

Annual Report 2011

S P SETIA BERHAD GROUP

www.spsetia.com.my



Growing
STRONGER
ANNUAL REPORT 2011

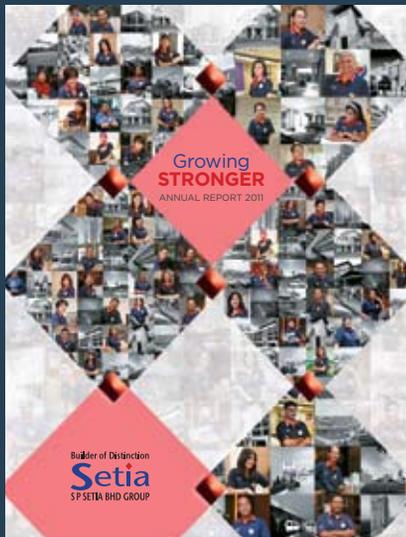
Builder of Distinction
Setia
S P SETIA BHD GROUP

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COVER RATIONALE

GROWING STRONGER



Natural diamonds are formed when carbon atoms are exposed to high-pressure, high-temperature conditions existing at depths of 140 to 190 kilometers over billions of years. They are brought to the Earth's surface through volcanic eruptions where they are mined, cut and polished.

Its detractors would dismiss diamonds as nothing but bits of compressed coal. But the more perceptive would appreciate this wondrous natural phenomenon and prize these gemstones for their strength, clarity and beauty.

Like the diamond, S P Setia grows in strength, even under the most challenging conditions. We hold true to principles of integrity, transparency and sustainability. In everything we do, we strive to make this world a better place for all.

Powered by Team Setia, we carry on embarking on new ventures and taking on new challenges at home in Malaysia and abroad.

TABLE OF CONTENTS

2	Corporate Profile	63	Audit Committee Report
4	Group Financial Summary	66	Internal Control Statement
6	Corporate Information	67	Financial Statements
8	Corporate Structure	182	Analysis Of Shareholdings
10	Our Awards	185	Analysis Of Warrants Holdings
14	Board Of Directors	187	List Of Material Properties Held By The Group
16	Profile Of Board Of Directors	188	Notice Of Annual General Meeting
24	Chairman's Statement	190	Group Directory
30	President's Report		Proxy Form
34	Review Of Operations		
42	Corporate Responsibility		
52	Corporate Calendar		
56	Corporate Governance Statement		

Builder of Distinction

Setia

S P SETIA BHD GROUP

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



CORPORATE PROFILE



S P Setia Berhad is Malaysia's leading property developer and is well known for its innovation-driven and standard-setting projects that include townships, eco sanctuaries, luxury enclaves, high-rise residences and commercial developments.



The Group started out in 1974 as a construction company and was eventually listed on Bursa Malaysia in 1993. In 1996 it refocused its core business to property development with supporting businesses in construction, infrastructure and wood-based manufacturing.

Today, S P Setia is a fully-integrated property player and well-established in the three key economic centers of Malaysia, namely Klang Valley, Johor Bahru and Penang. In the Klang Valley, the Group enjoys a strong presence through its township developments of Setia Alam and Setia Eco Park in Shah Alam. It is also known for its three luxury projects in Kuala Lumpur which are Duta Nusantara and Duta Tropika in Sri Hartamas and Setiahills in Ampang.

It entered the high-end condominium market in 2009 with the launch of Setia Sky Residences in Kuala Lumpur City Centre and has expanded into the commercial sector with SetiaWalk in Puchong, Setia Avenue and Setia City in Shah Alam and most recently KL Eco City in Bangsar.

In Johor Bahru, it has made its mark through signature township developments like Bukit Indah and Setia Eco Gardens in the Nusajaya Corridor, Setia Indah and Setia Eco Cascadia in Tebrau and Setia Tropika in Kempas. Other projects down south include Setia Business Park which offers ecologically-friendly industrial, office and warehousing facilities.

Up north in Penang, there is Setia Pearl Island in Bayan Lepas, Setia Vista in Relau, Setia Greens in Changkat Sungai Ara and Setia V Residences along the famed waterfront promenade of Gurney Drive. In East Malaysia, Setia is set to make its presence felt in Kota Kinabalu, having entered into a development agreement with the State Government to build a state-of-the-art transportation hub and develop an integrated commercial hub there called Aeropod @ Tanjung Aru.

Overseas, the Group has a growing presence in Vietnam since 2007 with its first joint-venture development of EcoLakes at My Phuoc. This groundbreaking eco sanctuary located 30km outside Ho Chi Minh City (HCMC) was named First Runner-up in the FIABCI Prix

CORPORATE PROFILE



d'Excellence Award for Best Development Master Plan in 2010. Following this, the Group is planning a mixed development project called Eco Xuan at Lai Thieu in Tuan An District, Binh Doung Province. S P Setia has also spread its wings to Australia with the recently launched Fulton Lane in Melbourne and an upcoming project in the suburb of St Kilda. It will be launching its first condominium project in Singapore called Woodville shortly and is also exploring opportunities in China and the United Kingdom.

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 sixth time in 2011. No other developer has achieved this feat since the inception of the awards. S P Setia is also the only Malaysian developer to be recognised thrice by the International Real Estate Federation (FIABCI) for two Best Master Plan Developments and one Best Residential (Low-Rise) Development. The projects that received this accolade are Setia Eco Park in the Klang Valley (2007 & 2011) and Setia Eco Gardens in Johor Bahru (2009).

Locally, the Group has garnered five FIABCI Malaysia Property Awards. Two Best Residential (Low-Rise) Developments won by Setia Eco Park in 2010 and Duta Nusantara in 2006; two Best Master Plan Developments won by Setia Eco Park in 2006 and Setia Eco Gardens in 2008; and one award for Best Purpose-Built/Specialised Project won by Setia Eco Gardens in 2011.

Apart from the Group's property development awards, it has also consistently been recognised as one of the top 10 employers in Malaysia in all the Aon Hewitt Best Employers Studies conducted since 2003. Last year, the Group took home top honours when Aon Hewitt named it the Overall Best Employer in Malaysia 2011. S P Setia was also included in the Asia Pacific Top 20 List in the Top Companies for Leaders 2011 Study conducted by *Fortune* magazine, Aon Hewitt and RBL Group.

GROUP FINANCIAL SUMMARY

Group Five-Year Summary

Year Ended 31 October (RM'000)	2011	2010	2009	2008	2007
Revenue	2,232,473	1,745,870	1,408,415	1,471,357 [@]	1,305,215 [@]
Profit Before Tax	430,594	330,967	231,112	297,867 [@]	336,573 [@]
Profit Attributable to Shareholders	327,973	251,813	171,233	213,456	260,070
Paid-Up Capital	1,374,554	762,606	762,604	762,524	504,454
Shareholders' Equity	3,446,442	2,189,273	2,037,221	1,975,342	1,840,883
Total Assets Employed	5,585,657	4,386,062	3,952,251	3,560,884 [@]	3,133,353 [@]
Total Net Tangible Assets	3,439,486	2,189,352 [#]	2,037,578 [#]	1,975,700 [#]	1,841,375 [#]
Earnings Per Share (sen)	19.2	16.5 [^]	11.2 [^]	14.0 [^]	17.2 [^]
Gross Dividend Per Share (sen)	14	20	14	17	25
Net Tangible Assets Per Share (RM)	1.88	1.43 [^]	1.33 [^]	1.29 [^]	1.22 [^]
Share Price - High (RM)	4.62	5.27	4.62	5.60	9.45
Low (RM)	2.97	3.51	2.39	2.65	3.92

NET PROFIT INCREASED BY

28%

FROM PREVIOUS YEAR

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

[^] The comparative figures for earnings per share have been adjusted to take into account the issuance of bonus shares in the financial year ended 31 October 2008 and 2011.

[#] Restated due to effects of adopting the Amendments to FRS 117.

Group Quarterly Summary

Quarter Ended (RM'000)	31 October 2011	31 July 2011	30 April 2011	31 January 2011
Revenue	633,366	583,469	496,753	518,885
Profit Before Tax	109,045	115,816	118,334	87,399
Profit Attributable to Shareholders	82,469	91,244	92,223	62,037
Paid-Up Capital	1,374,554	1,334,682	1,320,486	762,889
Shareholders' Equity	3,446,442	3,215,207	3,141,111	2,256,455
Total Assets Employed	5,585,657	5,249,440	5,142,371	4,098,615
Total Net Tangible Assets	3,439,486	3,213,528	3,141,189	2,256,534
Earnings Per Share (sen)	4.6	5.1	5.5	4.0 [^]
Gross Dividend Per Share (sen)	9	–	5	–
Net Tangible Assets Per Share (RM)	1.88	1.81	1.78	1.48 [^]

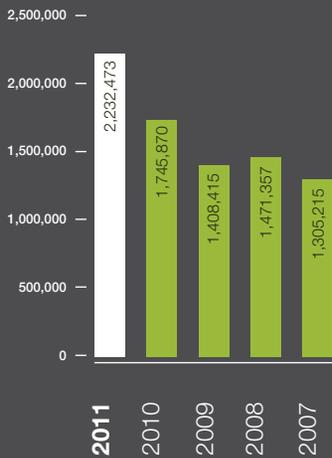
GROUP FINANCIAL SUMMARY

THE GROUP ACHIEVED A NEW REVENUE RECORD OF

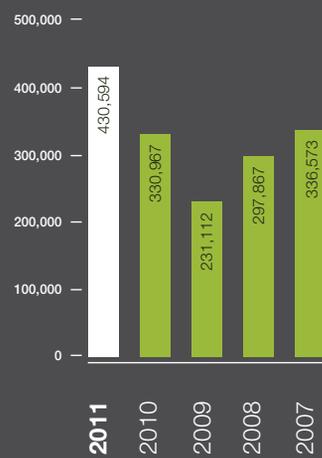
RM2.23 ←

BILLION IN FY2011

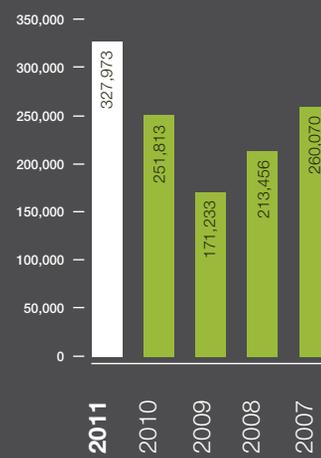
Revenue
RM'000



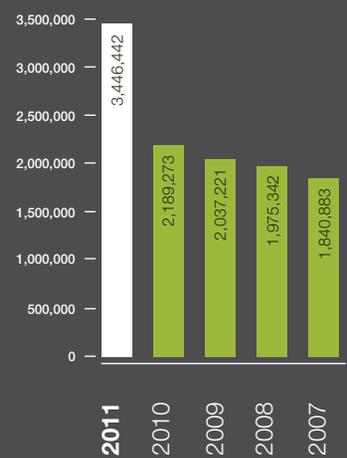
Profit Before Tax
RM'000



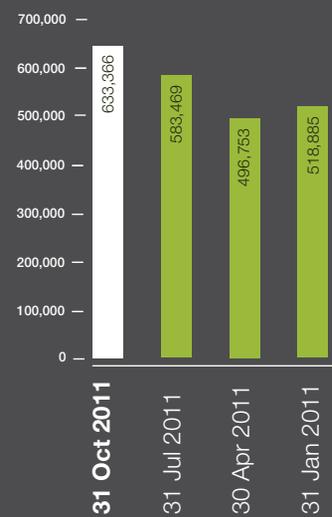
Profit Attributable
to Shareholders
RM'000



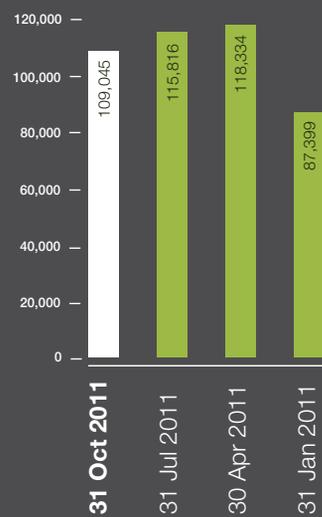
Shareholders' Equity
RM'000



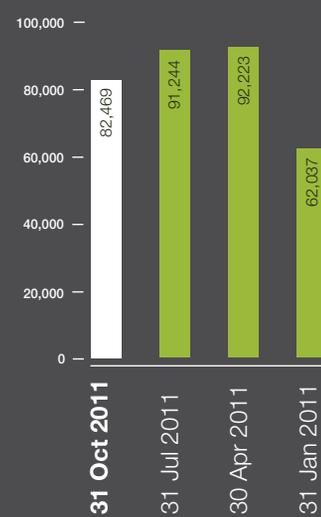
Revenue
RM'000



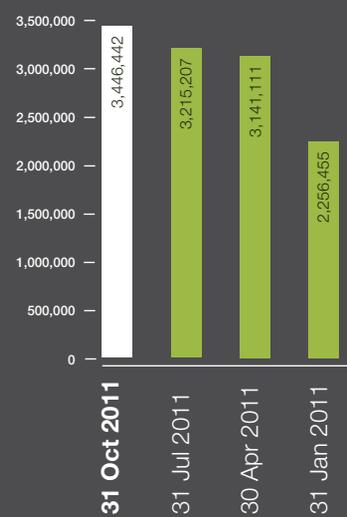
Profit Before Tax
RM'000



Profit Attributable
to Shareholders
RM'000



Shareholders' Equity
RM'000



CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Abdul Rashid Bin Abdul Manaf
(Chairman)

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

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

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

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

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

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

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

Datuk Ismail Bin Adam
(Independent Non-Executive Director)

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

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

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



CORPORATE INFORMATION

**EXECUTIVE COMMITTEE**

Tan Sri Abdul Rashid Bin Abdul Manaf (Chairman)
Tan Sri Dato' Sri Liew Kee Sin
Dato' Voon Tin Yow

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Dato' Leong Kok Wah (Chairman)
Tan Sri Dato' Hari Narayanan A/L Govindasamy
Datuk Ismail Bin Adam

NOMINATION COMMITTEE

Datuk Ismail Bin Adam (Chairman)
Dato' Leong Kok Wah
Ng Soon Lai @ Ng Siek Chuan

RISK MANAGEMENT COMMITTEE

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

ESOS COMMITTEE

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

SECRETARIES

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

REGISTERED OFFICE

Plaza 138, Suite 18.03
 18th Floor, 138 Jalan Ampang
 50450 Kuala Lumpur
 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 Bank (Malaysia) Berhad
 Hong Leong Bank Berhad
 Affin Bank Berhad
 Public Bank Berhad
 CIMB Bank Berhad
 Malayan Banking Berhad
 RHB Bank 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

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
 Securities Berhad

INDICES

FTSE Bursa Malaysia Indices
 Standard & Poor's Indices

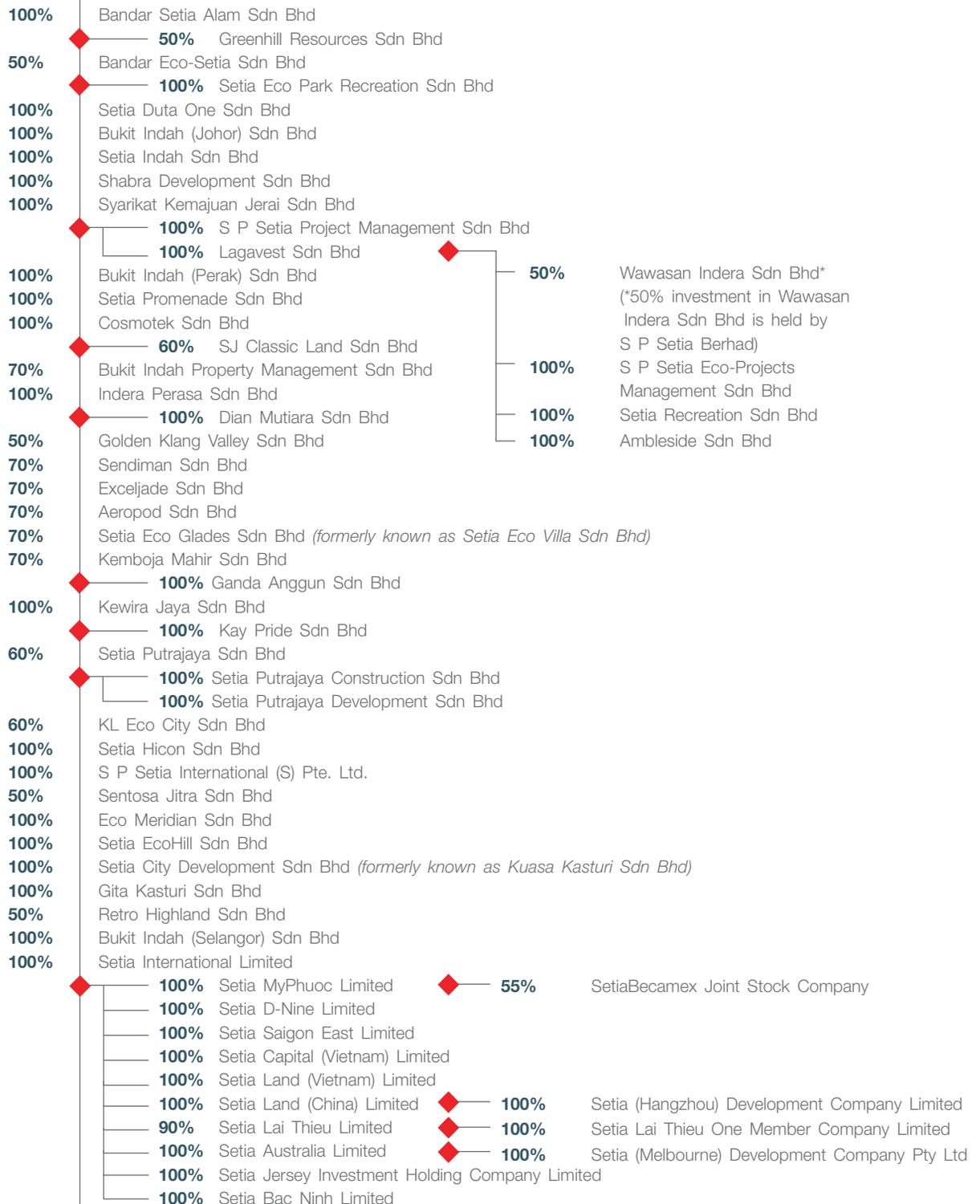
WEBSITE

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CORPORATE STRUCTURE

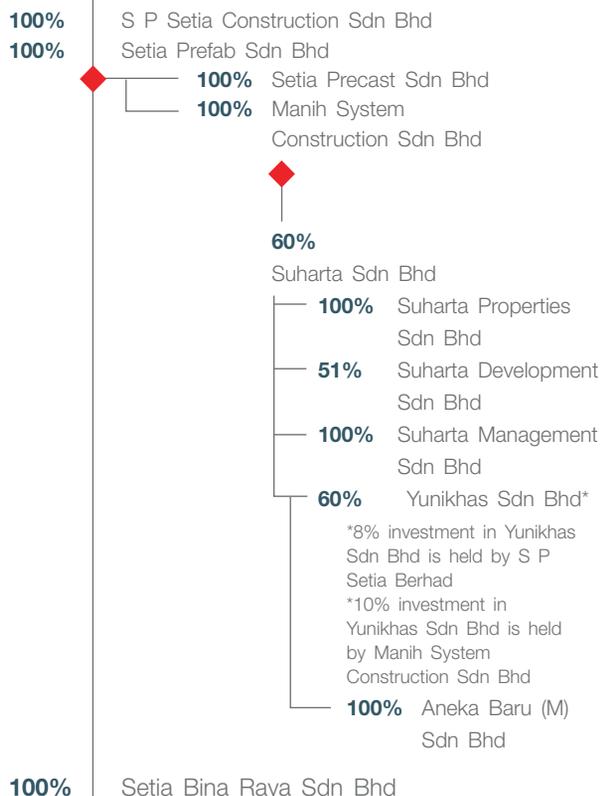
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Setia
 S P SETIA BHD GROUP

PROPERTY DEVELOPMENT

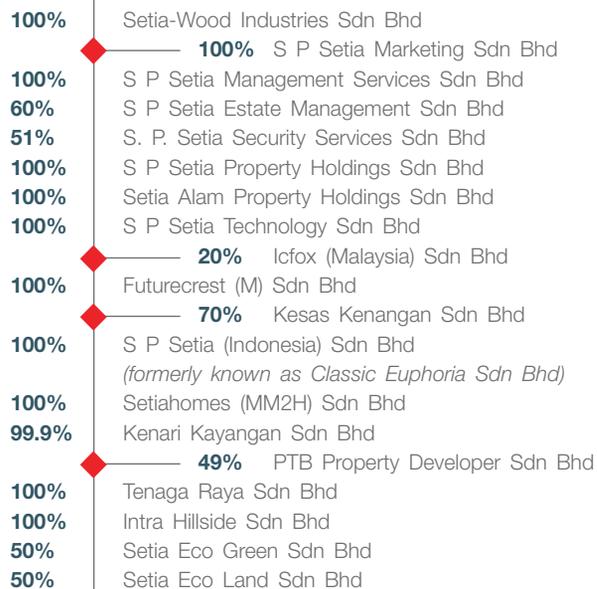


CORPORATE STRUCTURE

CONSTRUCTION & INFRASTRUCTURE



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



Growing in excellence

The many awards we have received are great honours indeed. But we are so much prouder of the commitment to excellence shown by Team Setia that has won us the recognition of our industry peers both locally and internationally.





OUR AWARDS

S P Setia continued to garner prestigious awards in 2011, testament to the untiring efforts of Team Setia in building and safeguarding the Setia brand. We are especially proud of being named Overall Best Employer in Malaysia and one of the Best Employers in the Asia-Pacific by Aon Hewitt in recognition of our efforts to create the best working conditions for Team Setia.



AON Hewitt
Best Employers
 in MALAYSIA 2011

Winner of the Overall Best Employer 2011 Award

OUR AWARDS



2011

- Ranked No.1 for the sixth time in The Edge Malaysia Top Property Developers Awards 2011
- Best Residential Development (Low-rise) for Setia Eco Park in FIABCI Prix d'Excellence Awards 2011
- Best Purpose-Built/Specialised Project for Eco Greens, Setia Eco Gardens in FIABCI Malaysia Property Awards 2011
- Gold Trusted Brand Award - Property Development in the Reader's Digest Asia Trusted Brands 2011 Study
- Overall Best Employer in Malaysia and one of the Best Employers in Asia Pacific in Aon Hewitt Best Employer Study 2011
- Asia Pacific Top 20 Companies for Leaders 2011 - Study by Aon Hewitt, *Fortune* magazine and the RBL Group
- Best company for Investor Relations - Mid Cap Category, Malaysia Investor Awards 2011

2010

- Five-time No.1 Property Developer in The Edge Malaysia Top Property Developers Awards

- Best Low-Rise Residential Development for Setia Eco Park in FIABCI Malaysia Property Award 2010
- Runner-up for Best Master Plan Development for EcoLakes, My Phuoc, Vietnam in FIABCI Prix d'Excellence Awards 2010
- Malaysia Best Property Developer in Euromoney Real Estate Awards 2010
- Gold Award 2010 for Eco Gallery, Setia Eco Gardens from BCA Green Mark
- Asia Pacific Residential Property Awards, 5 Stars Best Development for EcoLakes, My Phuoc, Vietnam

2009

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

2008

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

- Best Master Plan Development for Setia Eco Gardens in FIABCI Malaysia Property Awards 2008
- Top 10 Best-Managed Companies in Malaysia in FinanceAsia's Asia Best Companies 2008

2007

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

BOARD OF DIRECTORS

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

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

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

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

5
Dato' Chang Khim Wah
(Executive Director)

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



BOARD OF DIRECTORS

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

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

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

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

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

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



PROFILE OF BOARD OF DIRECTORS



PROFILE OF BOARD OF DIRECTORS

TAN SRI ABDUL RASHID BIN ABDUL MANAF

(Chairman)

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

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

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

- Malaysian, 65 years of age
- Barrister-at-Law (Middle Temple London)

TAN SRI DATO' SRI LIEW KEE SIN

(President and Chief Executive Officer)

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

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

Tan Sri Dato' Sri Liew was awarded Corporate Executive of the Year in 2005 for mid-cap companies by AsiaMoney Magazine. In 2007, he was named Property Man of the year by FIABCI Malaysia Property Awards 2007 in recognition of his contributions to the country's real estate industry and community at large. He was also named the Ernst & Young Entrepreneur of the year 2011 in the Masters Category and also emerged as the Country Winner.

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

- Malaysian, 53 years of age
- Bachelor of Economics Degree (Business Administration) (University of Malaya)

DATO' VOON TIN YOW

(Deputy President and Chief Operating Officer)

Dato' Voon, has 27 years of working experience in the construction and property development industry, which includes 3 years in construction site management and 24 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 the Risk Management Committee on 29 October 2003.

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

- Malaysian, 54 years of age
- Bachelor of Science Degree in Civil Engineering
- Master of Science Degree (University of Texas, Austin)

PROFILE OF BOARD OF DIRECTORS

DATO' CHANG KHIM WAH

(Executive Director)

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

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

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

- Malaysian, 47 years of age
- Bachelor of Engineering (University of New South Wales)
- Professional Engineer registered with the Board of Engineers, Malaysia
- Member of the Institute of Engineers, Malaysia
- Member of the Institute of Engineers, Australia

DATO' TEOW LEONG SENG

(Executive Director and Chief Financial Officer)

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

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

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

Prior to joining S P Setia Berhad Group, Dato' Teow headed the Real Estate Finance Business of Citibank, NA (Corporate Bank) in Malaysia and was the Group Financial Controller of a public-listed company. He has also held finance and accounting positions within the Hong Leong Group and various other property development companies. He has in all 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.

- Malaysian, 53 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)

TAN SRI LEE LAM THYE

(Non-Independent Non-Executive Director)

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

Currently, he is the Chairman of the National Institute of Occupational Safety and Health (NIOSH) under the Ministry of Human Resources, the Vice Chairman and Member of the Executive Council of the Malaysia Crime Prevention Foundation (MCPF), Member of Board of Trustees of 1Malaysia Foundation and Chairman of the Board of Trustees of S P Setia Foundation. He was appointed Director of S P Setia Berhad on 17 December 2007.

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

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

- Malaysian, 65 years of age

PROFILE OF BOARD OF DIRECTORS



PROFILE OF BOARD OF DIRECTORS



PROFILE OF BOARD OF DIRECTORS

TAN SRI DATO' HARI NARAYANAN A/L GOVINDASAMY

(Independent Non-Executive Director)

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

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

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

- Malaysian, 61 years of age
- Bachelor of Engineering in Electrical & Electronic
(University of Northumbria, England)

DATO' LEONG KOK WAH

(Independent Non-Executive Director)

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

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

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

- Malaysian, 58 years of age
- Master of Business Administration (MBA) (University of Hull, UK)
- Member of Institute of Bankers (UK)
- Member of Institute of Credit Management (UK)
- Member of Institute of Marketing (UK)
- Member of Institute of Bankers Malaysia

DATUK ISMAIL BIN ADAM

(Independent Non-Executive Director)

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

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

- Malaysian, 66 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)

PROFILE OF BOARD OF DIRECTORS

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

(Non-Independent Non-Executive Director)

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

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

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

- Malaysian, 71 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

MR NG SOON LAI @ NG SIEK CHUAN

(Independent Non-Executive Director)

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

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

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

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

- Malaysian, 57 years of age
- Fellow of the Institute of Chartered Accountants in England and Wales

DATO' NOOR FARIDA BINTI MOHD ARIFFIN

(Non-Independent Non-Executive Director)

Dato' Noor Farida is currently the Special Adviser to the Minister of Foreign Affairs Malaysia. She is also an Alternate Director at the Maritime Institute of Malaysia (MIMA).

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

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

Dato' Noor held a number of key positions, including Director-General of the Research, Treaties and International Law Department of the Ministry of Foreign Affairs, Ambassador-At-Large for the High Legal Experts 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 of S P Setia Berhad except by virtue of being a nominee Director of Permodalan Nasional Berhad. She does not have any conflict of interest with the Company and has not been convicted of any offences over the past 10 years.

- Malaysian, 65 years of age
- Barrister-at-Law (Gray's Inn), United Kingdom

PROFILE OF BOARD OF DIRECTORS







Growing in unity

The Setia story is anchored by Team Setia, the extraordinary men and women who are the Group's movers and shakers. Each of them brings not just his or her unique talents and skills but shares in the Group's vision of excellence and commitment to teamwork.

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

I am delighted to report that the S P Setia Berhad Group achieved historic highs in both sales and profits for its financial year ended 31 October 2011. The Group saw a 42% increase in its full-year sales for FY2011 with RM3.29 billion worth of properties sold compared to RM2.31 billion set in FY2010.

This is the fourth consecutive year of increase in the Group's new sales record and represents the second consecutive year that total Group sales have exceeded the RM2 billion mark.

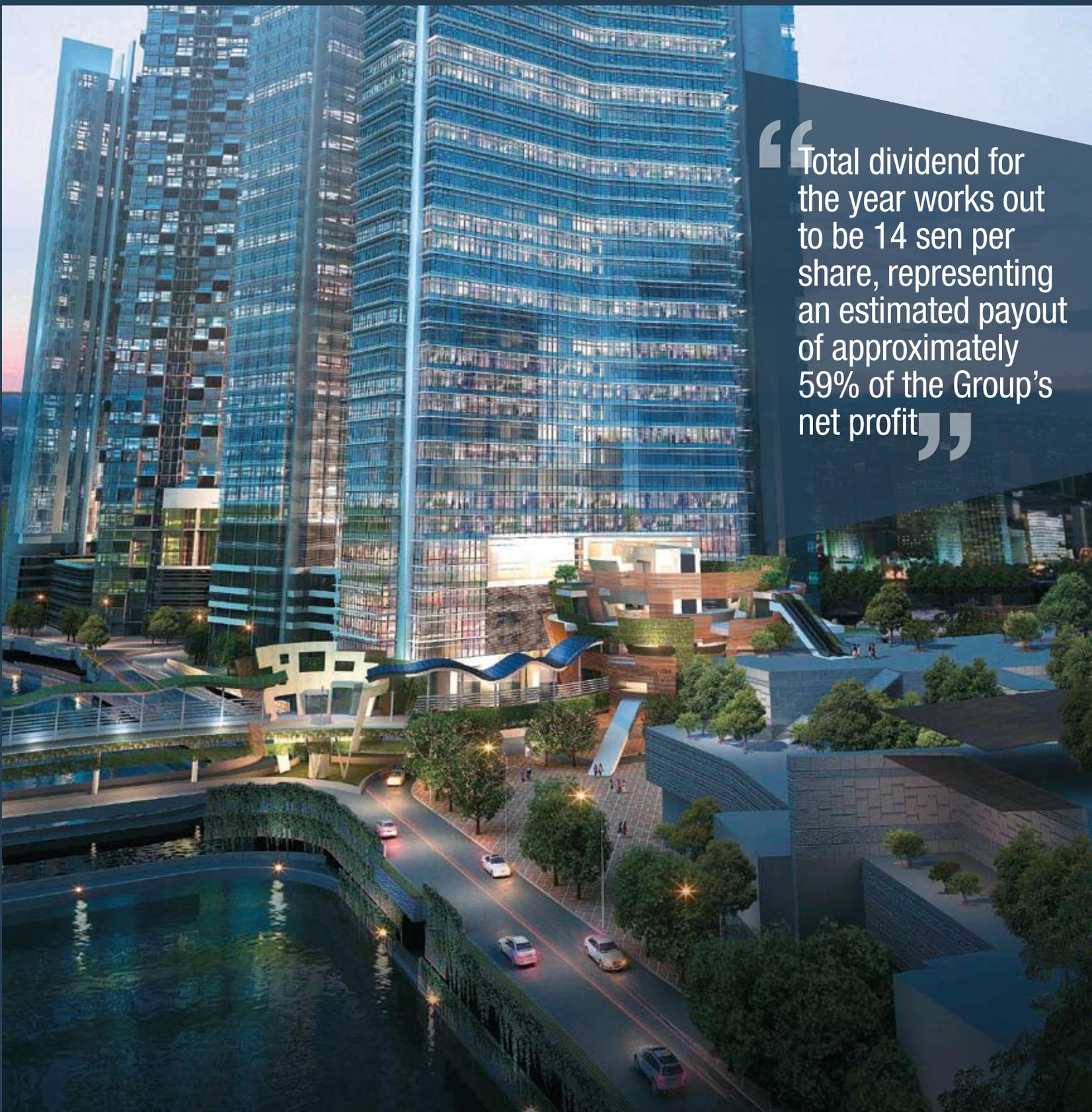
The Group's profit after taxation for FY2011 of RM322.4 million on the back of revenue totalling RM2.23 billion also increased by 28%, the highest ever profit achieved by S P Setia for a financial year. Profits and revenue were principally derived from our property development activities in the Klang Valley, Johor Bahru and Penang. The Group's construction and wood-based manufacturing activities also contributed to the earnings achieved.

S P Setia's achievements can be attributed to our strong branding and ability to offer an extensive range of products that cater to diverse market needs. We have managed to overcome challenges year-on-year because of the strong team that we have and our fast to market ideas, as well as innovative products which both anticipate and respond to customer needs.

With that, I am pleased to report that the Board has proposed a final dividend of 9 sen per share. Together with the interim dividend of 5 sen per share, total dividend for the year works out to be 14 sen per share, representing an estimated payout of approximately 59% of the Group's net profit.



CHAIRMAN'S STATEMENT



“ Total dividend for the year works out to be 14 sen per share, representing an estimated payout of approximately 59% of the Group's net profit ”

 CHAIRMAN'S STATEMENT



“ S P Setia was voted Overall Best Employer in Malaysia 2011 and one of the Best Employers in Asia Pacific based on the Aon Hewitt Best Employers study 2011. The Group also made it to Asia Pacific's Top 20 List in the Top Companies for Leaders 2011 Study conducted by *Fortune* magazine, Aon Hewitt and RBL Group ”

Industry recognition

The Group's award winning track record also continued in 2011. On the project front, the Group's flagship eco development of Setia Eco Park in Shah Alam did the country proud at the global FIABCI Prix d'Excellence Awards 2011 in Cyprus last May, emerging as winner in the Residential (Low-Rise) Category. This brings the Group's total tally of the coveted FIABCI Prix d'Excellence Awards to three, the only Malaysian developer to have achieved this feat.

Locally, the Group's award-winning Setia Eco Gardens in Johor Bahru added another feather to its cap by winning a FIABCI Malaysia Property Award 2011 in the Best Purpose-Built/Specialised Project Category for Eco Greens. This makes up a total of five FIABCI Malaysia Property Awards for the Group.

The Group also received a big thumbs-up from consumers when it won the Gold Trusted Brand Award for Property

Development in the *Reader's Digest* Asia Trusted Brands study. The study is into its 13th year and is carried out in eight markets across Asia (China, Malaysia, Hong Kong, India, Philippines, Singapore, Taiwan, and Thailand) to determine the brands most trusted by consumers in 43 different product and service categories.

S P Setia's excellence in product and service quality was again reaffirmed by the industry through its No.1 ranking in The Edge Malaysia Top Property Developers Awards which it has won for the sixth time in 2011. No other developer has achieved this feat since the inception of the awards.

On the organisation front, S P Setia was voted Overall Best Employer in Malaysia 2011 and one of the Best Employers in Asia Pacific based on the Aon Hewitt Best Employers study 2011. The Group also made it to Asia Pacific's Top 20 List in the Top Companies for Leaders 2011 Study conducted by *Fortune* magazine, AON Hewitt and RBL Group.

Community enrichment

Whilst the awards encourage us to scale greater heights, we remain steadfast in our commitment to our stakeholders, the environment and community.

To promote a love for the outdoors and a healthy low carbon lifestyle for the community, we embarked on a group-wide cycling event. Themed "Cycling Towards a Greener Future", the Cyclothon took place concurrently in three different locations in the country – Setia Alam, Shah Alam; Setia Indah, Johor and Setia Pearl Island, Penang. The event was organised in conjunction with the Group's World Environment Day Celebrations (WED).

This is the fourth year the Group has been honouring WED. Our previous initiatives include a green walk, an eco marathon and the establishment of an academic chair in Environmental Engineering and Green Technology through a RM1.25 million grant for Universiti Tunku Abdul Rahman.

 CHAIRMAN'S STATEMENT



We recognise that the effort to ensure our planet stays green needs to be done on a daily basis and not just on WED. The Group is continuously looking for new ways to incorporate sustainability in all our developments and an excellent showcase of our green efforts is the adoption of solar technology into our Setia Eco Park eco-concept development.

In 2007, Setia Eco Park's pioneering partnership with the Malaysian Energy Centre led to the 798-acre project in Shah Alam being recognised as the country's first energy-efficient development to be powered by Building Integrated PhotoVoltaic ("BIPV") solar technology.

The recent approval of the Renewable Energy Act 2010 by Parliament in April 2011 which allows for the introduction of the Feed-in-Tariff system will make the adoption of BIPV more economically viable by environmentally conscious homeowners. To encourage more Malaysians who can afford it to adopt this important new green technology, our new launches at Setia Eco Park will incorporate both BIPV panels and rainwater harvesting systems.

On the philanthropy front, S P Setia Foundation raised a record-breaking RM7.18 million at this year's Charity Dinner event. Since the formation of S P Setia Foundation in the year 2000, we have managed to raise a total of RM56.2 million and have spent RM42 million to assist the less fortunate to date.

Although the Foundation's work encompasses several different areas, its main focus is on education through the Setia Adoption Programme (SAP). The SAP helps underprivileged children by taking care of all their educational needs, including their meals in schools and paying their tuition fees.

Since the launch of the Setia Adoption Programme, approximately RM20 million has been spent on our adopted children. These students come from 119 schools in Kuala Lumpur, Selangor, Johor, Penang, Kedah, Perlis and Pahang. A total of 7,514 students have benefitted through this programme with 400 in secondary education and nine in tertiary.

The success of the SAP in Peninsular Malaysia has encouraged the Foundation to extend the programme to Sabah. The Foundation launched Program Setia Tinangkaanak in Sabah on August 13 to provide educational aid to students from poverty-stricken families. Setia Tinangkaanak means Adoption Program in Murud – a native language of Sabah.

Under Setia Tinangkaanak, the Foundation has allocated a grant of RM150,000 for a period of three years to implement the Setia Tinangkaanak Programme where 63 poor rural kindergarten children from three learning centres are brought into the Programme.

Continued growth

Despite the expected challenging environment for 2012, we remain confident about the Group's capability and capacity to grow the value of our

new sales and weather the economic turbulence which may come with the slowdown in the global economy.

The recent launch of KL Eco City, the Group's exciting new integrated green commercial development, in October 2011 will contribute strongly to the Group's sales for the upcoming year to augment the expected strong performance of our existing launched projects. We also expect our overseas launches of Fulton Lane and EcoXuan, the Group's maiden project in Melbourne and second project in Vietnam respectively, to continue to do well.

Our strong pipeline of growing and matured projects, coupled with numerous new acquisitions announced during the year bring the Group's total GDV up to approximately RM50 billion for our current 4,218 acres of landbank.

On this note I would like to thank our institutional shareholders for supporting us so strongly when we undertook a 15% private placement in March 2011. The placement, which was accorded the Best Placement for the year by the The Edge Malaysia in their 2011 year-end review, was also the nation's largest placement last year. Against the backdrop of global economic uncertainties, we successfully raised RM885 million from the issuance of 153,059,000 new shares subscribed by domestic and international institutional investors. This has placed us in a unique position to be able to fund our ambitious expansion plans to capture market share thereby assuring our shareholders of exciting and sustainable growth in the future.

To our customers, business associates and all our valued shareholders, thank you for your continued support and may we grow stronger together for many years to come.

Tan Sri Abdul Rashid bin Abdul Manaf
Chairman

PRESIDENT'S REPORT

“Dear Valued Shareholders,
S P Setia Berhad has done it
again, ending another year on
a great note!”

2011 has been a year of exciting growth for the group. Our sales have never been higher and our balance sheet has never been stronger. All our existing projects are performing well and we will be seeing several new projects coming on stream to further strengthen our sales pipeline.

We surpassed our financial year-end sales target in the 10th month of operations and this is the second year running that the Group has exceeded the RM2 billion mark, ringing in a new record of RM3.29 billion in sales for the current year.

This excellent performance can be attributed to our strong branding, breadth and depth of product range as well as geographical reach in all the key economic regions of Klang Valley, Johor Bahru and Penang, which has placed the Group in good stead to continue to capture the solid underlying demand for good properties in Malaysia.

Continued innovation

Over the last decade, S P Setia has built a brand name for itself with its innovative products, proven quality and customer centric service. Amongst the Group's initiatives include the 36-month extended home warranty period and the 5/95 home-ownership campaign.



PRESIDENT'S REPORT



As the country's leading property developer, we constantly strive for new marketing ideas and creative ways of reaching out to customers. This year, we launched a smartphone application called the Setia App for Blackberry, iPhone, iPad, Android and Java devices. The app aims to offer a smartphone application that's truly informative and relevant to homebuyers. On top of that, the collaboration with the Ministry of Housing and Local Government provides users with updates on the property market's developments as well.

We also organised an exclusive property exhibition of our properties called the Setia 4U Showcase in the Klang Valley, Johor and Penang. This inaugural showcase exhibited a wide range of our properties and provided opportunities for more people to get to know the Group better.

Growing sustainably

After more than a decade of hard work and perseverance, the Group finally launched the much awaited KL Eco City and secured a syndicated financing facility of RM460 million to kick-start the project. This sizeable financing facility

marks another important milestone for us in realising our vision for KL Eco City – a joint venture project between S P Setia and Dewan Bandaraya Kuala Lumpur (DBKL). With everything now in place, KL Eco City is ready to take off and become the new iconic landmark exemplifying sustainable city living in Kuala Lumpur.

The 24-acre site along Jalan Bangsar just opposite Mid Valley City is expected to take 10 years to complete and aims to be the country's first integrated Green development targeting both the Malaysian Green Building Index (GBI) and US-based Leadership in Energy and Environmental Design (LEED) certifications.

The development will transform the former Kampung Haji Abdullah Hukum site into an inner city haven comprising residential towers, serviced apartments, offices and a retail podium which will embody the Group's core development philosophy of LiveLearnWorkPlay in an urban setting.

Connectivity wise, the Group is investing more than RM150 million to link KL Eco City to all major highways. There will also be a pedestrian link bridge across Sungei

Klang to connect the development to Mid Valley City. Also, a new KTM commuter station will be built and integrated with the existing Abdullah Hukum LRT station. We have also made provisions for an underground station for the proposed MRT line which will make KL Eco City a unique 3-in-1 public rail transport hub and the first of its kind in the city.

New projects and land bank

S P Setia has been in Johor for almost 15 years and the Group has carved a solid reputation for delivering quality homes in its four ongoing projects, namely Bukit Indah Johor, Setia Indah Johor, Setia Tropika and Setia Eco Gardens.

Our projects in Johor continue to lead the market both in terms of total sales as well as product innovation and creativity. From simple beginnings in pure township offerings, our product range has now expanded to cover luxury villas, lifestyle offices, detached and semi-detached factories, condominiums and serviced apartments.

PRESIDENT'S REPORT



“ There is a very clear and present demand for properties in ecologically attuned enclaves in the Klang Valley ”



During the financial year, we completed our masterplanning for an exciting new 259-acre project to be known as Setia Eco Cascadia, which is located in the thriving Tebrau Corridor, a fast growing area which is enjoying spilled over demand from the congested Johor Bahru city. This project will enable us to tap further into the strong demand from upgraders comprised within the Group's own customer base and also in the surrounding matured residential areas where the Group has established a strong following.

In January 2011 we announced the purchase of 265.7 acres of land in Johor Bahru for RM125.78 million. This strategic parcel which is also located in the Tebrau corridor is being planned as our second commercial-cum-industrial project to be known as Setia Business Park II. The acquisition is in-line with the Group's strategy to continue to grow and strengthen our presence in Johor Bahru with product offerings in every segment of the property market.

With about 1,500 acres of undeveloped landbank in Johor Bahru following this latest acquisition, we are looking forward to taking advantage of the exciting happenings in the Iskandar region to further broaden and deepen our already dominant position in the state.

In the Klang Valley, we purchased 268.11 acres of prime freehold land in Cyberjaya's Flagship Zone for RM420.4 million. We are excited about the potential of the land and looking forward to creating a new eco-themed development based on the award-winning DNA of our flagship Setia Eco Park in Shah Alam.

The widely-recognised success and popularity of Setia Eco Park has led to significant price appreciation of its properties in the secondary market and record-setting pricing benchmarks in the primary market. There is a very clear and present demand for properties in ecologically attuned enclaves in the Klang Valley and this new landbank will allow the Group to capture this market by offering products with Setia Eco Park's proven award-winning 'DNA' in a new and upcoming Klang Valley location.

The size of the land in Cyberjaya is perfect for a luxurious gated and guarded enclave comprising linked villas, semi-detached homes and bungalows. The beautiful tract of land will be designed and developed to blend seamlessly with the natural topography with flowing creeks, lush greeneries, green parks, extensive landscaping and streetscapes. We plan to launch this new project to be known as Setia Eco Glades in the financial year 2012.

 PRESIDENT'S REPORT



for AUD25.25 million (approximately RM81 million) with plans to develop an apartment project to capitalise on the shortage of residential units in the area.

Nearer to home, our business presence in Singapore has also grown – from that of a marketing office set up in 2009 to now having a development project to be known as Woodsville, Singapore. The S\$65 million acquisition is planned for a high-rise residential tower comprising 105 units of one, two and three bedroom apartments.

attributes of Product Quality, Innovation & Creativity, Value Creation for Buyers, Image and Expertise.

Well done Team Setia! However, we have to realise that with every success, the bar will be raised higher and expectations on us become ever greater. Although we are not perfect, we must always strive to deliver on our promise to all our stakeholders each and every time. We should also remember that excellence is never static - it must be a continuous pursuit if we are to live up to our motto "To Be the Best in All We Do".

Towards the end of the current financial year we also acquired a 673-acre piece of land in Rinching, Semenyih which will enable us to extend our concept of ecologically attuned and masterplanned townships into yet another growth corridor. This latest acquisition will enable the Group to continue to have a solid pipeline of township offerings in the Klang Valley for many more years to come.

Over in East Malaysia, we expect to launch Aeropod @ Tanjung Aru in the first quarter of 2012. This integrated commercial development comprising retail offices, SOVO towers and a hotel located in Kota Kinabalu will be our maiden project in Sabah.

Overseas expansion

During the financial year, we also saw an impressive take-up for our first Australian venture – Fulton Lane. S P Setia's maiden foray into the Australian market comprises a compelling and predominantly residential development in the northern heart of Melbourne's Central Business District (CBD).

The success of Fulton Lane has spurred the Group to look for more opportunities in Australia. In September 2011, we bought 2.23 acres of land in St Kilda, Melbourne



The close proximity of Woodsville to several colleges and schools is highly advantageous as it enables the Group to tap into its Malaysian customer base, many of whom have sent their children to further their education in Singapore and may be looking to invest in properties there.

Keeping high standards

On the awards front, Team Setia has done us proud again, scoring a 6th win for the Group at the No. 1 spot in The Edge Malaysia Top Property Developers Awards 2011. I am particularly pleased that this time, the Group was also ranked first by the judges for each of the five qualitative

2012 promises to be an exciting and challenging year for us. As we look forward to the coming year, we also want to take this opportunity to thank our business associates, financiers, consultants and contractors for helping us achieve the many successes we have had this year. Truly, you have all been part of Team Setia and we could not have done it without you! We are confident that with your continued partnership and the strong support of all our valued shareholders, S P Setia's best days are yet to come.

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

Financial figures paint a compelling picture of our performance over the years, with 2011 being another successful year. Yet numbers alone cannot tell the whole Setia story because ours is a story of people and passion.



Growing in numbers



REVIEW OF OPERATIONS



 REVIEW OF OPERATIONS

Property development continues to be the main driver of earnings for the Group recording 85% of the total turnover of RM2.23 billion in FY2011. The remaining 15% was contributed by the Group's construction and manufacturing arm and investment holding activities.

Projects in the central region contributed 50% of earnings while the southern region contributed 29% followed by the northern region at 8%. Another 2% was contributed by the commercial division.

KLANG VALLEY

Our projects in the Klang Valley achieved total combined sales of RM1.8 billion contributed by five projects namely Setia Alam, Setia Eco Park, Setia Sky Residences, SetiaWalk and KL Eco City.

Setia Alam, Shah Alam

The 2,525-acre Setia Alam is both a wholesome nature-inspired sanctuary and a vibrant urban hub that exemplifies our LiveLearnWorkPlay philosophy. As S P Setia's flagship township in the Klang Valley, Setia Alam continued to lead the Group in sales recording RM841 million totalling 1,457 units sold. New launches include Duta Villa – a gated and guarded enclave with its own clubhouse and Trefoil at Setia City, featuring a selection of Small Office Flexible Office (SOFO) units that suit different tastes and requirements. The township is also gearing up for the opening of its landmark shopping destination, Setia City Mall, presently scheduled in May 2012.

Setia Eco Park, Shah Alam

Spread across 791 acres of prime freehold land in Shah Alam, the award-winning Setia Eco Park is renowned for its scenic landscape tapestry that pays tribute to the beauty of Mother Nature. Some 25% of land area has been allocated for the creation of waterways, lakes, creeks, landscape themed parks, lush walkways and a forest park in this private estate. Setia Eco Park recorded sales of RM346 million for the year under review selling 136 units to discerning homeowners. The project also added another coveted international award to its name, this time for Best Residential (Low-Rise) Development at the FIABCI Prix d'Excellence Awards 2011 held in Cyprus.

SetiaWalk, Pusat Bandar Puchong

This integrated residential and commercial development is positioned as a one-stop lifestyle centre. Occupying 21 acres of prime land in the matured township of Pusat Bandar Puchong, SetiaWalk recorded sales totalling RM108 million with 196 units sold. The project welcomed three significant retailers to its growing family of business partners this year, namely TGV Cinemas, Celebrity Fitness and Superstar Karaoke, to anchor the development's Entertainment Centre.



 REVIEW OF OPERATIONS



Setia Sky Residences, Kuala Lumpur

Continued demand for 'bite-sized' units in central KL bode well for the Group's first luxury high-rise located in the heart of Kuala Lumpur City Centre. Setia Sky Residences saw an average 25% increase in price per square foot and recorded total sales of RM139 million with 123 units sold.

KL Eco City, Kuala Lumpur

The Group's much anticipated mixed-use commercial and residential development recorded an impressive RM369 million in sales following its launch in October 2011 and is set to springboard the Group onto the next growth phase. KL Eco City's prime location, comprehensive master plan, excellent infrastructure and eco sustainable designs have managed to attract astute investors resulting in strong demand for its first phase of strata and boutique offices.

JOHOR

The Group has four ongoing projects in Johor which are Bukit Indah, Setia Indah, Setia Tropika and Setia Eco Gardens. These developments continue to be the top selling projects in the Southern region with combined sales of RM954 million amounting to 1,775 units in total. This was a 36% jump from the previous financial year's sales of RM607 million.

Bukit Indah Johor

Spanning 1,500 acres, Bukit Indah is an established township in Iskandar Malaysia that is fast becoming a hot spot for both commercial and residential property buyers.

With an array of landscaping awards to its name, Bukit Indah embarked on re-creating its 20-acre recreational park this year as part of its commitment to green living. This has led to unprecedented

 REVIEW OF OPERATIONS



demand for its properties like The Sky Executive Suites – with its 25 storey twin towers comprising 364 condominium units located near the Tesco shopping mall. Strong demand for high-rise living encouraged Bukit Indah to launch the Sky Loft Premium Suites, another premium condominium located just a stone's throw from the AEON shopping mall. For the year under review, the township sold 659 units amounting to RM342 million in sales.

Setia Indah Johor

For the year under review, this matured project in the Tebrau corridor project sold 223 units amounting to RM98 million in sales. The final launch of the project was 80 units of Cuarzo Garden Villas featuring a gated and guarded precinct surrounded by mature trees and verdant plantings. On the threshold of completion, Setia Indah is now expanding its community

activities in order to enhance the environmentally-friendly living experience that is synonymous with its reputation as The Living Oasis in Johor Bahru.

Setia Tropika Johor

This is one of the fastest-growing developments in Johor Bahru spread across 740 acres of prime land strategically located next to the North-South highway. Well-known for its groundbreaking architecture and outstanding landscaping, Setia Tropika also boasts a thriving commercial hub. For the year under review, the project sold 571 units amounting to RM299 million in sales. Its signature launch this year was The Resort @ Fenix Villas – a gated and guarded sanctuary based on a Zen Resort concept.

Setia Eco Gardens & Setia Business Park

Our award-winning development down south recorded RM215 million in sales and continued its winning streak with a second FIABCI Malaysia Property Award when it won the 2011 award in the Best Purpose-Built/Specialised Project Category for Eco Greens. The 28-acre community park is a symbol of the Group's commitment to sustainability. The project's commercial element called Setia Business Park has also become an international gateway for business expansion and investment. It provides one-stop convenience for businesses, meeting stringent demands of local and international companies for light industrial, warehousing and office facilities within an ecologically attuned environment. Completed and fully taken up, Phase 1 of Setia Business Park will also see a number of Singapore-based companies moving in.

REVIEW OF OPERATIONS



PENANG

The Group continues to carve a niche in Penang, recording total combined sales of RM319 million contributed by three ongoing projects which are Setia Pearl Island, Setia Vista and Setia Greens with a total of 336 units sold.

Setia Pearl Island

Since its launch in early 2007, Setia Pearl Island has established itself as a preferred development in Penang. Sprawling across 112.6 acres, the development is acclaimed for its six Isles. This year saw the launch of the Pearl Villas, a luxurious range of landed residences totalling 35 units. Setia Pearl Island recorded RM174 million sales amounting to 179 units.

Setia Vista

Located at Lebuhraya and about 5km away from Setia Pearl Island, Setia Vista sold 50 units amounting to RM39 million. The guarded development is near to some of the finest forest reserve land in the country.

Setia Greens

This development is located in Changkat Sungai Ara and is a short drive from the Bayan Lepas Industrial Free Zone. Setia Greens is the first green mass housing development in the northern region and will be one of the first developments seeking the Green Building Index (GBI) certification. Phase 1 was launched in January 2011 comprising 149 units of 3-storey terraced houses. The project recorded RM105 million in sales totalling 107 units.

 REVIEW OF OPERATIONS

**AUSTRALIA****Fulton Lane, Melbourne**

The Group's first foray into Australia saw a strong take-up by our own Malaysian customers who bought a large proportion of the RM167 million in sales recorded during the year from 99 units sold. Located on the northern fringe of Melbourne's Central Business District, Fulton Lane is surrounded by all the city's headline attractions. The development is designed by award-winning architects Fender Katsalidis.

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 Eco Xuan at Lai Thieu. Both developments contributed a total of RM49 million in sales for the year under review.

Our mission is to create LiveLearnWorkPlay spaces where communities can thrive. Where people can lead fulfilling lives responsibly. Where the environment is nurtured and respected. Where future generations will be able to live in harmony with nature.



Growing in sustainability



CORPORATE RESPONSIBILITY

E

ENVIRONMENT

Like the natural world, we are constantly evolving as we strive to build sustainability into every aspect of our business. We are resolved to never stop learning, innovating and improving so as to keep the environmental impact of our activities at a minimum. New and better ideas and concepts are integrated into policies and practices that promote environmentally responsible behaviour and responses amongst all our stakeholders.

COMMUNITY

Our longstanding commitment to the community is expressed through the S P Setia Foundation and our LiveLearnWorkPlay development philosophy. These four simple words guide our creation of environments that nurture vibrant communities and inspire its inhabitants to lead meaningful lives.

C

O

ORGANISATION

Team Setia is the force behind our successes and achievements. We believe that hiring the right people for the job is just the first step. A team is only as strong as its members, so we have to create the right environment in which they are able to grow and develop not just professionally but personally as well. We put a premium on integrity, creativity and loyalty at every level of the organisation.



ECO

eco



CORPORATE RESPONSIBILITY

In 2007, S P Setia framed our corporate responsibility charter to in order to better express our goals and aspirations as a corporate citizen. The scope of our commitment is aptly spelt out by the acronym ECO, which stands for Environment, Community and Organisation. It focusses on promoting sustainability within our organisation, the communities we are engaged in and the nation at large.

Prior to 2007, our CSR endeavours took the form of social work carried out through our charity trust – the S P Setia Foundation. Since its formation 11 years ago, the staff of S P Setia has raised a total of RM56.2 million for the Foundation, from just the Annual Charity Dinner alone. These funds have been utilised to aid the underprivileged and deserving.

As we pursue our philanthropic efforts through the Foundation, the corporate responsibility charter has provided us the framework in which to expand our CSR activities. Some of our successes since 2007 include:

Solar-powered homes

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

The pilot launch of 20 energy-efficient bungalows was a sell-out success in 2007, which encouraged Setia Eco Park to introduce more BIPV homes to the market. In 2010, another 122 semidees and 17 bungalows were launched and sold out despite higher premiums.

With the approval of the Renewable Energy Act 2010 by Parliament in April 2011 which allows for the introduction of the Feed-in-Tariff system, our new launches at Setia Eco Park will offer both BIPV panels and rainwater harvesting systems. We hope this will encourage more Malaysians who can afford it to adopt this important new green technology.

Green Building Index (GBI)

S P Setia aims to be the first developer in the country to develop fully integrated green projects under the country's own Green Building Index. While Green Buildings may not be a new phenomenon in the country, they are usually stand alone structures.



CORPORATE RESPONSIBILITY



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

The launch of KL Eco City in 2011 realises our aspiration to lift our vision of sustainable city living to the next level. The RM6 billion integrated mixed-used commercial and residential development is designed for Gold certification under both the Malaysian GBI standard and the US-LEED certification. This urban regeneration project which incorporates Environmentally Sustainable Design aims to be one of the first projects to be certified under the LEED Neighbourhood Development, a new accreditation launched in April 2009.

World Environment Day

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.

We started modestly with a green walk to raise public awareness about the importance of reducing carbon emissions and greenhouse gasses. A year later, we formed a strategic partnership with UTAR to establish an academic Chair in Environmental Engineering and Green Technology with a grant of RM1.25 million to be spent over five years to fund research and development in the field of environmental engineering and green technology.

In 2010, the Group celebrated WED by holding ECO runs simultaneously in the Klang Valley, Johor and Penang. More than 5,000 people turned up in total at the three venues of Setia Alam, Shah Alam; Setia Eco Gardens, Johor and Setia Pearl Island, Penang. A fun run was also held in EcoLakes, Vietnam.

In 2011, the Group organised a Cyclothon to promote the use of bicycles as a low-carbon means of transportation. This event also launched our initiative to enhance the bicycle cum pedestrian paths in our township developments.

Commitment to Community and Organisation

While we pursue our philanthropic activities through the Foundation, the investment in our own people and organisation remains consistent as we believe that honing the talent, creativity and execution power of Team Setia will continue to be key to our success. This year we were honoured to have been named Overall Best Employer in Malaysia and one of the Best Employers in the Asia-Pacific by Aon Hewitt.

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

In our efforts to nurture team spirit and community engagement, we set up the S P Setia Foundation Volunteers Club in 2009 to promote the practice of voluntarism amongst S P Setia staff. We are delighted that in 2011 we now have 270 volunteers from our projects in the Klang Valley, Johor Bahru and Penang who share our vision of doing great while doing good. Activities include home visits to families receiving aid under the Setia Adoption Programme, visits to orphanages and homes to help clean up and reading to the blind.

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

CORPORATE RESPONSIBILITY

S P SETIA FOUNDATION ACTIVITIES



S P Setia Foundation rewards 190 Setia Adopted Children for outstanding UPSR results
8 January 2011

For the ninth consecutive year, S P Setia Foundation recognised and rewarded its adoptees under the Setia Adoption Programme (SAP), for academic excellence at its Annual Excellence Awards Ceremony. A total of 190 adoptees scored straight As in the UPSR examinations.



S P Setia Foundation donates RM20,000 to Montfort Boys Town
16 February 2011

For the 11th consecutive year, the S P Setia Foundation awarded an annual grant of RM20,000 to Montfort Boys Town in support of its efforts to provide opportunities for the underprivileged youth in the country. In total, the Foundation has donated RM220,000 since year 2000.



S P Setia Foundation Volunteers Club grows to include Johor
18 March 2011

In the spirit of volunteerism, 125 staff members of S P Setia in Johor signed up as members of the S P Setia Foundation Volunteers Club. Their goal is to make a difference in the lives of the underprivileged.

The Club was set up to encourage S P Setia staff participation in social work, thus upholding and promoting the caring Setia spirit.

CORPORATE RESPONSIBILITY

S P SETIA FOUNDATION ACTIVITIES



S P Setia Foundation donates RM20,000 to upgrade the SJK (T) Ladang Juru school canteen
13 April 2011

The students of SJK (T) Ladang Juru in Pulau Pinang now have a much better place to enjoy recess thanks to the RM20,000 donation from the S P Setia Foundation to refurbish the school canteen.

SJK (T) Ladang Juru was established in 1917 with only 18 students. Now it has 134 students. The school, which will be celebrating its centenary, is steeped in history, in particular during the Japanese Occupation, from 1939 to 1945.

S P Setia Foundation forms third volunteers club in Penang
13 April 2011

The spirit of volunteerism spread to Penang when the entire workforce of the S P Setia office in Penang totaling 60 people signed up as members of the S P Setia Foundation Volunteers Club.

The Volunteers Club was first formed in the Klang Valley in 2009 with 59 members. Today, the number has grown to over 270 volunteers comprising staff from S P Setia's projects in the Klang Valley, Johor Bahru and Penang.

S P Setia Foundation donates two vans to JUITA and The Darul Takzim Development Foundation
14 May 2011

Two vans worth RM100,000 donated by the S P Setia Foundation will assist JUITA and the Darul Takzim Family Development Foundation in carrying out its charitable activities with greater ease and convenience.

CORPORATE RESPONSIBILITY

S P SETIA FOUNDATION ACTIVITIES



S P Setia Foundation donates dialysis machine to St John's Ambulance Malaysia

3 August 2011

S P Setia Foundation donated a dialysis machine worth RM45,000 to St John's Ambulance Malaysia – Selangor Coastal Area (SJAM-KPS) for its dialysis centre in Bidor. This is the 16th centre operated by SJAM and it consists of 13 machines. Dialysis treatments here are fixed at an affordable RM60 per session. The Foundation's donation was to help the centre accommodate the rising number of patients.

S P Setia Foundation extends the Setia Adoption Program to Sabah

13 August 2011

S P Setia Foundation launched the Program Setia Tinangkaanak to provide educational aid to students from impoverished families in Sabah. The program is an extension of the Foundation's highly successful Setia Adoption Program (SAP) which has been running in Peninsular Malaysia since 2000.

The program was made reality with the help from PACOS (Partners of Community Organisations), a community-based organisation that has been actively involved in helping the locals in Sabah for a long time. Under Setia Tinangkaanak, the Foundation has allocated a grant of RM150,00 to three community preschools

in Sabah, which are Tadika Kg Kibunut, Tadika Kg Togudon and Tadika Kg Kalampun.

This grant is to fund upgrading works of the preschool buildings, as well as support teachers' allowance, food for the students, books and educational tools.

CORPORATE RESPONSIBILITY

S P SETIA FOUNDATION ACTIVITIES



RM7.18 million collected for S P Setia Foundation Charity Dinner 2011

20 August 2011

The S P Setia Foundation Charity Dinner 2011 successfully raised RM7.18 million this year, making it another record-breaking year of fundraising for the Foundation.

The guests of honour for the evening were Dato' Sri Liow Tiong Lai, the Minister of Health, and his wife, Datin Sri Lee Sun Loo.

This year marked the Foundation's 11th year. Since its formation, the Foundation has raised a total of RM56.2 million from just the Annual Charity Dinner alone. To date, RM42 million has been spent in assisting the less fortunate.



S P Setia Foundation donates electrical appliances to Nacscom

27 December 2010

S P Setia donated RM16,000 worth of electrical appliances to the National Council of Senior Citizens' Organisations Malaysia (NACSCOM). The fridges, ceiling fans, water heaters and freezers donated were installed in NACSCOM's old folks homes in Kota Damansara and Setapak.

CORPORATE CALENDAR



3 November 2010

SetiaWalk welcomes three anchor retailers for its Entertainment Centre

The buzz on SetiaWalk continues to grow today as the project welcomed three anchor retailers to its growing family of business partners. TGV Cinemas, Celebrity Fitness and Superstar Karaoke will anchor the development's Entertainment Centre.



14 November 2010

Setia Alam Community Project continues to reach out to deserving families

The year-long charity effort is back for the fourth year, bringing aid and cheer to needy families living in Shah Alam and Klang. This project was first launched in August 2007, as a joint effort between S P Setia Foundation and Bandar Setia Alam Sdn Bhd, the developer of the Setia Alam Township. Its objective is to help underprivileged families cope with the rising cost of living.

11 December 2010

S P Setia Annual Dinner & Dance 2010

In keeping with the theme of the annual dinner, "Oceanic Disquo", Sunway Convention Centre was transformed into a surreal underwater world inhabited by sea creatures, sharks, octopus, sea goddesses, mermaids, pirates and many more. Kudos to our staff for their creativity and resourcefulness.



2 March 2011

S P Setia acquires prime land in Cyberjaya Flagship Zone

The Group purchased approximately 268.11 acres of prime freehold land in Cyberjaya's Flagship Zone for RM420.4 million. This land will be developed by Setia Eco Villa, a joint venture company between S P Setia Berhad and Setia Haruman Sdn Bhd, as a mixed residential and commercial development with an expected gross development value of around RM3 billion.



CORPORATE CALENDAR

14 March 2011**S P Setia offers application for smartphone users**

Once again breaking new ground in Malaysian property marketing, S P Setia Berhad launched the Setia App, a smartphone application for BlackBerry, iPhone, iPad, Android and Java devices. Designed to be informative and relevant to homebuyers, the Setia App provides users with news about the property market as well as updates from the Ministry of Housing and Local Government, including housing policies, new guidelines, homebuyer tips and much more.

**24 March 2011****S P Setia wins 3rd global FIABCI award**

Malaysia's pioneer eco concept development, Setia Eco Park, did the country proud at the global FIABCI Prix d'Excellence Awards 2011, when it emerged as the winner in the Residential (Low-Rise) Category.

This marks the second Prix d'Excellence Award for Setia Eco Park following its 2007 win in the Master Plan Category. Apart from Setia Eco Park's two accolades, the Group's Setia Eco Gardens in Johor Bahru also won the Prix d'Excellence Award for Best Development Master Plan in 2009. This makes S P Setia the only Malaysian developer to be recognised three times as winner at the global level by FIABCI.

**29 March 2011****S P Setia wins Overall Best Employers in Malaysia 2011**

S P Setia was named Overall Best Employer in Malaysia 2011 by Aon Hewitt. Datuk Dr S. Subramaniam, Human Resources Minister presented the award to Tan Sri Liew Kee Sin at the 12th National Human Resources Summit.

**1 April 2011****1-Blanket-4-Japan Handover Ceremony**

The tsunami that hit Japan was a disaster of epic proportions. The suffering of the victims of this tragedy touched the hearts of all Malaysians. In an immediate response to an initiative begun by the Rotary Club, S P Setia worked with the Rotary Club, AirAsia X, Malaysia Airlines, and Allied Pickfords to provide these victims with blankets which would help them keep warm in the freezing cold. This effort leveraged each organisation's expertise: S P Setia sent out text messages and emails to all its purchasers in Klang Valley, Johor Bahru and Penang about the donation drive; the Rotary Club set up pick up and drop off points; Allied Pickfords packed and transported the donated blankets to the airport; and both participating airlines flew the donated blankets to Sendai.



CORPORATE CALENDAR

27 April 2011

5th S P Setia Age Group Badminton Tournament 2011 Offers RM11,000 Up for Grabs

The fifth S P Setia Badminton Tournament 2011 was yet another resounding success for the Setia Badminton Academy. Over 400 players from seven states and Singapore participated in this three-day event in various categories.



12 May 2011

S P Setia sponsors book on Selangor's History through Postcards

The Group continued to build on its corporate responsibility efforts by sponsoring a book entitled *Selangor: 300 Early Postcards*. Published by Didier Millet and Jugra Publications, the coffee table book captures the transformation of Selangor through a visually arresting series of postcard galleries.

The book was officially launched by H.R.H. Sultan Sharafuddin Idris Shah, the Sultan of Selangor.

29 May 2011

Cycling towards a Green Future at the Setia Eco Cyclothon

More than 500 nature lovers gathered at the Setia Alam Townpark for the Setia Eco Cyclothon, which was part of the Group-wide World Environment Day (WED) celebrations.

This cyclothon was one of three events which took place concurrently in Setia Alam, Shah Alam, Setia Indah, Johor and Setia Pearl Island, Penang, as an early celebration for WED, which fell on June 5.

On WED itself, the Group's celebration took place in Vietnam at EcoLakes My Phuoc located in the Binh Duong province to the north of Ho Chi Minh City.



These events marked the fourth consecutive year that the Group has celebrated WED nationwide. Its previous initiatives included a green walk, an eco marathon and the establishment of an academic chair of Environmental Engineering and Green Technology at Universiti Tunku Abdul Rahman.

22 June 2011

S P Setia is the Best Employer in the Asia Pacific

Just three months after S P Setia was named Overall Best Employer in Malaysia 2011, the Group was recognised as one of the Best Employers in the Asia Pacific 2011 by Aon Hewitt.



10 September 2011

Setia Family Raya 2011

It was Rumah Terbuka for Team Setia as the Group combined its Hari Raya celebrations with a family get-together. This festive event was held at our very own Setia Alam Welcome Centre, where our staff and their family members celebrated in true raya spirit.



CORPORATE CALENDAR

20 September 2011**Team Setia runs for charity**

S P Setia sponsored two teams of five at a cost of RM28,000 in support The Edge-Bursa Malaysia Kuala Lumpur Rat Race 2011. The total amount raised was donated to various charitable bodies.

**22 September 2011****S P Setia reaches out to customers with exclusive Setia 4U Showcase**

S P Setia exhibited its range of properties in a series of exclusive property exhibitions billed as the Setia 4U Showcase. It kicked off in Gurney Plaza Penang (22 – 25 September), followed by PWTC Kuala Lumpur (30 September – 2 October) and City Square Johor Bahru (7 – 9 October).

The Setia 4U Showcase also offered easy ownership packages and rewards under the Setia Privilege Program (SPP).

3 October 2011**No. 1 for the sixth time**

S P Setia Berhad once again maintained the top spot in The Edge Malaysia Top Property Developer Awards 2011 for the sixth time, making it the only developer to have achieved this feat since the inception of the awards.

**7 October 2011****Dama Orchestra – In Perfect Harmony**

S P Setia partnered with The Star Publications to present Dama Orchestra's In Perfect Harmony – A Malaysian Musical Journey. This musical extravaganza which charted the history of Malaysia through pop music, featured local artists namely Zainal Abidin, Patrick Teoh, Douglas Lim, Sean Ghazi, Dato' David Arumugam, The Seasons 4, Tan Soo Suan, Tria Aziz and Chang Fang Chyi.

15 October 2011**S P Setia wins 5th FIABCI Malaysia Property Award**

Eco Greens in Setia Eco Gardens took home S P Setia Berhad's fifth FIABCI Malaysia Property Award. The ecologically attuned project won for the Best Purpose-Built/Specialised Project.

The 28-acre Eco Greens comprises a lush park and the Eco Gallery, a sustainable building which functions as the Setia Eco Gardens Sales Gallery and a community learning centre. Eco Greens is the centrepiece of the 949-acre Setia Eco Gardens Township in Iskandar Malaysia, Johor.



CORPORATE GOVERNANCE STATEMENT

The Board of Directors (“Board”) recognises the importance of and is committed to maintaining a high standard of corporate governance throughout the Group for long-term sustainable business growth and the protection and enhancement of shareholders’ value.

The Board is pleased to disclose below how the Group has applied the principles set out in the Malaysian Code of Corporate Governance (“Code”) and except where stated otherwise, its compliance with the best practices of the Code for the year ended 31 October 2011.

A. BOARD OF DIRECTORS

1. The Board and its Responsibilities

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

The Board delegates certain responsibilities to the Board Committees, all of which operate within defined terms of reference to assist the Board in the execution of its duties and responsibilities. The Board Committees include the Executive Committee, Audit Committee, Employees’ Share Option Scheme Committee, Nomination Committee, Remuneration Committee and Risk Management Committee. The respective Committees report to the Board on matters considered and their recommendation thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board. The composition of the Board Committees are set out on page 7 of this Annual Report.

2. Board Balance

There are twelve (12) members of the Board, comprising, four (4) Executive Directors and eight (8) Non-Executive Directors. Four (4) out of the eight (8) Non-Executive Directors are independent which fulfils the prescribed requirement for one third of the Board to be independent as stated in Paragraph 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). A brief profile of each Director is presented on page 17 to 22 of this Annual Report.

The current composition of the Board, provide the Group with a wealth of knowledge, experience, and core competencies to draw on. The Board’s comprehensive mix of skills which include legal, financial, technical, banking, public service and business expertise also provide a diversity of perspectives which is vital for the continued success of the Group in an increasingly complex and competitive business environment.

There is a clear segregation of responsibilities between the Chairman and the President to ensure a balance of power and authority. The Chairman is

responsible for conducting meetings of the Board and shareholders and ensuring all Directors are properly briefed during Board discussions and shareholders are informed of the subject matters requiring their approval. The President is responsible for the overall management of the Group, ensuring that strategies, policies and matters set by the Board are effectively implemented. All Directors are jointly responsible for determining the Group’s strategic business direction.

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

CORPORATE GOVERNANCE STATEMENT

3. Board Meetings

The Board meets at least once every quarter and additional meetings are convened as and when necessary. Meetings are scheduled at the start of each financial year to enable Board members to plan their schedules accordingly. All proceedings of the Board Meetings are duly minuted and signed by the Chairman of the Meeting. During the financial year under review, the Board met seven (7) times and the attendance record for each Director is as follows:-

NAME OF DIRECTOR	TOTAL MEETINGS ATTENDED	PERCENTAGE OF ATTENDANCE (%)
Tan Sri Abdul Rashid Bin Abdul Manaf	7/7	100
Tan Sri Dato' Sri Liew Kee Sin	7/7	100
Dato' Voon Tin Yow	7/7	100
Dato' Teow Leong Seng	7/7	100
Dato' Chang Khim Wah	7/7	100
Tan Sri Lee Lam Thye	7/7	100
Tan Sri Dato' Hari Narayanan a/l Govindasamy	6/7	86
Dato' Leong Kok Wah	7/7	100
Datuk Ismail Bin Adam	6/7	86
Ng Soon Lai @ Ng Siek Chuan	7/7	100
Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin	7/7	100
Dato' Noor Farida Binti Mohd Ariffin	5/7	71

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.

4. Supply of Information

The Directors have full and unrestricted access to all information pertaining to the Group's business and affairs including inter alia, financial results, annual budgets, business reviews against business plans and progress reports on the Group's developments and business strategies, to enable them to discharge their duties effectively. All Directors are provided with the agenda together with the Board papers prior to the Board Meetings to allow sufficient time for the Directors to review, consider and deliberate 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 brief the Board on matters deliberated by the Audit Committee which require the attention of the Board.

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

CORPORATE GOVERNANCE STATEMENT

5. Appointment and Re-election to the Board

The Nomination Committee comprises entirely of Independent Non-Executive Directors. Members of the Nomination Committee are listed on page 7 of this Annual Report. The Nomination Committee is empowered to identify and recommend new appointments of Executive and Non-Executive Directors to the Board. In discharging this duty, the Nomination Committee will assess the suitability of an individual to be appointed to the Board by taking into account the individual's skills, knowledge, expertise and experience, professionalism and integrity.

In accordance with the Company's Articles of Association, all Directors 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 after their 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.

6. Directors' Training

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

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

- (1) The Securities Commission's New Corporate Governance Blueprint – What Does It Mean For Your Company;
- (2) The Regulatory Framework And Directors Duties 2010 – What Directors Need To Know;
- (3) Corporate Governance Guide – Towards Boardroom Excellence;
- (4) Avoiding Minefields Amidst A Changing Anti-Corruption Landscape;
- (5) Code Of Conduct – Practical Experience Of A Multinational Corporation;
- (6) Setia Leadership Development Programme; and
- (7) Cardinal Principles Governing Interpretation of Housing Legislation.

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

B. DIRECTOR'S REMUNERATION

Objective

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

retain individuals of the necessary calibre relevant to the achievement of the Company's strategic objectives.

Remuneration Procedures

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

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

Remuneration Package

The remuneration package of Directors is as follows:-

- (a) Basic Salary

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

CORPORATE GOVERNANCE STATEMENT

- positions in comparable companies.
- (b) **Bonus Scheme**
The Group operates a bonus scheme for all employees, including the Executive Directors. The criteria for the scheme include the level of profit achieved by the Group from its business activities against targets, together with an assessment of each individual's performance during the period. Bonuses payable to the Executive Directors are reviewed by the Remuneration Committee and approved by the Board.
- (c) **Fees and Other Emoluments**
Non-Executive Directors are remunerated by way of Fees and Other Emoluments based on the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned. Fees payable to Non-Executive Directors are subject to shareholders' approval at the Annual General Meeting.
- (d) **Benefits-In-Kind**
Other benefits (such as chauffeur, security services and travelling allowance) are made available as appropriate.

The details of the remuneration of each Director of the Company who served during the financial year ended 31 October 2011 are as follows:-

CATEGORY	BASIC SALARY (RM'000)	BONUS (RM'000)	FEES (RM'000)	OTHER EMOLUMENTS (RM'000)	BENEFITS-IN-KIND (RM'000)	TOTAL (RM'000)
Executive Directors						
Tan Sri Dato' Sri Liew Kee Sin	4,997	4,088	–	–	1,002	10,087
Dato' Voon Tin Yow	3,334	2,352	–	–	350	6,036
Dato' Teow Leong Seng	1,139	672	–	–	53	1,864
Dato' Chang Khim Wah *	1,194	711	–	–	7	1,912
Non-Executive Directors						
Tan Sri Abdul Rashid Bin Abdul Manaf	–	–	95	1,262	30	1,387
Tan Sri Lee Lam Thye	–	–	95	612	7	714
Tan Sri Dato' Hari Narayanan A/L Govindasamy	–	–	95	179	–	274
Dato' Leong Kok Wah	–	–	95	179	–	274
Datuk Ismail Bin Adam	–	–	95	94	–	189
Ng Soon Lai @ Ng Siek Chuan	–	–	95	73	–	168
Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin	–	–	95	–	–	95
Dato' Noor Farida Binti Mohd Ariffin	–	–	95	–	–	95

* Dato' Chang Khim Wah is a Director of S P Setia International (S) Pte Ltd, a wholly-owned subsidiary of S P Setia Berhad. A total allowance of SGD8,400 was paid to him for the financial year ended 31 October 2011.

CORPORATE GOVERNANCE STATEMENT

C. SHAREHOLDERS

Communications between the Company and Investors

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

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

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

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

- www.spsetia.com.my

During the financial year, the Company participated in 12 investor conferences locally and abroad and in addition to that had 163 meetings with 355 individual financial analysts and investors. A total of 23 local and foreign research houses and brokerages contribute to the Bloomberg earnings estimates for the Company.

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

The Company's AGM remains the principal forum for dialogue and communication with shareholders in particular private investors. Shareholders are encouraged at 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. During the last two EGMs of the Company, a presentation was also given by the President/Chief Executive Officer to brief shareholders on the proposals for which the approval of shareholders was being sought. All Board members, Senior Management and the Group's external auditor as well as the Company's adviser on EGM proposals are available to respond to shareholders' questions during the AGM/EGM as the case may be.

A press conference is held after each AGM where the President/Chief Executive Officer, 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

CORPORATE GOVERNANCE STATEMENT

keep the investing public and shareholders updated on the progress and development of the business of the Group.

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

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

E: hari@emrail.com.my
T: 03-6257 0023
F: 03-6257 7512

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

E: systems@ssassociates.com.my
T: 03-2161 5466
F: 03-2163 6968

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

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

Internal Control

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

Code of Conduct and Business Ethics

Since 2008, the Company has formalised a Code of Conduct and Business Ethics to actively promote and establish a corporate culture which engenders ethical conduct that permeates throughout the Group. The code of conduct serves as a road map to help guide actions and behaviours while working for and/or dealing with the Company to promote and maintain high standards of conduct, business ethics and 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.

Relationship with Auditors

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

Directors' Responsibility Statement

The Directors are required by the Companies Act, 1965 ("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 2011, the Group has used the appropriate accounting policies and applied them consistently. The Directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

CORPORATE GOVERNANCE STATEMENT

ADDITIONAL COMPLIANCE INFORMATION

Options, Warrants Or Convertible Securities

During the financial year ended 31 October 2011, 69,235,875 options were exercised pursuant to the Employees Share Option Scheme which was implemented on 6 May 2009.

Additional 78,176,263 new warrants were issued as a consequence of the Bonus Issue undertaken by the Company during the financial year, resulting in the number of warrants being adjusted to 231,674,890 as at 31 October 2011. During the financial year, a total of 6,752,170 warrants were converted.

The Company did not issue any convertible securities during the financial year ended 31 October 2011.

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 2011 amounted to RM231,440.

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 45(a) of the financial statements.

Recurrent Related Party Transactions

At the Thirty Sixth Annual General Meeting of the Company held on 23 February 2011, 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 23 February 2011 and will continue until the conclusion of the forthcoming Annual General Meeting of the Company.

At the forthcoming Annual General Meeting to be held on 23 February 2012, 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 31 January 2012 attached to this Annual Report.

Revaluation Of Landed Properties

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

AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE

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

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

DATUK ISMAIL BIN ADAM (Independent Non-Executive Director)

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

SECRETARIES

LEE WAI NGAN

CHAN TOYE YING

TERMS OF REFERENCE

1.0 PURPOSE

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

2.0 COMPOSITION

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

- ii. The Chairman of the Audit Committee shall be an Independent Director.

3.0 REPORTING RESPONSIBILITIES

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

4.0 ATTENDANCE AT MEETINGS

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

5.0 FREQUENCY OF MEETINGS

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

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

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

The Chairman of the Audit Committee 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.

AUDIT COMMITTEE REPORT

The Audit Committee held four (4) meetings during the financial year ended 31 October 2011. The details of attendance of the Audit Committee members are as follows:

NAME OF AUDIT COMMITTEE MEMBER	TOTAL ATTENDANCE OF MEETINGS
Tan Sri Dato' Hari Narayanan A/L Govindasamy	3/4
Dato' Leong Kok Wah	3/4
Datuk Ismail Bin Adam	4/4
Ng Soon Lai @ Ng Siek Chuan	4/4

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

6.0 QUORUM

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

7.0 AUTHORITY

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

8.0 DUTIES

The duties of the Committee shall be:

- i. To consider the appointment of the External Auditors, the audit fees and any questions of resignation or dismissal.

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

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES OF THE COMMITTEE DURING THE YEAR

The Audit Committee met four times during the financial year ended 31 October 2011. The activities of the Audit Committee for the financial year were as follows:

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

INTERNAL AUDIT FUNCTION

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

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

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

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

STATEMENT ON EMPLOYEES SHARE OPTION SCHEME

The Audit Committee has reviewed and verified that during the financial year ended 31 October 2011, the allocation of share options pursuant to the ESOS to eligible employees of S P Setia Berhad Group had been made in accordance with the eligibility and entitlement criteria determined by the ESOS Committee and the share options have been granted in accordance with the By-Laws.

INTERNAL CONTROL STATEMENT

BOARD RESPONSIBILITY

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

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

RISK MANAGEMENT

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

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

INTERNAL CONTROL

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

(a) The Board has appointed the Audit Committee to review the effectiveness of the Group's system of internal control on behalf of the Board. This is accomplished through the review of the Group Internal Audit Department's work,

which focused on areas of high priority as identified by risk assessment and in accordance with the annual audit plan approved by the Audit Committee.

(b) The Group's Risk Management Framework is outlined in the Risk Management Policy. The Group has a Risk Management Committee who reports to the Board on a quarterly basis on all major risk areas. The Risk Management Committee coordinates the overall risk management activities within the Group.

(c) The framework of the Group's system of internal control and key procedures include the following:

- There is an organisation structure in place, which formally defines lines of responsibility and delegation of authority.
- Key functions such as finance, tax, treasury, corporate, legal matters and contract awarding are controlled centrally.
- There is strategic planning, annual budgeting and target-setting process, which includes forecasts for each area of business with detailed reviews at all levels of operations.
- Actual performance compared with budget is reviewed with detailed explanation provided for any major variances.
- The President/Chief Executive Officer, Deputy President/Chief Operating Officer and Executive Vice Presidents meet

on a monthly basis with all Divisional Heads and Business Unit Heads to discuss on the Group's financial performance, business development, management issues and corporate issues.

- Standard Operating Procedures which include policies and procedures within the Group are continuously updated.
- The Divisional Heads and Business Unit Heads are responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls.
- Corporate values, which emphasise ethical behaviour are set out in the Group's Employee Handbook.

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

FINANCIAL STATEMENTS

68	Corporate Information
69	Directors' Report
75	Independent Auditors' Report
77	Statements of Financial Position
79	Statements of Comprehensive Income
80	Consolidated Statement of Changes in Equity
81	Company Statement of Changes in Equity
82	Statements of Cash Flows
85	Notes to the Financial Statements
181	Statement by Directors
181	Statutory Declaration

CORPORATE INFORMATION

FOR THE YEAR ENDED 31 OCTOBER 2011

DOMICILE	:	Malaysia
LEGAL FORM AND PLACE OF INCORPORATION	:	Public listed company limited by way of shares incorporated in Malaysia under the Companies Act, 1965
REGISTERED OFFICE	:	Plaza 138, Suite 18.03 18th Floor, 138 Jalan Ampang 50450 Kuala Lumpur
PRINCIPAL PLACE OF BUSINESS	:	Setia Corporate Tower 5A, Jalan Setia Nusantara U13/17 Setia Eco Park, Seksyen U13 40170 Shah Alam Selangor Darul Ehsan

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2011

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 2011.

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	322,431	17,026
Attributable to:		
Owners of the Company	327,973	17,026
Non-controlling interests	(5,542)	–
	322,431	17,026

DIVIDENDS

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

- (a) A final dividend of 14 sen per ordinary share of RM0.75 each less 25% income tax amounting to RM107,141,600 in respect of the financial year ended 31 October 2010, as proposed in the directors' report for that financial year; and
- (b) An interim dividend of 5 sen per ordinary share of RM0.75 each less 25% income tax amounting to RM66,641,503 in respect of the financial year ended 31 October 2011.

The directors now recommend a final dividend of 9 sen per ordinary share of RM0.75 each less 25% income tax amounting to RM123,709,826 in respect of the financial year ended 31 October 2011.

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 80 to 81.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its paid up share capital from 1,016,808,318 to 1,832,738,157 by way of:

- (a) The issuance of 153,059,000 new ordinary shares of RM0.75 each for cash pursuant to the Company's Private Placement at a subscription price of RM5.78 per share. The shares were issued for the purpose of working capital;
- (b) The issuance of 586,882,794 new ordinary shares of RM0.75 each arising from the Bonus Issue on the basis of 1 bonus share for every 2 existing shares held ("1:2 Bonus Issue");
- (c) The issuance of 69,235,875 new ordinary shares of RM0.75 each pursuant to the exercise of Employees' Share Options Scheme ("ESOS") at the following option prices:

Exercise price	(RM)	1.97 [#]	2.46 [#]	2.70 [#]	3.77 [#]	2.89
No. of shares issued	('000)	51,799	4,386	5,614	1,716	5,721

Restated for the effects of 1 bonus share for every 2 shares held.

- (d) The issuance of 6,752,170 new ordinary shares of RM0.75 each for cash arising from the exercise of Warrants at the following exercise prices per ordinary share:

Exercise price	(RM)	4.48	2.99 [#]
No. of Warrants issued	('000)	3,898	2,854

Restated for the effects of 1 bonus share for every 2 shares held.

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

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

EMPLOYEES' SHARE OPTIONS SCHEME

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

Date of options granted	Exercise price RM	At 1.11.2010	Granted	Bonus Issue	Exercised	Forfeited*	At 31.10.2011
6 May 2009	1.97 [#]	66,201,100	–	32,842,500	(51,798,407)	(1,710,445)	45,534,748
22 March 2010	2.46 [#]	5,514,400	–	2,638,500	(4,385,698)	(366,906)	3,400,296
1 October 2010	2.70 [#]	6,319,300	–	3,060,400	(5,614,170)	(333,153)	3,432,377
1 April 2011	3.77 [#]	–	7,155,200	3,577,600	(1,716,300)	(466,248)	8,550,252
29 September 2011	2.89	–	12,540,900	–	(5,721,300)	–	6,819,600

* ESOS options forfeited from resigned employees.

Restated for the effects of 1 bonus share for every 2 shares held.

The main features of the ESOS are disclosed in note 23 to the financial statements.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

EMPLOYEES' SHARE OPTIONS SCHEME (CONT'D)

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders, other than directors, who were granted options to subscribe for less than 4,500,000 ordinary shares of RM0.75 each. During the financial year, there were no option holders who were granted options to subscribe for 4,500,000 or more ordinary shares of RM0.75 each.

DIRECTORS

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

Tan Sri Abdul Rashid Bin Abdul Manaf
 Tan Sri Dato' Sri Liew Kee Sin
 Dato' Voon Tin Yow
 Dato' Teow Leong Seng
 Dato' Chang Khim Wah
 Tan Sri Lee Lam Thye
 Tan Sri Dato' Hari Narayanan A/L Govindasamy
 Dato' Leong Kok Wah
 Datuk Ismail Bin Adam
 Ng Soon Lai @ Ng Siek Chuan
 Tan Sri Dato' Dr Wan Mohd Zahid Bin Mohd Noordin
 Dato' Noor Farida Binti Mohd Ariffin

DIRECTORS' INTEREST IN SHARES, ESOS AND WARRANTS

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

	← No. of ordinary shares of RM0.75 →				At 31.10.2011
	At 1.11.2010	Acquired/ Placement	Bonus Issue	Disposed	
Tan Sri Abdul Rashid Bin Abdul Manaf					
– direct	67,000	130,000	98,500	–	295,500
– indirect	4,208,900	–	1,812,000	(5,747,900)	273,000
Tan Sri Dato' Sri Liew Kee Sin					
– direct	93,463,839	12,000,000	52,731,918	–	158,195,757
– indirect	28,201,297	–	14,100,648	–	42,301,945
Dato' Voon Tin Yow					
– direct	19,932	–	9,966	–	29,898
Dato' Teow Leong Seng					
– direct	10,933	–	5,466	–	16,399
Dato' Chang Khim Wah					
– direct	62,106	–	31,053	–	93,159
Tan Sri Lee Lam Thye					
– indirect	18,000	217,500	9,000	–	244,500

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

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

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

	Exercise price RM	No. of Share Options				
		At 1.11.2010	Adjustments	Granted	Exercised	At 31.10.2011
Dato' Voon Tin Yow	1.97 [#]	3,000,000	1,500,000	–	–	4,500,000
Dato' Teow Leong Seng	1.97 [#]	3,000,000	1,500,000	–	–	4,500,000
Dato' Chang Khim Wah	1.97 [#]	3,000,000	1,500,000	–	–	4,500,000

[#] Restated for the effects of 1 bonus share for every 2 shares held.

	No. of Warrants				
	At 1.11.2010	Adjustments	Acquired	Disposed	At 31.10.2011
Tan Sri Abdul Rashid Bin Abdul Manaf					
– indirect	700,000	–	–	(700,000)	–
Tan Sri Dato' Sri Liew Kee Sin					
– direct	15,747,403	7,873,701	–	–	23,621,104
– indirect	14,970,235	7,485,117	–	–	22,455,352
Dato' Voon Tin Yow					
– direct	1,768,402	384,201	–	(1,000,000)	1,152,603
Dato' Teow Leong Seng					
– direct	1,822	911	–	–	2,733
Dato' Chang Khim Wah					
– direct	13,700	6,850	–	–	20,550
Tan Sri Lee Lam Thye					
– indirect	3,000	1,500	–	–	4,500

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

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefit which may be deemed to have arisen from the transactions disclosed in note 45(a) to the financial statements.

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

OTHER STATUTORY INFORMATION

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

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

- (e) At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.
- (f) In the opinion of the directors:
- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

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

Signed on behalf of the directors in accordance with a directors' resolution dated 8 December 2011

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 2011 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 notes, as set out on pages 77 to 180.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of these financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, 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 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 have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 October 2011 and of their financial performance and cash flows for the year then ended.

INDEPENDENT AUDITORS' REPORT

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

OTHER MATTERS

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

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in note 55 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 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.

MAZARS

No. AF: 1954
Chartered Accountants

TANG KIN KHEONG

No. 1501/09/13 (J/PH)
Partner

Kuala Lumpur

Date: 8 December 2011

STATEMENTS OF FINANCIAL POSITION

31 OCTOBER 2011

	Note	Group		Company	
		2011 RM'000	Restated 2010 RM'000	2011 RM'000	Restated 2010 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	2	74,062	108,248	197	280
Investment properties	3	262,641	117,446	1,952	1,963
Land held for property development	4	1,786,029	1,371,152	-	-
Prepaid lease payments	5	-	-	-	-
Investment in subsidiary companies	6	-	-	578,595	255,607
Investment in associated companies	7	2,279	2,249	650	650
Investment in jointly controlled entities	8	-	-	70,331	85,981
Other investments	9	337	337	-	-
Amounts owing by subsidiary companies	10	-	-	902,454	690,578
Amounts owing by associated companies	11	-	-	-	-
Amount owing by former joint venture partner	12	12,674	13,890	-	-
Amounts owing by jointly controlled entities	13	48,357	30,213	161,190	113,310
Deferred tax assets	14	66,920	42,465	3,729	72
Total non-current assets		2,253,299	1,686,000	1,719,098	1,148,441
Current assets					
Property development costs	15	894,189	840,448	-	-
Gross amount due from customers	16	49,575	69,775	-	-
Inventories	17	26,288	23,601	-	-
Accrued billings	18	104,614	157,152	-	-
Trade receivables	19	296,233	241,296	4,390	5,471
Amounts owing by subsidiary companies	10	-	-	525,490	516,915
Amounts owing by jointly controlled entities	13	35,101	18,380	64,995	15,246
Other receivables, deposits and prepayments	20	472,012	256,841	2,143	581
Current tax assets		17,936	34,045	11,023	17,566
Deposits	21	704,509	646,140	620,112	515,463
Cash and bank balances	22	731,901	412,384	16,019	1,550
Total current assets		3,332,358	2,700,062	1,244,172	1,072,792
TOTAL ASSETS		5,585,657	4,386,062	2,963,270	2,221,233

STATEMENTS OF FINANCIAL POSITION

31 OCTOBER 2011 (CONT'D)

	Note	Group		Company	
		2011 RM'000	Restated 2010 RM'000	2011 RM'000	Restated 2010 RM'000
EQUITY AND LIABILITIES					
Equity					
Share capital	23	1,374,554	762,606	1,374,554	762,606
Share premium (<i>non-distributable</i>)		696,575	218,027	696,575	218,027
Options reserve (<i>non-distributable</i>)		39,304	24,482	39,304	24,482
Warrants reserve (<i>non-distributable</i>)		46,036	47,765	46,036	47,765
Exchange translation reserve (<i>non-distributable</i>)		(4,319)	(3,808)	–	–
Retained earnings		1,294,292	1,140,201	266,613	433,111
Equity attributable to shareholders of the Company		3,446,442	2,189,273	2,423,082	1,485,991
Non-controlling interests		(6,956)	79	–	–
Total equity		3,439,486	2,189,352	2,423,082	1,485,991
Non-current liabilities					
Redeemable serial bonds	24	242,629	235,985	242,629	235,985
Amounts owing to subsidiary companies	10	–	–	–	127,222
Long term borrowings	25	874,513	780,350	–	–
Other loans	26	–	1,446	–	–
Deferred tax liabilities	27	975	979	–	–
Total non-current liabilities		1,118,117	1,018,760	242,629	363,207
Current liabilities					
Gross amount due to customers	16	6,205	7,117	–	2,781
Trade payables	28	421,146	344,977	11,144	12,183
Progress billings	18	126,719	40,377	–	–
Amounts owing to subsidiary companies	10	–	–	211,075	4,392
Other payables and accruals	29	220,447	148,929	25,340	14,216
Short term borrowings	30	199,736	197,806	50,000	50,000
Redeemable serial bonds	24	–	249,620	–	249,620
Redeemable cumulative preference shares	31	–	65,625	–	–
Bank overdrafts	32	36,435	107,613	–	38,843
Current tax liabilities		17,366	15,886	–	–
Total current liabilities		1,028,054	1,177,950	297,559	372,035
Total liabilities		2,146,171	2,196,710	540,188	735,242
TOTAL EQUITY AND LIABILITIES		5,585,657	4,386,062	2,963,270	2,221,233

Notes to and forming part of the financial statements are set out on pages 85 to 180

Auditors' Report – Pages 75 to 76

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 OCTOBER 2011

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue	33	2,232,473	1,745,870	35,588	76,730
Cost of sales	34	(1,618,595)	(1,320,058)	(24,276)	(76,087)
Gross profit		613,878	425,812	11,312	643
Other operating income	35	79,839	108,703	81,615	71,683
Selling and marketing expenses		(127,573)	(62,206)	–	–
Administrative and general expenses		(124,120)	(132,109)	(55,491)	(44,678)
Share of net profits less losses of associated companies		30	(33)	–	–
Finance costs	36	(11,460)	(9,200)	(14,774)	(23,386)
Profit before tax	37	430,594	330,967	22,662	4,262
Tax expense	38	(108,163)	(79,162)	(5,636)	(3,045)
Profit for the year		322,431	251,805	17,026	1,217
Other comprehensive income, net of tax:					
Exchange differences on translation of foreign operations		(567)	(2,875)	–	–
Total comprehensive income for the year		321,864	248,930	17,026	1,217
Profit attributable to:					
Shareholders of the Company		327,973	251,813	17,026	1,217
Non-controlling interests		(5,542)	(8)	–	–
		322,431	251,805	17,026	1,217
Total comprehensive income attributable to:					
Shareholders of the Company		327,406	248,938	17,026	1,217
Non-controlling interests		(5,542)	(8)	–	–
		321,864	248,930	17,026	1,217
Basic earnings per share (sen)	39	19.2	16.5*		
Diluted earnings per share (sen)	39	18.1	16.2*		
Dividend per share (net of tax) (sen)		10.5	15.0	10.5	15.0

* Restated earnings per share after adjusting for 1:2 Bonus Issue (note 39).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2011

Note	← Attributable to shareholders of the Company →								Non-controlling interests RM'000	Total equity RM'000
	← Non-distributable →				Distributable					
	Share capital RM'000	Share premium RM'000	Options reserve RM'000	Warrants reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total RM'000			
Balance at 1.11.2009	762,604	218,017	6,988	47,766	(933)	1,002,779	2,037,221	357	2,037,578	
Total comprehensive income for the year	-	-	-	-	(2,875)	251,813	248,938	(8)	248,930	
Transactions with owners:										
Dividends paid	40	-	-	-	-	(114,391)	(114,391)	-	(114,391)	
Issuance of ordinary shares pursuant to exercise of Warrants	2	10	-	(1)	-	-	11	-	11	
Options granted under ESOS	-	-	17,494	-	-	-	17,494	-	17,494	
Issuance of ordinary shares to a non-controlling interest	-	-	-	-	-	-	-	8	8	
Acquisition of additional shares in a subsidiary company	-	-	-	-	-	-	-	(278)	(278)	
Balance at 31.10.2010	762,606	218,027	24,482	47,765	(3,808)	1,140,201	2,189,273	79	2,189,352	
Effects arising from adoption of FRS 139	-	-	-	-	-	(1,713)	(1,713)	-	(1,713)	
Balance at 1.11.2010, as restated	762,606	218,027	24,482	47,765	(3,808)	1,138,488	2,187,560	79	2,187,639	
Total comprehensive income for the year	-	-	-	-	(567)	327,973	327,406	(5,542)	321,864	
Transactions with owners:										
Dividends paid	40	-	-	-	-	(173,783)	(173,783)	-	(173,783)	
Partial disposal of a subsidiary	43(b)	-	-	-	-	1,084	1,084	(1,044)	40	
Dilution of equity interest in a subsidiary	43(d)	-	-	-	56	393	449	(449)	-	
Issuance of ordinary shares:										
- exercise of ESOS		51,927	135,556	(36,488)	-	-	150,995	-	150,995	
- exercise of Warrants		5,065	22,661	-	(1,729)	-	25,997	-	25,997	
- Private Placement		114,794	769,887	-	-	-	884,681	-	884,681	
- Bonus Issue		440,162	(440,162)	-	-	-	-	-	-	
Expenses incurred on issuance of ordinary shares		-	(9,394)	-	-	-	(9,394)	-	(9,394)	
Options granted under ESOS		-	-	51,447	-	-	51,447	-	51,447	
ESOS lapsed		-	-	(137)	-	137	-	-	-	
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	

Notes to and forming part of the financial statements are set out on pages 85 to 180
Auditors' Report – Pages 75 to 76

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2011

Note	← Non-distributable →				Distributable	Total RM'000
	Share capital RM'000	Share premium RM'000	Options reserve RM'000	Warrants reserve RM'000	Retained earnings RM'000	
Balance at 1.11.2009	762,604	218,017	6,988	47,766	546,285	1,581,660
Total comprehensive income for the year	–	–	–	–	1,217	1,217
Transactions with owners:						
Dividends paid	–	–	–	–	(114,391)	(114,391)
Issue of ordinary shares pursuant to exercise of Warrants	2	10	–	(1)	–	11
Options granted under ESOS	–	–	17,494	–	–	17,494
Balance at 31.10.2010	762,606	218,027	24,482	47,765	433,111	1,485,991
Effects arising from adoption of FRS 139	–	–	–	–	(9,878)	(9,878)
Balance at 1.11.2010, as restated	762,606	218,027	24,482	47,765	423,233	1,476,113
Total comprehensive income for the year	–	–	–	–	17,026	17,026
Transactions with owners:						
Dividends paid	–	–	–	–	(173,783)	(173,783)
Issuance of ordinary shares:						
– exercise of ESOS	51,927	135,556	(36,488)	–	–	150,995
– exercise of Warrants	5,065	22,661	–	(1,729)	–	25,997
– Private Placement	114,794	769,887	–	–	–	884,681
– Bonus Issue	440,162	(440,162)	–	–	–	–
Expenses incurred on issuance of ordinary shares	–	(9,394)	–	–	–	(9,394)
Options granted under ESOS	–	–	51,447	–	–	51,447
ESOS lapsed	–	–	(137)	–	137	–
Balance at 31.10.2011	1,374,554	696,575	39,304	46,036	266,613	2,423,082

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2011

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	430,594	330,967	22,662	4,262
Adjustments for:				
Allowance for doubtful debts no longer required	(2)	(585)	(50)	(1,144)
Bad and doubtful debts	61	20,292	4,342	1,400
Depreciation				
– property, plant and equipment	11,051	10,328	61	88
– investment properties	1,267	2,682	11	12
Development expenditure written off	–	256	–	–
Gain on disposal of property, plant and equipment	(80)	(151)	(1)	(1)
Property, plant and equipment written off	10	363	–	–
Amortisation of bond discounts	–	–	7,024	12,814
(Gain)/Loss retained in associated companies	(30)	33	–	–
Realisation of loss/(profit) of jointly controlled entities	3,163	(417)	–	–
Gain on partial disposal of a subsidiary company	(59)	(13)	–	–
Gain on disposal of investment properties	(33,344)	(68,857)	–	–
Interest income from financial assets measured at amortised cost	(576)	–	(3,090)	–
Impairment of investment in subsidiary companies	–	–	1,135	–
Impairment of investment in subsidiary companies no longer required	–	–	(11)	–
Loss from fair value adjustment of financial assets	182	–	1,950	–
Employees' share options	50,912	17,144	5,887	3,411
Discount on acquisition of additional shares in a subsidiary company	–	(89)	–	–
Unrealised foreign exchange loss	146	954	–	–
Deposit written off	–	7	–	–
Interest expense	11,460	9,200	7,750	10,572
Dividend income	–	–	(16,000)	(30,000)
Interest income	(31,726)	(16,443)	(62,050)	(40,327)
Rental income	(6,853)	(13,623)	–	–
Operating profit/(loss) before working capital changes	436,176	292,048	(30,380)	(38,913)
Changes in property development costs	142,737	189,117	–	–
Changes in accrued billings/progress billings	138,880	(25,927)	–	–
Changes in gross amount due from/to customers	19,789	(28,825)	(2,745)	(1,006)
Changes in inventories	4,283	4,734	–	–
Changes in receivables	(76,130)	(38,545)	286	(3,331)
Changes in payables	154,373	83,703	4,485	(996)
Cash generated from/(used in) operations	820,108	476,305	(28,354)	(44,246)
Rental received	1,516	800	–	–
Interest received	11,118	6,180	45	8
Interest paid	(73,621)	(48,786)	(121)	(57)
Net tax (paid)/refund	(116,574)	(86,257)	1,250	–
Net cash generated from/(used in) operating activities	642,547	348,242	(27,180)	(44,295)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to land held for property development		(541,577)	(178,040)	-	-
Purchase of property, plant and equipment	41	(14,422)	(62,968)	(14)	(92)
Purchase of investment properties		(123,839)	(3,018)	-	-
Proceeds from disposal of property, plant and equipment		203	742	1	1
Proceeds from disposal of investment properties		107,190	101,061	-	-
Proceeds from partial disposal of a subsidiary company		40	-	40	-
Acquisition of shares in subsidiary companies	42	-	(1,000)	-	-
Acquisition of additional shares in an existing subsidiary company	42	-	(189)	-	(189)
Subscription of additional shares in an existing subsidiary company		-	-	(3,413)	(1,167)
(Advances to)/Repayment from subsidiary companies		-	-	(494,961)	259,436
Advances to jointly controlled entities		(20,053)	(7,921)	(78,867)	(33,843)
Deposit and part consideration paid for acquisition of land		(159,807)	(26,599)	-	-
Development expenditure paid		(14,942)	(553)	-	-
Advance payments in relation to the Privatisation Agreement		(112,694)	(90,189)	-	-
(Placement)/Withdrawal of fixed deposits, sinking fund, debt service reserve and escrow accounts		(1,096)	15,190	-	-
Dividends received		-	-	12,000	50,812
Interest received		20,608	9,691	39,247	17,242
Rental received		5,337	12,823	-	-
Net cash (used in)/generated from investing activities		(855,052)	(230,970)	(525,967)	292,200

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from issue of shares					
- by the Company		1,061,673	11	1,061,673	11
- by a subsidiary company to a minority shareholder		-	8	-	-
Payment of share issue expenses		(9,394)	-	(9,394)	-
Share application monies		7,766	-	7,766	-
Repayment from/(advances to) subsidiary companies		-	-	84,643	(3,945)
Drawdown of bank term loans		316,205	435,190	-	-
Repayment of bank term loans		(348,905)	(215,534)	-	-
Drawdown of bridging loans		82,056	-	-	-
Drawdown of short term loans		5,937	57,743	-	50,000

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES (CONT'D)				
Repayment of short term loan	(7,081)	-	-	-
Drawdown of revolving credits	65,300	15,000	-	-
Repayment of revolving credits	(20,800)	(29,171)	-	-
Redemption of bonds	(250,000)	-	(250,000)	-
Redemption of cumulative preference shares	(65,625)	-	-	-
Payment of hire purchase and finance lease liabilities	-	(168)	-	-
Interest paid	(2,410)	(3)	(9,797)	(10,472)
Dividends paid	(173,783)	(114,391)	(173,783)	(114,391)
Net cash generated from/(used in) financing activities	660,939	148,685	711,108	(78,797)
NET INCREASE IN CASH AND CASH EQUIVALENTS	448,434	265,957	157,961	169,108
EFFECT OF EXCHANGE RATE CHANGES	(467)	770	-	-
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	939,230	672,503	478,170	309,062
CASH AND CASH EQUIVALENTS CARRIED FORWARD	1,387,197	939,230	636,131	478,170
Represented by:				
Deposits	698,501	640,974	620,112	515,463
Cash and bank balances	725,131	405,869	16,019	1,550
Bank overdrafts	(36,435)	(107,613)	-	(38,843)
	1,387,197	939,230	636,131	478,170

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011

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 FRSs, Amendments to FRSs and Issue Committee Interpretations (“IC Interpretations”):

FRS 3	Business Combinations (revised)
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs (revised)
FRS 127	Consolidated and Separate Financial Statements (revised)
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRSs	Improvements to FRSs (2009)
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment Vesting Conditions and Cancellations
Amendments to FRS 2	Share-based Payment
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 132	Financial Instruments: Presentation
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Changes in accounting policies (cont'd)

The above applicable 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 as discussed below:

(i) *FRS 101 – Presentation of Financial Statements*

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

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

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see note 51).

The Group and the Company have elected to present the statement of comprehensive income in one statement.

(ii) *Amendments to FRS 117 Leases (as part of the Improvements to FRSs (2009))*

Prior to the adoption of the Amendments to FRS 117, leasehold land with title which had an indefinite economic life that was not expected to pass to the lessee at the end of the lease term was classified as operating lease. Upfront payments for the rights to use the leasehold land over a predetermined period were accounted for as prepaid lease payments and amortised on a straight-line basis over the remaining period of the lease.

Upon adoption of the Amendments to FRS 117, the Group and the Company reassessed the classification of leasehold land as a finance lease or an operating lease based on the extent of risks and rewards associated with the land. The Group and the Company have determined that all leasehold land of the Group and the Company are in substance finance leases and have reclassified its leasehold land from prepaid lease payments to investment properties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(b) Changes in accounting policies** (cont'd)*(ii) Amendments to FRS 117 Leases (as part of the Improvements to FRSs (2009)) (cont'd)*

The Group and the Company have applied this change in accounting policy retrospectively and certain comparatives have been restated. The following are effects to the statements of financial position as at 31 October 2010 arising from the above changes in accounting policy:

	As previously stated RM'000	Effects of adopting Amendments to FRS 117 RM'000	Restated RM'000
<u>Group</u>			
31 October 2010			
Investment properties	116,586	860	117,446
Prepaid lease payments	860	(860)	-
1 November 2009			
Investment properties	197,587	870	198,457
Prepaid lease payments	870	(870)	-
<u>Company</u>			
31 October 2010			
Investment properties	1,103	860	1,963
Prepaid lease payments	860	(860)	-
1 November 2009			
Investment properties	1,105	870	1,975
Prepaid lease payments	870	(870)	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Changes in accounting policies (cont'd)

(iii) Amendments to FRS 140 Investment Property (as part of the Improvements to FRSs (2009))

On 1 November 2010, the Group adopted the Amendments to FRS 140 which arose from the Improvements to FRSs issued in 2009.

The Group has properties that are being constructed for future use classified as investment properties. Such investment properties under construction ("IPUC") were accounted as property, plant and equipment. Upon adoption of the Amendments to FRS 140, these IPUC are reclassified as investment properties.

The Group applied the amendments prospectively. As a result of the adoption of the Amendments to FRS 140, as at 1 November 2010, the Group has reclassified IPUC of RM36,876,000 from property, plant and equipment to investment properties.

(iv) FRS 139 – Presentation of Financial Statements

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 November 2010 in accordance with the transitional provision. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 November 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale ("AFS") financial assets.

Investment in unquoted shares

Prior to 1 November 2010, other investment was recorded at cost adjusted for any diminution in value in the Group's and the Company's financial statements.

As at 1 November 2010, the other investment is designated as AFS investment and since the fair value of the AFS investment cannot be reliably measured, it is measured at cost less impairment loss.

Loans and receivables

Prior to 1 November 2010, the Group and the Company granted interest bearing loans or advances to its subsidiaries, jointly controlled entities and former joint venture partner with interest different from market rates which were recorded at cost in the Group's financial statements.

With the adoption of FRS 139, amounts owing by subsidiaries, jointly controlled entities and former joint venture partner are now recognised initially at fair value, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. Interest income is recognised in profit or loss using effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Changes in accounting policies (cont'd)

(iv) FRS 139 – Presentation of Financial Statements (cont'd)

Financial liabilities

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

The Group's and the Company's financial liabilities are initially measured at fair value and subsequently measured at amortised cost.

The following are effects arising from the above changes in accounting policies:

Group	As at 31 October 2010 RM'000	Reclassification ⁽¹⁾ RM'000	Effects of adopting FRS 139 RM'000	Effects of adopting Amendments to FRS 140 RM'000	After adoption of FRSs as at 1 November 2010 RM'000
Property, plant and equipment	108,248	–	–	(36,876)	71,372
Investment properties	117,446 ⁽²⁾	–	–	36,876	154,322
Amount owing by former joint venture partner	–	13,890	(1,694)	–	12,196
Amounts owing by jointly controlled entities	30,213	–	(19)	–	30,194
Other receivables, deposits and prepayments	270,731	(13,890)	–	–	256,841
Retained earnings	1,140,201	–	(1,713)	–	1,138,488

⁽¹⁾ Reclassification of amount owing by former joint venture partner from short term to long term to better reflect the timing of recoverability of the amount owing.

⁽²⁾ Restated due to adoption of Amendments to FRS 117.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Changes in accounting policies (cont'd)

(iv) FRS 139 – Presentation of Financial Statements (cont'd)

Company	As at 31 October 2010 RM'000	Effects of adopting FRS 139 RM'000	After adoption of FRS 139 as at 1 November 2010 RM'000
Investment in jointly controlled entities	85,981	(3,451)	82,530
Amounts owing by subsidiary companies	690,578	(6,364)	684,214
Amounts owing by jointly controlled entities	113,310	(63)	113,247
Retained earnings	433,111	(9,878)	423,233

The following are the new/revised FRSs, Amendments to FRSs and IC Interpretations which are effective but were not applicable to the Group and the Company for the financial year ended 31 October 2011:

FRS 1	First-time Adoption of Financial Reporting Standards (revised)
FRS 4	Insurance Contracts
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
TR i – 3	Presentation of Financial Statements of Islamic Financial Institutions

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(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 124	Related Party Disclosures (revised)	1 January 2012
Amendments to FRSs	Improvements to FRSs (2010)	1 January 2011
Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1	Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
IC Interpretation 4	Determining Whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14	Prepayment of a Minimum Funding Requirement	1 July 2011
TR – 3	Guidance on Disclosures of Transition to IFRSs	31 December 2010
TR <i>i</i> – 4	Shariah Compliant Sale Contracts	1 January 2011

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (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)

The Group and the Company have not applied the new/revised FRSs, Amendments to FRSs and IC Interpretations that have been issued by MASB on 19 November 2011 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	1 January 2013
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 FRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7	Disclosures – Transfers of Financial Assets	1 January 2012
Amendments to FRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 112	Deferred tax: Recovery of Underlying Assets	1 January 2012
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

Management is still assessing the impact on the financial statements of the Group and the Company for the above new/revised FRSs, Amendments to FRSs and IC Interpretations.

New Malaysian Financial Reporting Framework

The MASB issued new MASB Approved Accounting Standards known as Malaysian Financial Reporting Standards (“MFRSs” or “the MFRSs framework”) on 19 November 2011.

The MFRS framework 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 that are subject to the application of *MFRS 141 Agriculture* and/or *IC Interpretation 15 Agreements for Construction of Real Estate*.

Early adoption of the MFRS framework is permitted.

An entity that would otherwise be subject to the application of MFRSs as its financial reporting framework and thereby be subject in particular to the application of MFRS 141 and/or IC Interpretation 15 (“Transitioning Entity”) may in the alternative apply the existing FRSs as its financial reporting framework for annual periods beginning on or after 1 January 2012. A Transitioning Entity shall comply with the MFRS framework for annual periods commencing on or after 1 January 2013.

The Group is subject to the application of IC Interpretation 15 and is therefore a Transitioning Entity. The Group is currently assessing the implications and financial impact of the MFRS framework.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (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 followings are judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on amounts recognised in the financial statements:

Classification between investment properties and owner-occupied properties

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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 (l) and (m) below.

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

(ii) Key sources of estimation uncertainty

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

Depreciation of property, plant and equipment and investment properties

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

The carrying amounts of the Group's and Company's property, plant and equipment as at 31 October 2011 were RM74,062,000 and RM197,000 (2010 : RM108,248,000 and RM280,000), respectively.

The carrying amounts of the Group's and Company's investment properties as at 31 October 2011 were RM262,641,000 and RM1,952,000 (2010 (restated) : RM117,446,000 and RM1,963,000), 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, 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 2011 were RM26,288,000 (2010 : RM23,601,000).

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

Impairment of loans and receivables

The Group assess 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 amounts of the Group's and Company's trade and other receivables as at 31 October 2011 were RM864,377,000 and RM1,660,662,000 (2010 : RM560,620,000 and RM1,342,101,000), respectively.

Income taxes

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

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

The carrying amounts of the Group's and the Company's tax assets as at 31 October 2011 were RM84,856,000 and RM14,752,000 (2010 : RM76,510,000 and RM17,638,000), respectively.

The carrying amounts of the Group's and the Company's tax liabilities as at 31 October 2011 were RM18,341,000 and RM Nil (2010 : RM16,865,000 and RM Nil), respectively.

Deferred tax assets

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

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

The carrying amounts of the Group's recognised and unrecognised deferred tax assets as at 31 October 2011 were RM66,920,000 and RM75,155,000 (2010 : RM42,465,000 and RM55,139,000), respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Subsidiary companies

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Basis of consolidation (cont'd)

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. The goodwill is accounted for in accordance with the accounting policy set out in (q)(iii) below. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders 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 equity holders 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, investment in associated 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 associated company disposed off is taken to the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Associated companies (cont'd)

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 (q)(iv) below.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Interests in joint ventures

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(ii) Depreciation

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

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

The principal annual rates used for this purpose are:

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

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each 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 the 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 the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(j) Investment properties** (cont'd)*(ii) Depreciation*

Freehold land and investment properties under construction are not depreciated.

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

The principal annual rates used for this purpose are:

Freehold buildings	2%
Leasehold 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.

(k) Leases

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

(i) Finance lease

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

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

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

(ii) Operating lease

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Development properties

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

Land held for property development is defined as land on which development is not expected to be completed within the normal operating cycle. Usually, no significant development work would have been undertaken on these lands. Accordingly, land held for property development is classified as non-current assets on the 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 the 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 the 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 the profit or loss is recognised as progress billings under current liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Long term construction contracts

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

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

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

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

(n) 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.

(o) Other investment

Prior to 1 November 2010, other investment was recorded at cost adjusted for any diminution in value in the Group's and the Company's financial statements.

As at 1 November 2010, the other investment is designated as AFS investment and since the fair value of the AFS investment cannot be reliably measured, it is measured at cost less impairment loss.

On disposal, the difference between the net disposal proceeds and the carrying amount of the investment disposed off is recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Financial instruments

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

(i) *Initial recognition and measurement*

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

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

(ii) *Financial instrument categories and subsequent measurement*

Financial assets

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

Loans and receivables

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Financial instruments (cont'd)

(iii) Derecognition of financial assets and liabilities

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

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

(q) Impairment of assets

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

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

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

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

(ii) Unquoted equity securities carried at cost

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Impairment of assets (cont'd)

(iii) Goodwill

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

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

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

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

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

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

Property, plant and equipment, investment properties, 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 the 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 2011 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Share capital

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

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

(s) Income recognition

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

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

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

(ii) Revenue from the sale of completed development properties is measured at the fair value of the consideration receivable and is recognised in the 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 the 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Foreign currencies

(i) *Functional currency*

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

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

(ii) *Transactions and balances in foreign currencies*

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

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

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

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

Exchange differences arising on the settlement of monetary items and the translation of monetary items are included in the 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 the profit or loss, any corresponding exchange gain or loss is recognised in the 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 the profit or loss as part of the gain or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Employee benefits

(i) Short term employee benefits

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

(ii) Post-employment benefits

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

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

(iii) Share-based payment transactions

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

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

The fair value of share options recognised in the share options reserve is transferred to share premium when the share options are exercised, or transferred directly to distributable retained earnings when the share options expire or lapse.

(v) Borrowing costs

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Taxation

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

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

(x) 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 and escrow accounts pledged to secure banking facilities.

(y) 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 revenue, 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 revenue, 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 2011 (CONT'D)

2. PROPERTY, PLANT AND EQUIPMENT

Group 2011	← 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 1.11.2010	4,174	51,569	12,315	52,159	16,703	39,684	176,604
Transfer to investment properties upon adoption of FRS 140 (see note 1(b)(iii))	-	-	-	-	-	(36,876)	(36,876)
As restated	4,174	51,569	12,315	52,159	16,703	2,808	139,728
Additions	-	849	657	7,213	2,168	3,535	14,422
Disposals	-	-	-	(45)	(643)	-	(688)
Write-offs	-	-	(66)	(207)	(9)	-	(282)
Reclassification	-	-	-	4,486	-	(4,486)	-
Exchange differences	-	-	(7)	(52)	(7)	-	(66)
At 31.10.2011	4,174	52,418	12,899	63,554	18,212	1,857	153,114
Accumulated depreciation							
At 1.11.2010	-	12,749	11,715	32,923	10,969	-	68,356
Charge for the year	-	1,302	304	8,327	1,620	-	11,553
Disposals	-	-	-	(44)	(521)	-	(565)
Write-offs	-	-	(66)	(204)	(2)	-	(272)
Exchange differences	-	-	(4)	(14)	(2)	-	(20)
At 31.10.2011	-	14,051	11,949	40,988	12,064	-	79,052
Net carrying amount							
At 31.10.2011	4,174	38,367	950	22,566	6,148	1,857	74,062

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

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

Company 2011	Plant, machinery, cranes and trucks RM'000	Office equipment, renovations, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1.11.2010	1,706	3,851	369	5,926
Additions	-	14	-	14
Disposals	-	-	(4)	(4)
At 31.10.2011	1,706	3,865	365	5,936
Accumulated depreciation				
At 1.11.2010	1,705	3,731	210	5,646
Charge for the year	-	60	37	97
Disposals	-	-	(4)	(4)
At 31.10.2011	1,705	3,791	243	5,739
Net carrying amount				
At 31.10. 2011	1	74	122	197

NOTES TO THE FINANCIAL STATEMENTS

 FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

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

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

Included in capital work-in-progress of the Group is interest expense of RM Nil (2010 : RM797,000) incurred during the financial year.

Freehold land and buildings, including capital work-in-progress of the Group included above at a net carrying amount of RM20,655,000 (2010 : RM44,506,000), have been charged to partially secure the long term borrowings, revolving credits and bank overdrafts referred to in notes 25, 30 and 32 below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

3. INVESTMENT PROPERTIES

	Group		Company	
	2011 RM'000	Restated 2010 RM'000	2011 RM'000	Restated 2010 RM'000
Cost				
At 1 November, as previously stated	121,914	202,187	2,549	1,571
Effects of adopting the amendments to FRS 117 (see note 1(b)(iii))	-	978	-	978
As restated	121,914	203,165	2,549	2,549
Transfer from property, plant and equipment upon adoption of amendments to FRS 140 (see note 1(b)(iii))	36,876	-	-	-
Additions	126,892	3,018	-	-
Disposals	(18,344)	(103,166)	-	-
Transfer from property, plant and equipment upon completion (see note 2)	-	55,976	-	-
Transfer to land held for property development (see note 4)	-	(36,292)	-	-
Transfer to property development costs (see note 15)	-	(787)	-	-
At 31 October	267,338	121,914	2,549	2,549
Accumulated depreciation				
At 1 November, as previously stated	3,823	3,955	143	23
Effects of adopting the amendments to FRS 117 (see note 1(b)(iii))	-	108	-	108
As restated	3,823	4,063	143	131
Charge for the year	1,267	2,682	11	12
Disposals	(1,038)	(2,922)	-	-
At 31 October	4,052	3,823	154	143

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

3. INVESTMENT PROPERTIES (CONT'D)

	Group		Company	
	2011 RM'000	Restated 2010 RM'000	2011 RM'000	Restated 2010 RM'000
Accumulated impairment losses				
At 1 November/31 October	645	645	443	443
Net carrying amount				
At 31 October	262,641	117,446	1,952	1,963
Comprising:				
Investment properties under construction	158,104	–	–	–
Freehold land	48,253	50,236	928	928
Freehold buildings	54,940	65,850	–	–
Leasehold land	851	860	851	860
Leasehold buildings	493	500	173	175
	262,641	117,446	1,952	1,963
Fair value at 31 October	688,580	506,561	2,479	2,389

Included in investment properties under construction of the Group is interest expense of RM2,318,000 (2010 : RM Nil) incurred during the financial year.

Title deeds to certain of the Group's and Company's investment properties costing RM1,005,000 and RM200,000 (2010 : RM1,005,000 and RM200,000), respectively, have yet to be issued in or transferred to the name of the Company and subsidiary companies concerned.

Title deeds to certain of the Group's investment properties at a net carrying amount of RM46,979,000 (2010 : RM56,359,000) have been charged to banks to secure the long term borrowings referred to in note 25 below.

The fair values of the investment properties at 31 October 2011 are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experiences in the locations and category of properties being valued.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

4. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Freehold land at cost RM'000	Leasehold land at cost RM'000	Development expenditure at cost RM'000	Total RM'000
At 1 November 2010	907,193	9,850	454,109	1,371,152
Additions	394,362	–	169,209	563,571
Transfer to property development costs (see note 15)	(114,031)	–	(62,454)	(176,485)
Reclassified from other receivables, deposits and prepayments	18,578	–	–	18,578
Exchange differences	2,320	–	6,893	9,213
At 31 October 2011	1,208,422	9,850	567,757	1,786,029
At 1 November 2009	785,296	9,850	416,376	1,211,522
Additions	116,852	–	81,789	198,641
Transfer from property, plant and equipment (see note 2)	–	–	29,340	29,340
Transfer from investment properties (see note 3)	36,292	–	–	36,292
Reclassified to amount owing by former joint venture partner	–	–	(6,346)	(6,346)
Transfer to property development costs (see note 15)	(36,559)	–	(67,154)	(103,713)
Exchange differences	5,312	–	104	5,416
At 31 October 2010	907,193	9,850	454,109	1,371,152

Included in additions is interest expense of RM23,021,000 (2010 : RM19,601,000) incurred during the financial year.

Land held for property development included above at a carrying amount of RM1,084,963,000 (2010 : RM936,822,000) have been charged to banks to partially secure the long term borrowings, revolving credits and bank overdrafts referred to in notes 25, 30 and 32 below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

5. PREPAID LEASE PAYMENTS

	Group/Company	
	2011	2010
	RM'000	RM'000
Long leasehold land		
Cost		
At 1 November, as previously stated	978	978
Effects of adopting the amendments to FRS 117 (see note 1(b)(ii))	(978)	(978)
As restated	-	-
Accumulated amortisation		
At 1 November, as previously stated	118	108
Effects of adopting the amendments to FRS 117 (see note 1(b)(iii))	(118)	(108)
As restated	-	-
Net carrying amount at 31 October (as restated)	-	-

6. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2011	2010
	RM'000	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	184,048	180,675
Capital contribution in other subsidiary companies, at cost	320,739	-
Impairment loss	(41,378)	(40,254)
	578,595	255,607

The capital contribution to the other subsidiary companies 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 subsidiary is in the position to repay the amount without impairing its liquidity position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies are as follows:

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2011 %	2010 %	2011 %	2010 %		
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
Setia Precast Sdn Bhd	–	–	100	100	Malaysia	Building contractors
Setia-Wood Industries Sdn Bhd	100	100	–	–	Malaysia	Prefabrication, installation, sale of wood products and provision of kiln dry services

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2011 %	2010 %	2011 %	2010 %		
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	60	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
Suharta Management Sdn Bhd	-	-	100	100	Malaysia	Dormant
Suharta Properties Sdn Bhd	-	-	100	100	Malaysia	Dormant
Yunikhas Sdn Bhd	8	8	70	70	Malaysia	Investment holding
Aneka Baru (M) Sdn Bhd	-	-	100	100	Malaysia	Property development
Tenaga Raya Sdn Bhd	100	100	-	-	Malaysia	Dormant
Cosmotech Sdn Bhd	100	100	-	-	Malaysia	Investment holding
SJ Classic Land Sdn Bhd	-	-	60	60	Malaysia	Dormant
* Indera Perasa Sdn Bhd	100	100	-	-	Malaysia	Investment holding
* Dian Mutiara Sdn Bhd	-	-	100	100	Malaysia	Dormant
* Kenari Kayangan Sdn Bhd	100	100	-	-	Malaysia	Investment holding
Bukit Indah (Selangor) Sdn Bhd	100	100	-	-	Malaysia	Property development
S P Setia Property Holdings Sdn Bhd	100	100	-	-	Malaysia	Property investment
Setia Hicon Sdn Bhd	100	100	-	-	Malaysia	Property development

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2011 %	2010 %	2011 %	2010 %		
S P Setia Technology Sdn Bhd	100	100	-	-	Malaysia	Contractor for home automation and alarm systems
Setia Alam Property Holdings Sdn Bhd	100	100	-	-	Malaysia	General management and administration services
Setia Promenade Sdn Bhd	100	100	-	-	Malaysia	Property development and property investment holding
* Bukit Indah Property Management Sdn Bhd	70	70	-	-	Malaysia	Property development
* Kewira Jaya Sdn Bhd	100	100	-	-	Malaysia	Property development
* Kay Pride Sdn Bhd	-	-	100	100	Malaysia	Property development and property investment holding
Aeropod Sdn Bhd	70	70	-	-	Malaysia	Property development and property investment holding
Setia Eco Glades Sdn Bhd (formerly known as Setia Eco Villa Sdn Bhd)	-#	100	-	-	Malaysia	Property development and property investment holding
Sentosa Jitra Sdn Bhd	50	50	-	-	Malaysia	Property development
Setiahomes (MM2H) Sdn Bhd	100	100	-	-	Malaysia	Dormant
Eco Meridian Sdn Bhd	100	100	-	-	Malaysia	Property development
* Setia Ecohill Sdn Bhd	100	100	-	-	Malaysia	Property development and property investment holding
* S P Setia (Indonesia) Sdn Bhd (formerly known as Classic Euphoria Sdn Bhd)	100	100	-	-	Malaysia	Representative office in Indonesia
* Retro Highland Sdn Bhd	50	100	-	-	Malaysia	Property development
* Setia City Development Sdn Bhd (formerly known as Kuasa Kasturi Sdn Bhd)	100	-	-	-	Malaysia	Property development and property investment holding
Gita Kasturi 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2011 %	2010 %	2011 %	2010 %		
Setia D-Nine Limited	-	-	100	100	British Virgin Islands	Investment holding
Setia Saigon East Limited	-	-	100	100	British Virgin Islands	Investment holding
Setia Capital (Vietnam) Limited	-	-	100	100	British Virgin Islands	Investment holding
Setia Land (Vietnam) Limited	-	-	100	100	British Virgin Islands	Investment holding
Setia Bac Ninh Limited	-	-	100	-	British Virgin Islands	Investment holding
Setia Australia Limited	-	-	100	100	British Virgin Islands	Investment holding
Setia Lai Thieu Limited	-	-	90	100	British Virgin Islands	Investment holding
Setia Jersey Investment Holding Company Limited	-	-	100	-	Jersey	Investment holding
+ Setia Lai Thieu One Member Company Limited	-	-	90	100	Vietnam	Property development
+ Setia (Melbourne) Development Company Pty Ltd	-	-	100	100	Australia	Property development
+ Setia Land (China) Limited	-	-	100	100	Hong Kong	Investment holding
+ Setia (Hangzhou) Development Company Limited	-	-	100	100	Hong Kong	Investment holding
+ S P Setia International (S) Pte Ltd	100	100	-	-	Singapore	Promotions, marketing and other activities related to property development

* Not audited by Mazars, Malaysia

+ Audited by member firms of Mazars in the respective countries

Became a jointly controlled entity during the financial year

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

7. INVESTMENT IN ASSOCIATED COMPANIES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unquoted ordinary shares, at cost	3,022	3,022	650	650
Group's share of post-acquisition profits less losses	(743)	(773)	-	-
	2,279	2,249	650	650

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

	2011 RM'000	2010 RM'000
Assets and liabilities		
Total assets	3,974	3,915
Total liabilities	97	93
Results		
Revenue	-	-
Profit/(Loss) for the year	64	(66)

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

	Equity interest				Principal activities
	Direct		Indirect		
	2011 %	2010 %	2011 %	2010 %	
Golden Klang Valley Sdn Bhd ("GKV")	50	50	-	-	Property development
PTB Property Developer Sdn Bhd ("PTB")	-	-	49	49	Property development
* Icofox (Malaysia) Sdn Bhd ("Icofox")	-	-	20	20	Development of internet websites

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

8. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

	Company	
	2011 RM'000	2010 RM'000
Unquoted ordinary shares, at cost	49,931	49,931
Unquoted cumulative redeemable preference shares	14,800	36,050
Capital contribution, at cost	5,600	–
	70,331	85,981

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.

The jointly controlled entities are as follows:

	Proportion of ownership interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2011 %	2010 %	2011 %	2010 %		
Exceljade Sdn Bhd	70	70	–	–	Malaysia	Property development
Sendiman Sdn Bhd	70	70	–	–	Malaysia	Property development
Kemboja Mahir Sdn Bhd	70	70	–	–	Malaysia	Property development
Setia Putrajaya Sdn Bhd	60	60	–	–	Malaysia	Property development, 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 (formerly known as Setia Eco Villa Sdn Bhd)	70	–	–	–	Malaysia	Property development and property investment holding
* SetiaBecamex Joint Stock Company	–	–	55	55	Vietnam	Property development

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

8. INVESTMENT 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 are as follows:

	2011	2010
	RM'000	RM'000
Assets and liabilities		
Non-current assets	657,545	484,791
Current assets	497,402	440,552
Total assets	1,154,947	925,343
Liabilities		
Non-current liabilities	286,455	237,758
Current liabilities	579,896	420,665
Total liabilities	866,351	658,423
Results		
Revenue	351,744	253,820
Other operating income	13,676	2,835
Expenses	308,682	238,657
Profit for the year	56,738	17,998

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 46 and 47 respectively to the financial statements.

9. OTHER INVESTMENTS

	Group	
	2011	2010
	RM'000	RM'000
Unquoted shares, at cost	462	462
Diminution in value	(125)	(125)
	337	337

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (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	
	2011 RM'000	2010 RM'000
Bearing interest at 4.11% to 4.66% (2010 : 2.00% to 4.57%) per annum	839,204	271,692
Interest free	63,256	439,170
	902,460	710,862
Allowance for doubtful debts	(6)	(20,284)
	902,454	690,578

Amounts owing by subsidiary companies included under current assets

	Company	
	2011 RM'000	2010 RM'000
Trade accounts:		
– retention sums receivable	2,187	2,658
– allowance for doubtful debts	(795)	(795)
	1,392	1,863
Unsecured advances:		
– bearing interest at 4.11% (2010 : 2.00% to 4.57%) per annum	170,216	222,680
– interest free	365,059	292,372
	535,275	515,052
Allowance for doubtful debts	(11,177)	–
	524,098	515,052
	525,490	516,915

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

Amounts owing to subsidiary companies included under non-current liabilities

As at reporting date, the amounts owing to subsidiary companies were reclassified from non-current liabilities to current liabilities to better reflect the nature of the amount owing.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

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

	Company	
	2011 RM'000	2010 RM'000
Trade accounts:		
– sub-contract claims	–	1
– retention sums	1,310	1,311
	1,310	1,312
Unsecured interest free advances	209,765	3,080
	211,075	4,392

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

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

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

	Group	
	2011 RM'000	2010 RM'000
Gross amount of advances	73	73
Allowance for doubtful debts	(73)	(73)
	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

12. AMOUNT OWING BY FORMER JOINT VENTURE PARTNER

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

	2011 RM'000	Group Restated 2010 RM'000
Principal sum	11,282	12,498
Interest receivable	1,392	1,392
	12,674	13,890

The amount owing was reclassified from current asset to non-current asset to better reflect the timing of recoverability of the amount owing.

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		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest bearing at 8.00% to 8.60% (2010 : 8.00% to 8.30%) per annum	48,357	30,213	161,190	100,710
Interest free	-	-	-	12,600
	48,357	30,213	161,190	113,310

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade accounts	10,587	7,768	-	-
Interest bearing advances at 8.00% to 8.60% (2010 : 8.00% to 8.30%) per annum	4,560	3,349	15,199	11,164
Interest free advances	19,954	7,263	30,632	4,082
Unquoted cumulative redeemable preference shares	-	-	19,164	-
	35,101	18,380	64,995	15,246

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

14. DEFERRED TAX ASSETS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At beginning of the year	42,465	33,141	72	–
Recognised in profit or loss	24,455	9,324	3,657	72
At end of the year	66,920	42,465	3,729	72

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

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Tax effects of:				
– unabsorbed capital allowances	1,835	167	–	129
– unutilised tax losses	10,800	6,775	–	–
– property development and construction profits	51,361	34,779	1,686	23
– excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	(2,907)	(2,176)	(28)	(28)
– excess of accumulated depreciation on property, plant and equipment over capital allowances claimed	51	9	–	–
– others	5,780	2,911	2,071	(52)
	66,920	42,465	3,729	72

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unutilised tax losses	73,296	52,509	–	–
Unabsorbed capital allowances	2,865	1,759	–	–
Excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	(587)	637	–	–
Others	(419)	234	–	–
	75,155	55,139	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

15. PROPERTY DEVELOPMENT COSTS

	Group	
	2011 RM'000	2010 RM'000
Freehold land at cost	578,440	531,824
Leasehold land at cost	14,611	16,983
Development and construction costs	3,726,236	2,426,945
Costs recognised as an expense in previous years	(3,478,839)	(2,077,803)
At 1 November	840,448	897,949
Costs transferred from land held for property development (see note 4)		
– freehold land at cost	114,031	36,559
– development costs	62,454	67,154
Costs transferred from investment properties (see note 3)	–	787
Transfer from property, plant and equipment (see note 2)	–	4,270
Costs incurred during the financial year		
– freehold land at cost	3,033	10,459
– development and construction costs	1,190,338	930,676
Exchange differences	(2,128)	(8,054)
	1,367,728	1,041,851
Costs recognised as an expense in the current year	(1,307,019)	(1,098,335)
Unsold completed properties transferred to inventories	(6,968)	(1,017)
At 31 October	894,189	840,448

Property development costs included above at a carrying amount of RM372,597,000 (2010 : RM409,634,000), have been charged to banks to partially secure the long term borrowings, revolving credits, bridging loan and bank overdrafts referred to in notes 25, 30 and 32 below.

Included under development and construction costs is interest expense of RM32,254,000 (2010 : RM31,770,000) incurred during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

16. GROSS AMOUNT DUE FROM/TO CUSTOMERS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Aggregate contract expenditure incurred to-date	635,452	725,648	-	104,498
Attributable profit recognised to-date	71,734	63,138	-	750
	707,186	788,786	-	105,248
Progress billings	(663,816)	(726,128)	-	(108,029)
	43,370	62,658	-	(2,781)
Gross amount due from customers	49,575	69,775	-	-
Gross amount due to customers	(6,205)	(7,117)	-	(2,781)
	43,370	62,658	-	(2,781)
Progress billings comprise:				
Progress billings				
– received	651,994	716,729	-	102,558
– receivable	2,233	4,018	-	5,471
Retention sums	9,589	5,381	-	-
	663,816	726,128	-	108,029
Advances received for contract work not yet performed by the Group and the Company included under other payables and accruals (see note 29)	223	9,881	-	-

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Depreciation	502	413	36	36
Hire of machinery	1,635	423	-	-
Interest	-	1,493	-	-
Rental expense	231	175	112	80

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

17. INVENTORIES

	2011	Group	2010
	RM'000		RM'000
At cost:			
Stock of completed properties	22,394		19,685
Raw materials	3,564		3,563
Work-in-progress	2		6
Finished goods	140		154
Consumable goods	188		193
	26,288		23,601

18. ACCRUED BILLINGS/PROGRESS BILLINGS

	2011	Group	2010
	RM'000		RM'000
Revenue recognised in profit or loss to-date	7,044,151		5,801,559
Progress billings to-date	(7,066,256)		(5,684,784)
	(22,105)		116,775
Accrued billings	104,614		157,152
Progress billings	(126,719)		(40,377)
	(22,105)		116,775

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

19. TRADE RECEIVABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Gross progress billings receivable	223,779	163,672	1,679	5,973
Gross retention sums receivable	62,476	73,658	891	891
Other gross receivables	13,098	7,083	3,213	-
Total gross receivables	299,353	244,413	5,783	6,864
Allowance for doubtful debts	(3,120)	(3,117)	(1,393)	(1,393)
	296,233	241,296	4,390	5,471

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.

Included in trade receivables of the Group are amounts of RM2,296,000 (2010 : RM12,781,000) which have been charged to a bank as security for banking facilities granted to a subsidiary company.

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

	2011	
	Group RM'000	Company RM'000
Neither past due nor impaired	225,017	4,390
1 to 30 days past due not impaired	29,669	-
31 to 60 days past due not impaired	11,149	-
61 to 90 days past due not impaired	5,867	-
91 to 120 days past due not impaired	5,356	-
More than 121 days past due not impaired	19,175	-
	296,233	4,390
Individually impaired	3,120	1,393
	299,353	5,783

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

19. TRADE RECEIVABLES (CONT'D)

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

	Group RM'000	2011 Company RM'000
At 1 November	3,117	1,393
Impairment loss recognised	3	-
At 31 October	3,120	1,393

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Ringgit Malaysia	294,873	241,209	4,390	5,471
Vietnamese Dong	1,360	87	-	-
	296,233	241,296	4,390	5,471

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

20. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Advance payments in relation to the Privatisation Agreement (see note 53(a))	225,687	112,803	-	-
Refundable deposits and part purchase consideration paid for the acquisition of development land in				
- Bandar and Daerah Kuala Lumpur	-	1,649	-	-
- Mukim Tebrau, District of Johor Bahru	12,581	16,930	-	-
- Lai Thieu Town, Thuan An District, Binh Duong Province, Vietnam	18,094	9,629	-	-
- Mukim Beranang, Daerah Ulu Langat, Negeri Selangor	33,013	-	-	-
- Mukim Semenyih, Daerah Ulu Langat, Negeri Selangor	39,626	-	-	-
- Cyberjaya Flagship Zone	29,431	-	-	-
- Seksyen 2, Town of Jelutong, District of Timor Laut, Pulau Pinang	8,200	-	-	-
- St Kilda Road and Moubray Street, Melbourne, Australia	8,006	-	-	-
- Seksyen 94, Tempat Sungei Puteh, Mukim Kuala Lumpur	6,646	-	-	-
- New Urban Zone, Tien Du District, Bac Ninh Province, Vietnam	3,069	-	-	-
- Mukim 5, District of Barat Daya, Pulau Pinang	5,870	-	-	-
- Mukim 11, District of Barat Daya, Pulau Pinang	641	-	-	-
- Mukim 12, District of Barat Daya, Pulau Pinang	1,367	-	-	-
Prepaid development expenditure	16,783	1,620	-	-
Refundable deposit placed with stakeholder for impending acquisition of development land	4,304	2,540	-	-
Amount owing from a purchaser for disposal of an investment property	-	68,040	-	-
Other sundry receivables, deposits and prepayments	66,379	51,315	2,143	581
	479,697	264,526	2,143	581
Allowance for doubtful debts	(7,685)	(7,685)	-	-
	472,012	256,841	2,143	581

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

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

The refundable deposits and part purchase considerations were paid for the acquisition of development lands that have not been completed as at 31 October 2011. The balance of these purchase considerations are disclosed as capital commitment in note 47 below.

Included in other receivables, deposits and prepayments of the Group are amounts of RM1,682,000 (2010 : RM906,000) which have been charged to a bank as security for banking facilities granted to a subsidiary company.

Ageing analysis of the Group's and the Company's other receivables, deposits and prepayments are as follows:

	Group RM'000	2011 Company RM'000
Neither past due nor impaired	471,860	2,090
1 to 30 days past due not impaired	1	-
31 to 60 days past due not impaired	1	-
61 to 90 days past due not impaired	1	-
91 to 120 days past due not impaired	41	-
More than 121 days past due not impaired	108	53
	472,012	2,143
Impaired	7,685	-
	479,697	2,143

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

	Group RM'000	2011 Company RM'000
At 1 November/31 October	7,685	-

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Ringgit Malaysia	432,153	245,837	2,143	581
US Dollar	36,938	10,038	-	-
Vietnamese Dong	1,777	671	-	-
Australian Dollar	1,054	295	-	-
Other currencies	90	-	-	-
	472,012	256,841	2,143	581

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

21. DEPOSITS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deposits:				
– with licensed banks	169,772	572,360	85,375	445,317
– with other licensed financial institutions	534,737	73,780	534,737	70,146
	704,509	646,140	620,112	515,463

Included in deposits with licensed banks of the Group are amounts of RM108,000 (2010 : RM1,726,000) which have been charged to a bank as security for banking facilities granted to subsidiary companies.

Included in deposits with licensed banks are funds maintained under sinking fund accounts and escrow accounts amounting to RM5,900,000 (2010 : RM3,440,000) which were opened in accordance with terms and conditions set out in the term loan agreements referred to in note 25 below.

The effective interest rates for the Group's and the Company's deposits range from 1.25% to 3.98% and 2.98% to 3.98% respectively (2010 : 2.00% to 3.50% and 2.72% to 3.50%). All deposits have maturities of less than a year.

The Group's and the Company's deposits are denominated in Ringgit Malaysia.

22. CASH AND BANK BALANCES

	Group	
	2011 RM'000	2010 RM'000
Cash and bank balances include monies in:		
– Housing Development Accounts	587,992	340,322
– Sinking Fund Accounts	662	1,269
– Debt Service Reserve Accounts	5,573	3,818
– Escrow Accounts	535	1,428

Included in cash and bank balances of the Group are amounts of RM14,614,000 (2010 : RM15,561,000) which have been charged to a bank as security for banking facilities granted to a subsidiary company and a jointly controlled entity.

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 2.60% (2010 : 1.00% to 1.80%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

22. CASH AND BANK BALANCES (CONT'D)

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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Ringgit Malaysia	726,641	409,232	16,019	1,550
US Dollar	715	118	-	-
Vietnamese Dong	2,999	587	-	-
Singapore Dollar	1,096	236	-	-
Australian Dollar	442	2,211	-	-
Other currencies	8	-	-	-
	731,901	412,384	16,019	1,550

23. SHARE CAPITAL

	Group/Company			
	2011 Number of shares '000	2011 RM'000	2010 Number of shares '000	2010 RM'000
Authorised:				
Ordinary shares of RM0.75 each	3,000,000	2,250,000	1,600,000	1,200,000
Issued and fully paid:				
Ordinary shares of RM0.75 each				
At beginning of the year	1,016,808	762,606	1,016,805	762,604
Issuance of shares:				
- arising from Private Placement	153,059	114,794	-	-
- arising from Bonus Issue	586,883	440,162	-	-
- exercise of Warrants	6,753	5,065	3	2
- exercise of ESOS	69,235	51,927	-	-
At end of the year	1,832,738	1,374,554	1,016,808	762,606

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (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 RM762,606,239 to RM1,374,553,618 by way of:

- (a) The issuance of 153,059,000 new ordinary shares of RM0.75 each for cash pursuant to the Company's Private Placement at a subscription price of RM5.78 per share. The shares were issued for the purpose of working capital;
- (b) The issuance of 586,882,794 new ordinary shares of RM0.75 each and 78,176,263 new Warrants arising from the Bonus Issue on the basis of 1 bonus share for every 2 existing shares held ("1:2 Bonus Issue");
- (c) The issuance of 69,235,875 new ordinary shares of RM0.75 each pursuant to the exercise of ESOS at the following option prices:

Exercise price	(RM)	1.97 [#]	2.46 [#]	2.70 [#]	3.77 [#]	2.89
No. of shares issued	('000)	51,799	4,386	5,614	1,716	5,721

Restated for the effects of 1 bonus issue for every 2 shares held.

- (d) The issuance of 6,752,170 new ordinary shares of RM0.75 each pursuant to the exercise of Warrants at the following warrant prices:

Exercise price	(RM)	4.48	2.99 [#]
No. of Warrants issued	('000)	3,898	2,854

Restated for the effects of 1 bonus issue for every 2 shares held.

ESOS

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

23. SHARE CAPITAL (CONT'D)

ESOS (cont'd)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

23. SHARE CAPITAL (CONT'D)ESOS (cont'd)

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

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

Pursuant to the Notice of Take-Over dated 28 September 2011 from Maybank Investment Bank Berhad on behalf of Permodalan Nasional Berhad to acquire all the remaining ordinary shares of the Company, which includes all the new shares that may be issued arising from the exercise of the outstanding options pursuant to the Scheme, the exercise period of the options granted as set out above have been accelerated.

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

Date of options granted	Exercise price RM	At 1.11.2010 '000	Granted '000	Bonus Issue '000	Exercised '000	Forfeited* '000	At 31.10.2011 '000	Fair value
								at grant date RM
6 May 2009	1.97 [#]	66,201	–	32,843	(51,798)	(1,710)	45,536	0.44 [#]
22 March 2010	2.46 [#]	5,514	–	2,638	(4,386)	(367)	3,399	0.70 [#]
1 October 2010	2.70 [#]	6,319	–	3,060	(5,614)	(333)	3,432	0.78 [#]
1 April 2011	3.77 [#]	–	7,155	3,578	(1,716)	(466)	8,551	1.04 [#]
29 September 2011	2.89	–	12,541	–	(5,721)	–	6,820	0.78
		78,034	19,696	42,119	(69,235)	(2,876)	67,738	

* ESOS options forfeited from resigned employees.

Restated for the effects of 1 bonus share for every 2 shares held.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

23. SHARE CAPITAL (CONT'D)
ESOS (cont'd)

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

Exercise price	Option 1 RM1.97[#]	Option 2 RM2.46[#]	Option 3 RM2.70[#]	Option 4 RM3.77[#]	Option 5 RM2.89
Option life (number of days to expiry)	916	916	916	916	916
Weighted average share price at grant date	RM2.19 [#]	RM2.73 [#]	RM3.00 [#]	RM4.19 [#]	RM3.21
Expected dividend yield	6.3%	4.9%	4.4%	4.2%	3.6%
Risk free interest rates	3.78%	3.51%	3.18%	3.47%	3.27%
Expected volatility	32.66%	37.57%	38.16%	36.27%	36.20%

[#] Restated for the effects of 1 bonus share for every 2 shares held.

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

Warrants 2008/2013

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

- (a) The Warrants are constituted by a Deed Poll executed on 19 November 2007.
- (b) The Warrants are traded separately.
- (c) The Warrants can be exercised any time during the tenure of 5 years commencing from the date of issue, 22 January 2008 to 21 January 2013 ("Exercise Period"). Warrants not exercised during the Exercise Period will lapse and cease to be valid.
- (d) Each Warrant entitles the registered holder to subscribe for one new ordinary share ("Shares") in the Company.
- (e) In connection with the Bonus Issue of 586,882,794 new ordinary shares ("Bonus Share") on the basis of 1 Bonus Share for every 2 Shares held, the Exercise Price of the Warrants was adjusted from RM4.48 to RM2.99 for each Warrant and an additional 78,176,263 new Warrants were issued as a consequence of the Bonus Issue pursuant to Condition 3 of the Third Schedule of the Deed Poll.

As at 31 October 2011, 14,652,675 out of the adjusted total number of 246,327,565 Warrants had been exercised.

- (f) Subject to the provisions in the Deed Poll, the Exercise Price and the number of Warrants held by each Warrant holder shall from time to time be adjusted by the Company in consultation with the approved adviser and certified by the auditors appointed by the Company.
- (g) Subject to the provisions in the Deed Poll, the Company is free to issue shares to shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit but the Warrant holders will not have any participating rights in such issues unless otherwise resolved by the Company in general meeting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

24. REDEEMABLE SERIAL BONDS

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

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

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

The Serial Bond 1 was fully redeemed upon its maturity on 23 November 2010.

	Group/Company	
	2011 RM'000	2010 RM'000
Redeemable serial bonds (<i>unsecured</i>)	250,000	500,000
Less:		
Unamortised discount	(7,371)	(14,395)
	242,629	485,605
Redeemable within the next 12 months	-	(249,620)
Redeemable later than 12 months	242,629	235,985

The redeemable serial bonds are payable as follows:

	Group/Company	
	2011 RM'000	2010 RM'000
Not later than one year	-	249,620
Later than one year but not later than five years	242,629	235,985
	242,629	485,605

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

25. LONG TERM BORROWINGS

	2011 RM'000	Group 2010 RM'000
<i>Secured</i>		
Total outstanding balances on:		
– term loans	831,098	859,874
– bridging loans	96,718	14,662
	927,816	874,536
Repayments due within the next 12 months included under short term borrowings (see note 30)	(53,303)	(94,186)
Repayments due later than 12 months included under non-current liabilities	874,513	780,350
The borrowings are repayable as follows:		
– not later than one year	53,303	94,186
– later than one year but not later than five years	858,021	740,068
– later than five years	16,492	40,282
	927,816	874,536

The long term borrowings are analysed as follows:

	2011 RM'000	2010 RM'000
Variable rate borrowings at:		
– 2.00% above Bank Bill Swap Reference Rate, effectively, Nil (2010 : 6.80%) per annum	–	54,956
– 1.50% above costs of funds of the lending banks, effectively, 5.06% (2010 : 4.54% to 4.80%) per annum	85,500	133,154
– 1.25% above costs of funds of the lending banks, effectively, 5.01% (2010 : 4.25% to 4.56%) per annum	3,054	43,828
– 1.20% above Bank's Swap Cost, effectively, 1.63% (2010 : Nil) per annum	112,485	–
– 1.00% above costs of funds of the lending banks, effectively, 4.43% to 4.45% (2010 : 4.00% to 4.32%) per annum	148,034	197,578
– 0.85% above costs of funds of the lending banks, effectively, 4.23% to 4.35% (2010 : 3.86% to 3.96%) per annum	459,650	305,000
– 0.75% above costs of funds of the lending banks, effectively, 4.22% to 4.36% (2010 : 3.80% to 4.05%) per annum	119,093	140,020
	927,816	874,536

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 and escrow accounts as indicated in notes 21 and 22 above.

Included in the variable rate of 0.75% above costs of funds of the lending banks is an amount of RM42,600,000 (2010 : RM40,000,000) which is secured by a specific debenture over the fixed and floating assets of a subsidiary as indicated in notes 2, 15, 19, 20 and 22 above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

25. LONG TERM BORROWINGS (CONT'D)

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

	Group	
	2011 RM'000	2010 RM'000
Ringgit Malaysia	762,028	725,394
Singapore Dollar	112,485	–
Australian Dollar	–	54,956
	874,513	780,350

26. OTHER LOANS

The other loans which are from minority shareholders of certain subsidiary companies had been reclassified to current liability.

27. DEFERRED TAX LIABILITIES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At 1 November	979	981	–	9,521
Recognised in profit or loss	(4)	(2)	–	(9,521)
At 31 October	975	979	–	–

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Tax effects of:				
– construction profit	(166)	(214)	–	–
– excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	1,141	1,168	–	–
– others	–	25	–	–
	975	979	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

28. TRADE PAYABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Sub-contractors' claims	178,594	163,798	6,938	4,258
Retention sums	187,466	150,365	4,183	7,856
Others	55,086	30,814	23	69
	421,146	344,977	11,144	12,183

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 other payables and accruals is as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Ringgit Malaysia	420,101	344,211	11,144	12,183
Vietnamese Dong	1,045	766	-	-
	421,146	344,977	11,144	12,183

29. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Redeemable serial bonds interest payable	2,192	4,384	2,192	4,384
Unsecured advances	10,220	8,774	-	-
Interest accrued	581	915	39	15
Contract advances received (see note 16)	223	9,881	-	-
Deposits received	53,639	26,578	-	60
Dividend accrued on redeemable cumulative preference shares	-	6,714	-	-
Deferred revenue	10,000	-	-	-
Share application monies	7,766	-	7,766	-
Other sundry payables and accruals	135,826	91,683	15,343	9,757
	220,447	148,929	25,340	14,216

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

29. OTHER PAYABLES AND ACCRUALS (CONT'D)

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Ringgit Malaysia	201,787	123,049	25,340	14,216
US Dollar	15	7	–	–
Vietnamese Dong	17,978	24,224	–	–
Australian Dollar	657	1,641	–	–
Other currencies	10	8	–	–
	220,447	148,929	25,340	14,216

30. SHORT TERM BORROWINGS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<i>Secured:</i>				
Current portion of long term borrowings (see note 25)	53,303	94,186	–	–
Revolving credits	86,000	46,500	–	–
Short term loan	5,433	7,120	–	–
<i>Unsecured:</i>				
Short term loan	50,000	50,000	50,000	50,000
Revolving credits	5,000	–	–	–
	199,736	197,806	50,000	50,000

The secured revolving credits 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.

Included in the secured revolving credits is an amount of RM19,600,000 (2010 : RM15,000,000) which is secured by a specific debenture over the fixed and floating assets of a subsidiary as indicated in notes 2, 15, 19, 20 and 22 above.

The revolving credits of the Group bear interests at 0.75% to 1.00% above the lender banks' cost of funds. The effective interest rates range from 4.15% to 4.43% (2010 : 4.05% to 4.32%) per annum.

The short term loans of the Group and the Company bear effective interest at 4.11% to 24.00% (2010 : 3.74% to 15.50%) per annum and 4.11% (2010 : 3.74%) per annum respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

30. SHORT TERM BORROWINGS (CONT'D)

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Ringgit Malaysia	194,303	190,686	50,000	50,000
Vietnamese Dong	5,433	7,120	–	–
	199,736	197,806	50,000	50,000

31. REDEEMABLE CUMULATIVE PREFERENCE SHARES

	Group	
	2011 RM'000	2010 RM'000
Issued and fully paid:		
65,625,000 redeemable cumulative preference shares of RM0.01 each	–	656
Share premium of RM0.99 each	–	64,969
	–	65,625

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

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

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

- (i) The right to receive, as a first charge, a cumulative preferential dividend of 7.5% per annum on the issue price for the first three years, 8.0% per annum for the subsequent two years and 9.0% for the final two years;
- (ii) The right in a winding up or return of capital (other than on the redemption of the preference shares) to receive, in priority to the holders of any other class of shares in the capital of BESB, repayment in full of the nominal value plus share premium of RM0.99 and the payment of any cumulative preferential dividend calculated up to the date of commencement of the winding up or return of capital, but no further right to share in surplus assets; and

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

31. REDEEMABLE CUMULATIVE PREFERENCE SHARES (CONT'D)

(iii) The right to receive notice of and attend all general meetings of BESB, and shall have the right on a poll at any general meeting of BESB to one vote for each preference share held:

- (a) upon any resolution which varies or is deemed to vary the rights attached to the preference shares,
- (b) upon any resolution for the reduction of capital of BESB, and
- (c) upon any resolution for the winding up of BESB,

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

On 12 October 2011, BESB redeemed the remaining redeemable cumulative preference shares and paid dividend for the final redeemable cumulative preference shares.

32. BANK OVERDRAFTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Secured	9,642	6,525	–	–
Unsecured	26,793	101,088	–	38,843
	36,435	107,613	–	38,843

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 bank overdrafts bear interests at 0.50% to 1.00% (2010 : 0.50% to 1.25%) above the lender banks' cost of funds and bank lending rate. The effective interest rates range from 4.15% to 7.35% (2010 : 3.17% to 7.05%) per annum.

33. REVENUE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Sale of development properties	1,941,185	1,486,779	–	–
Contract revenue	185,531	193,007	35,588	76,730
Sale of other goods and services	105,757	66,084	–	–
	2,232,473	1,745,870	35,588	76,730

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

34. COST OF SALES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cost of properties sold	1,381,631	1,100,624	–	–
Contract cost recognised as expense	152,620	168,244	24,276	76,087
Cost of other goods and services sold	84,344	51,190	–	–
	1,618,595	1,320,058	24,276	76,087

35. OTHER OPERATING INCOME

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Gross dividends from				
– subsidiary companies	–	–	16,000	29,000
– jointly controlled entities	–	–	–	1,000
Interest income from				
– subsidiary companies	–	–	35,711	29,621
– jointly controlled entities	3,452	2,458	11,508	6,285
– deposits	17,156	7,805	14,786	4,413
– financial assets measured at amortised cost	576	–	3,090	–
– others	11,118	6,180	45	8
Rental income from investment properties	5,337	12,823	–	–
Rental received from operating leases other than those relating to investment properties	1,516	800	–	–
Discount on acquisition of additional shares in a subsidiary company	–	89	–	–
Impairment of investment in subsidiary companies no longer required	–	–	11	–
Allowance for doubtful debts no longer required	2	585	50	1,144
Gain on disposal of property, plant and equipment	80	151	1	1
Gain on partial disposal of a subsidiary company	59	13	–	–
Gain on disposal of investment properties	33,344	68,857	–	–
Realised foreign exchange gain	2,017	1,109	–	–
Liquidated ascertained damages on late completion receivable from contractor	88	432	–	–
Forfeiture income	112	99	–	–
Others	4,982	7,302	413	211
	79,839	108,703	81,615	71,683

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

36. FINANCE COSTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest paid and payable on:				
Amortisation of bond discount	–	–	7,024	12,814
Bank overdrafts	978	999	121	57
Bond interest	712	915	5,301	10,000
Revolving credits	1,449	584	379	500
Bankers' acceptance	6	–	–	–
Term loan interest	2,314	120	1,949	15
Hire purchase and finance lease	–	3	–	–
Dividend on redeemable cumulative preference shares	5,589	6,302	–	–
Others	412	277	–	–
	11,460	9,200	14,774	23,386

37. PROFIT BEFORE TAX

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit before tax is stated after charging:				
Auditors' remuneration				
– current year	830	721	101	70
– underprovision in prior years	61	62	14	10
Allowance for doubtful debts	57	4,861	4,046	1,400
Bad debts written off	4	15,431	296	–
Depreciation				
– property, plant and equipment	11,051	10,328	61	88
– investment properties	1,267	2,682	11	12
Direct operating expenses on				
– revenue generating investment properties	497	861	–	–
– non-revenue generating investment properties	115	543	9	12
Directors' remuneration				
– Company's directors				
– fees	760	592	760	592
– other emoluments	24,981	24,726	24,961	24,726
– employee share options	2,982	2,046	2,982	2,046
– subsidiaries' directors				
– fees	16	14	–	–
– other emoluments	16,248	12,289	6,813	5,189
– employee share options	6,842	3,812	2,905	1,365
Deposits written off	–	7	–	–
Development expenditure written off	–	256	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

37. PROFIT BEFORE TAX (CONT'D)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Property, plant and equipment written off	10	363	-	-
Hiring charges	-	120	-	-
Impairment of investment in subsidiary companies	-	-	1,135	-
Loss from fair value adjustment of financial assets	182	-	1,950	-
Rental of				
- office equipment	285	268	61	101
- premises	1,953	2,203	224	213
Realised foreign exchange loss	-	-	-	210
Preliminary expenses	-	13	-	-
Unrealised foreign exchange loss	146	954	-	-
Waiver of liquidated ascertained damages on late completion receivable from contractor	-	659	-	-

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Company's directors	1,449	1,738	1,399	1,695
Subsidiaries' directors	157	88	42	-

38. TAX EXPENSE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Malaysian taxation based on results for the year				
- current	130,692	78,513	8,386	12,698
- deferred	(19,914)	(912)	(2,424)	(9,594)
	110,778	77,601	5,962	3,104
Under/(Over) provision in prior years				
- current	1,697	10,371	907	(59)
- deferred	(4,312)	(8,810)	(1,233)	-
	108,163	79,162	5,636	3,045

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

38. TAX EXPENSE (CONT'D)

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Accounting profit (excluding share of results in associated companies)	430,564	331,000	22,662	4,262
Taxation at applicable tax rates	107,641	82,750	5,666	1,066
Tax effects arising from:				
Non-deductible expenses	14,353	9,176	2,359	2,324
Non-taxable income				
– gain from investment properties	(8,261)	(16,590)	–	–
– others	(7,943)	(2,896)	(2,063)	(286)
Originating of deferred tax assets not recognised	5,004	5,169	–	–
Effect on different tax rate used	(16)	(8)	–	–
(Over)/Under provision in prior years	(2,615)	1,561	(326)	(59)
	108,163	79,162	5,636	3,045
Tax savings during the financial year arising from:				
Utilisation of current year tax losses	1,168	3,318	–	3,317

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

39. 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 RM327,973,000 (2010 : RM251,813,000) by the weighted average number of shares in issue of 1,706,390,000 (2010 (restated) : 1,525,209,000). The weighted average number of shares in issue is calculated as follows:

	2011	2010
	'000	'000
Number of ordinary shares at beginning of the year	1,016,808	1,016,805
Effect of shares issued pursuant to:		
– Bonus Issue	586,883	508,403
– Private Placement	90,577	–
– exercise of ESOS	8,538	–
– exercise of Warrants	3,584	1
Weighted average number of ordinary shares	1,706,390	1,525,209

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 RM327,973,000 (2010 : RM251,813,000) 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:

	2011	2010
	'000	'000
Weighted average number of ordinary shares calculated above	1,706,390	1,525,209
Weighted average number of unissued shares under ESOS		
– based on exercise price	114,354	106,273
– based on average fair value	(62,620)	(76,176)
Weighted average number of unexercised Warrants		
– based on exercise price	234,844	–*
– based on average fair value	(177,570)	–*
Weighted average number of ordinary shares that would have been in issue	1,815,398	1,555,306

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

40. DIVIDENDS

	2011 RM'000	2010 RM'000
<i>In respect of the year ended 31 October 2009</i>		
Final dividend of 9 sen per ordinary share of RM0.75 each less 25% income tax	–	68,634
<i>In respect of the year ended 31 October 2010</i>		
Interim dividend of 6 sen per ordinary share of RM0.75 each less 25% income tax	–	45,757
Final dividend of 14 sen per ordinary share of RM0.75 each less 25% income tax	107,142	–
<i>In respect of the year ended 31 October 2011</i>		
Interim dividend of 5 sen per ordinary share of RM0.75 each less 25% income tax	66,641	–
	173,783	114,391

Subsequent to 31 October 2011, the directors recommended a final dividend of 9 sen per ordinary share of RM0.75 each less 25% income tax amounting to RM123,709,826 in respect of the financial year ended 31 October 2011.

41. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Aggregate cost of property, plant and equipment acquired	14,422	62,912	14	92
Cash paid in respect of previous year acquisition	–	56	–	–
Cash paid during the financial year	14,422	62,968	14	92

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

42. ACQUISITION OF SHARES IN SUBSIDIARY COMPANIES

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

Name of subsidiary companies acquired	Purchase consideration RM'000	Group's effective interest %	Effective acquisition date
2011			
Setia Jersey Investment Holding Company Limited	@	100	15 December 2010
Setia City Development Sdn Bhd <i>(formerly known as Kuasa Kasturi Sdn Bhd)</i>	#	100	18 March 2011
Setia Bac Ninh Limited	^	100	27 April 2011
Gita Kasturi Sdn Bhd	#	100	15 September 2011
2010			
Kay Pride Sdn Bhd	1,000	100	11 February 2010
Eco Meridian Sdn Bhd	#	100	3 September 2010
Setia Ecohill Sdn Bhd <i>(formerly known as Symbol Splendid Sdn Bhd)</i>	#	100	20 September 2010
S P Setia (Indonesia) Sdn Bhd <i>(formerly known as Classic Euphoria Sdn Bhd)</i>	#	100	20 September 2010
Retro Highland Sdn Bhd	#	100	20 September 2010

Represent RM2

@ Represent GBP2

^ Represent USD10

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

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

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

	Carrying/Fair value	
	2011	2010
	RM'000	RM'000
Cash and cash equivalents	*	2,200
Amount owing to immediate holding company	-	(2,200)
Net assets acquired	*	-
Total purchase consideration	*	1,000
Less: Cash and cash equivalents acquired	-	-
Net cash outflow on acquisition of new subsidiary companies	*	1,000

* Represent RM42

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

	2011	2010
	RM'000	RM'000
Revenue		
During the financial year	-	-
Pre-acquisition	-	-
Post-acquisition	-	-
Net (loss)/profit for the year		
During the financial year	(1,512)	15
Pre-acquisition	-	-
Post-acquisition	(1,512)	15

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

	2011	2010
	RM'000	RM'000
Non-current assets	38,287	23,655
Current assets	10,366	361
Current liabilities	(45,084)	(23,001)
Non-current liabilities	-	-
Group's share of net assets	3,569	1,015

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

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

- (b) Details of additional interest in an existing subsidiary company acquired in the previous financial year were as follows:

Name of subsidiary companies acquired	Purchase consideration RM'000	Group's effective interest %	Effective acquisition date
2010			
Tenaga Raya Sdn Bhd	189	9	1 July 2010

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

	2010 RM'000
Minority interest acquired	278
Discount on acquisition	(89)
Net cash outflow on acquisition	189

43. DILUTION OF SHARES IN SUBSIDIARY COMPANIES

- (a) On 2 March 2011, Setia Eco Glades Sdn Bhd ("Setia Eco Glades") (formerly known as Setia Eco Villa Sdn Bhd), increased its issued and paid-up share capital from 2 ordinary shares of RM1 each to 10 ordinary shares of RM1 each. Following the increase in additional share capital, the Company subscribed for an additional 5 ordinary shares of RM1 each, resulting in the Company's equity interest in Setia Eco Glades being reduced from 100% to 70%. The dilution has no material effect to the result of the Group.
- (b) On 3 March 2011, S P Setia Berhad transferred 40% of the equity interest in KL Eco City Sdn Bhd ("KLEC") to Yayasan Gerakbakti Kebangsaan ("YGK") following the novation by YGP Holdings Sdn Bhd ("YGP") to YGK of its rights, title, interests, obligations and liabilities in KLEC under the Conditional Shareholders Agreement entered into between S P Setia Berhad and YGP on 20 December 2000. The dilution has no material effect to the result of the Group.
- (c) On 11 August 2011, Retro Highland Sdn Bhd ("Retro Highland") ceased to be a wholly owned subsidiary of S P Setia Berhad due to allotment of 2 ordinary shares of RM1 each to a third party, resulting in S P Setia Berhad's equity interest in Retro Highland being reduced from 100% to 50%. The dilution has no material effect to the result of the Group.
- (d) On 31 August 2011, Setia Lai Thieu Limited ("Setia LT"), increased its issued and paid-up share capital from 10 ordinary shares of USD1 each to 1,000 ordinary shares of USD1 each. Following the increase in additional share capital, the Company only subscribed additional 890 ordinary shares of USD1 each, resulting in the Company's equity interest in Setia LT being reduced from 100% to 90%. The dilution has no material effect to the result of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

44. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Employee benefits expense	215,108	144,450	40,265	36,187

Included in the employee benefits expense was as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
EPF	15,400	12,346	3,344	3,150
Employee share options	50,912	17,144	5,887	3,411

45. 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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Transactions with subsidiary companies								
Construction services rendered	-	-	381	261	-	-	-	-
Interest received and receivable	-	-	35,711	29,621	-	-	27,729	16,930
Management fee received and receivable	-	-	135	135	-	-	100	135
Purchase of building materials	-	-	1	4,157	-	-	-	1
Security services rendered	-	-	2,128	2,016	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

45. 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	
	2011	2010	2011	2010	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Transactions with jointly controlled entities								
Management fee received and receivable	10,826	7,316	-	-	-	-	-	-
Construction services rendered	32,569	1,769	-	-	-	-	-	-
Disposal of investment property	50,000	-	-	-	11,500	-	-	-
Interest received and receivable	3,453	1,886	11,508	6,285	4,055	2,573	13,516	8,578
Marketing expenses charged	589	809	-	-	-	-	-	-
Disposal of motor vehicle	14	-	-	-	-	-	-	-
Rental paid and payable	309	289	224	213	-	-	-	-
Rental received and receivable	34	28	-	-	-	-	-	-
Staff secondment	216	171	-	-	-	-	-	-
Security services rendered	172	183	-	-	-	-	-	-
Sale of building materials	7,152	8,502	-	-	-	-	-	-
Sale of development properties to								
a) Director of the Company								
- Dato' Voon Tin Yow	1,863	-	-	-	-	-	-	-
- Dato' Teow Leong Seng	-	3,737	-	-	-	-	-	-
b) Directors of subsidiary companies								
- Tan Hon Lim	-	3,158	-	-	-	-	-	-
- Dato' Sundarajoo A/L Somu	1,793	-	-	-	-	-	-	-
- Yap Kok Weng	4,069	-	-	-	-	-	-	-
- Hoe Mee Ling	1,930	-	-	-	-	-	-	-
Sale of development properties to companies in which Tan Sri Dato' Sri Liew Kee Sin has financial interest								
- Bima Murni Sdn Bhd	-	4,550	-	-	-	-	-	-
- Jemih Padu Sdn Bhd	-	4,550	-	-	-	-	-	-
- Arca Unggul Sdn Bhd	-	-	-	-	-	36	-	-
- Tanjung Inai Sdn Bhd	-	-	-	-	-	12	-	-
Membership subscription and facilities charges charged to Tan Sri Dato' Sri Liew Kee Sin								
	19	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

45. 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	
	2011	2010	2011	2010	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Transactions with directors of the Company, close family members of the directors and companies, firms in which they have interests								
Sale of development properties to directors of the Company								
- Dato' Voon Tin Yow	5,348	888	-	-	-	3	-	-
- Dato' Teow Leong Seng	1,910	-	-	-	-	-	-	-
- Dato' Chang Khim Wah	2,460	2,711	-	-	(102)	1,765	-	-
- Close family member of Dato' Voon Tin Yow	2,368	-	-	-	-	-	-	-
<hr/>								
Rental paid to Alsirat Sdn Bhd, a company in which Tan Sri Abdul Rashid Bin Abdul Manaf has financial interest	54	54	-	-	-	-	-	-
<hr/>								
Security services rendered to Tan Sri Abdul Rashid Bin Abdul Manaf	81	81	-	-	-	-	-	-
<hr/>								
Roofing services rendered to Dato' Voon Tin Yow	50	-	-	-	-	-	-	-
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

45. 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	
	2011	2010	2011	2010	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Transactions with directors of subsidiary companies								
Sale of development properties to								
- Jamalullail Bin Abu Bakar	-	657	-	-	-	*	-	-
- Ong Kek Seng	2,475	733	-	-	(21)	(21)	-	-
- Phan Yan Chan	-	416	-	-	-	(12)	-	-
- Dato' Sundarajoo A/L Somu	-	429	-	-	-	-	-	-
- Tan Hon Lim	-	757	-	-	(4)	(9)	-	-
- Toh Puan Nik Sazlina Binti Mohd Zain	-	-	-	-	-	(150)	-	-
- Close family member of Wong Tuck Wai	-	356	-	-	36	*	-	-
- Kow Choong Ming	1,309	-	-	-	-	-	-	-
- Neo Keng Hoe	1,676	-	-	-	-	-	-	-
- Choong Kai Wai	1,107	-	-	-	-	-	-	-
- Khor Chap Jen	3,168	-	-	-	-	-	-	-
Sale of development properties to Wisdom Link Sdn Bhd, a company in which Hoe Mee Ling has financial interest								
	-	1,419	-	-	-	435	-	-

* Represent amount less than RM1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

45. 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	
	2011	2010	2011	2010	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Transactions with directors of subsidiary companies (cont'd)								
Sales of building materials and roofing services rendered to								
– Norhayati Binti Subali	17	18	–	–	–	–	–	–
– Yap Kok Weng	55	–	–	–	–	–	–	–
– Kow Choong Ming	–	9	–	–	–	–	–	–
– Khor Chap Jen	–	18	–	–	–	–	–	–
Transactions with directors of the Company and subsidiary companies								
Roofing services rendered to close family member of Tan Sri Dato' Sri Liew Kee Sin and Captain Liew Siong Sing								
	10	–	–	–	10	–	–	–
Sale of development properties to companies in which Tan Sri Hari Narayanan A/L Govindasamy and Datuk Mohd Hafarizam Bin Harun have financial interest								
– Nurimekar Sdn Bhd	65,677	–	–	–	–	–	–	–
– Alcabio One Sdn Bhd	62,100	–	–	–	–	–	–	–
Other related party transactions								
Security management fee charged to a body established under the Trust Deed, Setia Badminton Academy								
	86	86	–	–	8	7	–	–
Rental charged to a body established under the Trust Deed, Setia Badminton Academy								
	135	120	–	–	100	100	–	–
Car rental charged to S P Setia Foundation								
	30	30	–	–	–	–	–	–
Disposal of motor vehicle to S P Setia Foundation								
	–	26	–	–	–	–	–	–
Sales of development properties to S P Setia Foundation								
	–	1,916	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

45. RELATED PARTY DISCLOSURES (CONT'D)

(b) Key management personnel compensation

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<i>Directors</i>				
Fees	760	592	760	592
Salary, bonuses and other emoluments	22,367	22,132	22,347	22,132
Estimated monetary value of benefits-in-kind	1,449	1,738	1,399	1,695
Total short-term employee benefits	24,576	24,462	24,506	24,419
Post-employment benefits				
– EPF	2,614	2,594	2,614	2,594
– Employee share options	2,982	2,046	2,982	2,046
	30,172	29,102	30,102	29,059
<i>Other key management personnel</i>				
Fees	16	14	–	–
Salary, allowances and bonuses	14,731	11,078	6,083	4,633
Estimated monetary value of benefits-in-kind	157	88	42	–
Total short-term employee benefits	14,904	11,180	6,125	4,633
Post-employment benefits				
– EPF	1,517	1,211	730	556
– Employee share options	6,842	3,812	2,905	1,365
	23,263	16,203	9,760	6,554
Total compensation	53,435	45,305	39,862	35,613

Directors' interests in ESOS

No share options were granted to the Company's executive directors under the ESOS during the financial year (2010 : Nil).

Other key management personnel's interests in ESOS

351,750[#] and 180,000 share options at an exercise price of RM3.77[#] and RM2.89 respectively were granted to the Company's other key management personnel under the ESOS during the financial year (2010 : 981,000[#] and 1,050,000[#] share options at an exercise price of RM2.46[#] and RM2.70[#] respectively).

[#] Restated for the effects of 1 bonus share for every 2 shares held.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

46. 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.

Subsidiaries and jointly controlled entities of the Group lease office under non-cancellable operating lease agreements. The Group's share of the non-cancellable operating lease rentals payable are as follows:

	2011	2010
	RM'000	RM'000
Not later than one year	507	138
Later than one year but not later than five years	415	9
	922	147

The Group as lessor

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

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

	Group	
	2011	2010
	RM'000	RM'000
Not later than one year	1,818	1,703
Later than one year but not later than five years	4,577	5,550
Later than five years	4,735	5,414
	11,130	12,667

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

47. OTHER COMMITMENTS

	Group	
	2011 RM'000	2010 RM'000
Commitments to purchase development land (see note 20)		
– Contracted		
Mukim Semenyih, Daerah Ulu Langat, Negeri Selangor	343,133	–
Mukim Beranang, Daerah Ulu Langat, Negeri Selangor	297,117	–
Cyberjaya Flagship Zone	264,877	–
Seksyen 94, Tempat Sungei Puteh, Mukim Kuala Lumpur	59,814	–
Seksyen 2, Town of Jelutong, District of Timor Laut, Pulau Pinang	73,804	–
Mukim 5, District of Barat Daya, Pulau Pinang	52,826	–
Mukim 12, District of Barat Daya, Pulau Pinang	12,303	–
Mukim 11, District of Barat Daya, Pulau Pinang	5,571	–
Mukim Tebrau, District of Johor Bahru	113,210	152,366
Bandar and Daerah Kuala Lumpur	–	14,441
Lai Thieu Town, Thuan An District, Binh Duong Province, Vietnam	29,940	40,349
New Urban Zone, Tien Du District, Bac Ninh Province, Vietnam	118,152	–
St Kilda Road and Moubray Street, Melbourne, Australia	74,665	–
– Approved but not contracted	109,302	22,857
Contractual commitment to subscribe for ordinary shares in a jointly controlled entity	–	67,488
Contractual commitment to acquire investment properties	66,580	1,152
Commitment to acquire property, plant and equipment		
– Approved and contracted	4,737	5,945
Commitments in relation to the Privatisation Agreement (refer note 53(a))	23,607	–
Others	800	–
	1,650,438	304,598

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

48. CONTINGENT LIABILITIES (Unsecured)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Guarantees given to banks to secure banking facilities granted to subsidiary companies	-	-	1,617,536	1,421,757
Guarantees given to banks for performance bonds granted to subsidiary companies	-	-	22,438	21,395
Guarantees given to the suppliers of goods for credit terms granted to subsidiary companies	-	-	2,526	2,726
Guarantees given to banks for performance bonds granted to jointly controlled entities	640	524	2,134	1,748
Guarantees given to banks to secure banking facilities granted to jointly controlled entities	20,850	30,450	226,414	271,662
Others	706	706	-	-
	22,196	31,680	1,871,048	1,719,288

Additionally, the Company had given a guarantee to the holders of 131,250,000 preference shares issued on 13 October 2004 by BESB, for the prompt payment of dividends on the preference shares. During the year, all the preference shares were redeemed and all accrued dividends were paid.

The accrued dividend, net of tax, subject to the guarantee up to 31 October 2010 was RM6,223,690.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's financial instruments which are recognised in the statement of financial position comprise amounts owing by subsidiary companies, amount owing by former joint venture partner, amounts owing by jointly controlled entities, unquoted cumulative redeemable preference shares, trade receivables, other receivables, deposits and prepayments, deposits and cash and bank balances.

The Group's other investments is categorised as AFS financial asset.

The Group's and the Company's redeemable serial bonds, loans and borrowings, trade payables, other payables and accruals and bank overdrafts are categorised as financial liabilities at amortised cost.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

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

(a) Interest rate risk

The Group and the Company are exposed to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

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

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

Sensitivity analysis for interest rate risk

A sensitivity analysis has been performed based on the outstanding floating rate bank borrowings of the Group and the Company as at 31 October 2011. 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 after tax would decrease or increase by RM759,000 and RM250,000 respectively, as a result of higher or lower interest expense on these borrowings.

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 RM5,154,000, as a result of higher or lower interest expense on these borrowings.

(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 and other receivables, deposits and prepayments that are neither past due nor impaired is disclosed in notes 19 and 20. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

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

(c) Foreign currency exchange risk

The Group and the Company are exposed to currency risk as a result of foreign currency transactions entered into in currencies other than its functional currencies.

The currency exposures are disclosed in the respective notes to the financial statements.

The other foreign currency denominated monetary items as at reporting date are not material, hence the sensitivity analysis has not been presented.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

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

(d) Liquidity and cash flow risks (cont'd)

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.

	On demand or within one year	2011 RM'000		Total
		One to five years	Over five years	
Group				
Financial liabilities:				
Trade payables	421,146	-	-	421,146
Other payables and accruals	220,447	-	-	220,447
Long term borrowings	-	899,751	49,536	949,287
Short term borrowings	199,736	-	-	199,736
Bank overdrafts	36,435	-	-	36,435
Redeemable serial bonds	-	242,629	-	242,629
Total undiscounted financial liabilities	877,764	1,142,380	49,536	2,069,680
Company				
Financial liabilities:				
Trade payables	11,144	-	-	11,144
Amounts owing to subsidiary companies	211,075	-	-	211,075
Other payables and accruals	25,340	-	-	25,340
Short term borrowing	50,000	-	-	50,000
Redeemable serial bonds	-	242,629	-	242,629
Total undiscounted financial liabilities	297,559	242,629	-	540,188

Certain comparative figures have not been presented for 31 October 2010 by virtue of the exemption given in paragraph 44AA of FRS 7.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

50. FAIR VALUE OF FINANCIAL INSTRUMENTS

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:

		Group 2011		Company 2011	
	Note	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair amount RM'000
Financial assets:					
Unquoted cumulative redeemable preference shares	8	–	–	14,800	14,763 [^]
Other investments	9	337	*	–	–
Amounts owing by subsidiary companies	10	–	–	902,454	901,883 [^]
Amount owing by former joint venture partner	12	12,674	12,720 [^]	–	–
Amounts owing by jointly controlled entities	13	48,357	48,334 [^]	161,190	161,112 [^]
Financial liabilities:					
Redeemable serial bonds	24	242,629	244,680 [#]	242,629	244,680 [#]

* *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.*

The fair value of the redeemable serial bonds is based on quoted market prices at the reporting date.

[^] *The fair values are estimated by discounting expected future cash flows at either the Company's or respective subsidiary companies', former joint venture partner's and jointly controlled entities' lending rate for similar types of lending arrangements at the reporting date.*

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair value due to the insignificant impact of discounting.

Certain comparative figures have not been presented for 31 October 2010 by virtue of the exemption given in paragraph 44AA of FRS 7.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

51. 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, retained earnings) and total debts, which include borrowings.

Management reviews and manages the capital structure regularly and makes adjustments to address changes in the economic environment and risk characteristics inherent in its business operations. These initiatives may include 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 2011 and 31 October 2010.

	2011	
	Group RM'000	Company RM'000
Debt:		
Redeemable serial bonds	242,629	242,629
Long term borrowings	874,513	-
Short term borrowings	199,736	50,000
Bank overdrafts	36,435	-
Total debt	1,353,313	292,629
Deposits, cash and bank balances:		
Deposits	704,509	620,112
Cash and bank balances	731,901	16,019
	1,436,410	636,131
Net cash	83,097	343,502
Equity attributable to shareholders of the Company	3,446,442	2,423,082

Since the Group and the Company are in net cash position as at the reporting date, the gearing ratio has not been presented.

Certain comparative figures have not been presented for 31 October 2010 by virtue of the exemption given in paragraph 44AA of FRS 7.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

52. SEGMENTAL ANALYSIS

2011	Property development RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External sales	1,941,185	185,531	105,757	-	2,232,473
Inter-segment sales	173,977	69,273	95,968	(339,218)	-
Total revenue	2,115,162	254,804	201,725	(339,218)	2,232,473
RESULTS					
Gross profit	559,554	32,911	21,413	-	613,878
Other operating income	57,191	4,799	17,849	-	79,839
Operating expenses	(222,423)	(12,373)	(16,897)	-	(251,693)
Share of net profits less losses of associated companies	32	-	(2)	-	30
Finance costs	(7,968)	(3,486)	(6)	-	(11,460)
Profit before tax	386,386	21,851	22,357	-	430,594
Tax expense					(108,163)
Profit for the year					322,431
OTHER INFORMATION					
Segment assets	4,304,271	249,271	944,980	-	5,498,522
Investment in associated companies	2,239	-	40	-	2,279
Current and deferred tax assets	62,319	20,064	2,473	-	84,856
Consolidated total assets					5,585,657
Segment liabilities	1,582,924	381,701	163,205	-	2,127,830
Current and deferred tax liabilities	17,563	160	618	-	18,341
Consolidated total liabilities					2,146,171
Capital expenditure	32,812	1,732	106,770		
Interest income	10,919	3,574	17,233		
Amortisation and depreciation	11,318	797	705		
Other non-cash items	(30,247)	51,194	(564)		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

52. SEGMENTAL ANALYSIS (CONT'D)

2010	Property development RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External sales	1,486,779	193,007	66,084	–	1,745,870
Inter-segment sales	94,585	27,291	85,446	(207,322)	–
Total revenue	1,581,364	220,298	151,530	(207,322)	1,745,870
RESULTS					
Gross profit	386,155	24,763	14,894	–	425,812
Other operating income	96,720	2,824	9,159	–	108,703
Operating expenses	(149,879)	(32,933)	(11,503)	–	(194,315)
Share of net profits less losses of associated companies	(33)	–	–	–	(33)
Finance costs	(7,346)	(1,852)	(2)	–	(9,200)
Profit/(Loss) before tax	325,617	(7,198)	12,548	–	330,967
Tax expense					(79,162)
Profit for the year					251,805
OTHER INFORMATION					
Segment assets	3,382,592	214,105	710,606	–	4,307,303
Investment in associated companies	2,207	–	42	–	2,249
Current and deferred tax assets	55,395	19,809	1,306	–	76,510
Consolidated total assets					4,386,062
Segment liabilities	1,412,344	699,749	67,752	–	2,179,845
Current and deferred tax liabilities	15,421	1,090	354	–	16,865
Consolidated total liabilities					2,196,710
Capital expenditure	46,884	695	19,148		
Interest income	6,668	1,933	7,842		
Amortisation and depreciation	12,071	772	580		
Other non-cash items	(55,689)	24,567	59		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

52. SEGMENTAL ANALYSIS (CONT'D)

(a) Primary reporting format – business segment

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

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

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

(b) Secondary reporting format – geographical segment

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

(c) Allocation basis

Group income taxes are managed on a group basis and are not allocated to operating segments.

53. SIGNIFICANT EVENT PENDING COMPLETION

The following are the status of corporate proposals that have been announced by the Company but not completed as at 31 October 2011:

- (a) Conditional Shareholders' Agreement entered into on 20 December 2000 between S P Setia Berhad and YGP Holdings Sdn Bhd ("YGP") ("Shareholders' Agreement") to govern the relationship between S P Setia Berhad and YGP ("the Parties") as proposed shareholders in KL Eco City Sdn Bhd ("KLEC") and to set out the respective rights, duties and obligations of the Parties in relation to the proposed mixed residential and commercial development project. Subsequent to the Shareholders' Agreement, YGP had novated all of its rights, title, interest, obligations and liabilities pursuant to the Shareholders' Agreement to Yayasan Gerakbakti Kebangsaan ("YGK").

As announced on 24 October 2011, KLEC and Datuk Bandar Kuala Lumpur ("DBKL") had entered into the Privatisation Agreement. The Privatisation Agreement is currently pending the fulfilment of the conditions precedent therein;

On 25 July 2011, S P Setia Berhad had entered into a conditional Share Sale Agreement ("SSA") with YGK to purchase the 40% equity interest in KLEC held by YGK for a total consideration of RM75,000,000 to be satisfied through the issuance of 19,379,845 new ordinary shares of RM0.75 each in S P Setia Berhad at an issue price of RM3.87 per share ("Proposed Share Issuance").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

53. SIGNIFICANT EVENT PENDING COMPLETION (CONT'D)

The purchase consideration of RM75,000,000 was arrived at on a willing-buyer willing-seller basis and based on the equity valuation of KLEC using the discounted cash flow method of valuation after taking into account, amongst others, the following:

- (a) the approved development order for the stratified mixed residential and commercial developments of the project known as "KL Eco City Project";
- (b) the terms of the Privatisation Agreement to be entered into between KLEC and DBKL; and
- (c) KLEC's cash flow forecasts and projections based on planned launches and sales by KLEC's management.

Bursa Malaysia Securities Berhad has approved the listing application in relation to the Proposed Share Issuance on 23 November 2011 and the Circular to shareholders has been issued on 30 November 2011.

Barring unforeseen circumstances, the SSA is expected to be completed by first quarter of 2012;

- (b) Co-operation agreement entered into by Setia Saigon East Limited and Setia D-Nine Limited, both wholly owned subsidiaries of S P Setia Berhad and Saigon Hi-Tech Park Development Company to jointly develop a mixed real property development on a parcel of land measuring approximately 32 hectares or 79 acres located in District 9, Ho Chi Minh City, Vietnam as announced on 3 January 2008.

As announced on 27 July 2011, the parties have mutually agreed to extend the period for fulfilment of the conditions precedent to expire on 3 July 2012;

- (c) Development agreement entered into by Aeropod Sdn Bhd, a 70% owned subsidiary of S P Setia Berhad and the State Government of Sabah for the proposed development of a piece of land measuring approximately 59.21 acres in Tanjung Aru, Kota Kinabalu, Sabah as announced on 29 January 2008.

As announced on 2 November 2011, the parties have mutually agreed to extend the period for fulfilment of the conditions precedent to expire on 28 April 2012;

- (d) Proposed disposal by Bandar Setia Alam Sdn Bhd ("BSA"), a wholly owned subsidiary of S P Setia Berhad, of approximately 30.5 acres of freehold land ("Original Land") located within Precinct 1 of the Setia Alam township ("Said Land") to Greenhill Resources Sdn Bhd ("Greenhill") for a total consideration of RM119,572,200 and proposed joint venture between BSA and Lend Lease Asian Retail Investment Fund 2 Limited ("ARIF"), a wholesale real estate development fund managed by Lend Lease Investment Management Pte Ltd, for the development of a retail mall on the Said Land ("Retail Mall"), as announced on 2 July 2008.

Subsequently on 15 July 2009, BSA had entered into several agreements to reflect certain changes to the earlier Proposals announced on 2 July 2008. The agreements include the Sale and Purchase Agreement between BSA and Greenhill and GR Investments Ltd ("GRI") for the disposal by BSA to Greenhill of approximately 16.19 acres of the Original Land ("Stage 2 Land") for a total consideration of approximately RM63,500,000.

The disposal of the Stage 2 Land is expected to be completed approximately 2 years after completion of construction of the Retail Mall;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

53. SIGNIFICANT EVENT PENDING COMPLETION (CONT'D)

- (e) 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 to undertake the development of Eco-Xuan Lai Thieu on the Land for a term of 50 years from the date of issuance of the Investment Certificate.

The balance of the consideration is payable upon the issuance of the land use right certificate in the name of Setia LT, which is still pending as at the date hereof;

- (f) S P Setia Berhad had proposed development of an integrated health and research complex to be known as the 1NIH Complex on approximately 55.33 acres of land at Setia Alam by way of land swap for approximately 40.22 acres of government land located along Jalan Bangsar, Wilayah Persekutuan Kuala Lumpur.

As announced on 17 January 2011, terms and conditions of the proposal are currently being negotiated between Sentosa Jitra Sdn Bhd ("Sentosa Jitra"), Unit Kerjasama Awam Swasta ("UKAS") and Ministry of Health, Malaysia ("MOH"), collectively known as "the Parties". Further details will be disclosed after definitive and conclusive terms have been agreed upon, and a development agreement entered into by the Parties;

- (g) On 28 January 2011, a wholly owned subsidiary of S P Setia Berhad, Setia Indah Sdn Bhd, had entered into a conditional Sale and Purchase Agreement ("SPA") with Kenyalang Property Development Sdn Bhd to purchase a piece of land held under H.S. (D) 368479 for PTD 117035 in Mukim Tebrau, District of Johor Bahru, State of Johor Darul Takzim measuring approximately 265.719 acres for a total cash consideration of RM125,788,604.

The SPA had been rendered unconditional on 22 August 2011 and is expected to be completed during the financial year ending 31 October 2012;

- (h) On 2 March 2011, Setia Eco Glades Sdn Bhd (previously known as Setia Eco Villa Sdn Bhd), presently a 70% jointly controlled entity of S P Setia Berhad had entered into a conditional Sale and Purchase Agreement ("SPA") with Cyberview Sdn Bhd and Setia Haruman Sdn Bhd to purchase a piece of freehold land within the Cyberjaya Flagship Zone measuring approximately 268.11 acres for a total cash consideration of RM420,439,378 or RM36 per square foot. The SPA is expected to be completed during the financial year ending 31 October 2012;

- (i) On 12 August 2011, a wholly owned subsidiary of S P Setia Berhad, Bukit Indah (Selangor) Sdn Bhd, had entered into a conditional Sale and Purchase Agreement ("SPA") with Ban Guan Hin Realty Sdn Bhd to purchase a piece of freehold land under Geran 45874 for Lot 39, Mukim Beranang, Daerah Ulu Langat, Negeri Selangor measuring approximately 1,010.5 acres for a total cash consideration of RM330,130,350 or RM7.50 per square foot. The SPA is expected to be completed during the financial year ending 31 October 2012;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

53. SIGNIFICANT EVENT PENDING COMPLETION (CONT'D)

- (j) On 23 September 2011, a wholly owned subsidiary of S P Setia Berhad, Setia International Limited, had entered into a conditional Contract of Sale ("Contract of Sale") with Portbridge Pty Ltd ACN 141 880 177 to purchase a piece of freehold land under certificate of title volume 11261 folio 962, being Lot 1 on Plan of Subdivision 623249L, in the City of Melbourne, Parish of Melbourne South at South Yarra, Australia and is located at the intersection of 557-563 St. Kilda Road and 1-23 Moubray Street, Melbourne, Victoria measuring approximately 2.23 acres for a total cash consideration of AUD25,250,000 or AUD260 per square foot.

The Contract of Sale had been rendered unconditional on 8 November 2011 and is expected to be completed during the financial year ending 31 October 2012;

- (k) On 28 September 2011, S P Setia Berhad had received a Notice of Take-Over Offer from Maybank Investment Bank Berhad ("Maybank IB"), on behalf of Permodalan Nasional Berhad ("PNB"), in respect of PNB's obligation to extend a take-over offer. On the same day, the Board, save for the PNB Directors, had decided to seek a competing offer from other interested parties to make an offer to purchase S P Setia Berhad's shares and Warrants. To-date, there has been no competing offer received from other interested parties to purchase the Company's shares and Warrants.

On 14 October 2011, the Securities Commission Malaysia ("SC") had approved the take-over offer by PNB under the equity requirement for public companies.

On 17 October 2011, PNB had submitted an application to seek the approval of the SC for an extension of time ("Extension") to despatch the Offer Document within 2 days from the SC's clearance of the Offer Document. The Extension was approved by the SC on 25 October 2011.

On 2 December 2011, Maybank IB, on behalf of PNB submitted an application to the SC in relation to the proposed formalisation of certain incentives and management rights relating to the management and general conduct of business of S P Setia group of companies ("Proposed Arrangement") to be entered into between PNB, Tan Sri Dato' Sri Liew Kee Sin and S P Setia Berhad. The Proposed Arrangement and the Offer Document are pending the approval of the SC;

- (l) On 3 October 2011, a wholly owned subsidiary of S P Setia Berhad, Setia Hicon Sdn Bhd, had entered into a conditional Sale and Purchase Agreement ("SPA") with Spektrum Megah (M) Sdn Bhd to purchase a piece of freehold land under Geran 30905 for Lot 1812 and Geran 50544 for Lot 650, Mukim Semenyih, Daerah Ulu Langat, Negeri Selangor measuring approximately 673.27 acres for a total cash consideration of RM381,259,333 or RM13 per square foot. The SPA is expected to be completed during the financial year ending 31 October 2012.

On 29 November 2011, a Novation Agreement was entered into between Spektrum Megah (M) Sdn Bhd, Setia Hicon Sdn Bhd ("Setia Hicon") and Setia Ecohill Sdn Bhd ("Setia Ecohill"). Setia Hicon had novated and transferred all of its rights, title, interest, liabilities and obligations in and under the SPA and Setia Ecohill had agreed to accept such novation and transfer. Both Setia Hicon and Setia Ecohill are wholly owned subsidiaries of S P Setia Berhad; and

- (m) On 30 November 2011, S P Setia International (S) Pte Ltd, a wholly owned subsidiary of S P Setia Berhad had been notified by the Urban Redevelopment Authority of Singapore of its successful tender bid of a parcel of land at Chestnut Avenue, Singapore measuring approximately 4.62 acres for a total tender sum of SGD180,000,000. Barring unforeseen circumstances, the land tender is expected to be completed during the financial year ending 31 October 2012.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

54. CHANGES IN COMPARATIVES

The following comparative amounts for the financial year ended 31 October 2010 have been reclassified to conform with current year's presentation:

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Statement of Financial Position			
<u>Group</u>			
Other receivables, deposits and prepayments	270,731	(13,890)	256,841
Amount owing by former joint venture partner	–	13,890	13,890
Statements of Comprehensive Income			
<u>Group</u>			
Other operating income	16,658	92,045	108,703
Net profit from investing activities	92,045	(92,045)	–
<u>Company</u>			
Other operating income	220	71,463	71,683
Administrative and general expenses	(43,278)	(1,400)	(44,678)
Net profit from investing activities	70,063	(70,063)	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011 (CONT'D)

55. 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 issued on 20 December 2010.

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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Total retained profits of the Company and its subsidiaries:				
– realised	1,153,857	1,052,795	262,884	433,039
– unrealised	41,296	17,534	3,729	72
	1,195,153	1,070,329	266,613	433,111
Total retained profits from jointly controlled entities:				
– realised	168,941	106,635	–	–
– unrealised	15,584	13,077	–	–
	184,525	119,712	–	–
Total share of retained profits from associated companies:				
– realised	(743)	(773)	–	–
– unrealised	–	–	–	–
	(743)	(773)	–	–
Less: Consolidation adjustments	(84,643)	(49,067)	–	–
Total Group's and Company's retained profits as per statements of financial position	1,294,292	1,140,201	266,613	433,111

56. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 8 December 2011 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 77 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 2011 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 8 December 2011

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 77 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 8 December 2011

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)
)
)
)

DATO' TEOW LEONG SENG

Before me:

ARSHAD BIN ABDULLAH
W550
Commissioner for Oaths

ANALYSIS OF SHAREHOLDINGS

AS AT 23 DECEMBER 2011

Authorised Share Capital	:	RM2,250,000,000
Issued Share Capital	:	1,846,252,528
Paid Up Share Capital	:	RM1,384,689,396
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	544	8.93	18,419	0.01
100 – 1,000	1,089	17.88	748,432	0.04
1,001 – 10,000	3,125	51.32	11,706,998	0.63
10,001 – 100,000	949	15.58	29,510,879	1.60
100,001 to less than 5% of issued shares	380	6.24	958,468,101	51.91
5% and above of issued shares	3	0.05	845,799,699	45.81
Total	6,090	100.00	1,846,252,528	100.00

LIST OF THIRTY LARGEST SHAREHOLDERS

	Name of Shareholders	No. of Shares	%
1.	Amanahraya Trustees Berhad – Skim Amanah Saham Bumiputera	369,378,647	20.01
2.	Permodalan Nasional Berhad	265,823,825	14.40
3.	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board	210,597,227	11.41
4.	Tan Sri Dato' Sri Liew Kee Sin	84,976,259	4.60
5.	Kumpulan Wang Persaraan (Diperbadankan)	81,946,150	4.44
6.	Mayban Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Tan Sri Dato' Sri Liew Kee Sin	38,407,000	2.08
7.	Cartaban Nominees (Asing) Sdn Bhd – Exempt An for State Street Bank & Trust Company	36,628,695	1.98
8.	Amanahraya Trustees Berhad – Amanah Saham Wawasan 2020	35,884,825	1.94
9.	HSBC Nominees (Asing) Sdn Bhd – BNP Paribas Secs Svs Lux for Aberdeen Global	33,841,600	1.83
10.	Puan Sri Datin Sri How Teng Teng	29,176,947	1.58
11.	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)	24,893,275	1.35

ANALYSIS OF SHAREHOLDINGS

	Name of Shareholders	No. of Shares	%
12.	Amanahraya Trustees Berhad – Amanah Saham Malaysia	22,750,050	1.23
13.	CIMB Group Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Tan Sri Dato' Sri Liew Kee Sin	19,312,498	1.05
14.	HSBC Nominees (Asing) Sdn Bhd – BBH And Co Boston for Vanguard Emerging Markets Stock Index Fund	19,279,078	1.04
15.	Cartaban Nominees (Asing) Sdn Bhd – SSBT Fund Abno for the Arbitrage Fund	18,831,752	1.02
16.	Malaysia Nominees (Tempatan) Sendirian Berhad – Great Eastern Life Assurance (Malaysia) Berhad	16,693,200	0.90
17.	Valuecap Sdn Bhd	14,714,800	0.80
18.	Citigroup Nominees (Tempatan) Sdn Bhd – Exempt An for American International Assurance Berhad	14,537,100	0.79
19.	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (Norges Bk Lend)	14,385,700	0.78
20.	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (U.A.E.)	14,096,288	0.76
21.	Cartaban Nominees (Asing) Sdn Bhd – State Street London Fund OD75 for Ishares Public Limited Company	13,912,575	0.75
22.	Sakura Gold Sdn Bhd	13,124,998	0.71
23.	Pertubuhan Keselamatan Sosial	12,386,050	0.67
24.	Dynamic Growth Management Limited	12,375,000	0.67
25.	Citigroup Nominees (Asing) Sdn Bhd – Nomura International PLC	12,314,200	0.67
26.	Amanahraya Trustees Berhad – As 1Malaysia	12,000,500	0.65
27.	EB Nominees (Tempatan) Sendirian Berhad – Pledged Securities Account for Tan Sri Dato' Sri Liew Kee Sin (KLM)	11,500,000	0.62
28.	Lee Siew Choong	11,099,550	0.60
29.	Citigroup Nominees (Tempatan) Sdn Bhd – Exempt An for Prudential Fund Management Berhad	9,755,750	0.53
30.	HSBC Nominees (Asing) Sdn Bhd – Exempt An for J.P. Morgan Bank Luxembourg S.A.	9,616,050	0.52
		1,484,239,589	80.38

ANALYSIS OF SHAREHOLDINGS

SUBSTANTIAL SHAREHOLDERS

Name	No. of Ordinary Shares Held			
	Direct	%	Indirect	%
Amanahraya Trustees Berhad – Skim Amanah Saham Bumiputera	369,378,647	20.00	–	–
Employees Provident Fund Board	233,251,552	12.63	–	–
Tan Sri Dato' Sri Liew Kee Sin	158,195,757	8.57	^a 42,301,945	2.29
Permodalan Nasional Berhad	265,823,825	14.40	–	–
Yayasan Pelaburan Bumiputra	–	–	265,823,825	14.40

^a Deemed interested by virtue of the shareholdings held by Sakura Gold Sdn Bhd and his spouse.

DIRECTORS AND THEIR SHAREHOLDINGS

Name	No. of Ordinary Shares Held			
	Direct	%	Indirect	%
Tan Sri Abdul Rashid Bin Abdul Manaf	295,500	0.02	^a 273,000	0.01
Tan Sri Dato' Sri Liew Kee Sin	158,195,757	8.57	^b 42,301,945	2.29
Dato' Voon Tin Yow	29,898	*	–	–
Dato' Teow Leong Seng	16,399	*	–	–
Dato' Chang Khim Wah	93,159	*	–	–
Tan Sri Lee Lam Thye	–	–	^c 244,500	0.01
Tan Sri Dato' Hari Narayanan A/L Govindasamy	–	–	–	–
Dato' Leong Kok Wah	–	–	–	–
Datuk Ismail Bin Adam	–	–	–	–
Ng Soon Lai @ Ng Siek Chuan	–	–	–	–
Dato' Noor Farida Binti Mohd Ariffin	–	–	–	–
Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin	–	–	–	–

^a Deemed interested by virtue of the shareholdings of Alsirat Sdn Bhd and his daughter.

^b Deemed interested by virtue of the shareholdings of Sakura Gold Sdn Bhd and his spouse.

^c Deemed interested by virtue of the shareholdings of his son.

* Insignificant.

ANALYSIS OF WARRANTS HOLDINGS

AS AT 23 DECEMBER 2011

DISTRIBUTION OF WARRANTS HOLDINGS

Size of Warrants Holdings	No. of Warrants Holders	%	No. of Warrants	%
Less than 100	63	2.39	3,339	0.00
100 – 1,000	450	17.09	233,169	0.10
1,001 – 10,000	1,232	46.79	6,014,037	2.60
10,001 – 100,000	735	27.92	21,888,180	9.45
100,001 to less than 5% of outstanding warrants	150	5.70	89,567,133	38.66
5% and above of outstanding warrants	3	0.11	113,969,032	49.19
Total	2,633	100.00	231,674,890	100.00

LIST OF THIRTY LARGEST WARRANTS HOLDERS

Name of Warrants Holders	No. of Warrants	%
1. Permodalan Nasional Berhad	70,080,075	30.25
2. Tan Sri Dato' Sri Liew Kee Sin	23,621,104	10.20
3. Puan Sri Datin Sri How Teng Teng	20,267,853	8.75
4. Amanahraya Trustees Berhad – Public Far-East Dividend Fund	7,462,600	3.22
5. Citigroup Nominees (Tempatan) Sdn Bhd – Exempt An for Prudential Fund Management Berhad	7,374,250	3.18
6. Cartaban Nominees (Asing) Sdn Bhd – SSBT Fund Alpe for Alpine International Real Estate Equity Fund	6,843,733	2.95
7. HSBC Nominees (Asing) Sdn Bhd – Morgan Stanley & Co. International Plc (Firm A/C)	5,644,033	2.44
8. Cimsec Nominees (Tempatan) Sdn Bhd – CIMB for Yap Lim Sen (PB)	3,355,000	1.45
9. Amanahraya Trustees Berhad – Amanah Saham Wawasan 2020	3,311,062	1.43
10. Amanahraya Trustees Berhad – Public Islamic Treasures Growth Fund	2,620,300	1.13
11. Amanahraya Trustees Berhad – Skim Amanah Saham Bumiputera	2,548,273	1.10
12. AIBB Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Tay Hong Peng	2,195,400	0.95
13. Sakura Gold Sdn Bhd	2,187,499	0.94
14. HDM Nominees (Asing) Sdn Bhd – DBS Vickers Secs (S) Pte Ltd for Koh Alan	2,183,000	0.94
15. Dynamic Growth Management Limited	2,062,500	0.89
16. Pua Soon	1,779,100	0.77
17. Teng Li Ling	1,250,000	0.54
18. Dato' Khor Chap Jen	1,243,650	0.54

ANALYSIS OF WARRANTS HOLDINGS

	Name of Warrants Holders	No. of Warrants	%
19.	Cimsec Nominees (Tempatan) Sdn Bhd – CIMB Bank for Hooi Hing Lee (MY0417)	1,099,000	0.47
20.	DB (Malaysia) Nominee (Asing) Sdn Bhd – Deutsche Bank AG London	1,062,400	0.46
21.	Mayban Securities Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Ong Fee Chong	950,000	0.41
22.	Dato' Voon Tin Yow	892,500	0.39
23.	Goh Chye Keat	850,000	0.37
24.	SBB Nominees (Tempatan) Sdn Bhd – Lembaga Tabung Haji (CAFM)	797,700	0.34
25.	Lim Eng Tiong	778,450	0.34
26.	Cartaban Nominees (Asing) Sdn Bhd – Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	762,590	0.33
27.	Mayban Securities Nominees (Tempatan) Sdn Bhd – Kim Eng Securities Pte Ltd for Goh Keat Jin	750,000	0.32
28.	Cimsec Nominees (Tempatan) Sdn Bhd – CIMB for Tan Hsiao Ling (PB)	700,000	0.30
29.	Lok Kok Shing @ Loke Kwok Kheong	677,900	0.29
30.	Cimsec Nominees (Asing) Sdn Bhd – Pledged Securities Account for Noble Plan Sdn Bhd	645,000	0.28
		175,994,972	76.00

DIRECTORS' WARRANTS HOLDINGS

Name	No. of Warrants Held			
	Direct	%	Indirect	%
Tan Sri Abdul Rashid Bin Abdul Manaf	–	–	–	–
Tan Sri Dato' Sri Liew Kee Sin	23,621,104	10.20	^a 22,455,352	9.69
Dato' Voon Tin Yow	1,152,603	0.50	–	–
Dato' Teow Leong Seng	2,733	*	–	–
Dato' Chang Khim Wah	20,550	0.01	–	–
Tan Sri Lee Lam Thye	–	–	^b 4,500	*
Tan Sri Dato' Hari Narayanan A/L Govindasamy	–	–	–	–
Dato' Leong Kok Wah	–	–	–	–
Datuk Ismail Bin Adam	–	–	–	–
Ng Soon Lai @ Ng Siek Chuan	–	–	–	–
Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin	–	–	–	–
Dato' Noor Farida Binti Mohd Ariffin	–	–	–	–

^a Deemed interested by virtue of the warrants held by Sakura Gold Sdn Bhd and his spouse

^b Deemed interested by virtue of the warrants held by his son.

* Insignificant

LIST OF MATERIAL PROPERTIES HELD BY THE GROUP

AS AT 31 OCTOBER 2011

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	52,771,663	Freehold	558,597,958
2	Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim.	Land under development and held for development	10/01/07	32,970,234	Freehold	349,455,293*
3	Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Investment Property	30/03/02	623,344	Freehold	287,029,686*
4	Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Land under development and held for development	13/12/03	9,898,070	Freehold	266,204,254*
5	Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Land held for development	09/09/10	11,282,040	Freehold	201,330,997
6	Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Land under development and held for development	04/08/04	11,029,033	Freehold	184,800,457
7	Leong Bee Court, Woodsville Close, Singapore	Land held for development	13/04/11	30,780	Freehold	169,830,887
8	Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim	Land under development and held for development	15/02/96	4,451,667	Freehold	141,768,847
9	Mukim and Daerah Petaling, Selangor Darul Ehsan	Land under development and held for development	10/08/03	159,668	Freehold	112,533,547
10	Section 41, City of Melbourne, Parish of Melbourne North, Australia.	Land under development and held for development	29/03/10	46,715	Freehold	99,189,487

* 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 Seventh Annual General Meeting of the Company will be held at **Nusantara Hall, Setia Alam Welcome Centre, No. 2, Jalan Setia Indah AD U13/AD, Seksyen U13, Setia Alam, 40170 Shah Alam, Selangor Darul Ehsan on Thursday, 23 February 2012 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 2011 together with the reports of the Directors and auditors thereon. Please refer to Note A.
2. To declare a final dividend of 9 sen per share less 25% tax for the financial year ended 31 October 2011. **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 Abdul Rashid Bin Abdul Manaf **Resolution 2**
 - (b) Dato' Voon Tin Yow **Resolution 3**
 - (c) Tan Sri Dato' Hari Narayanan A/L Govindasamy **Resolution 4**
 - (d) Mr Ng Soon Lai @ Ng Siek Chuan **Resolution 5**
4. To consider and if thought fit, to pass the following Ordinary Resolution in accordance with Section 129(6) of the Companies Act, 1965:-

"THAT Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin, who has attained the age of seventy years and retiring in accordance with Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting".

Resolution 6
5. To approve the payment of Directors' Fees of RM760,000 for the financial year ended 31 October 2011. **Resolution 7**
6. To re-appoint Mazars, Chartered Accountants, the retiring auditors, as the auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 8**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolution:-

7. **ORDINARY RESOLUTION** **Resolution 9**

PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AS SPECIFIED IN SECTION 2.3.1 OF THE CIRCULAR TO SHAREHOLDERS DATED 31 JANUARY 2012

"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 31 January 2012) 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:-

NOTICE OF ANNUAL GENERAL MEETING

- (i) the conclusion of the next Annual General Meeting of the Company (“AGM”) at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (“Act”) (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier,

THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things as they may consider necessary or expedient in the best interest of the Company (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”

8. 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

31 January 2012
 Kuala Lumpur

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 and hence, this item is not put forward for voting.*
- 4. *The Form of Proxy duly completed and signed must be deposited at the Registered Office of the Company at Plaza 138, Suite 18.03, 18th Floor, 138, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.*

Proxy:

- 1. *A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Act shall not apply to the Company.*
- 2. *The Form of Proxy, in the case of an individual, shall be signed by the appointor or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
- 3. *Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*

Explanatory Notes on Special Business

Ordinary Resolution 9 – Proposed Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.

The proposed Resolution 9, if approved, will allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue and trading nature relating to sale of properties by the S P Setia Group to related parties. The details of the proposal are set out in the Circular to Shareholders dated 31 January 2012 which is circulated together with the 2011 Annual Report.

GROUP DIRECTORY

HEAD OFFICE

S P Setia Berhad (19698-X)
 Setia Corporate Tower,
 5A, Jalan Setia Nusantara U13/17,
 Setia Eco Park, Seksyen U13,
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S P Setia Foundation

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Setia Badminton Academy

4, Persiaran Setia Murni,
 Setia Alam, Seksyen U13,
 40170 Shah Alam,
 Selangor Darul Ehsan,
 Malaysia.
T +603-3344 1466
F +603-3344 4255
E sba@spsetia.com.my

Setia Precast

Setia Precast Sdn Bhd (347177-A)
 Setia Support Centre,
 Unit 23A-2, Setia Avenue,
 2, Jalan Setia Prima S U13/S,
 Setia Alam, Seksyen U13,
 40170 Shah Alam,
 Selangor Darul Ehsan,
 Malaysia.
T +603 3344 3033
F +603 3344 3733
E setiaprecast@spsetia.com.my

Group Quality Management

S P Setia Berhad (19698-X)
 Setia Support Centre,
 Unit 23A-4, Setia Avenue,
 2, Jalan Setia Prima S U13/S,
 Setia Alam, Seksyen U13,
 40170 Shah Alam,
 Selangor Darul Ehsan,
 Malaysia.
T +603 3344 1900
F +603 3344 1702
E corp@spsetia.com.my

Group Contracts Division

S P Setia Berhad (19698-X)
 Setia Support Centre,
 Unit 23A-4, Setia Avenue,
 2, Jalan Setia Prima S U13/S,
 Setia Alam, Seksyen U13,
 40170 Shah Alam,
 Selangor Darul Ehsan,
 Malaysia.
T +603 3344 1900
F +603 3344 1702
E corp@spsetia.com.my

Group Landscape Unit

S P Setia Project Management Sdn Bhd
 (246695-X)
 Setia Support Centre,
 Unit 23A-4, Setia Avenue,
 2, Jalan Setia Prima S U13/S,
 Setia Alam, Seksyen U13,
 40170 Shah Alam,
 Selangor Darul Ehsan,
 Malaysia.
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F +603 3344 1702
E corp@spsetia.com.my

S P Setia Estate Management Sdn Bhd

(251637-X)
 2, Jalan Setia Tropika U13/20,
 Setia Eco Park, Seksyen U13,
 40170 Shah Alam,
 Selangor Darul Ehsan,
 Malaysia.
T +603 3342 7222
F +603 3342 3030
E estate@spsetia.com.my
 support@spsetia.com.my

Group Security Services

S. P. Setia Security Services Sdn Bhd
 (512181-H)
 Setia Alam Welcome Centre,
 2, Jalan Setia Indah AD U13/AD,
 Setia Alam, Seksyen U13,
 40170 Shah Alam,
 Selangor Darul Ehsan,
 Malaysia.
T +603 3361 7755
F +603 3343 1525
E corp@spsetia.com.my

CENTRAL REGION**Setia Alam**

Bandar Setia Alam Sdn Bhd
 (566140-D)
 Setia Alam Welcome Centre,
 2, Jalan Setia Indah AD U13/AD,
 Setia Alam, Seksyen U13,
 40170 Shah Alam,
 Selangor Darul Ehsan,
 Malaysia.
T +603 3343 2255
F +603 3345 2255
E bsa-sales@spsetia.com.my

Setia Eco Park

Bandar Eco-Setia Sdn Bhd (566138-A)
 5B/1/3, 1st Floor,
 Jalan Setia Nusantara U13/17,
 Setia Eco Park, Seksyen U13,
 40170 Shah Alam,
 Selangor Darul Ehsan,
 Malaysia.
T +603 3343 2228
F +603 3343 7228
E eco-sales@spsetia.com.my

GROUP DIRECTORY

Setia Sky Residences**Exceljade Sdn Bhd** (765480-D)**Kenny Hills Grande****Sendiman Sdn Bhd** (729054-X)Sales Gallery, Setia Sky Residences,
No. 78, Jalan Raja Muda Abdul Aziz,
Off Jalan Tun Razak,
50300 Kuala Lumpur,
Malaysia.**T** +603 2697 2255**F** +603 2697 2552**E** sky-sales@spsetia.com.my
grande-sales@spsetia.com.my**KL Eco City****KL Eco City Sdn Bhd** (185140-X)Suite 5.01, Level 5,
The Gardens South Tower,
Mid Valley City,
Lingkar Syed Putra,
59200 Kuala Lumpur,
Malaysia.**T** +603 2287 5522**F** +603 2287 5225**E** klecocity@spsetia.com.my**Setia Putrajaya Development Sdn Bhd**

(424955-P)

3A, Jalan P9G/7,
62250 Putrajaya, Wilayah Persekutuan,
Putrajaya,
Malaysia.**T** +603 8887 8000**F** +603 8887 8010**E** spj-sales@spsetia.com.my**SetiaWalk Galleria****Bandar Setia Alam Sdn Bhd**

(566140-D)

Jalan Bandar Dua,
Pusat Bandar Puchong,
47160 Puchong,
Selangor Darul Ehsan,
Malaysia.**T** +603 5882 2255**F** +603 5882 2722**E** setiawalk-sales@spsetia.com.my**Syarikat Kemajuan Jerai Sdn Bhd**

(23898-U)

1G & 3G, Medan Bukit Indah Satu,
Bukit Indah, 68000 Ampang,
Selangor Darul Ehsan,
Malaysia.**T** +603 4293 2255**F** +603 4293 5535**E** bia-sales@spsetia.com.my**Wawasan Indera Sdn Bhd**

(230831-A)

Wisma S P Setia,
1, Jalan Bandar Satu,
Pusat Bandar Puchong,
47160 Puchong,
Selangor Darul Ehsan,
Malaysia.**T** +603 5882 2000**F** +603 5882 9988**E** credit@spsetia.com.my**Group Leasing****S P Setia Berhad** (19698-X)Wisma S P Setia,
1, Jalan Bandar Satu,
Pusat Bandar Puchong,
47160 Puchong,
Selangor Darul Ehsan,
Malaysia.**T** +603 5882 2995**F** +603 5882 1230**E** leasing@spsetia.com.my**Setia Duta One Sdn Bhd**

(511035-W)

Wisma S P Setia,
1, Jalan Bandar Satu,
Pusat Bandar Puchong,
47160 Puchong,
Selangor Darul Ehsan,
Malaysia.**T** +603 5882 2000**F** +603 5882 9988**E** corp@spsetia.com.my**Setia-Wood Industries Sdn Bhd**

(23725-V)

S P Setia Marketing Sdn Bhd

(175198-P)

Lot 5 & 6, Jalan Indah 1/3,
Taman Industri Rawang Indah,
48000 Rawang,
Selangor Darul Ehsan,
Malaysia.**T** +603 6092 8022**F** +603 6092 0322**E** setiawood@spsetia.com.my**NORTHERN REGION****Setia Pearl Island****Setia Vista****Setia Promenade Sdn Bhd** (388384-W)**Setia Greens****Brook Residences****Kewira Jaya Sdn Bhd** (504851-V)**V Residences****Kay Pride Sdn Bhd** (177772-V)**Setia Recreation Sdn Bhd** (505572-T)Pearl Island Country Club,
8 Persiaran Kelicap,
11900 Bayan Lepas, Penang,
Malaysia.**T** +604 641 2255**F** +604 642 2255**E** spi-sales@spsetia.com.my**SOUTHERN REGION****Bukit Indah****Bukit Indah (Johor) Sdn Bhd** (307260-V)Wisma S P Setia,
1, Jalan Indah 15/1,
Bukit Indah,
81200 Johor Bahru,
Johor Darul Takzim,
Malaysia.**T** +607 241 2255**F** +607 241 5955/2855**E** bij-sales@spsetia.com.my

GROUP DIRECTORY

Setia Eco Cascadia**Setia Indah Sdn Bhd** (185555-H)

Wisma S P Setia,
1 Jalan Setia 3/6,
Taman Setia Indah,
81100 Johor Darul Takzim,
Malaysia.

T +607 351 2255**F** +607 351 2525**E** setiaecocascadia@spsetia.com.my**Setia Tropika****Setia Indah Sdn Bhd** (185555-H)

Wisma S P Setia,
1 Jalan Setia Tropika,
Taman Setia Tropika,
81200 Kempas,
Johor Darul Takzim,
Malaysia.

T +607 237 2255**F** +607 237 2225**E** setiatropika@spsetia.com.my**Setia Eco Gardens****Kesas Kenangan Sdn Bhd** (745817-H)

Pejabat Tapak, Lot 2110, KM 5.5,
Jalan Gelang Patah-Ulu Choh,
81550 Johor Darul Takzim,
Malaysia.

T +607 555 2525**F** +607 555 2552/2555**E** seg-sales@spsetia.com.my**Setia Business Park I &****Setia Business Park II**

Wisma S P Setia,
1, Jalan Indah 15/1, Bukit Indah,
81200 Johor Darul Takzim,
Malaysia.

T +607 241 6255**F** +607 241 5955**E** sbp-sales@spsetia.com.my**Setia Sky 88****Setia City Development Sdn Bhd**

(933887-K)

(formerly known as Kuasa Kasturi Sdn Bhd)

Wisma S P Setia,
1, Jalan Setia Tropika,
Taman Setia Tropika,
81200 Kempas,
Johor Darul Takzim,
Malaysia.

T +607 237 2255**F** +607 237 8663**E** 88setia@spsetia.com.my**EASTERN REGION****Aeropod****Aeropod Sdn Bhd** (767765-P)

B-10-G, Ground Floor, Block B,
KK Times Square, Off Coastal Highway,
88100 Kota Kinabalu,
Sabah, Malaysia.

T +608 821 8255**F** +608 821 9255**E** aeropod-sales@spsetia.com.my**INTERNATIONAL****VIETNAM****EcoLakes, My Phuoc****SetiaBecamex Joint Stock Company**

NE2 Highway, Ecolakes My Phuoc,
3A Hamlet, Thoi Hoa Commune,
Ben Cat, District, Bin Duong Province,
Vietnam.

T +84 650 3577 255**F** +84 650 3577 225**E** ecolakes-sales@setiabecamex.vn**EcoXuan, Lai Thieu****Setia Lai Thieu One Member Company Limited**

NB-N1 Street, EcoXuan, Lai Thieu Town,
Thuan An District, Binh Duong Province,
Vietnam.

T +84 650 3662 255**F** +84 650 3772 255**E** ecoxuan@spsetia.com.vn**S P Setia Management Services Sdn Bhd**

Unit 2204, 22nd Floor,
Saigon Trade Center,
37 Ton Duc Thang,
Ben Nghe Ward, District 1,
Ho Chi Minh City,
Vietnam.

T +848 39103 245/39103 255**F** +848 39103 225**Ecoseasons****S P Setia Management Services Sdn Bhd**

Room 521, 5th Floor,
Regus Hanoi Press Club,
59A Ly Thai To,
Hoam Kiem District Hanoi,
Vietnam.

T +84 4 3936 7933**F** +84 4 3936 8069**SINGAPORE****S P Setia International (S) Pte Ltd**

(200906303E)

1 Harbourfront Place #01-06,
Harbourfront Tower One,
Singapore 098633.

T +65 6271 2255**F** +65 6271 3522**E** sg-sales@spsetia.com.sg**AUSTRALIA****Setia (Melbourne) Development Company Pty Ltd**

(ABN : 61 143 464 804)

132 Franklin Street,
Melbourne, VIC 3000,
Australia.

T +613 9616 2525**F** +613 9616 2552**E** fultonlane@spsetia.com.au**INDONESIA****S P Setia (Indonesia) Sdn Bhd**

(907843V)

Podium Thamrin Nine,
ANZ Square, UG Floor,
Jl. MH. Thamrin No.10,
Jakarta 10230, Indonesia.

T +62 21 3048 2255**F** +62 21 3048 2288**E** jkt-rep@spsetia.com.my

PROXY FORM

I/We _____ NRIC No./Company No. _____
(full name in block letters)

of _____
(full address)

being a member/members of **S P SETIA BERHAD**, hereby appoint _____
(full name in block letters)

NRIC No. _____ of _____
(full address)

and/or failing him/her, _____
(full name in block letters)

NRIC No. _____ of _____
(full address)

or failing him/her, the Chairman of the Meeting as * my/our proxy to attend and vote for * me/us and on * my/our behalf at the Thirty Seventh Annual General Meeting of the Company to be held at Nusantara Hall, Setia Alam Welcome Centre, No. 2, Jalan Setia Indah AD U13/AD, Seksyen U13, Setia Alam, 40170 Shah Alam, Selangor Darul Ehsan on Thursday, 23 February 2012 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 Abdul Rashid Bin Abdul Manaf		
3.	Re-election of Dato' Voon Tin Yow		
4.	Re-election of Tan Sri Dato' Hari Narayanan A/L Govindasamy		
5.	Re-election of Mr Ng Soon Lai @ Ng Siek Chuan		
6.	Re-appointment of Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin		
7.	Approval of Directors' Fees		
8.	Re-appointment of Mazars, Chartered Accountants as Auditors		
9.	Proposed Shareholders' Mandate as specified in Section 2.3.1 of the Circular to Shareholders dated 31 January 2012.		

* Strike out whichever not applicable

(Please indicate with an "X" in the spaces above how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion).

Dated this _____ day of _____ 2012. _____

Signature of Member(s)

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Act, shall not apply to the Company.
2. The Form of Proxy, in the case of an individual, shall be signed by the appointor or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.
3. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. The Form of Proxy duly completed and signed must be deposited at the Registered Office of the Company at Plaza 138, Suite 18.03, 18th Floor, 138, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.

2nd fold here

Affix Stamp
Here

The Company Secretary
S P SETIA BERHAD
Plaza 138, Suite 18.03
18th Floor, 138 Jalan Ampang
50450 Kuala Lumpur

1st fold here