlina Binti Mohd Zain	-	3,031	-	-	-	-	-	-
- Soo Chan Fai	948	2,790	-	-	253	-	-	-
- Yeo Cheng Jway	913	208	-	-	183	-	-	-
- Hoe Mee Ling	4,469	-	-	-	-	-	-	-
- Khoo Teck Chong	737	-	-	-	-	-	-	-
- Tan Hon Lim	788	-	-	-	158	-	-	-
- Close family member of Yeo Cheng Jway	509	-	-	-	-	-	-	-
- Close family member of Tan Hon Lim	-	208	-	-	-	-	-	-
Sale of development properties to companies in which								
- Kow Choong Ming has financial interest								
- Broad Acres Sdn Bhd	-	1,157	-	-	-	-	-	-
- Hoe Mee Ling has financial interest								
- Wisdom Link Sdn Bhd	-	1,194	-	-	-	-	-	-
Event service fee charged to Datuk Ong Kek Seng	102	-	-	-	-	-	-	-
Supply and installation of timber roof and flooring								
- Norhayati Binti Subali	6	10	-	-	-	-	-	-
- Yap Kok Weng	41	30	-	-	-	-	-	-
- Datuk Koe Peng Kang	48	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

41. RELATED PARTY DISCLOSURES (CONT'D)

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

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Transactions between jointly controlled entities and directors of the Company and of subsidiary companies								
Sale of development properties to								
a) Directors of the Company								
- Dato' Voon Tin Yow	13,387	-	-	-	-	-	-	-
- Dato' Teow Leong Seng	3,250	-	-	-	-	-	-	-
- Ng Soon Lai @ Ng Siek Chuan	8,389	-	-	-	-	-	-	-
- Tan Sri Lee Lam Thye	2,997	-	-	-	-	-	-	-
- Datuk Ismail Bin Adam	377	-	-	-	-	-	-	-
- Dato' Khor Chap Jen	2,340	-	-	-	-	-	-	-
- Close family member of Ng Soon Lai @ Ng Siek Chuan	2,417	-	-	-	-	-	-	-
b) Directors of subsidiary companies								
- Datuk Wong Tuck Wai	4,167	-	-	-	-	-	-	-
- Datuk Ong Kek Seng	3,608	-	-	-	-	-	-	-
- Datuk Koe Peng Kang	5,941	-	-	-	-	-	-	-
- Yap Kok Weng	1,635	-	-	-	-	-	-	-
- Toh Puan Nik Sazlina Binti Mohd Zain	9,180	-	-	-	-	-	-	-
- Kow Choong Ming	1,111	1,658	-	-	-	-	-	-
- Hoe Mee Ling	4,731	-	-	-	-	-	-	-
- Yeo Cheng Jway	2,140	-	-	-	-	-	-	-
- Norhayati Binti Subali	2,896	-	-	-	-	-	-	-
- Jamalullail Bin Abu Bakar	1,620	-	-	-	-	-	-	-
- Tan Chee Way	2,410	-	-	-	-	-	-	-
- Neo Keng Hoe	1,887	-	-	-	-	-	-	-
- Choong Kai Wai	4,147	1,658	-	-	-	347	-	-
c) Companies in which								
- Tan Sri Dato' Sri Liew Kee Sin has financial interest								
- Gold Concorde Capital Ltd	42,476	-	-	-	-	-	-	-
- Tan Sri Dato' Sri Liew Kee Sin has financial interest								
- WRYX Assets Sdn Bhd	84,699	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

41. RELATED PARTY DISCLOSURES (CONT'D)

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

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Transactions between jointly controlled entities and directors of the Company and of subsidiary companies (cont'd)								
c) Companies in which (cont'd)								
- Tan Sri Dato' Sri Liew Kee Sin has financial interest								
- Premier Etoile Group Ltd	62,437	-	-	-	-	-	-	-
- Tan Sri Dato' Hari Narayanan A/L Govindasamy has financial interest								
- Mid Vector Consolidated Sdn Bhd	8,337	-	-	-	-	-	-	-
Transactions between jointly controlled entities and a company in which a close family member of the director of the Company has interests								
Sale of development properties to a company in which a close family member of Tan Sri Dato' Sri Liew Kee Sin has interests								
- Gold Trocadero Investments Ltd	48,007	-	-	-	-	-	-	-
Transaction between jointly controlled entities and close family members of the director of the Company								
Sale of development properties to close family members of Tan Sri Dato' Sri Liew Kee Sin								
	16,174	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

41. RELATED PARTY DISCLOSURES (CONT'D)

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

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<i>Other related party transactions</i>								
Security management fee charged to a body established under the Trust Deed, Setia Badminton Academy	115	86	-	-	10	8	-	-
Rental charged to a body established under the Trust Deed, Setia Badminton Academy	120	120	-	-	-	-	-	-
Car rental charged to S P Setia Foundation	30	30	-	-	-	-	-	-
Event service fees charged to S P Setia Foundation	185	-	-	-	-	-	-	-

Transactions with shareholders and Government

Permodalan Nasional Berhad ("PNB"), a government-linked entity, is a shareholder of the Company, with direct shareholding of 48.69% (2012 : 51.41%) and indirect shareholding of 63.77% (2012 : 69.86%) via Amanah Raya Trustee Berhad (Skim Amanah Saham Bumiputera). PNB and entities directly controlled by PNB are collectively referred to as government-related entities to the Group and the Company.

The transactions entered into with these government-linked corporations have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

In addition to the above, on 4 July 2012, the Group had entered into a joint venture arrangement with Sime Darby Berhad Group and Kwasa Global (Jersey) Limited Group for the development of the Battersea project in London, United Kingdom. Yayasan Pelaburan Bumiputra has an indirect interest in Sime Darby Berhad Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

41. RELATED PARTY DISCLOSURES (CONT'D)

(b) Key management personnel compensation

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<i>Directors</i>				
Fees	896	928	896	928
Salary, bonuses and other emoluments	25,983	26,310	4,668	24,259
Estimated monetary value of benefits-in-kind	1,734	1,303	961	1,253
Share-based payment under LTIP	4,309	-	-	-
Total short-term employee benefits	32,922	28,541	6,525	26,440
Post-employment benefits				
- EPF	2,975	2,853	391	2,853
	35,897	31,394	6,916	29,293
<i>Other key management personnel</i>				
Fees	19	18	-	-
Salary, allowances and bonuses	20,713	17,952	599	6,318
Estimated monetary value of benefits-in-kind	230	174	20	40
Share-based payment under LTIP	6,537	-	-	-
Total short-term employee benefits	27,499	18,144	619	6,358
Post-employment benefits				
- EPF	2,108	1,928	72	758
	29,607	20,072	691	7,116
Total compensation	65,504	51,466	7,607	36,409

Shares and share options granted to directors and other key management personnel

61,750,000 ESOS and 2,771,680 ESGP were granted to the Company's executive directors and other key management personnel during the financial year (2012 : Nil).

42. OPERATING LEASE COMMITMENTS

The Group as lessee

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

42. OPERATING LEASE COMMITMENTS (CONT'D)

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	2013 RM'000	2012 RM'000
Not later than one year	945	1,749
Later than one year but not later than five years	218	665
	1,163	2,414

The Group as lessor

The Group leases out its investment properties under cancellable operating leases. These leases typically run for a period of 2 to 3 years with the option to renew upon expiry. None of the leases include contingent rentals. Certain of the leases include contingent rental arrangements computed based on sales achieved by tenants.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	2013 RM'000	Group 2012 RM'000
Not later than one year	38,703	32,542
Later than one year but not later than five years	38,820	59,413
Later than five years	100,532	104,004
	178,055	195,959

43. OTHER COMMITMENTS

	2013 RM'000	Group 2012 RM'000
Commitments to purchase development land		
- Contracted		
- Mukim Beranang, Daerah Ulu Langat, Negeri Selangor	-	297,117
- Seksyen 2, Town of Jelutong, District of Timor Laut, Pulau Pinang	-	73,804
- Mukim 12, District of Barat Daya, Pulau Pinang	12,303	12,303
- Seksyen 4, Town of Jelutong, District of Timor Laut, Pulau Pinang	3,593	-
- Lai Thieu Town, Thuan An District, Binh Duong Province, Vietnam	-	1,644
- New Urban Zone, Tien Du District, Bac Ninh Province, Vietnam	-	116,330
- Approved but not contracted	-	22,857
Contractual commitment for construction of investment properties	18,982	64,946
Commitment to acquire property, plant and equipment		
- Approved and contracted	3,947	1,850
Contractual commitments in relation to Development Agreement	100,000	-
	138,825	590,851

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

44. CONTINGENT LIABILITIES (unsecured)

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Guarantees given to banks to secure banking facilities granted to subsidiary companies	-	-	5,170,574	2,713,844
Guarantees given to banks for performance bonds granted to subsidiary companies	-	-	33,079	30,612
Guarantees given to the suppliers of goods for credit terms granted to subsidiary companies	-	-	1,734	2,064
Guarantees given to banks for performance bonds granted to jointly controlled entities	478	561	1,594	1,870
Guarantees given to banks to secure banking facilities granted to jointly controlled entities	1,500	31,875	271,318	466,917
	1,978	32,436	5,478,299	3,215,307

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's financial assets are categorised as loans and receivables except for other investments which are categorised as available-for-sale and gross amount due from customers, accrued billings and prepayments which are categorised as other current assets.

The Group's and the Company's financial liabilities are categorised as financial liabilities measured at amortised cost except for gross amount due to customers and progress billings which are categorised as other current liabilities.

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

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

(a) Interest rate risk

The Group and the Company are exposed to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

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

(a) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

A sensitivity analysis has been performed based on the outstanding floating rate bank borrowings of the Group and the Company as at 31 October 2013. If interest rates were to increase or decrease by 50 basis points with all other variables held constant, the Group's and the Company's profit before tax would decrease or increase by RM5,594,000 and RM4,794,000 (2012 : RM5,557,000 and RM4,495,000) respectively.

For those interest expense incurred and capitalised as part of the expenditure on investment property under construction, land held for property development and property development costs during the financial year, if the interest rates were to increase or decrease by 50 basis points with all other variables held constant, those assets of the Group would increase or decrease by RM17,053,000 (2012 : RM12,608,000).

(b) Credit risk

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

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

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

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

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in note 19 above. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

(c) Foreign currency exchange risk

The Group is exposed to currency translation risk arising from its net investments in foreign operations, mainly United Kingdom and Singapore.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's equity to a reasonably possible change in the GBP and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

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

(c) Foreign currency exchange risk (cont'd)

		Group	
		2013	2012
		RM'000	RM'000
GBP/RM	- strengthened by 5%	(29,000)	(21,000)
	- weakened by 5%	29,000	21,000
SGD/RM	- strengthened by 5%	(12,000)	(19,000)
	- weakened by 5%	12,000	19,000

(d) Liquidity and cash flow risks

Liquidity and cash flow risks are the risks that the Group and the Company will not be able to meet its financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables and borrowings.

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

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

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

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2013			Total
	RM'000			
	On demand or within one year	One to five years	Over five years	
Group				
Financial liabilities:				
Trade payables	546,434	-	-	546,434
Other payables and accruals	985,616	-	-	985,616
Long term borrowings	-	3,876,296	287,883	4,164,179
Short term borrowings	553,554	-	-	553,554
Bank overdrafts	60,875	-	-	60,875
Total undiscounted financial liabilities	2,146,479	3,876,296	287,883	6,310,658

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

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

(d) Liquidity and cash flow risks (cont'd)

	2013 RM'000			Total
	On demand or within one year	One to five years	Over five years	
Company				
Financial liabilities:				
Trade payables	6,754	-	-	6,754
Amounts owing to subsidiary companies	163,411	-	-	163,411
Other payables and accruals	4,343	-	-	4,343
Long term borrowings	-	763,350	-	763,350
Short term borrowings	240,000	-	-	240,000
Bank overdrafts	18,727	-	-	18,727
Total undiscounted financial liabilities	433,235	763,350	-	1,196,585

	2012 RM'000			Total
	On demand or within one year	One to five years	Over five years	
Group				
Financial liabilities:				
Trade payables	493,806	-	-	493,806
Other payables and accruals	466,857	-	-	466,857
Long term borrowings	-	2,438,777	77,557	2,516,334
Short term borrowings	1,166,404	-	-	1,166,404
Bank overdrafts	104,847	-	-	104,847
Redeemable serial bonds	249,584	-	-	249,584
Total undiscounted financial liabilities	2,481,498	2,438,777	77,557	4,997,832

Company				
Financial liabilities:				
Trade payables	8,791	-	-	8,791
Amounts owing to subsidiary companies	93,548	-	-	93,548
Other payables and accruals	20,916	-	-	20,916
Short term borrowings	850,000	-	-	850,000
Bank overdrafts	49,048	-	-	49,048
Redeemable serial bonds	249,584	-	-	249,584
Total undiscounted financial liabilities	1,271,887	-	-	1,271,887

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

46. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Determination of Fair Value

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in forced or liquidation sale.

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

2013	Carrying amount RM'000	Group Carrying Fair value RM'000	Company	
			amount RM'000	Fair value RM'000
Financial assets:				
Unquoted cumulative redeemable preference shares	-	-	96,187	95,447 [^]
Amounts owing by subsidiary companies	-	-	1,653,689	1,651,853 [^]
Amount owing by a former joint venture partner	14,380	14,025	-	-
Amounts owing by jointly controlled entities	41,569	41,562	138,563	138,540 [^]
2012				
Financial assets:				
Unquoted cumulative redeemable preference shares	-	-	114,785	114,416 [^]
Other investments	337	*	-	-
Amounts owing by subsidiary companies	-	-	1,168,459	1,167,893 [^]
Amount owing by a former joint venture partner	13,714	13,769	-	-
Amounts owing by jointly controlled entities	57,772	57,764	192,574	192,545 [^]

* It was not practical to estimate the fair value of the Group's other investments in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

[^] Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

The carrying amounts of the current portion of borrowings are reasonable approximations of fair value due to the insignificant impact of discounting.

Long term financial liabilities are reasonable approximation of fair values because they are floating rate instruments which are repriced to market interest rates.

(b) Fair Value Hierarchy

As the financial assets and liabilities of the Group and the Company are not carried at fair value by any valuation method, the fair value hierarchy analysis is not presented.

47. CAPITAL MANAGEMENT

The primary objectives of the Group's and the Company's capital management are to ensure that it maintains a strong capital base and healthy capital ratios in order to support its existing business operations and enable future development of the businesses as well as maximise shareholders' value.

The capital structure of the Group and the Company consists of equity attributable to the shareholders of the Company (i.e. share capital, reserves and retained earnings) and total debts, which include borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

47. CAPITAL MANAGEMENT (CONT'D)

Management reviews and manages the capital structure regularly and makes adjustments to address changes in the economic environment and risk characteristics inherent in its business operations. These initiatives may include equity capital raising exercises and adjustments to the amount of dividends distributed to shareholders. No changes were made in the objectives, policies and processes during the years ended 31 October 2013 and 31 October 2012.

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Debt:				
Redeemable serial bonds	-	249,584	-	249,584
Long term borrowings	3,915,084	2,361,745	700,000	-
Short term borrowings	553,554	1,166,404	240,000	850,000
Bank overdrafts	60,875	104,847	18,727	49,048
Total debt	4,529,513	3,882,580	958,727	1,148,632
Deposits, cash and bank balances:				
Deposits	1,024,981	594,206	740,930	431,174
Cash and bank balances	1,218,237	949,357	4,191	31,306
	2,243,218	1,543,563	745,121	462,480
Net debt	(2,286,295)	(2,339,017)	(213,606)	(686,152)
Equity attributable to owners of the Company	5,525,543	4,043,874	4,297,344	2,913,199
Gross gearing ratio	0.82	0.96	0.22	0.39
Net gearing ratio	0.41	0.58	0.05	0.24

48. SEGMENTAL ANALYSIS

Primary reporting format - business segment

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

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

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

The operations of the Group are primarily carried out in Malaysia. Group income taxes are presented on a group basis and are not allocated to operating segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

48. SEGMENTAL ANALYSIS (CONT'D)

(a) Segment results

2013	Property development RM'000	Construction RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE					
External sales	2,809,627	121,877	129,024	-	3,060,528
Inter-segment sales	417,895	261,419	97,428	(776,742)	-
Total revenue	3,227,522	383,296	226,452	(776,742)	3,060,528
RESULTS					
Gross profit	897,854	9,674	34,522	-	942,050
Other operating income	73,158	7,477	27,831	-	108,466
Operating expenses	(389,242)	(9,471)	(24,211)	-	(422,924)
Share of net profits less losses of associated companies	(161)	-	(1)	-	(162)
Finance costs	(48,152)	(2,670)	(6,265)	-	(57,087)
Profit before tax	533,457	5,010	31,876	-	570,343
Tax expense					(151,056)
Profit for the year					419,287
2012					
REVENUE					
External sales	2,274,846	127,962	123,787	-	2,526,595
Inter-segment sales	248,311	71,706	64,043	(384,060)	-
Total revenue	2,523,157	199,668	187,830	(384,060)	2,526,595
RESULTS					
Gross profit	820,309	19,437	23,153	-	862,899
Other operating income	39,681	6,583	18,762	-	65,026
Operating expenses	(321,302)	(8,483)	(15,624)	-	(345,409)
Share of net profits less losses of associated companies	11	-	1	-	12
Finance costs	(11,157)	(1,143)	(2,723)	-	(15,023)
Profit before tax	527,542	16,394	23,569	-	567,505
Tax expense					(179,877)
Profit for the year					387,628

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

48. SEGMENTAL ANALYSIS (CONT'D)

(b) Segment assets, liabilities and other information

2013	Property development RM'000	Construction RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Segment assets	10,482,590	204,135	1,554,922	-	12,241,647
Investment in associated companies	1,689	-	-	-	1,689
Current and deferred tax assets	183,668	4,853	9,905	-	198,426
Consolidated total assets					12,441,762
Segment liabilities	6,550,279	105,675	218,620	-	6,874,574
Current and deferred tax liabilities	41,464	506	521	-	42,491
Consolidated total liabilities					6,917,065
Capital expenditure	119,396	5,380	93,776		
Interest income	19,543	5,379	23,458		
Amortisation and depreciation	15,457	2,569	7,425		
Other non-cash items	4,378	606	783		
2012					
Segment assets	8,000,868	260,967	977,040	-	9,238,875
Investment in associated companies	1,850	-	41	-	1,891
Current and deferred tax assets	99,002	11,678	1,858	-	112,538
Consolidated total assets					9,353,304
Segment liabilities	4,662,412	385,122	216,539	-	5,264,073
Current and deferred tax liabilities	48,880	206	1,025	-	50,111
Consolidated total liabilities					5,314,184
Capital expenditure	125,535	3,668	63,764		
Interest income	15,674	5,111	15,895		
Amortisation and depreciation	13,040	1,117	2,401		
Other non-cash items	3,644	126	(103)		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

48. SEGMENTAL ANALYSIS (CONT'D)

(c) Segment by geographical location

Revenue, profit/(loss) before interest and tax and non-current assets, other than financial instruments and deferred tax assets, by location of the Group's operations are analysed as follows:

	Revenue		Profit/(Loss) before interest and tax		Non-current assets	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Malaysia	2,884,234	2,517,509	624,479	586,533	5,487,374	3,910,553
Singapore	162,474	-	702	(15,911)	2,827	479,443
Australia	-	-	(16,279)	(16,730)	8,317	89,945
Vietnam	13,820	9,086	(179)	(3,310)	46,429	54,551
United Kingdom	-	-	(27,911)	(915)	785,845	838,008
Other countries	-	-	(1,762)	(3,820)	234	363
	3,060,528	2,526,595	579,050	545,847	6,331,026	5,372,863

Reconciliation of non-current assets, other than financial instruments and deferred tax assets to the total non-current assets are as follows:

	2013 RM'000	2012 RM'000
Non-current assets other than financial instruments and deferred tax assets	6,163,141	5,279,084
Deferred tax assets	167,885	93,779
	6,331,026	5,372,863

(d) Information about major customers

There is no significant concentration of revenue from any major customers as the Group sells its development properties to individual end purchasers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

49. SIGNIFICANT EVENTS PENDING COMPLETION

The following are the status of corporate proposals that have been announced by the Group and the Company but not completed as at 31 October 2013:

- (a) Disposal by Bandar Setia Alam Sdn Bhd ("Bandar Setia Alam"), a wholly owned subsidiary of S P Setia, 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 joint venture between Bandar Setia Alam and Lend Lease Asian Retail Investment Fund 2 Limited ("ARIF"), a wholesale real estate development fund managed by Lend Lease Investment Management Pte Ltd, for the development of a retail mall on the Said Land ("Retail Mall"), as announced on 2 July 2008.

On 15 July 2009, Bandar Setia Alam entered into several agreements to reflect certain changes including the disposal by Bandar Setia Alam to Greenhill of approximately 14.31 acres of the Original Land ("Stage 1 Land") for a total consideration of RM56.1 million and the remaining 16.19 acres of the Original Land ("Stage 2 Land") for a total consideration of RM63.5 million.

The Retail Mall was constructed on the entire Stage 1 Land and a portion of the Stage 2 Land. Bandar Setia Alam and Greenhill are in discussions to enter into supplemental agreements to reflect the utilisation of part of Stage 2 Land for the construction of the Retail Mall. Pending finalisation of terms and execution of the supplemental agreements between Bandar Setia Alam and Greenhill, the disposal of the Stage 2 Land has not been taken up in the financial statements;

- (b) On 26 October 2009, a subsidiary of S P Setia Berhad, Setia Lai Thieu Limited ("Setia LT"), had entered into an In-Principle Agreement with Investment and Industrial Development Corporation (Becamex IDC Corp) ("Becamex") for the assignment of the implementation and development of an independent mixed-use real estate project on a piece of land measuring approximately 108,400 square metres or 26.79 acres located in Lai Thieu Town, Thuan An District, Binh Duong Province, Vietnam ("Land") from Becamex to a company to be established by Setia LT in Vietnam for a total consideration of USD16,260,000.

As announced on 11 March 2010, the People's Committee of Binh Duong Province has on 10 March 2010 issued the Investment Certificate for the establishment of Setia Lai Thieu One Member Company Limited ("NewCo") to undertake the development of EcoXuan Lai Thieu on the Land for a term of 50 years from the date of issuance of the Investment Certificate.

On approval of the masterplan in the scale of 1/500 for EcoXuan Lai Thieu, the area of the Land was increased from 108,400 square metres to 109,685 square metres (27.10 acres) and by the increase in land area, the total consideration payable to Becamex was adjusted to USD16,452,750 based on the rate of USD150 per square metre.

The balance of the consideration is payable upon the issuance of the land use right certificate in the name of Setia LT;

- (c) On 29 November 2012, Sentosa Jitra Sdn Bhd ("Sentosa Jitra"), a 50% owned subsidiary of S P Setia Berhad, entered into a Privatisation Agreement with the Government of Malaysia ("Government") and Syarikat Tanah dan Harta Sdn Bhd to undertake the development and construction of a new integrated health and research complex to be known as the 1NIH Complex for the Government on a piece of land in Setia Alam, Selangor measuring approximately 41.115 acres ("Project Land") by way of land swap for another piece of land measuring approximately 51.568 acres along Jalan Bangsar, Kuala Lumpur.

As announced, the Privatisation Agreement is conditional upon, inter-alia, the transfer of the Project Land to the Government and the submission of a letter of offer that Sentosa Jitra has secured the project financing in respect of the 1NIH Project within 9 months from the date of the Privatisation Agreement. Pursuant to the terms of the Privatisation Agreement, the period for fulfillment of the conditions precedent has been extended to expire on 28 June 2014; and

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

49. SIGNIFICANT EVENTS PENDING COMPLETION (CONT'D)

The following are the status of corporate proposals that have been announced by the Group and the Company but not completed as at 31 October 2013: (cont'd)

- (d) On 6 February 2013, Rockbay Streams Sdn Bhd, a wholly owned subsidiary of S P Setia Berhad has entered into an agreement ("Development Agreement") with Cash Band (M) Berhad, for the proposed development of a mixed residential and commercial project on various parcels of leasehold land measuring approximately 194.65 acres in the District of Gombak.

The Development Agreement is pending the fulfillment of the conditions precedent therein within a period of twelve (12) months from the date of the Development Agreement.

50. SUBSEQUENT EVENT

- (a) On 5 December 2013, the Company obtained authorisation from the Securities Commission Malaysia vide its letter dated 4 December 2013 for the proposed issuance of unrated subordinated Islamic perpetual notes ("Sukuk Musharakah") pursuant to a proposed Sukuk Musharakah programme of up to RM700 million in nominal value under the Shariah principle of Musharakah ("Sukuk Musharakah Programme"). The Sukuk Musharakah Programme is established to raise funds as and when required to be utilised for Shariah-compliant purposes which include the Company's investments and working capital.
- (b) On 12 December 2013, the Company proposed to undertake a dividend reinvestment plan ("Proposed DRP"). The Board has determined that the Proposed DRP, if approved by the relevant authorities and/or the relevant parties as well as the shareholders' approval being obtained at an Extraordinary General Meeting which will be convened, will apply to the Final Dividend and shareholders of the Company be given an option to elect to reinvest the entire Final Dividend in new ordinary share(s) of RM0.75 each in the Company ("S P Setia Shares") in accordance with the Proposed DRP.

The Board will determine the issue price of the new S P Setia Shares to be issued pursuant to the Final Dividend on a price fixing date to be announced later ("Price Fixing Date") at an issue price of not more than 10% discount to the volume weighted average market price ("VWAMP") of S P Setia Shares for the 5 market days immediately prior to the Price Fixing Date. The VWAMP shall be ex-Dividend i.e. adjusted for Dividend, before applying the aforementioned discount in fixing the Issue Price or the par value of S P Setia Shares at the material time.

51. CHANGES IN COMPARATIVE

The following comparative of the Group for the financial year ended 31 October 2012 have been reclassified to conform with current year's presentation:

Statement of Cash Flows

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Investing activities			
Placement of fixed deposits, sinking fund, debt service reserve, escrow and revenue accounts	(75,277)	69,818	(5,459)
Cash and cash equivalent at 31 October 2012	1,350,661	69,818	1,420,479

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2013 (CONT'D)

52. DISCLOSURE OF REALISED AND UNREALISED RETAINED PROFITS

The disclosure of realised and unrealised profits or losses is compiled in accordance to the Malaysian Institute of Accountants Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements.

The breakdown of retained profits of the Group and the Company as at the reporting date, into realised and unrealised profits, pursuant to the directive, are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total retained profits of the Company and its subsidiaries:				
- realised	1,394,840	1,240,674	301,079	266,109
- unrealised	120,270	61,485	6	214
	1,515,110	1,302,159	301,085	266,323
Total retained profits from jointly controlled entities:				
- realised	256,158	229,191	-	-
- unrealised	21,577	21,501	-	-
	277,735	250,692	-	-
Total share of retained profits from associated companies:				
- realised	(893)	(731)	-	-
- unrealised	-	-	-	-
	(893)	(731)	-	-
Less: Consolidation adjustments	(261,681)	(152,436)	-	-
Total Group's and Company's retained profits as per statements of financial position	1,530,271	1,399,684	301,085	266,323

53. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 12 December 2013 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 90 to 180 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 2013 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 12 December 2013

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, Dato' 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 90 to 180 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 12 December 2013)
)
) **DATO' TEOW LEONG SENG**
)

Before me:

Commissioner for Oaths

ANALYSIS OF SHAREHOLDINGS

AS AT 24 JANUARY 2014

Authorised Share Capital	:	RM2,250,000,000
Issued Share Capital	:	2,458,712,252
Paid Up Share Capital	:	RM1,844,034,189.00
Class of Shares	:	Ordinary Shares of RM0.75 each
Voting Rights	:	One Vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
less than 100	504	7.24	15,501	0.00
100 - 1,000	1,492	21.45	1,128,145	0.05
1,001 - 10,000	3,815	54.84	15,474,371	0.63
10,001 - 100,000	897	12.89	25,815,946	1.05
100,001 to less than 5% of issued shares	246	3.54	692,213,613	28.15
5% and above of issued shares	3	0.04	1,724,064,676	70.12
Total	6,957	100.00	2,458,712,252	100.00

LIST OF THIRTY LARGEST SHAREHOLDERS

Name Of Shareholders	No. of Shares	%
1. Permodalan Nasional Berhad	1,198,909,106	48.76
2. Amanahraya Trustees Berhad - Skim Amanah Saham Bumiputera	370,840,620	15.08
3. Kumpulan Wang Persaraan (Diperbadankan)	154,314,950	6.28
4. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	122,679,330	5.00
5. Lembaga Tabung Haji	83,815,600	3.41
6. HSBC Nominees (Asing) Sdn Bhd - BNP Paribas Secs Svs Lux for Aberdeen Global	70,564,500	2.87
7. CIMB Group Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Sri Dato' Sri Liew Kee Sin	67,798,183	2.76
8. Amanahraya Trustees Berhad - Amanah Saham Wawasan 2020	33,476,287	1.36
9. Amanahraya Trustees Berhad - Amanah Saham Malaysia	21,500,000	0.87
10. Yayasan Gerakbakti Kebangsaan	16,804,945	0.68
11. HSBC Nominees (Asing) Sdn Bhd - BBH And Co Boston for Vanguard Emerging Markets Stock Index Fund	16,110,824	0.66
12. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Nomura)	13,565,000	0.55
13. Maybank Nominees (Asing) Sdn Bhd - DBS Bank for One North Capital – Asia Value Master Fund	9,500,000	0.39
14. DB (Malaysia) Nominee (Asing) Sdn Bhd - SSBT Fund AM4N for Aberdeen Institutional Commingled Funds LLC	8,863,900	0.36
15. HSBC Nominees (Asing) Sdn Bhd - Exempt An for BNP Paribas Wealth Management Singapore Branch (A/C Clients - Fgn)	8,735,500	0.36
16. Amanahraya Trustees Berhad - As 1Malaysia	8,000,000	0.33
17. Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	7,362,000	0.30
18. Lembaga Tabung Angkatan Tentera	6,879,400	0.28
19. HSBC Nominees (Asing) Sdn Bhd - TNTC for Saudi Arabian Monetary Agency	6,631,300	0.27

ANALYSIS OF SHAREHOLDINGS

AS AT 24 JANUARY 2014 (CONT'D)

LIST OF THIRTY LARGEST SHAREHOLDERS (CONT'D)

Name Of Shareholders	No. of Shares	%
20. Cartaban Nominees (Tempatan) Sdn Bhd - Exempt An for Eastspring Investments Berhad	6,612,200	0.27
21. Pertubuhan Keselamatan Sosial	6,099,900	0.25
22. Citigroup Nominees (Asing) Sdn Bhd - Legal & General Assurance Society Limited	5,671,468	0.23
23. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Aberdeen)	5,128,300	0.21
24. Cartaban Nominees (Asing) Sdn Bhd - RBC Investor Services Bank for Global Emerging Markets Smallcap (Danske Invest)	5,015,200	0.20
25. HSBC Nominees (Asing) Sdn Bhd - Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)	4,681,700	0.19
26. CIMB Group Nominees (Tempatan) Sdn Bhd - CIMB Bank Berhad (EDP 2)	4,475,800	0.18
27. Amanahraya Trustees Berhad - Public Islamic Select Enterprises Fund	4,045,600	0.16
28. Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (DR)	4,000,000	0.16
29. Citigroup Nominees (Asing) Sdn Bhd - Legal & General Assurance Society Limited (Life Asia Active)	3,922,200	0.16
30. Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (LSF)	3,819,000	0.15
	2,279,822,813	92.72

SUBSTANTIAL SHAREHOLDERS

Name	Direct	No. of Ordinary Shares Held		%
		%	Indirect	
Permodalan Nasional Berhad	1,198,909,106	48.76	-	-
Amanahraya Trustees Berhad				
- Skim Amanah Saham Bumiputera	370,840,620	15.08	-	-
Employees Provident Fund Board	144,872,630	5.89	-	-
Kumpulan Wang Persaraan (Diperbadankan)	154,314,950	6.28	10,194,000	0.41
Yayasan Pelaburan Bumiputra	-	-	1,198,909,106	48.76

DIRECTORS AND THEIR SHAREHOLDINGS

Name	Direct	No. of Ordinary Shares Held		%
		%	Indirect	
Tun Dato' Seri Zaki Bin Tun Azmi	-	-	-	-
Tan Sri Dato' Sri Liew Kee Sin	67,798,183	2.76	-	-
Dato' Voon Tin Yow	29,898	*	-	-
Dato' Teow Leong Seng	-	-	-	-
Dato' Khor Chap Jen	-	-	-	-
Mr Ng Soon Lai @ Ng Siek Chuan	-	-	-	-
Tan Sri Dato' Hari Narayanan A/L Govindasamy	-	-	-	-
Datuk Ismail Bin Adam	-	-	-	-
Dato' Noor Farida Binti Mohd Ariffin	-	-	-	-
Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin	-	-	-	-
Encik Zainal Abidin Bin Jamal	-	-	-	-

* Insignificant

LIST OF MATERIAL PROPERTIES HELD BY THE GROUP

AS AT 31 OCTOBER 2013

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	19,211,929	Freehold	727,400,790
2	Battersea Power Station London, United Kingdom	Land under development and held for development	04/07/12	764,356	Freehold	1,312,100,226 *
3	Seksyen 95A & 98, Kampung Haji Abdullah Hukum Kuala Lumpur	Land under development and held for development	24/10/11	1,650,120	Leasehold <i>Expiring: Year 2110</i>	465,992,895
4	Mukim Semenyih, Daerah Hulu Langat Selangor Darul Ehsan	Land under development and held for development	03/10/11	12,240,578	Freehold	453,797,991
5	Mukim 17 & 18, Daerah Timur Laut, Tanjung Bungah, Pulau Pinang	Land held for development	15/05/12 25/05/12	1,535,673	Freehold	308,628,785
6	Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim	Land under development and held for development	10/01/07	33,212,253	Freehold	385,233,132 *
7	Mukim Dengkil, Daerah Sepang Selangor Darul Ehsan	Land under development and held for development	02/03/11	8,589,458	Freehold	384,816,427 *
8	Battersea Power Station London, United Kingdom	Investment property	04/07/12	707,572	Freehold	629,421,161 *
9	Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Land under development and held for development	09/09/10	10,302,056	Freehold	235,582,308
10	Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Land under development and held for development	04/08/04	8,933,184	Freehold	206,329,651

* 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 Ninth Annual General Meeting ("AGM") of the Company will be held at **Function Room 1, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Thursday, 20 March 2014 at 11.00 a.m.** for the following purposes:-

AGENDA

- | | |
|---|---|
| 1. To receive the audited financial statements of the Company for the financial year ended 31 October 2013 together with the reports of the Directors and auditors thereon. | Please refer to Explanatory Note A |
| 2. To declare a single tier final dividend of 7 sen per share for the financial year ended 31 October 2013. | Resolution 1 |
| 3. To re-elect the following Directors who retire in accordance with Article 93 of the Company's Articles of Association and, being eligible, offer themselves for re-election :- | |
| (a) Tan Sri Dato' Hari Narayanan A/L Govindasamy | Resolution 2 |
| (b) Dato' Voon Tin Yow | Resolution 3 |
| (c) Datuk Ismail Bin Adam | Resolution 4 |
| 4. To re-elect the following Directors who retire in accordance with Article 98 of the Company's Articles of Association and, being eligible, offer themselves for re-election :- | |
| (a) Dato' Khor Chap Jen | Resolution 5 |
| (b) Encik Zainal Abidin Bin Jamal | Resolution 6 |
| 5. To consider and, if thought fit, to pass the following Ordinary Resolution in accordance with Section 129(6) of the Companies Act, 1965 ("the Act") :- | |
| "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 Act, be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting". | Resolution 7 |
| 6. To approve the payment of Directors' Fees of RM896,000 for the financial year ended 31 October 2013. | Resolution 8 |
| 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 9 |

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions :-

8. ORDINARY RESOLUTION 1

RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT subject to the passing of Resolution 2, approval be and is hereby given to Tan Sri Dato' Hari Narayanan A/L Govindasamy to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance 2012." **Resolution 10**

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

9. ORDINARY RESOLUTION 2

RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT subject to the passing of Resolution 4, approval be and is hereby given to Datuk Ismail Bin Adam to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance 2012." **Resolution 11**

10. ORDINARY RESOLUTION 3

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 26 FEBRUARY 2014 **Resolution 12**

"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 26 February 2014) which are necessary for the day to day operations in the ordinary course of business and are carried out at arms' length basis on normal commercial terms of the S P Setia Group on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to minority shareholders of the Company and such approval shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting of the Company ("AGM") at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Act, (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier,

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."

11. To transact any other business of which due notice shall have been given.

By Order of the Board

LEE WAI NGAN (LS 00184)
CHAN TOYE YING (LS 00185)
Company Secretaries

26 February 2014
Kuala Lumpur

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where a member appoints two proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
2. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the securities account.
5. The Form of Proxy, in the case of an individual, shall be signed by the appointor or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.
6. The Form of Proxy duly completed and signed must be deposited at the Registered Office of the Company at Plaza 138, Suite 18.03, 18th Floor, 138, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.
7. Only members whose names appears in the Record of Depositors on 14 March 2014 shall be entitled to attend, speak and vote at this meeting or appoint proxy/proxies to attend and/or vote on his/her behalf.

EXPLANATORY NOTE A

This Agenda item is meant for discussion only as under the provisions of Section 169(1) of the Act and the Company's Articles of Association, the audited accounts do not require the formal approval of shareholders. As such, this item is not put forward for voting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Ordinary Resolution 10 and 11- Retention of Independent Non-Executive Director

The proposed Resolution 10 and 11, if passed, will allow the independent directors to be retained and continue acting as independent directors to fulfill the requirements of Paragraph 3.04 of the Main Market Listing Requirements and in line with the recommendation Nos. 3.2 and 3.3 of the Malaysian Code on Corporate Governance 2012. The justification and recommendations for the retention is set out in page 69 of the Corporate Governance Statement in the Annual Report 2013.

2. Ordinary Resolution 12 – Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.

The proposed Resolution 12, 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 26 February 2014 which is circulated together with the Annual Report 2013.

GROUP DIRECTORY

HEAD OFFICE

S P Setia Berhad (19698-X)

Group Hospitality Division

Group Property Service Division

Group Landscape Unit

Group Security Services

Group Quality Management

Group Contracts Division

Luxury Property Division

Commercial Development Division

Setia Precast

S P Setia Bhd Corporate HQ

No.12, Persiaran Setia Dagang

Setia Alam, Seksyen U13

40170 Shah Alam

Selangor Darul Ehsan, Malaysia

T +603 3348 2525

F +603 3344 3232

E corp@spsetia.com

S P Setia Foundation

S P Setia Bhd (19698-X)

S P Setia Bhd Corporate HQ

No.12, Persiaran Setia Dagang

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40170 Shah Alam

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Setia Alam, Seksyen U13

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Selangor Darul Ehsan, Malaysia

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E sba@spsetia.com

CENTRAL REGION

Setia Alam

Bandar Setia Alam Sdn Bhd (566140-D)

Setia Alam Welcome Centre

2, Jalan Setia Indah AD U13/AD

Setia Alam, Seksyen U13

40170 Shah Alam

Selangor Darul Ehsan, Malaysia

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E bsa-sales@spsetia.com

Setia City Convention Centre

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Setia Alam Seksyen U13

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Selangor Darul Ehsan, Malaysia

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E setiacitycc@spsetia.com

Setia EcoHill

Setia EcoHill Sdn Bhd (903607-T)

Setia Ecohill Welcome Centre

No.2, Jalan Ecohill 1, Setia Ecohill

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Selangor Darul Ehsan, Malaysia

T +603 8724 2255

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E ecohill@spsetia.com

Setia Eco Park

Bandar Eco-Setia Sdn Bhd (566138-A)

5A, Jalan Setia Nusantara U13/17

Setia Eco Park, Seksyen U13

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E eco-sales@spsetia.com

S P Setia Estate Management Sdn Bhd

(251637-X)

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support@spsetia.com

Setia Eco Glades

Setia Eco Glades Sdn Bhd (767476-H)

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Off Persiaran Multimedia, Cyber 6

63000 Cyberjaya

Selangor Darul Ehsan, Malaysia

T +603 8686 2255

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KL Eco City

KL Eco City Sdn Bhd (185140-X)

Setia International Centre

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F +603 2287 5225

E klecocity@spsetia.com

Setia Putrajaya

Setia Putrajaya Development

Sdn Bhd (424955-P)

Sales Galleria

Lot 14124, Jalan P15H

62050 Putrajaya

Wilayah Persekutuan Putrajaya, Malaysia

T +603 8861 5700/6500

F +603 8861 7900

Setia Putrajaya Development Sdn Bhd

(424955-P)

Head Office

Setia Putrajaya Sdn Bhd

No.5, Jalan P15H

62050 Putrajaya

Wilayah Persekutuan Putrajaya, Malaysia

T +603 8893 0006/0008

F +603 8893 0301/6868

Setia Duta One

Setia Duta One Sdn Bhd (511035-W)

Wisma S P Setia

1, Jalan Bandar Satu

Pusat Bandar Puchong

47160 Puchong

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E corp@spsetia.com

GROUP DIRECTORY (CONT'D)

Setia Sky Residences**Exceljade Sdn Bhd** (765480-D)**Kenny Hills Grande****Sendiman Sdn Bhd** (729054-X)

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157 Hampshire Place
1, Jalan Mayang Sari
Off Jalan Tun Razak
50450 Kuala Lumpur, Malaysia
T +603 2171 2255
F +603 2171 2552
E sky-sales@spsetia.com
grande-sales@spsetia.com

SetiaWalk**SetiaWalk Gallery****Bandar Setia Alam Sdn Bhd** (566140-D)

Unit 3 & 4, Level 1, Block K
SetiaWalk, Persiaran Wawasan
Pusat Bandar Puchong
47160 Puchong
Selangor Darul Ehsan, Malaysia
T +603 5882 2255
F +603 5882 2722
E setiawalk-sales@spsetia.com

Setia Wood**Setia-Wood Industries Sdn Bhd** (23725-V)**S P Setia Marketing Sdn Bhd** (175198-P)

Lot 5 & 6, Jalan Indah 1/3
Taman Industri Rawang Indah
48000 Rawang
Selangor Darul Ehsan, Malaysia
T +603 6092 8022
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E setiawood@spsetia.com

NORTHERN REGION**Setia Pearl Island****Setia Vista****Setia Promenade Sdn Bhd** (388384-W)**Setia Greens****11 Brook Residences****Kewira Jaya Sdn Bhd** (504851-V)**Setia V Residences****Kay Pride Sdn Bhd** (177772-V)

Setia Welcome Centre
SPICE, Jalan Tun Dr. Awang
11900, Relau Penang
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SPICE**Eco Meridian Sdn Bhd** (909427-K)

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SOUTHERN REGION**Bukit Indah****Bukit Indah (Johor) Sdn Bhd** (307260-V)

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Jalan Indah 15
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Setia Business Park I & Setia Business Park II

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Setia Sky 88**Setia City Development Sdn Bhd** (933887-K)

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E sky88-sales@spsetia.com

EASTERN REGION**Aeropod****Aeropod Sdn Bhd** (767765-P)

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EcoXuan, Lai Thieu**Setia Lai Thieu One Member Company Limited**

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Battersea Power Station Development Company

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E sales@bpsdc.co.uk

FORM OF PROXY

I/We _____ NRIC No./Company No. _____
(full name in block letters)of _____
(full address)being a member/members of S P SETIA BERHAD, hereby appoint _____
(full name in block letters)NRIC No. _____ of _____
(full address)and/or failing him/her, _____ NRIC No. _____
(full name in block letters)of _____
(full address)

or failing him/her, the Chairman of the Meeting as * my/our proxy to attend and vote for * me/us and on * my/our behalf at the Thirty Ninth Annual General Meeting of the Company to be held at Function Room 1, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Thursday, 20 March 2014 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' Hari Narayanan A/L Govindasamy		
3.	Re-election of Dato' Voon Tin Yow		
4.	Re-election of Datuk Ismail Bin Adam		
5.	Re-election of Dato' Khor Chap Jen		
6.	Re-election of Encik Zainal Abidin Bin Jamal		
7.	Re-appointment of Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin		
8.	Approval of Directors' Fees		
9.	Re-appointment of Mazars, Chartered Accountants as Auditors		
10.	Retention of Tan Sri Dato' Hari Narayanan A/L Govindasamy as Independent Non-Executive Director		
11.	Retention of Datuk Ismail Bin Adam as Independent Non-Executive Director		
12.	Approval of Proposed Shareholders' Mandate as specified in Section 2.3.1 of the Circular to Shareholders dated 26 February 2014		

* *Strike out whichever is not applicable*

(Please indicate with an "X" in the spaces above how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion).

Dated this _____ day of _____ 2014.

Signature of Member(s) or Common Seal**Notes:**

- A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where a member appoints two proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
- A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the securities account.
- The Form of Proxy, in the case of an individual, shall be signed by the appointor or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- The Form of Proxy duly completed and signed must be deposited at the Registered Office of the Company at Plaza 138, Suite 18.03, 18th Floor, 138, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.
- Only members whose names appears in the Record of Depositors on 14 March 2014 shall be entitled to attend, speak and vote at this meeting or appoint proxy/proxies to attend and/or vote on his/her behalf.

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Affix Stamp Here

The Company Secretary
S P Setia Berhad
Plaza 138, Suite 18.03
18th Floor, 138 Jalan Ampang
50450 Kuala Lumpur

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