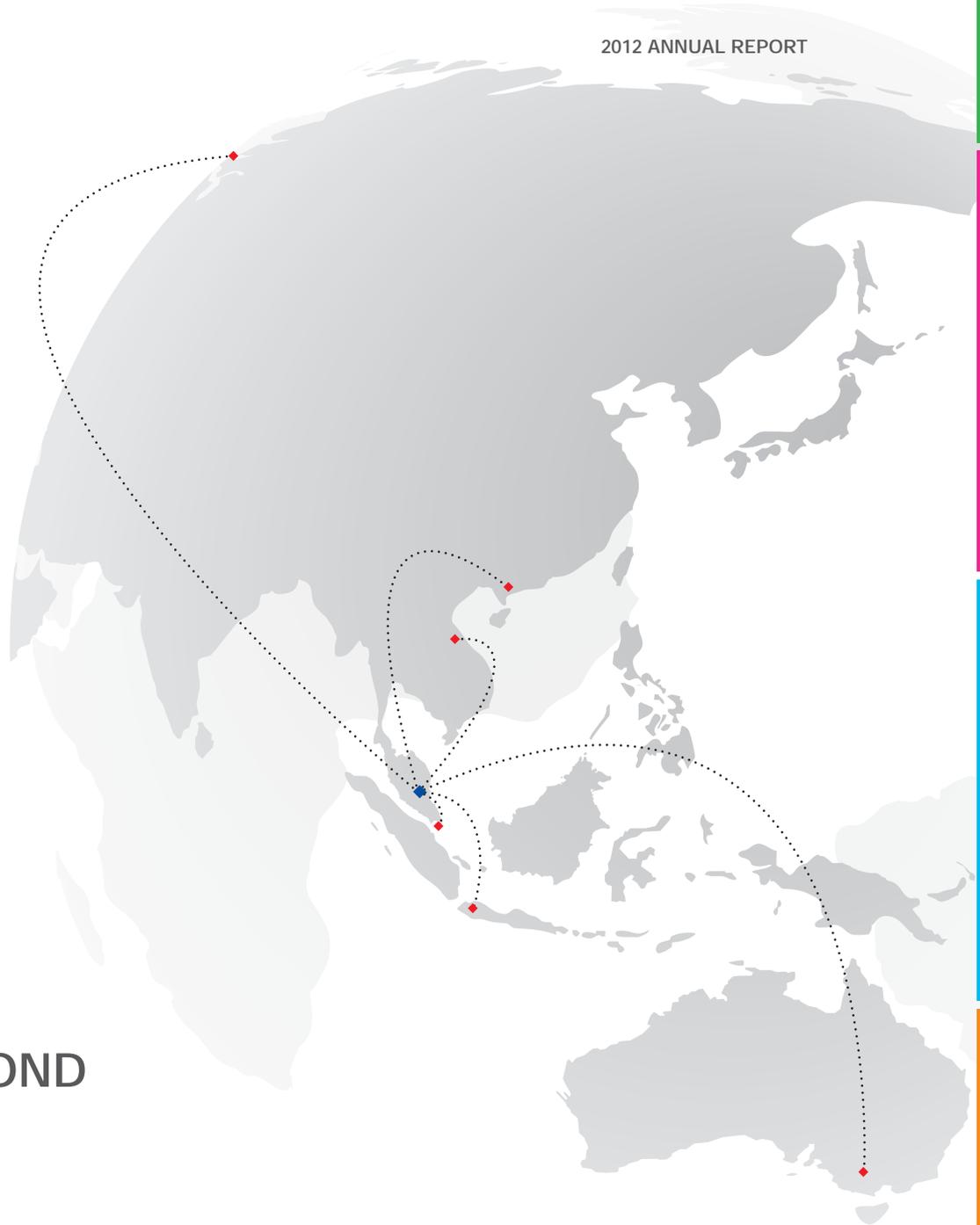


Builder of Distinction

Setia

SP SETIA BHD GROUP

2012 ANNUAL REPORT



MALAYSIA



BEYOND

livelearnworkplay

MALAYSIA / VIETNAM / AUSTRALIA / SINGAPORE / CHINA / INDONESIA / UNITED KINGDOM



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

2012 saw S P Setia continue to take a commanding lead in the Malaysian property market. We were ranked No. 1 at *The Edge* Malaysia Top Property Developer Awards for the seventh time in the award's ten-year history. We also won our seventh FIABCI Malaysia Property Award.

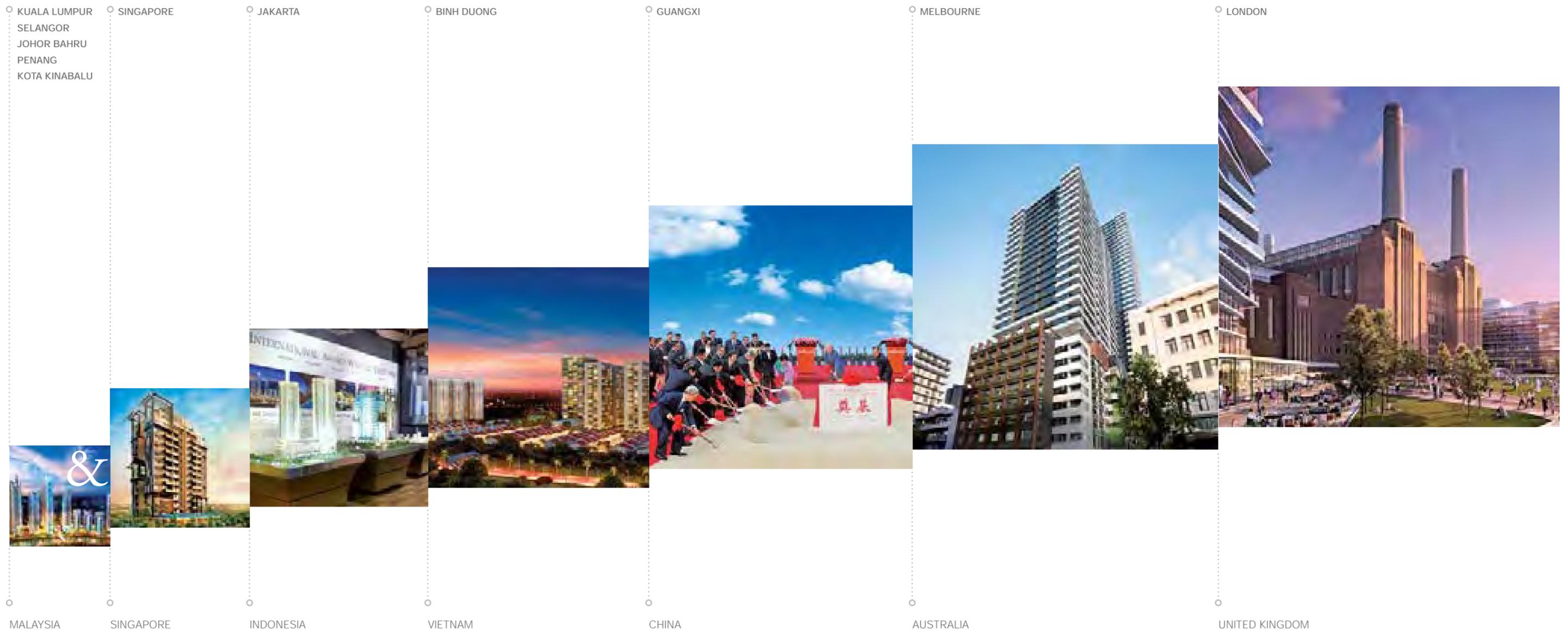
At the same time, our long-term growth strategy to become a global property player bore even more fruits. In 2012, we made our presence strongly felt in China and the United Kingdom with significant and high-value projects. Today, we are present in seven countries, which enables us to better serve our customers and introduce the S P Setia brand to an ever wider multinational audience.

The theme of this year's annual report, "Malaysia & Beyond", was inspired not just by this two-pronged success but also our commitment to keep both our Malaysian and global business activities equally vibrant.

The cover design which features a thumbnail section of KL Eco City next to the image of the globe, on a field of white, signifies the vast untapped potential that awaits the Group in our future endeavours, whether at home or abroad.

KL Eco City was selected because this world-class sustainable eco-city within a city is home to the newly-opened Setia International Centre, a gallery that showcases all of S P Setia's investment-grade products, both local and international, under one roof.

The overall simplicity of the design concept reflects our focus on our core values, which will continue to be the touchstones that steer us to an even brighter future as we expand in Malaysia and beyond.



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OUR VISION, MISSION AND VALUES

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



**“OUR VALUES ARE THE ANCHOR
THAT KEEPS US STEADY AS WE
REACH FOR THE STARS.”**

QUALITY



&

SERVICE



MALAYSIA

“From the outset, we adhered to the highest standards – bringing to market products that are distinguished by their innovativeness and quality; providing excellent service both before and after sales; and doing business sincerely and with integrity.”



**QUALITY
& SERVICE**



KL Eco City, Kuala Lumpur

CORPORATE PROFILE

THE GROUP STARTED OUT IN 1974 AS A CONSTRUCTION COMPANY AND WAS EVENTUALLY LISTED ON BURSA MALAYSIA IN 1993. IN 1996 IT REFOCUSSED ITS CORE BUSINESS TO PROPERTY DEVELOPMENT WITH SUPPORTING BUSINESSES IN CONSTRUCTION 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 Setiahillside in Ampang.

It entered the high-end condominium market in 2009 with the launch of Setia Sky Residences in Kuala Lumpur City Centre. Leveraging on the strong demand for commercial and investment grade properties, S P Setia has also expanded into the integrated commercial and retail sector with projects such as SetiaWalk, Setia Avenue, KL Eco City and Setia City Mall.

In Johor Bahru, it 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 and Setia Sky 88, a luxury condominium project in the heart of Johor Bahru city centre. Up north in Penang, there is Setia Pearl Island in Bayan Lepas, Setia Vista in Relau, Setia Greens in Changkat Sungai

Ara, Brook Residences on Jesselton Road and Setia V Residences along the famed waterfront promenade of Gurney Drive.

In East Malaysia, Setia made its presence felt in Kota Kinabalu, having entered into a development agreement with the State Government to build a state-of-the-art transportation and 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 40km outside Ho Chi Minh City (HCMC) was named First Runner-up in the FIABCI Prix d'Excellence Award for Best Development Master Plan in 2010. Following this, the Group launched a mixed development project called Eco Xuan at Lai Thieu in Tuan Anh District, Binh Duong Province.

S P Setia entered the Australian real estate market in 2011 with the launch of Fulton Lane in Melbourne's central business district and has another upcoming project called Parque Melbourne in the suburb of St Kilda. It has also embarked on two condominium projects in Singapore – the first is called 18 Woodsville in Potong Pasir and the second is Eco Sanctuary, located next to the Bukit Timah Nature Reserve.

In 2012, S P Setia spread its wings to two other countries. The first was China where the developer was invited by the Malaysian Government to lead the Malaysian consortium formed to jointly develop the China-Malaysia Qinzhou Industrial Park. In September 2012, S P Setia successfully completed its acquisition of Battersea Power Station in the United Kingdom through a joint-venture with Sime Darby Berhad and the Employees Provident Fund Board. The redevelopment of this iconic central London landmark is slated for launch in early 2013.

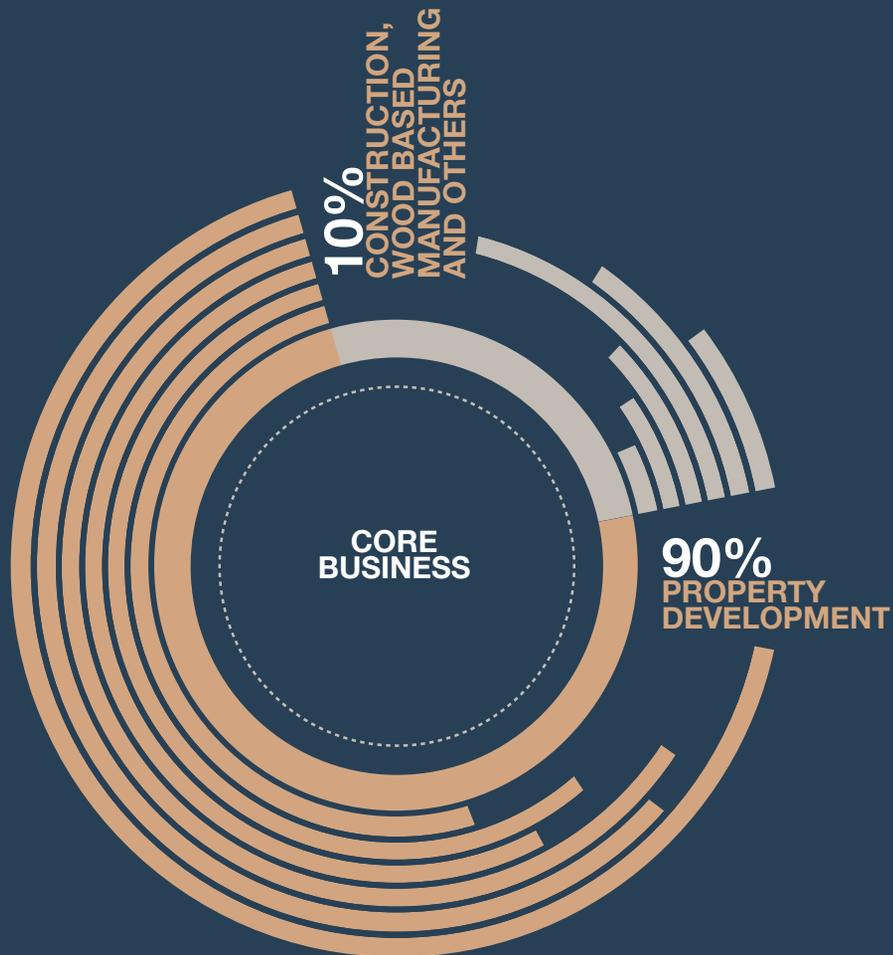
**PROPERTY
DEVELOPMENT**



CONSTRUCTION



**WOOD BASED
MANUFACTURING**



GLOBAL PRESENCE



1

MALAYSIA

NORTHERN REGION

- Setia Pearl Island
- Setia Vista
- Setia Greens
- Setia V Residences
- Brook Residences
- Setia Eco Forest

CENTRAL REGION

- Setia Alam
- Setia Eco Park
- Setia City
- Setia Sky Residences
- Dwiputra Residences
- SetiaWalk
- KL Eco City
- Setia EcoHill

- Setia Eco Glades
- Kenny Hills Grande
- Setia Federal Hill
- Duta Nusantara
- Duta Tropika
- SetiaHills

SOUTHERN REGION

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

EASTERN REGION

- Aeropod



2 ASIA

- VIETNAM**
Binh Duong
- EcoLakes
 - EcoXuan
- SINGAPORE**
- 18 Woodville
 - Eco Sanctuary

- INDONESIA**
Jakarta
- Representative Office

- CHINA**
Guangxi
- Qinzhou Industrial Park (QIP)

3 UNITED KINGDOM

- LONDON**
- Battersea Power Station

4 AUSTRALIA

- MELBOURNE**
- Fulton Lane
 - Parque Melbourne

GROUP FINANCIAL SUMMARY

GROUP FIVE-YEAR SUMMARY

YEAR ENDED 31 OCTOBER (RM'000)	2008	2009	2010	2011	2012
Revenue	1,471,357 [®]	1,408,415	1,745,870	2,232,473	2,526,595
Profit Before Tax	297,867 [®]	231,112	330,967	430,594	567,505
Profit Attributable to Shareholders	213,456	171,233	251,813	327,973	393,816
Paid-Up Capital	762,524	762,604	762,606	1,374,554	1,504,250
Shareholders' Equity	1,975,342	2,037,221	2,189,273	3,446,442	4,043,874
Total Assets Employed	3,560,884 [®]	3,952,251	4,386,062	5,585,657	9,353,304
Total Net Tangible Assets	1,975,700 [#]	2,037,578 [#]	2,189,352 [#]	3,439,486	4,027,412
Earnings Per Share (sen)	14.0 [^]	11.2 [^]	16.5 [^]	19.2	20.5
Gross Dividend Per Share (sen)	17	14	20	14	14
Net Tangible Assets Per Share (RM)	1.29 [^]	1.33 [^]	1.43 [^]	1.88	2.01
Return on equity (%)	10.81	8.41	11.50	9.52	9.74
Net gearing ratio (times)	0.25	0.27	0.26	N/A	0.58
Dividend payout ratio (%)	60.4	62.4	60.7	59.8	61.2 [*]
Share Price - High (RM)	5.60	4.62	5.27	4.62	4.10
Low (RM)	2.65	2.39	3.51	2.97	3.49

[®] 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 2011.

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

^{*} Dividend payout ratio is 61.2%, taking into account the position post placement (proposed 15%) and warrants conversion.

**NET PROFIT
INCREASED BY
20%
FROM
PREVIOUS YEAR**

GROUP QUARTERLY SUMMARY

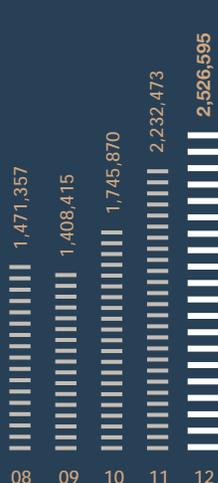
QUARTER ENDED (RM'000)	31 JANUARY 2012	30 APRIL 2012	31 JULY 2012	31 OCTOBER 2012
Revenue	491,581	617,199	654,192	763,623
Profit Before Tax	100,723	127,887	145,613	193,282
Profit Attributable to Shareholders	74,004	92,383	100,403	127,026
Paid-Up Capital	1,385,767	1,440,150	1,500,574	1,504,250
Shareholders' Equity	3,556,335	3,764,440	3,996,046	4,043,874
Total Assets Employed	5,919,698	7,128,138	7,786,729	9,353,304
Total Net Tangible Assets	3,547,210	3,761,947	3,992,687	4,027,412
Earnings Per Share (sen)	4.0	4.9	5.2	6.4
Gross Dividend Per Share (sen)	–	5	–	9
Net Tangible Assets Per Share (RM)	1.92	1.96	2.00	2.01

THE GROUP ACHIEVED A NEW REVENUE RECORD OF **RM2.53** BILLION IN FY2012

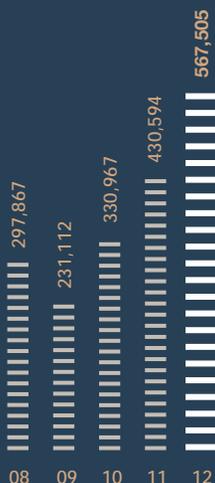
GROUP FIVE-YEAR SUMMARY

YEAR ENDED 31 OCTOBER

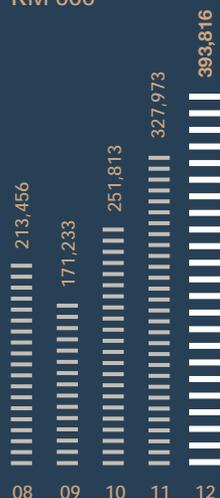
REVENUE
RM'000



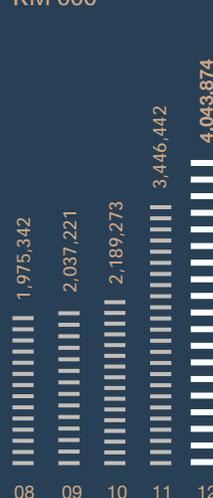
PROFIT BEFORE TAX
RM'000



PROFIT ATTRIBUTABLE
TO SHAREHOLDERS
RM'000

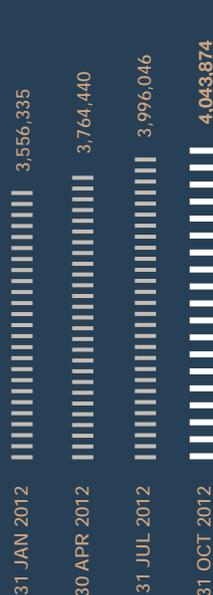
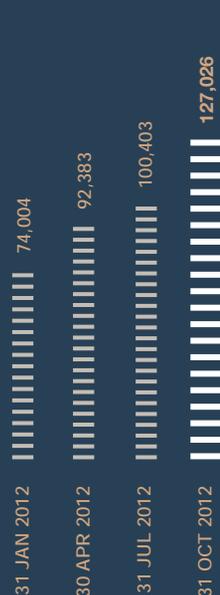
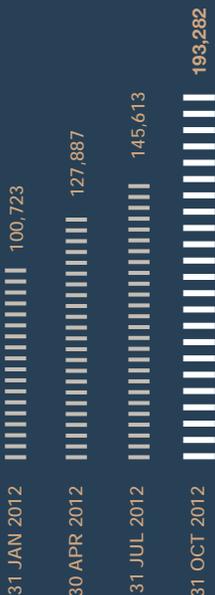
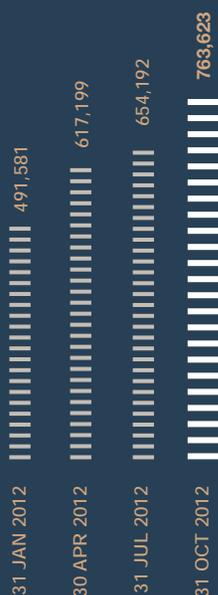


SHAREHOLDERS'
EQUITY
RM'000



GROUP QUARTERLY SUMMARY

FINANCIAL YEAR 2012



REVENUE
RM'000

PROFIT BEFORE TAX
RM'000

PROFIT ATTRIBUTABLE
TO SHAREHOLDERS
RM'000

SHAREHOLDERS'
EQUITY
RM'000

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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

DATO' VOON TIN YOW
Deputy President/Chief Operating Officer

DATO' TEOW LEONG SENG
Executive Vice President /
Chief Financial Officer

DATO' CHANG KHIM WAH
Executive Vice President /
Executive Director

TAN SRI LEE LAM THYE
Non-Independent Non-Executive Director

NG SOON LAI @ NG SIEK CHUAN
Senior 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

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

AUDIT COMMITTEE

NG SOON LAI @ NG SIEK CHUAN (Chairman)
TAN SRI DATO' HARI NARAYANAN
A/L GOVINDASAMY
DATO' LEONG KOK WAH
DATUK ISMAIL BIN ADAM

REMUNERATION COMMITTEE

TAN SRI DATO' HARI NARAYANAN
A/L GOVINDASAMY (Chairman)
DATO' LEONG KOK WAH
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
DATUK WONG TUCK WAI
ONG KEK SENG
KOW CHOONG MING
NORHAYATI BINTI SUBALI
LIM ENG TIONG

ESOS OPTION COMMITTEE

TAN SRI DATO' SRI LIEW KEE SIN (Chairman)
NG SOON LAI @ NG SIEK CHUAN
DATUK ISMAIL BIN ADAM

SECRETARIES

LEE WAI NGAN LS 00184
CHAN TOYE YING LS 00185

REGISTERED OFFICE

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

CIMB Bank Berhad
OCBC Bank (Malaysia) Berhad
Maybank Group
HSBC Group
Hong Leong Bank Berhad
DBS Bank Ltd
RHB Bank Berhad
Affin Bank Berhad
Alliance Financial Group
Public Bank Berhad
United Overseas Bank (Malaysia) Berhad
AmBank Group

AUDITORS

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

SOLICITORS

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

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

INDICES

FTSE Bursa Malaysia Indices
Standard & Poor's Indices

WEBSITE

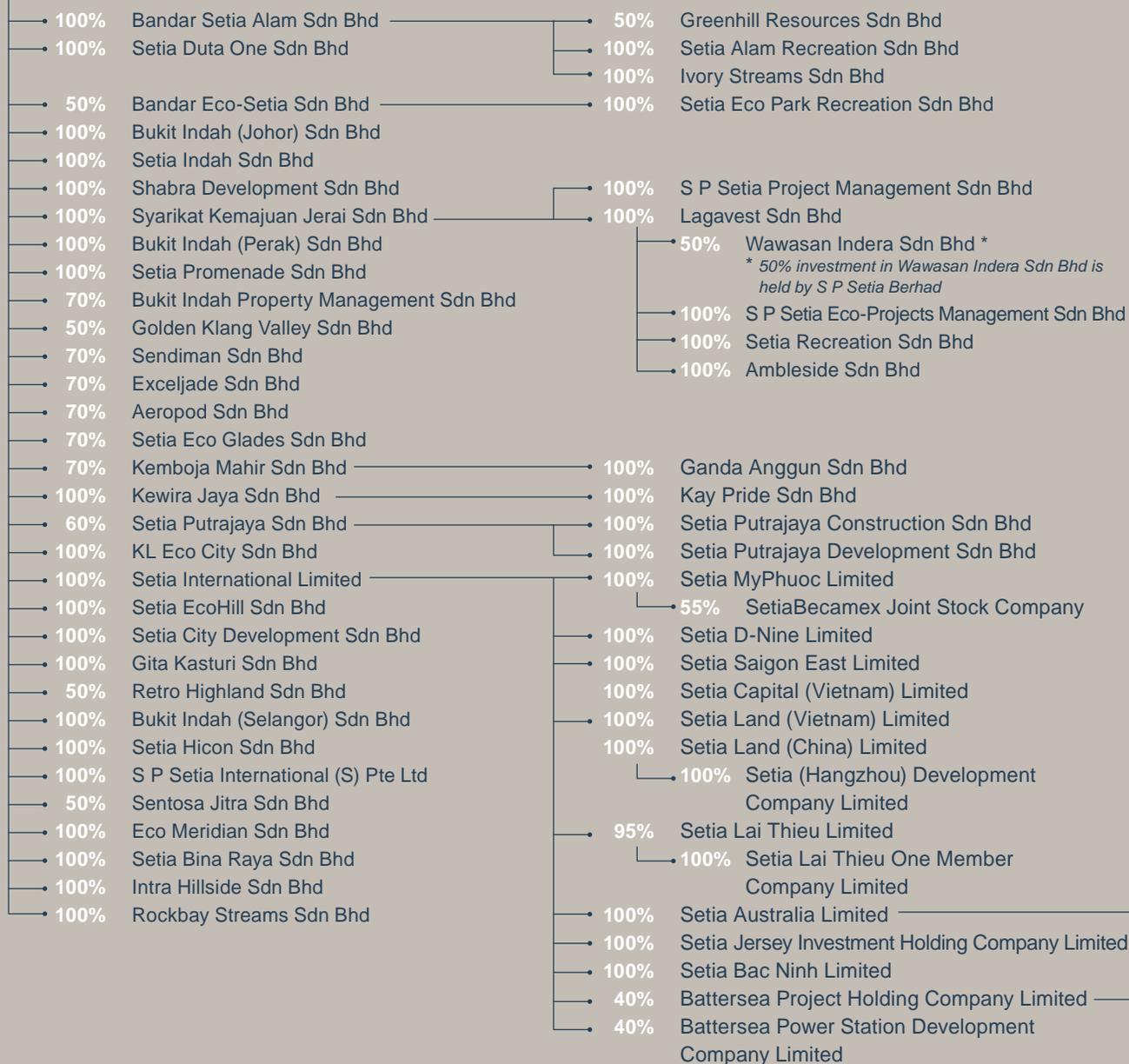
www.spsetia.com

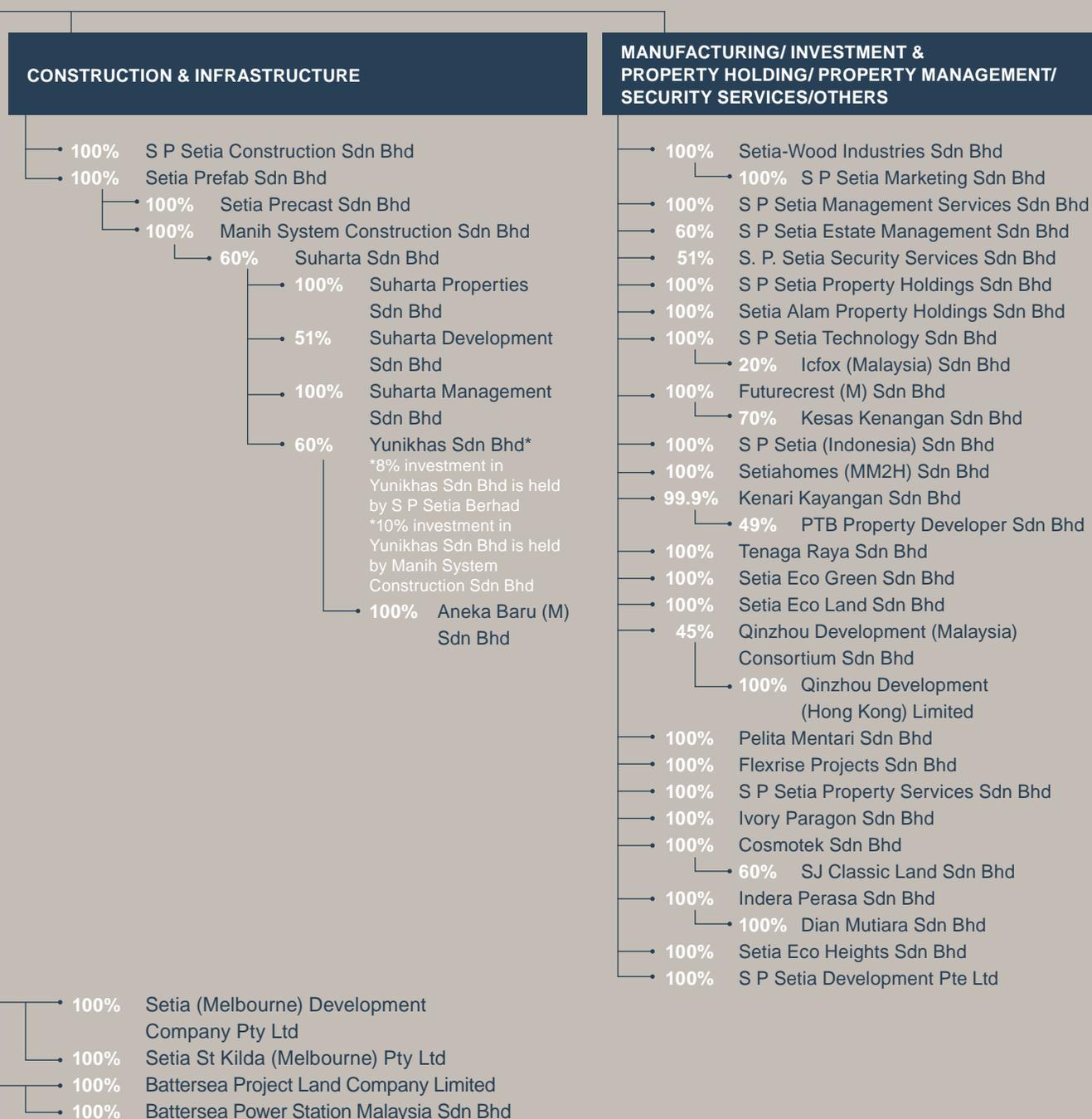
CORPORATE STRUCTURE

Builder of Distinction



PROPERTY DEVELOPMENT





OUR AWARDS

S P Setia has been recognised many times both in Malaysia and internationally. However, we are always conscious of the fact that these awards are merely the means to an end, not the end itself. The pursuit of awards, in particular, international awards, are an exercise in self-improvement. They allow us to benchmark our products, services and operations for the benefit of our customers, business partners and Team Setia.



4-TIME WINNER **FIABCI Prix d' Excellence**

Specialised Project (Purpose-Built)

2012 • Eco Greens,
Setia Eco Gardens, Johor

Best Residential (Low-Rise) Development

2011 • Setia Eco Park, Selangor

Best Master Plan Development

2009 • Setia Eco Gardens, Johor

2007 • Setia Eco Park, Selangor

Runner-up Best Master Plan Development

2010 • EcoLakes, Vietnam



7-TIME WINNER **FIABCI Malaysia Property Awards**

Best Master Plan Development

2012 • Setia Alam, Selangor

2008 • Setia Eco Gardens, Johor

2006 • Setia Eco Park, Selangor

Specialised Project (Purpose-Built)

2011 • Eco Greens,
Setia Eco Gardens, Johor

Best Residential (Low-Rise) Development

2010 • Setia Eco Park, Selangor

2006 • Duta Nusantara,
Kuala Lumpur

Property Man of the Year

2007 • Tan Sri Liew Kee Sin
President & CEO of
S P Setia Berhad Group



7-TIME WINNER
The Edge Malaysia
Top Property
Developers
Awards

Ranked No.1

2012
 2011
 2010
 2008
 2007
 2006
 2005



Aon Hewitt

Best Employers Study

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

Top 10 Best Employers in Malaysia

2003, 2005 & 2009



Top Companies for Leaders Study

by Fortune magazine,
 Aon Hewitt and RBL Group
 2011 • Asia Pacific Top 20



BCA Green Mark

Gold Award (Provisional)

2012 • Setia City Mall,
 Setia Alam,
 Selangor

Gold Award

2010 • Eco Gallery,
 Setia Eco Gardens,
 Johor

BOARD OF DIRECTORS



1 TUN DATO' SERI ZAKI BIN TUN AZMI

Independent
Non-Executive Chairman

2 TAN SRI DATO' SRI LIEW KEE SIN

President and
Chief Executive Officer

3 DATO' VOON TIN YOW

Deputy President and
Chief Operating Officer

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



7 MR NG SOON LAI @ NG SIEK CHUAN

Senior Independent
Non-Executive Director

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

Independent
Non-Executive Director

9 DATO' LEONG KOK WAH

Independent
Non-Executive Director

10 DATUK ISMAIL BIN ADAM

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



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

Malaysian, 67 years of age

- Barrister-at-Law (Lincoln's Inn)
-

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

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

Tun Dato' Seri Zaki is currently the Chairman of Astro Malaysia Holdings Berhad and the Chancellor of MAHSA University College as well as Chancellor of the Multimedia University. He was appointed Director and Chairman of the Board of S P Setia Berhad on 25 October 2012.

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



TAN SRI DATO' SRI LIEW KEE SIN

President and Chief Executive Officer

Malaysian, 54 years of age

- Bachelor of Economics Degree (Business Administration) (University of Malaya)

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

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

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

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

PROFILE OF BOARD OF DIRECTORS (CONT'D)



DATO' VOON TIN YOW

Deputy President and Chief Operating Officer

Malaysian, 55 years of age

- Bachelor of Science Degree in Civil Engineering
- Master of Science Degree (University of Texas, Austin)

Dato' Voon has 28 years of working experience in the construction and property development industry, which includes 3 years in construction site management and 25 years in management of property development. He began his working career in 1984 by joining Kimali Construction Sdn Bhd as a Site Engineer and in 1986, he held the post of Development Engineer in Juru Bena Tenaga Sdn Bhd. In 1990, he joined Syarikat Kemajuan Jerai Sdn Bhd ("SKJ") as Project Manager and was subsequently appointed as the General Manager of SKJ in 1994. He was appointed Director of S P Setia Berhad on 15 July 1996 and the Chairman of Risk Management Committee on 29 October 2003.

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



DATO' TEOW LEONG SENG

Executive Director and Chief Financial Officer

Malaysian, 54 years of age

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

Dato' Teow is the Chief Financial Officer (CFO) and Executive Vice President of S P Setia Berhad Group. He is responsible for Group Business Development, Group Corporate and Finance Division and is the Chief Executive Officer of Setia International Division. In addition, he also supervises the operations of the Battersea Power Station Project and heads the business development activities in the United Kingdom.

Dato' Teow joined S P Setia Berhad Group in 1997 and was previously the Division General Manager in charge of all Business Development activities for the Group as well as the Duta Nusantara project prior to being seconded to Setia Putrajaya as Chief Executive Officer.

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



DATO' CHANG KHIM WAH

Executive Director

Malaysian, 48 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

Prior to joining S P Setia Berhad Group, Dato' Teow headed the Real Estate Finance Business of Citibank, NA (Corporate Bank) in Malaysia and was the Group Financial Controller of a public-listed company. He has also held finance and accounting positions within the Hong Leong Group and various other property development companies. He has in all more than 30 years of experience in the property development industry, corporate finance, accounting and financial management and real-estate finance.

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

Dato' Chang is the Executive Vice President in charge of the Southern and Northern Property Divisions of S P Setia Berhad Group, including 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.

PROFILE OF BOARD OF DIRECTORS (CONT'D)



TAN SRI LEE LAM THYE

Non-Independent Non-Executive Director

Malaysian, 66 years of age

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/Bukit Bintang. 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.



MR NG SOON LAI @ NG SIEK CHUAN

Senior Independent Non-Executive Director

Malaysian, 58 years of age

- Fellow of the Institute of Chartered Accountants in England and Wales

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

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



TAN SRI DATO' HARI NARAYANAN A/L GOVINDASAMY

Independent Non-Executive Director

Malaysian, 62 years of age

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

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

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

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

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

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

PROFILE OF BOARD OF DIRECTORS (CONT'D)



DATO' LEONG KOK WAH

Independent Non-Executive Director

Malaysian, 59 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

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. He was the Chairman of Remuneration Committee from 21 September 2005 until 22 March 2012.

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



DATUK ISMAIL BIN ADAM

Independent Non-Executive Director

Malaysian, 67 years of age

- Master in Public Administration (MPA) (Pennsylvania State University, U.S.A.)
- Diploma in Public Administration (University of Malaya)
- Bachelor of Arts (Honours) (University of Malaya)

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

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



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

Non-Independent Non-Executive Director

Malaysian, 72 years of age

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

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

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

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

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

PROFILE OF BOARD OF DIRECTORS (CONT'D)



DATO' NOOR FARIDA BINTI MOHD ARIFFIN

Non-Independent Non-Executive Director

Malaysian, 66 years of age

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

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

Dato' Noor, the Co-Agent of Malaysia for the Sipadan and Ligitan Case against Indonesia before the International Court of Justice in the Hague, has had a long and distinguished career spanning 41 years in the Public Service.

Dato' Noor held a number of key positions, including Special Adviser to the Minister of Foreign Affairs Malaysia, an Alternate Director at the Maritime Institute of Malaysia (MIMA), Director-General of the Research, Treaties and International Law Department of the Ministry of Foreign Affairs, Ambassador-At-Large for the High-Level 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.

BRANDING



EXECUTION



VIETNAM



“Through our LiveLearnWorkPlay development philosophy we have created lifestyle concepts that have found acceptance in seven countries – proving that despite their differences, people around the world share a common desire for a rewarding quality of life.”

BRANDING & EXECUTION



CHAIRMAN'S STATEMENT



Shareholders will be happy to hear that it has been another record-breaking year for S P Setia Berhad with the Group achieving total sales of RM4.23 billion for its financial year ended 31 October 2012. This is the first time that total Group sales have exceeded the RM4 billion mark! The new sales record represents a 29% increase from the previous year's sales of RM3.29 billion and is the fifth consecutive year of increase in the Group's annual sales.

Profit Before Tax (PBT) in FY2012 also increased to RM567.5 million on the back of revenue totalling RM2,526.6 million, representing a 32% increase in PBT and a 13% increase in revenue as compared to the preceding year. The Group also recorded an increase in gross profit margins from 28% to 34%.

This excellent performance by the Group can be attributed to the strong support we have from our customers and the Group's breadth and depth of projects and product offerings. As at end FY2012 the Group has 21 ongoing projects with 16 located in West Malaysia spread out through the Klang Valley, Johor Bahru and Penang, one project in Sabah and four international projects.

We are fortunate to have a strong base in Malaysia and will continue to build on this while we increase our presence globally. 2012 has indeed been a watershed year for the Group in terms of realising our international ambitions. From operations in only one country five years ago, the Group has expanded to seven countries and now has a presence in Malaysia, Vietnam, Australia, Singapore, Indonesia, China and the United Kingdom. The many significant projects we have secured will enable the Group to sustain our growth trajectory well into the future, powered by our operations in Malaysia and beyond.

Accordingly, I am pleased to announce that the Board has proposed a gross final dividend of 9 sen per share. Together with the interim dividend of 5 sen per share, total gross dividend for the year works out to be 14 sen per share.

AWARDS RECOGNITION

2012 also saw the Group continue its award-winning streak. S P Setia's multiple award-winning development in Johor – Setia Eco Gardens – collected another FIABCI Prix d'Excellence award at the 2012 FIABCI Prix d'Excellence Awards Ceremony held in St Petersburg, Russia.

This marks the 4th international award for S P Setia and the second for Setia Eco Gardens. The project emerged as winner in the Specialised Project (Purpose-Built) Category for Eco Greens, the 28-acre park complex comprising a town park and the famed Eco Gallery, which features a green wall that has since become an iconic landmark for the 765-acre township.

Located at the main entrance to Setia Eco Gardens, Eco Greens has become the township's signature landmark and is recognised not just by residents of Johor Bahru but visitors from Singapore and other countries. It is also one of the most prominent landmarks

in Iskandar Malaysia by virtue of it being the first eco park there. The park's stunning flora and fauna and unique green wall are effective branding tools for the Group in the southern region and provide S P Setia with a powerful vehicle for sharing the benefits of sustainable development.

In the Klang Valley, S P Setia's flagship project of Setia Alam which was launched in 2004 gained recognition from FIABCI Malaysia for Best Master Plan Development.

Spread across 2,500 acres, Setia Alam pioneered the LiveLearnWorkPlay development philosophy which is now synonymous with the S P Setia brand. As a complete township, it offers the full range of amenities, infrastructure and commercial opportunities which have been continually improved on over the years. This enables our residents and their loved ones to live meaningful and productive lives presently, whilst safeguarding the value of their investment for many years to come.

On the corporate front, the Group maintained its No.1 ranking in The Edge Malaysia Top Property Developers Award 2012, making this the seventh time we have been voted No. 1 developer since the inception of the awards ten years ago. Judged by a distinguished panel of property experts and fellow developers, S P Setia led in both the qualitative and quantitative attributes sub-rankings this year thus earning the Group the Best in Qualitative Attributes Award trophy.

“THE GROUP MAINTAINED ITS NO.1 RANKING IN THE EDGE MALAYSIA TOP PROPERTY DEVELOPERS AWARD 2012”

CHAIRMAN'S STATEMENT (CONT'D)

I would also like to congratulate our President and CEO, Tan Sri Liew Kee Sin, for being conferred the inaugural The Edge Malaysia Outstanding Property Personality Award 2012, in addition to having been named the Malaysian Ernst & Young Entrepreneur of the Year 2011. This latest award is in recognition of his significant contributions not just to the Group but also the property industry in Malaysia as a whole, a fitting tribute to the man who has been instrumental in changing the lives of so many Malaysians for the better through his leadership of Team Setia.

From the consumer's perspective, S P Setia was recognised again as the developer Malaysians trust the most in the Reader's Digest Asia Trusted Brands 2012 study – the Group took home the Gold Trusted Brand Award in the Property Development category at the gala awards dinner held in May.

The Group's first retail venture, Setia City Mall, developed in partnership with Lend Lease, also became the first mall in Malaysia to receive a Building and Construction Authority (BCA) Green Mark Gold Award (Provisional) from Singapore. The award is in recognition

of the new mall's abundance of sustainability initiatives, which meet five evaluation criteria including energy and water efficiency, environment protection, indoor air quality and innovation.

COMMUNITY OUTREACH

Even as we celebrate our achievements and the many awards won we recognise that as a successful corporation we have a responsibility to positively impact our community and leave our planet in a better state for the benefit of future generations.

The S P Setia Foundation began the year by honouring 190 students under its Setia Adoption Programme for strong academic performance in the Primary Six national-level UPSR examinations. This is the 10th consecutive year in which students have been publicly recognised at an awards ceremony attended by their parents, teachers and fellow honourees for excellent results obtained, in order to encourage and motivate them to excel in life.



The Setia Adoption Programme was conceived in the year 2000 to fund the educational needs of underprivileged students nationwide and started out adopting only primary school students. In 2004, the programme was extended to cover secondary schooling and in 2009 it expanded to include tertiary education to enable the Foundation to continue to support its adopted students who had successfully secured places in local institutions of higher learning.

The Foundation also sponsors activities such as the UPSR Excellence Camp and Holiday Camp for the adopted children which aim to develop students that are not only results-oriented but good role models as well. Biannual dialogues with parents are organised to motivate them to take an active interest in their children's studies and development.

The Setia Adoption Programme has benefited more than 8,000 poverty-stricken and underprivileged children nationwide. Apart from its core Setia Adoption Programme, the Foundation also lent a helping hand to many less fortunate members of the public through donations and contributions to improve their lot in life, particularly in the areas of education and healthcare.

During the Foundation's Annual Charity Dinner which was held on 3 November 2012, a further RM8.1 million was raised through the efforts of Team Setia and the generous support of the Group's business associates, bankers, contractors and consultants. This year's event featured a performance by staff of S P Setia singing and dancing their hearts out in an original in-house musical production entitled "3+1 Kawan Setia". Here I would like to express my deepest thanks to every member of Team Setia led by Tan Sri Liew. Your unstinting efforts and contributions in so many forms have made S P Setia a truly successful company that is not just financially strong but also socially responsible and committed to being a positive force for good in the nation.

“WE LOOK FORWARD TO MAKING SETIA COMMUNITY DAY AN ANNUAL EVENT TO ENCOURAGE GREATER COMMUNITY INTEGRATION AND INVOLVEMENT THUS INCULCATING A STRONG SPIRIT OF NEIGHBOURLINESS AND HARMONIOUS LIVING.”

I would also like to convey my sincere appreciation to Tan Sri Lee Lam Thye, Chairman of the Board of Trustees of S P Setia Foundation and Tan Sri Dato' Seri (Dr) Aseh bin Hj Che Mat, his co-Trustee. Under Tan Sri Lee's leadership, the Foundation has worked tirelessly to meet its noble objectives of helping the less fortunate irrespective of race or creed in our shared quest to build a fairer and more caring society.

On the environmental front the Group honoured World Environment Day 2012 by conducting Setia Eco Hunt, a green treasure hunt based on the theme "Our Planet, Our Treasure". Held at our various project sites in the Klang Valley, Johor Bahru and Penang, participants had a good time walking around various S P Setia projects to uncover hidden treasures and appreciate the many delights of nature around them.

This year we also introduced Setia Community Day. Each business unit identified a project to benefit the community and Team Setia worked side by side with members of the public to get it done. We look forward to making this an annual event to encourage greater community integration and involvement thus inculcating a strong spirit of neighbourliness and harmonious living.

CHAIRMAN'S STATEMENT (CONT'D)

“WITH SUCH EXCITING PLANS AHEAD OF US I AM CONFIDENT THAT 2013 WILL BE AN EVEN BETTER YEAR FOR THE GROUP.”



SUSTAINED GROWTH

As we enter the new financial year I am glad to note that the Group has never been stronger. We have several exciting new projects to be launched in Malaysia which include the highly anticipated Setia Eco Glades luxury enclave in Cyberjaya and a brand new environmentally-attuned township named Setia EcoHill in Semenyih.

In both Singapore and Melbourne our plans for the financial year 2013 include the launch of our second projects there which are known as Eco Sanctuary and Parque Melbourne respectively.

Most significantly, we will also be launching our iconic Central London Battersea Power Station joint-venture in the first quarter of 2013. This significant redevelopment project has truly stamped S P Setia's name in the consciousness of international property investors worldwide and augurs well for our long held ambition to become a truly global property player.

With such exciting plans ahead of us I am confident that 2013 will be an even better year for the Group.

In closing I would like to thank all our customers, shareholders and business associates for your unremitting support over the years which have inspired and encouraged Team Setia to achieve all that we have thus far.

On this note I would like to acknowledge the contributions of our previous Chairman, Tan Sri Abdul Rashid bin Abdul Manaf, for his excellent stewardship of the Group over the past fifteen years. As your new Chairman, I look forward to working with my fellow board members and the management team led by our visionary President & CEO, Tan Sri Liew Kee Sin, to bring S P Setia to even greater heights, for the benefit of all stakeholders.

TUN DATO' SERI ZAKI BIN TUN AZMI
Chairman



UNITED KINGDOM

CHALLENGES



& OPPORTUNITIES



“Whether it is transforming vast greenfield sites as with Setia Alam and Setia Eco Park or taking on the task of re-energising London’s iconic Battersea Power Station, we will accept any challenge that moves the Group forward.”

CHALLENGES & OPPORTUNITIES

Battersea Power Station, London

PRESIDENT'S REPORT



Dear Valued Shareholders,

Financial year 2012 has been fantastic for S P Setia Berhad. Not only did the Group continue to set new records in both sales and profits, we also made significant headway towards achieving our aim of becoming a global property player.

The Group's existing projects underpinned our strong sales performance with newly launched projects, such as Setia Eco Cascadia and Setia Sky 88 in Johor; Aeropod in Sabah; Vogue Suites One, KL Eco City's first residential tower; Fulton Lane, Melbourne and 18 Woodsville, Singapore all making significant contributions.



STRONG FOUNDATIONS

Our projects in the Klang Valley, Johor Bahru, Penang and Kota Kinabalu are all doing extremely well. From townships to integrated commercial and residential projects, business parks and luxury properties, we have a product for every segment of the market. This provides us with the foundational strength on which we can anchor our plans to venture strongly beyond Malaysia.

In the Klang Valley, the Group reached another milestone recently at our flagship Setia Alam

project with the opening of Setia City Mall in May 2012. A joint-venture between S P Setia and Lend Lease Asian Retail Investment Fund 2, the mall has been developed using a mix of exceptional local knowledge and international expertise.

The Group is tremendously proud of this new chapter which reaffirms S P Setia's commitment to continuous value creation for our customers and promoting sustainability in all our developments. The mall which is 100% leased, with more than 230 tenants comprising a strong mix of local and international names including,

PRESIDENT'S REPORT (CONT'D)



Parkson, Golden Screen Cinemas, Fitness First, Harvey Norman, H&M, Uniqlo and Zara, is also a responsible place to shop, having achieved Singapore's Building and Construction Authority (BCA)'s Green Mark (Provisional) Gold Award for its many green features.

During the financial year 2012 we also completed our Setia City Convention Centre which is located right next to Setia City Mall. This is the largest such facility in the Shah Alam / Klang corridor with a sizeable ballroom capable of accommodating 2,000 guests for a seated dinner function, which will add to the commercial vibrancy of the township.

Down south in Johor Bahru we experienced phenomenal sales growth, a testament to the Group's strong branding and market reach there. Through our eight ongoing projects we are well-positioned in every growth corridor with a full spectrum of products to offer our purchasers. Apart from suburban townships with both affordable and luxury homes we also have green business parks and city centre condominiums within our portfolio - this puts us in good stead to capture even greater market share arising from the increasingly strong local and foreign interest in properties located within Iskandar Malaysia.

NEW PROJECTS AND LANDBANK

For the upcoming financial year we will be launching two exciting new eco-inspired projects in the Klang Valley.

At Cyberjaya we have Setia Eco Glades which is set to replicate the success of Setia Eco Park in a new development corridor with its luxury offer of linked villas, semi-dees and bungalows on eight different islands with eight different unique heritage concepts.

Meanwhile, in Semenyih we will be introducing Setia EcoHill, a 673-acre new township with a host of sustainability initiatives to promote green living amongst its future residents. Designed and project managed by our Setia Alam team, this exciting new project will offer both affordable and upgrader homes to meet the strong demand for such properties in the Klang Valley.

The Group also resolved its acquisition of 1,010 acres in Beranang which is located close to Setia EcoHill. This will strengthen the Group's presence in the fast-growing Semenyih-Kajang corridor and enable us to optimise both manpower and infrastructure spending, thereby increasing our capacity to meet the strong demand for affordable landed properties there.

In Penang, S P Setia acquired 35 acres of land located in Tanjung Bungah close to Batu Ferringhi on which we will be developing an eco-themed residential project to be known as Setia Eco Forest. Meanwhile, in Balik Pulau, we secured a 20-acre tract of land on which we are planning to launch landed properties within a gated community in this once sleepy hollow.

The Group has also succeeded in increasing its holdings of choice landbank in Kuala Lumpur within the first two months of financial year 2013.

On 29 November 2012, Sentosa Jitra Sdn Bhd, a 50% jointly controlled entity of the Group, entered into a Privatisation Agreement to undertake the development and construction of a new integrated health and research complex for the Government of Malaysia to be located within Setia Alam. In exchange for this brand new facility, the Government will swap approximately 52 acres of prime land located in Bangsar on which the Group plans to develop an integrated luxury residential and commercial development to be known as Setia Federal Hill.

Subsequently on 5 December 2012, the Group successfully won a tender for a prime piece of land on Jalan Ampang on which the British High Commission is presently situated. This small but strategic parcel provides the Group with the opportunity to build investment-grade commercial and residential properties within walking distance from KLCC to suit the needs of its increasingly large pool of high-net-worth customers.

INTERNATIONAL EXPANSION

S P Setia's success in penetrating the competitive Australian property market with the launch of Fulton Lane in Melbourne's Central Business District has given the Group the assurance to further expand its international footprint, particularly in strategic global cities



that are considered to be safe havens for international investors, and where the Group's branding and strong customer base can be effectively augmented and deployed.

Financial year 2012 has truly been a year of Going Global for S P Setia.

The Group successfully won a tender bid in Singapore for a 4.62-acre parcel of land at Chestnut Avenue. This represents S P Setia's second foray into the Singaporean property market following its successful launch of 18 Woodsville in Potong Pasir. To be known as Eco Sanctuary, the new development provides the Group with an excellent opportunity to showcase its expertise of building eco-themed sanctuaries, in keeping with the site's close proximity to the largest nature reserve in Singapore.

In April 2012, the Group opened its Representative Office in Jakarta to showcase what S P Setia had been doing over the years in Malaysia and other parts of the world. In the same month, S P Setia was invited to spearhead the Government-to-Government China Malaysia Qinzhou Industrial Park (QIP) which will be developed together with the Rimbunan Hijau Group and a Chinese joint-venture partner. Spanning 1,945 acres, the start-up district of QIP will give S P Setia a significant foothold in the vast China market. We aim to finalise terms on this deal in the financial year 2013 which will open up a whole new world of possibilities for us.

Whilst the uncertain global economy has made the market generally cautious, it has also presented the Group with some outstanding opportunities. The most notable was when we joined forces with Sime Darby Property Berhad and the Employees Provident Fund to form a Malaysian consortium to jointly acquire the iconic Battersea Power Station site in central London. At 39 acres in total and with

PRESIDENT'S REPORT (CONT'D)

planning permission secured for over 8 million sq ft of gross floor area, it is easily the United Kingdom's most important urban regeneration site. This project, which has received phenomenal interest from international property investors from all over the world, is planned for launch in January 2013.

To fund this acquisition and the many other developments both local and foreign which the Group has in the pipeline, S P Setia has proposed a private placement of up to 15% of its present issued and paid-up share capital to investors via a book-building exercise. Funds raised will further strengthen the Group's balance sheet and help accelerate the development cycle of existing projects.



LOOKING AHEAD

With 5,189 acres of prime landbank spread throughout Malaysia, Singapore, Vietnam, Australia and the United Kingdom giving the Group more than RM70 billion in remaining Gross Development Value, S P Setia's future is bright indeed. This is a phenomenal achievement by any measure and for that I wish to acknowledge the outstanding work done by Team Setia which includes not just our own employees, but also our contractors, consultants, financiers, business partners and associates who have worked alongside us every step of the way.

I would also like to express my heartfelt thanks to our customers for your unwavering support all these years. Your faith and trust has challenged us to continually improve ourselves with every new project we undertake and forms the bedrock of our confidence in venturing overseas to conquer new markets.

As we spread our wings beyond Malaysian shores it is my deepest wish that we will both learn and grow as a Group to achieve greater heights of excellence for the benefit of all our customers, our shareholders and every stakeholder.

For financial year 2013 we have set ourselves an ambitious sales target of RM5.5 billion, the highest ever by a Malaysian property developer. With the support of our customers and Team Setia's continued commitment to the task, I am confident we can achieve this and look forward to an even more exciting year ahead.

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



AUSTRALIA

BOLD



STRATEGIC

“We seize opportunities where others see obstacles, recognising potential in locations that others miss. Similarly, we continue to rewrite the rules of the industry, as we explore new territories, set new benchmarks and introduce new ideas.”





**BOLD
& STRATEGIC**

Fulton Lane, Melbourne

REVIEW OF OPERATIONS

Property development continues to be the main driver of earnings for the Group recording 90% of the total turnover of RM2.527 billion in FY2012. The remaining 10% was contributed by the Group's construction and manufacturing arm.

Projects in the central region contributed 37% of turnover while the southern region contributed 36% followed by the northern region at 11%. Another 6% was contributed by the commercial division.

KLANG VALLEY

It was another record-breaking year for our projects in the Klang Valley with total combined sales of RM1.849 billion contributed by five projects which were Setia Alam, Setia Eco Park, Setia Sky Residences, SetiaWalk and KL Eco City.

Setia Alam, Shah Alam

The 2,525-acre Setia Alam is the realisation of a vision that embraces the future. This self-contained sustainable township offers an extensive range of homes with essential features for nurturing a wholesome and vibrant community in line with S P Setia's LiveLearnWorkPlay development philosophy. The township also gained industry recognition from FIABCI Malaysia when it won the Best Masterplan Development Category at the Malaysia Property Awards 2012.

In FY2012, Setia Alam recorded sales of RM816 million, selling 2,624 units in total. The township launched several new products which included medium-cost apartments called Seri Jati and Seri Baiduri and SOFO (Small Office Flexible Office) units known as Trefoil.

With the new commercial hub, Setia City taking shape, the township also saw the opening of the new Setia Alam Club as well as the Setia City Mall with more than 730,000 sq ft of net lettable area and Setia City Convention Centre, offering 50,000 sq ft of lettable space. This greatly improves the level of amenities



available not just to residents but also members of the public thus increasing the attractiveness of Setia Alam as a premier residential and commercial address in the Klang Valley.

Setia Eco Park, Shah Alam

Spread across 791 acres of prime freehold land in Shah Alam, the award-winning Setia Eco Park recorded sales of RM264 million for the year under review selling 126 units in total. S P Setia's flagship eco township that boasts the largest enclave of BIPV homes launched Phase 8D during the year. The collection of modern semi-detached homes offers an expansive space on either the back or the side of the house. Eighty units were put on the market with an average price of RM1.77 million per unit. These were all quickly snapped up and sold out by October.

Apart from the launches, Setia Eco Park has also been busy adding on new amenities for the convenience of its residents. In January, the Green Canopy Function Hall opened, catering for a maximum capacity of 200 pax offering residents a venue for boutique style events or functions. Meanwhile work has also

started on the Setia Eco Park Multipurpose Hall which can house up to 1,000 guests when ready. Completion is expected in the first quarter of 2013.

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 has completed the development of its retail office, SOHO, entertainment mall and the first residential tower. The development enjoys 290 metres of water landscaping and offers an environment where one can live, learn, work and play.

In FY2012, SetiaWalk recorded sales totalling RM63 million with 99 units sold. The completion of the LRT station which is opposite the development in 2014 is expected to further increase its attractiveness to residents and business owners alike.

KL Eco City, Kuala Lumpur

The development launched its first residential tower called Vogue Suites – a 60-storey tower with 708 residential units. The launch was very well received enabling KL Eco City to record sales of RM677 million in FY2012. KL Eco City also moved to its new sales gallery called Setia International Centre in November 2012. Apart from being the home of KL Eco City, Setia International Centre also houses S P Setia's investment-grade properties locally and abroad.

Moving forward, planning is already in place for the launch of a hotel and serviced residences tower in 2013 that will provide short and medium term stay facilities for visitors. The serviced residences will also provide an investment grade opportunity for property buyers to participate in the development of KL Eco City.

JOHOR

The Group has eight ongoing projects in Johor which are Bukit Indah, Setia Indah, Setia Tropika, Setia Eco Gardens & Setia Business Park, Setia Eco Cascadia, Setia Business Park II and Setia Sky 88. These developments continue to be the top selling projects in the Southern region with combined sales of RM1.35 billion amounting to 2,036 units in total.

Bukit Indah Johor

Spanning 1,500 acres, Bukit Indah is an established township in Iskandar Malaysia that is a hot spot for both commercial and residential property buyers. Bukit Indah renewed its commitment to green living with a RM15 million upgrade for its award-winning 20-acre recreational park. The 16-year-old park now boasts a new children's playground Tai Chi plaza, seating area, gazebo, jogging and cycling tracks, basketball court and open lawn. The completion of the Iskandar Coastal Highway also reduced travelling time from the township to Johor Bahru City Centre. For the year under review, this project sold 711 units amounting to RM353 million in sales.



REVIEW OF OPERATIONS (CONT'D)

Setia Indah

Setia Indah in the bustling Tebrau corridor saw the launch of its luxury semi-dee homes called Echelon in 2012. 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. For the year under review, Setia Indah sold 193 units amounting to RM97 million in sales.

Setia Tropika

Spread across 740 acres of prime Johor Bahru land, this is one of the fastest-growing developments in the state and is strategically located next to the North-South highway. 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 461 units amounting to RM323 million in sales. Its signature launch this year was The Glitz @ Caranday – a collection of exclusive high-end homes.



Setia Eco Gardens & Setia Business Park

Sprawling over 948 acres of undulating terrain in the heart of Iskandar Malaysia is Setia Eco Gardens – our flagship township in the south. It recorded RM229 million in sales and continued its winning streak with a second FIABCI Prix d'Excellence when it won the 2012 award in the Specialised Project (Purpose-Built) Category for Eco Greens. The 28-acre community park is a symbol of the Group's commitment to sustainability.

A new phase of linked homes – Eco Village was also launched with over 23% reserved for green zones featuring different theme gardens, such as aroma, rain, herb & spice. The Tenby International School at Setia Eco Gardens was also completed during the year and will commence operations in January 2013.

Setia Business Park II

Our formula of combining sustainability with top-notch industrial solutions have proven to be successful with many multi-national companies setting up base in Setia Business Park, located adjacent to Setia Eco Gardens. Continuing with our green industrial development concept, we have unveiled Setia Business Park II in the Tebrau Corridor. The 265-acre project comprises cluster, semi-detached and detached factories, one-stop business solutions, high-speed broadband and a host of ecologically attuned features. For the year under review, it sold 57 units amounting to RM88 million in sales.

Setia Eco Cascadia

Our latest eco concept development in Johor - Setia Eco Cascadia was launched in December 2011 and has been very well received with sales of RM156 million registered for the year. The project is built on undulating natural terrain which has been thoughtfully preserved. Beautiful linear gardens are one of the main essences of this development that is located in the heart of Johor Bahru next to our matured Setia Indah township.

Setia Sky 88

Setia Sky 88 is set to be one of the tallest residential towers in Johor Bahru City Centre. The freehold 4.5 acre project is part of the reurbanisation of the city in line with the development of Johor Bahru City Flagship Zone in Iskandar Malaysia. This luxury serviced apartment is also well positioned to enjoy the advantage as the gateway into Johor Bahru from Singapore. Slated for completion in early 2017, the project will benefit from the Rapid Transit System (RTS) planned to connect Singapore and Johor Bahru city. For the year under review, a total of 146 units amounting to RM107 million was sold.



PENANG

The Group continues to have a strong presence in Penang, recording total combined sales of RM245 million contributed by four ongoing projects which are Setia Pearl Island, Setia Vista, Setia Greens and 11 Brook Residences with a total of 370 units sold.

Setia Pearl Island

S P Setia first ventured into Penang in 2007 with the launch of the 112.6-acre Setia Pearl Island. We have since transformed this former golf course into a highly sought after address on the island. The most recent launches for Setia Pearl Island includes Setia Tri-Angle, an integrated lifestyle hub featuring shop offices as well as low-rise apartments and duplexes. For the year under review, Setia Pearl Island recorded RM140 million sales amounting to 161 units.

Setia Vista

Our second project in the state, Setia Vista has been extremely well received since its first launch in 2009. Located at Lebuhraya, about 5km away from Setia Pearl Island, this guarded development project sold 155 units amounting to RM12 million.

Setia Greens

Setia Greens is one of the first green townships in the Northern Region as well as one of the first developments there to be submitted for the Green Building Index (GBI) certification. This guarded community comprising terraces and semi-detached houses is located in the up-and-coming district of Changkat Sungai Ara. The project recorded RM49 million in sales totalling 47 units. The second phase of Setia Greens – the high-rise luxury condominium of Setia Pinnacle was also previewed.

11 Brook Residences

This project has one of the most prestigious addresses in Penang as it is situated in the upscale neighbourhood of Brook Road, adjacent to the Penang Turf Club. This ultra exclusive gated and guarded enclave comprises only 11 units of two- and three-storey bungalows that come complete with private swimming pools. For the year under review, 11 Brook Residences recorded sales of RM44 million.

REVIEW OF OPERATIONS (CONT'D)

EAST MALAYSIA

Aeropod

The Group spread its wings to East Malaysia with the launch of the integrated mixed development of Aeropod in Tanjung Aru, Kota Kinabalu. The 60-acre project will comprise retail offices, food and beverage outlets, a mall, hotels, serviced apartments and a state-of-the-art transportation hub. Phase One which consists of 8- and 8½- storey shop offices was offered for sale in 2012 and a total of RM103 million sales was registered during the year.

VIETNAM

The Group first established its foothold in Vietnam in 2007 and now has two ongoing projects here. They are EcoLakes at My Phuoc and EcoXuan at Lai Thieu. Both developments contributed a total of RM16 million in sales for the year under review.



AUSTRALIA

Fulton Lane, Melbourne

Designed by the award-winning architects of Fender Katsalidis, Fulton Lane offers apartments ranging from 50 sqm one bedroom to 138 sqm four-bedroom units. The successful launch of the first tower in 2011 and good take-up rates led the Group to launch the second tower in 2012. This offers 487 units housed in a 45-storey block. In the current financial year, Fulton Lane achieved sales of RM443 million with 257 units sold. Construction for the project commenced in October.

SINGAPORE

18 Woodsville

S P Setia's first development in Singapore was launched simultaneously in three cities of Kuala Lumpur, Singapore and Jakarta during the second quarter of 2012. Located on Woodsville Close, the luxury high-rise comprises a 15-storey block of 101 condominium units offering one, two and three bedrooms with sizes ranging from 495 sq ft to 915 sq ft. The development has done extremely well with more than 80% of its units sold chalking in RM224 million in sales this financial year.



SINGAPORE

GREEN



SUSTAINABLE



“In 2007, we launched our corporate responsibility charter, “Building Sustainable Communities for All”, to articulate our commitment to our customers, nation-building and the future of this planet. We haven’t looked back since. ”

**GREEN
& SUSTAINABLE**

CORPORATE RESPONSIBILITY



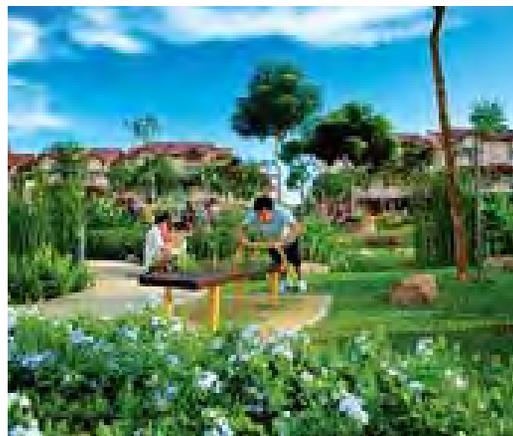
TEAM SETIA HAS RAISED A TOTAL OF
RM65 MILLION
FOR THE FOUNDATION, FROM JUST THE
ANNUAL CHARITY DINNERS ALONE



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

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

Today, our CSR initiatives encompasses both the philanthropy of the Foundation as well as the broad scope of activities that fall into the ambit of our corporate responsibility charter. Some of our notable CSR achievements in 2012 are included in the following pages.



CORPORATE RESPONSIBILITY (CONT'D)

SUSTAINABLE DEVELOPMENTS

The grand opening of Setia City Mall in June, was a significant milestone. As the nation's first certified green mall, Setia City Mall sets new benchmarks for both the property and retail industries. It also marked an auspicious beginning for Setia City, an integrated green commercial hub at the heart of Setia Alam, which aims to have all its buildings certified under Malaysia's Green Building Index (GBI).



In October, S P Setia previewed another GBI certified development, this time in Penang. Setia Pinnacle is a 38-storey luxury condominium in Changkat Sungai Ara.

In 2013, we will be launching Phase 1 of Setia EcoHill in Semenyih. This township will incorporate eight key characteristics of a sustainable development in order to provide residents with a proper setting that would support their sustainable lifestyle. In addition to a sustainable infrastructure, Setia EcoHill will have facilities for recycling and composting, promoting local farms and businesses, reducing carbon footprints and more.

Ultimately, the aim is to incorporate sustainability features within all our developments to varying degrees.

WORLD ENVIRONMENT DAY

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

In 2012, we successfully organised the Setia Eco Hunt, which was a green treasure hunt based on the theme, "Our Planet, Our Treasure". This event took place in Setia Alam in Selangor, Johor Bahru and Penang. Unlike the more familiar motor treasure hunts, participants of the Eco Hunt had to walk around an S P Setia project in search of the hidden treasures.





“HONING THE TALENT, CREATIVITY AND EXECUTION POWER OF TEAM SETIA WILL CONTINUE TO BE KEY TO OUR SUCCESS”

COMMITMENT TO COMMUNITY AND ORGANISATION

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

In 2012, we introduced Setia Community Day which was observed throughout the Group. Each Business Unit identified a community project which would involve the staffs. This exercise provided an incentive for all the employees to think outside the box for the benefit of others.

Up north, the Penang team dedicated their day to the Cerebral Palsy Children’s Association. They refurbished the association’s premises, repairing the leaking roof, repainting the walls and generally cleaning up the compound. They also entertained the children and had lunch with them.



Down south the entire Johor Bahru team got together for a gotong royong to help spruce up the compound of the Sultan Ismail Library in Larkin. They cleaned up the surroundings, painted the road curb and beautified the landscape.

In the Klang Valley, the staff of KL Eco City organised a mural painting contest for neighbouring schools while the corporate office staff spent the day turfing the five-acre playing field belonging to SJK (C) Pin Hwa in Setia Alam.

CORPORATE RESPONSIBILITY S P Setia Foundation Activities

8 DECEMBER 2011 PERSATUAN PENJAGAAN KANAK-KANAK CACAT KLANG SELANGOR RECEIVES A VAN WORTH RM76,000

The children of Persatuan Penjagaan Kanak-kanak Cacat Klang Selangor (PPKKCKS) can now look forward to moving around town easily in the new KIA Pregio van worth RM76,000 donated by the Foundation.

Established in 1994, PPKKCKS cares for handicapped, abandoned and orphaned special children.



14 JANUARY 2012 SETIA ADOPTED CHILDREN REWARDED FOR THEIR EXCELLENT UPSR RESULTS

S P Setia Foundation rewarded 190 children under the Setia Adoption Programme. This marks the 10th consecutive year of the excellence awards where students are recognised for academic performance in the UPSR examination.



2 FEBRUARY 2012 S P SETIA FOUNDATION SPONSORS THE STAR TO EIGHT SCHOOLS IN THE KLANG VALLEY

The Foundation and The Star teamed up to sponsor 62,500 copies of the newspaper which includes The Star Newspaper in Education (NIE), a step up programme pull-out worth RM50,000 to eight schools in Klang Valley for a year.



22 MAY 2012 STUDENTS FROM SJK (C) CHUNG HWA KOTA KINABALU RECEIVES 500 DESKS AND CHAIRS

Understanding that the education environment plays an important part in completing the learning experience, the Foundation sponsored 500 sets of desks and chairs worth RM59,500 to SJK (C) Chung Hwa Kota Kinabalu.

5 JUNE 2012

**S P SETIA FOUNDATION SPONSORS
THE GRAPHIC DESIGN & MULTIMEDIA
DEPARTMENT OF MONTFORT BOYS TOWN**

Since 2000, the Foundation has been actively supporting Montfort Boys Town's youth development programme with an annual grant of RM20,000 and 2012 marked a new milestone for this partnership as the Foundation offered a RM208,565 sponsorship to the Graphic Design and Multimedia Department of Montfort Boys Town.

This sponsorship will benefit 37 trainees from Year 1 and 2 as well as 70 trainees who use the video editing and production lab.



28 SEPTEMBER 2012

**PERSATUAN GLAUCOMA MALAYSIA
RECEIVES EYE SCREENING EQUIPMENT
WORTH RM60,000**

S P Setia Foundation donated eye screening equipment worth RM60,000 to Persatuan Glaucoma Malaysia to encourage early detection of glaucoma and prevent blindness. The donations include a Fundus Camera, a Steps Slit Lamp and an Icare hand-held Digital Tonometer.

30 JULY 2012

**MAA MEDICARE KIDNEY CHARITY FUND
RECEIVES A KIA PERGIO**

For many needy patients, seeking medical treatment becomes costlier as they have to factor in the cost of public transportation. The Foundation's donation of a new van worth RM78,500 to MAA Medicare Kidney Charity Fund (Medicare) will ease its patients' transportation woes.

This is the third contribution from the Foundation to Medicare. In 2000 and 2009, the Foundation donated dialysis machines to Medicare. The Foundation also provides monthly dialysis treatment subsidies to 10 Medicare patients in its five centers in Klang Valley, Butterworth and Johor Bahru.



CORPORATE RESPONSIBILITY

S P Setia Foundation Activities (CONT'D)



24 OCTOBER 2012

24 OCTOBER 2012 S P SETIA FOUNDATION DONATES RM50,000 TO SJK (T) SUBRAMANIYA BARATHEE FOR CLASSROOM UPGRADES

In Penang, the Foundation donated RM50,000 to SJK (T) Subramaniya Barathee for classroom, Gelugor in response to the school's appeal for assistance to upgrade their classrooms. The donation was utilised to acquire two cabins, which were converted into two classrooms for students.

18 OCTOBER 2012 JOHOR STATE LIBRARY RECEIVES RM200,000 DONATION TO TRANSFORM ITS CHILDREN'S SECTION INTO AN ECO LIBRARY

In an effort to boost the number of visitors to the Johor State Library's children section and build a reading community in the state, the Foundation donated RM200,000 to refurbish the section into a new Eco Library.

The Eco Library was completed in August 2012. Its interior décor is eco-inspired with a warm and welcoming atmosphere. It is also equipped with computers and DVD players. The Foundation's donation also includes books of different languages and topics for children.



18 OCTOBER 2012



3 NOVEMBER 2012

3 NOVEMBER 2012 S P SETIA FOUNDATION RAISES RECORD-BREAKING RM8.1 MILLION FOR CHARITY

The S P Setia Foundation, through its annual charity dinner successfully raised a record-breaking RM8.1 million this year, the highest amount collected to date.

This marks the 12th year of the Foundation and the guest of honour for the evening was YB Dato' Sri Mustapa Bin Mohamed, Minister of International Trade & Industry Malaysia.

This year's event featured an original in-house musical production by staff of S P Setia entitled "3+1 Kawan Setia" and a guest appearance by Harith Iskander.

CORPORATE CALENDAR



7 NOVEMBER 2011 **FULTON LANE BRINGS RESURGENCE TO MELBOURNE CITY'S NORTH**

In its first foray into Australia, S P Setia launched a compelling mixed-use development, Fulton Lane, in the northern heart of Melbourne's central business district. This strategically located project will offer approximately 778 apartments and new commercial and retail outlets.

15 NOVEMBER 2011 **S P SETIA LAUNCHES KL ECO CITY WITH RM460 MILLION SYNDICATED ISLAMIC FINANCING SECURED**

S P Setia Berhad kick-started its KL Eco City project with a signing ceremony for a RM460 million syndicated Islamic financing facility provided by three Islamic financial institutions, namely HSBC Amanah Malaysia Berhad, Hong Leong Islamic Bank Berhad and Bank Muamalat Malaysia Berhad.

30 NOVEMBER 2011 **S P SETIA CONTRIBUTES TO THE REFURBISHMENT OF HOSPITAL KL'S GYM**

S P Setia sponsored gym equipment and contributed towards the beautification work of Hospital Kuala Lumpur Sports Club gymnasium. The Group's contribution worth more than RM90,000 was gratefully received by the club members.

CORPORATE CALENDAR (CONT'D)



13 DECEMBER 2011 TAN SRI LIEW KEE SIN NAMED MALAYSIAN ERNST & YOUNG ENTREPRENEUR OF THE YEAR 2011

Tan Sri Liew Kee Sin, President and CEO of S P Setia, was named Malaysian Ernst & Young Entrepreneur of the Year 2011. He was recognised for his innovative thinking, which embodied the true spirit of entrepreneurial excellence and commitment to making a difference to people's lives, be it for the community or his employees. In their view, he had demonstrated keen foresight and entrepreneurial qualities of passion, determination, vision and innovation with an emphasis on sustainability.

17 DECEMBER 2011 S P SETIA ANNUAL DINNER & DANCE 2011

It was a night filled with the sound of drums, horns, cheers and music as Team Setia celebrated its Annual Dinner & Dance with the theme "Viva La Setia". Based on each division's interpretation of the main theme that night, exotic ideas of fashion and styles was witnessed.

25 FEBRUARY 2012 S P SETIA VENTURES INTO EAST MALAYSIA

The launch of the RM1.6 billion Aeropod in Tanjung Aru marked S P Setia's entry into East Malaysia. The Group worked closely with the Sabah state government to redevelop and modernise Tanjung Aru Railway Station into a state-of-the-art transportation hub, which resulted in this exciting 60-acre mixed commercial development. The railway station is located within Aeropod which also features retail offices, SOVOs, F&B, a mall, hotels and service apartments.



1 APRIL 2012



7 APRIL 2012



16 MAY 2012

1 APRIL 2012 S P SETIA A KEY PLAYER IN DEVELOPMENT OF LANDMARK CHINA- MALAYSIA QINZHOU INDUSTRIAL PARK

S P Setia along with the Rimbunan Hijau Group signed a deal to jointly develop the China-Malaysia Qinzhou Industrial Park (QIP) with Qinzhou Jingu Investment Co Ltd.

Chinese Premier Wen Jia-Bao had proposed this venture to Prime Minister Dato' Sri Mohd Najib Abdul Razak during the Malaysia-China Economic, Trade & Investment Cooperation Forum in April 2011. The intention was to deepen bilateral economic and trade ties between the two countries and facilitate investments from the wider ASEAN region.

The QIP will comprise five functional districts namely industrial, residential, auxiliary service, production and living centre, and scientific and technology service. On completion, this ecological coastal city development is expected to house a population of 500,000.

7 APRIL 2012 S P SETIA OPENS REPRESENTATIVE OFFICE IN JAKARTA

S P Setia opened its Representative Office in Jakarta marking the Group's official presence in Indonesia. Jakarta represents the fifth overseas destination that the Group has ventured into after Vietnam, Singapore, Australia and China.

16 MAY 2012 S P SETIA WINS FOURTH GLOBAL FIABCI AWARD

Setia Eco Gardens, S P Setia's multiple award-winning development in Johor, collected another FIABCI Prix d'Excellence award in the Specialised Project (Purpose-Built) Category for Eco Greens. The 2012 FIABCI Prix d'Excellence Awards Ceremony was held in St Petersburg, Russia. This marked the fourth international award for S P Setia and the second for Setia Eco Gardens.

CORPORATE CALENDAR (CONT'D)



16 JUNE 2012



23 JUNE 2012



3 AUGUST 2012



23 JUNE 2012

16 JUNE 2012 S P SETIA CELEBRATES WORLD ENVIRONMENT DAY 2012 WITH A GREEN TREASURE HUNT

S P Setia celebrated World Environment Day with the Setia Eco Hunt, a treasure hunt with a green theme which was held in Selangor, Penang and Johor. In Selangor, this event was held in Setia Alam which saw the participation of more than 250 enthusiastic treasure hunters.

23 JUNE 2012 ROYALTY AND ROCKERS AT GRAND OPENING OF SETIA CITY MALL

Setia City Mall was officially launched by His Royal Highness Sultan Sharafuddin Idris Shah, the Sultan of Selangor, at a glittering ceremony held at the mall's concourse.

The celebrations carried on until the evening when Danish pop-rock band Michael Learns to Rock performed at a free outdoor concert at Setia City Park. Around 35,000 fans cheered on, as the band took the stage and wowed the crowd with their memorable hits namely *25 Minutes*, *Take Me To Your Heart* and *That's Why You Go Away*.

3 AUGUST 2012 SETIA BADMINTON ACADEMY LAUNCHES S P SETIA INTERNATIONAL INVITATION BASKETBALL TOURNAMENT

The Setia Badminton Academy celebrated its 10th anniversary by organising its first international basketball event – the S P Setia International Invitation Basketball Tournament 2012. Twelve under-17 school teams, including six foreign teams from China, Macau, Indonesia, Singapore, Taiwan and Philippines, competed in the three-day tournament for the championship and cash prizes of USD4,700.



5 SEPTEMBER 2012



29 SEPTEMBER 2012



25 SEPTEMBER 2012



18 OCTOBER 2012

5 SEPTEMBER 2012 NEW OWNERS OF BATTERSEA POWER STATION SIGNAL CONFIDENT START

The sale of Battersea Power Station to the Malaysian consortium of S P Setia, Sime Darby Property and the Employees Provident Fund, was successfully completed and the new owners aim to launch the project in early 2013.

Phase One of the development will consist of two residential apartment blocks with over 800 apartments standing above a commercial podium with a range of amenities and services including art galleries, shops, restaurants, gym, pool & spa facilities, a boutique theatre and office studios. A new six-acre park adjacent to the river and providing a direct link to the 200 acre

Battersea Park next-door, will form the setting for the new buildings. This Phase will be self-contained and is designed by prizewinning and influential UK architects, Ian Simpson Architects and de Rijke Marsh Morgan, in accordance with the Rafael Vinoly masterplan.

25 SEPTEMBER 2012 RUNNING FOR CHARITY AT THE EDGE BURSA RAT RACE

This year, S P Setia fielded three teams at *The Edge* Bursa Rat Race 2012. Once again, Dato' Voon Tin Yow, Deputy President and COO of S P Setia Berhad, led the way as he represented the Group in the 1 km CEO Race. Our participation helped this annual event raise a record RM2.2 million for charity.

29 SEPTEMBER 2012 S P SETIA TREATS CUSTOMERS AND ASSOCIATES TO A NIGHT AT THE THEATRE

Customers and business associates were privileged to watch a performance of Dama Orchestra's original production, "Empress Wu – The Musical" during S P Setia's Corporate Night. The musical was inspired by the life, loves and ambition of Empress Wu Zetian, China's first and only female emperor.

18 OCTOBER 2012 S P SETIA RANKED FIRST FOR SEVENTH YEAR

S P Setia was ranked No. 1 in *The Edge* Top Property Developers Awards 2012 for the seventh time. The Group charted new territory in the history of the awards by being the first to be honoured seven times.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (“Board”) is fully 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.

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

A. BOARD OF DIRECTORS

1. The Board and its Responsibilities

The Company is governed by the Board which assumes overall responsibility for strategic direction, future expansion, corporate governance, risk management, human resource planning and development, 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 respective Committees report to the Board on matters discussed and deliberated and makes recommendations to the Board for final decision. The Board Committees include the Executive Committee, Audit Committee, Employees’ Share Option Scheme Committee, Nomination Committee, Remuneration Committee and Risk Management Committee. The composition of the Board Committees are set out on page 12 of this Annual Report.

2. Board Balance

The Board consists of twelve (12) members of whom four (4) are Executive Directors and eight (8) are Non-Executive Directors. The Chairman and four other members of the Board are Independent Non-Executive Directors, which fulfills the prescribed requirement for at least one third (1/3) of the Board to be independent as stated in Paragraph 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). The profiles of the Directors are set out in page 20 to page 28 of this Annual Report.

The current composition of the Board comprises highly qualified and experienced individuals who have distinguished themselves in the legal, financial, engineering, accounting, banking and public service arenas. Their combined expertise and business experience provide much insight and a diversity of perspectives to lead and guide 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 judgment, which take into account the interests of the Group and all its stakeholders including shareholders, employees, customers, business associates and the community as a whole.

3. Board Meetings

The Board meets at least once every quarter and additional meetings are convened as and when necessary. Board meetings are scheduled in advance at the beginning of each calendar year to enable the Board members to plan their schedules accordingly. All proceedings of the Board meetings are duly minuted and signed by the Chairman of the Meeting. Where a potential conflict of interest arises, the Director concerned will declare his or her interest and abstain from the decision making process.

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

Name of Director	Total Meetings Attended	Percentage of Attendance (%)
Tun Dato' Seri Zaki Bin Tun Azmi <i>(appointed w.e.f. 25 October 2012)</i>	N/A	N/A
Tan Sri Abdul Rashid Bin Abdul Manaf <i>(resigned w.e.f. 25 October 2012)</i>	5/5	100
Tan Sri Dato' Sri Liew Kee Sin	5/5	100
Dato' Voon Tin Yow	4/5	80
Dato' Teow Leong Seng	5/5	100
Dato' Chang Khim Wah	5/5	100
Tan Sri Lee Lam Thye	5/5	100
Ng Soon Lai @ Ng Siek Chuan	5/5	100
Tan Sri Dato' Hari Narayanan A/L Govindasamy	5/5	100
Dato' Leong Kok Wah	5/5	100
Datuk Ismail Bin Adam	5/5	100
Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin	4/5	80
Dato' Noor Farida Binti Mohd Ariffin	5/5	100

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

4. Supply of Information

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

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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

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

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

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

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 perspective, skills, knowledge and to keep abreast with the relevant changes in law, regulations and the business environment :-

- (1) 2012 International Financial Reporting Standards (IFRS) Conference : Kuala Lumpur;
- (2) Bursa Malaysia's Half Day Governance Programme – Role of the Audit Committee in Assuring Audit Quality;
- (3) The Malaysian Code on Corporate Governance 2012 – The Implication and Challenges to Public Listed Companies; and
- (4) Key Recommendations from Malaysian Code on Corporate Governance; and
- (5) Budget Tax briefing.

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

B. DIRECTOR'S REMUNERATION

Objective

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

Remuneration Procedures

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

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

Remuneration Package

The remuneration package of Directors is as follows:-

(a) Basic Salary

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

(b) Bonus Scheme

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

(c) Fees and Other Emoluments

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

(d) Benefits-In-Kind

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

The details of the remuneration of each Director of the Company who served during the financial year ended 31 October 2012 are as follows:-

Category	Basic Salary (RM'000)	Bonus (RM'000)	Fees (RM'000)	Other Emoluments (RM'000)	Benefits-In-Kind (RM'000)	Total (RM'000)
Executive Directors						
Tan Sri Dato' Sri Liew Kee Sin	5,458	5,285	-	-	853	11,596
Dato' Voon Tin Yow	3,702	3,252	-	-	363	7,317
Dato' Teow Leong Seng	1,363	952	-	-	41	2,356
Dato' Chang Khim Wah *	758	854	-	-	7	1,619
	SGD226^	SGD38^	-	-	-	SGD264^
Non-Executive Directors						
Tun Dato' Seri Zaki Bin Tun Azmi (appointed w.e.f. 25 October 2012)	-	-	-	11	-	11
Tan Sri Abdul Rashid Bin Abdul Manaf (resigned w.e.f. 25 October 2012)	-	-	116	1,484	32	1,632
Tan Sri Lee Lam Thye	-	-	116	752	7	875
Ng Soon Lai @ Ng Siek Chuan	-	-	116	100	-	216
Tan Sri Dato' Hari Narayanan A/L Govindasamy	-	-	116	220	-	336
Dato' Leong Kok Wah	-	-	116	220	-	336
Datuk Ismail Bin Adam	-	-	116	116	-	232
Tan Sri Dato' Dr Wan Mohd Zahid Bin Mohd Noordin	-	-	116	-	-	116
Dato' Noor Farida Binti Mohd Ariffin	-	-	116	-	-	116

* Dato' Chang Khim Wah is a Director of S P Setia International (S) Pte Ltd, a wholly-owned subsidiary of S P Setia Berhad, which is principally responsible for employing and paying his remuneration with effect from June 2012.

C. SHAREHOLDERS

Communications between the Company and Investors

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

The Company's 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.

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

The group also maintains a website which provides detailed information on latest developments. Corporate presentations and financial information utilised during analyst and fund manager briefings are also available on the Group's website:-

- www.spsetia.com

During the financial year, the Company participated in 9 investor conferences/roadshows locally and abroad and had 104 meetings with 348 financial analysts, brokers and fund managers. A total of 20 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 and EGMs remain the principal forum for dialogue and communication with shareholders, in particular private investors. Shareholders are encouraged to attend each AGM and EGM and given sufficient time and opportunity to participate in the proceedings, ask questions about the resolutions being proposed and the operations of the Group, and communicate their expectations and possible concerns. Presentations will also be given by the President/Chief Executive Officer to brief shareholders on project updates or proposals for which the approval of shareholders is being sought. All Board members, Senior Management and the Group's external auditor as well as the Company's adviser are available to respond to shareholders' questions during the AGM/EGM as the case may be.

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

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

- (i) Mr Ng Soon Lai @ Ng Siek Chuan
Chairman of the Audit Committee and Senior Independent Director
E: siekchuan54@gmail.com

- (ii) Lee Wai Ngan
Chan Toyee Ying
Company Secretaries
E: systems@ssassociates.com.my
T: 03-2161 5466
F: 03-2163 6968

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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 80 to page 81 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 promotes ethical conduct that permeates throughout the Group. The code of conduct serves as a road map to help guide actions and behaviors while working for and/or dealing with the Company to maintain high standards of business ethics and encourage performance with integrity. Provisions covered include relationships between Staff and Management, the Company and Customers, Suppliers, Vendors and Contractors. All employees are required to read, understand, accept and abide by the terms of this code and all new staff are briefed on the requirements of the code as part of the Company's induction programme. The code is actively and effectively communicated via the Company's intranet and is also subject to regular review and updates, as necessary, by the Risk Management Committee.

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 76 to page 79 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 2012, the Group has used the appropriate accounting policies and applied them consistently. The Directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

The Statement of Directors' Responsibility is enclosed in page 189 of the Annual Report.

ADDITIONAL COMPLIANCE INFORMATION

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year ended 31 October 2012, 67,329,414 options were exercised pursuant to the Employees Share Option Scheme (“ESOS”) which was implemented on 6 May 2009. This is the only ESOS scheme currently in existence during the financial year ended 31 October 2012.

The total number of options exercised and total outstanding options during the financial year are disclosed in page 86 of the Annual Report.

86,220,501 warrants were converted into ordinary shares during the financial year ended 31 October 2012. The Company did not issue any convertible securities.

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 2012 amounted to RM202,208.

MATERIAL CONTRACTS

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

RECURRENT RELATED PARTY TRANSACTIONS

At the Thirty Seventh Annual General Meeting of the Company held on 23 February 2012, 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 2012 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 28 February 2013, 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 5 February 2013 attached to this Annual Report.

AUDIT COMMITTEE REPORT

MEMBERS OF THE AUDIT COMMITTEE

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

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

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

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

In compliance with the Listing Requirements of Bursa Malaysia Securities Berhad, all four (4) members of the Audit Committee are independent non-executive directors. Mr Ng Soon Lai @ Ng Siek Chuan, who was re-designated as the Chairman of the Audit Committee and Senior Independent non-executive director is a qualified chartered accountant. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

TERMS OF REFERENCE

1.0 PURPOSE

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

2.0 COMPOSITION

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

3.0 REPORTING RESPONSIBILITIES

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

4.0 ATTENDANCE AT MEETINGS

- i. The Chief Financial Officer, 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.

The Audit Committee held four (4) meetings during the financial year ended 31 October 2012. The details of attendance of the Audit Committee members are as follows:

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

AUDIT COMMITTEE REPORT (CONT'D)

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.

SUMMARY OF ACTIVITIES OF THE COMMITTEE DURING THE YEAR

The Audit Committee met four times during the financial year ended 31 October 2012. 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;
- 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 action plan were highlighted to the Audit Committee.

The total cost incurred for the internal audit function for the financial year ended 31 October 2012 was approximately RM1.4 million.

INTERNAL CONTROL STATEMENT

BOARD RESPONSIBILITY

The Board acknowledges they are 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 behavior 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 Board of the respective Associate Companies and Jointly Controlled Entities.





■ Financial Statements

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CORPORATE INFORMATION

DOMICILE	: Malaysia
LEGAL FORM AND PLACE OF INCORPORATION	: Public listed company limited by way of shares incorporated in Malaysia under the Companies Act, 1965
REGISTERED OFFICE	: Plaza 138, Suite 18.03 18th Floor, 138 Jalan Ampang 50450 Kuala Lumpur
PRINCIPAL PLACE OF BUSINESS	: 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 2012

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 2012.

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	387,628	204,170
Attributable to:		
Owners of the Company	393,816	204,170
Non-controlling interests	(6,188)	–
	387,628	204,170

DIVIDENDS

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

- (a) A final dividend of 9 sen per ordinary share of RM0.75 each less 25% income tax amounting to RM129,598,809 in respect of the financial year ended 31 October 2011, 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 RM75,032,431 in respect of the financial year ended 31 October 2012.

The directors now recommend a final dividend of 9 sen per ordinary share of RM0.75 each less 25% income tax amounting to RM135,382,585 in respect of the financial year ended 31 October 2012.

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 96 to 97.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its paid-up share capital from RM1,374,553,618 to RM1,504,250,938 by way of:

- (a) The issuance of 67,329,414 new ordinary shares of RM0.75 each for cash pursuant to the exercise of share options under the Employees' Share Options Scheme ("ESOS") at the following exercise prices:

Exercise price	(RM)	1.97	2.46	2.70	3.77	2.89
No. of shares issued	('000)	45,535	3,400	3,432	8,185	6,778

- (b) The issuance of 86,220,501 new ordinary shares of RM0.75 each for cash arising from the exercise of Warrants at RM2.99 per ordinary share.

- (c) The issuance of 19,379,845 new ordinary shares of RM0.75 each at an issue price of RM3.87 as consideration for the acquisition of the remaining 40% equity interest in KL Eco City Sdn Bhd for RM75,000,000.

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 movements during the financial year in the number of options under the ESOS are as follows:

Date options granted	Exercise price RM	At 1.11.2011	Exercised	Forfeited *	At 31.10.2012
6 May 2009	1.97	45,534,748	(45,534,595)	–	153
22 March 2010	2.46	3,400,296	(3,400,296)	–	–
1 October 2010	2.70	3,432,377	(3,432,374)	–	3
1 April 2011	3.77	8,550,252	(8,184,549)	(133,503)	232,200
29 September 2011	2.89	6,819,600	(6,777,600)	(42,000)	–

* Options forfeited upon resignation of employees.

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

DIRECTORS

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

Tun Dato' Seri Zaki Bin Tun Azmi (*appointed on 25 October 2012*)
 Tan Sri Abdul Rashid Bin Abdul Manaf (*resigned on 25 October 2012*)
 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 31.10.2012
	At 1.11.2011	Addition	Disposal	
Tan Sri Dato' Sri Liew Kee Sin				
- direct	158,195,757	–	(45,198,787)	112,996,970
- indirect	42,301,945	–	(42,301,945)	–
Dato' Voon Tin Yow				
- direct	29,898	4,500,000	(4,500,000)	29,898
Dato' Teow Leong Seng				
- direct	16,399	4,500,000	(4,500,000)	16,399
Dato' Chang Khim Wah				
- direct	93,159	4,500,000	(4,593,159)	–
Tan Sri Lee Lam Thye				
- indirect	244,500	–	(244,500)	–

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2012 (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 under the ESOS			At 31.10.2012
		At 1.11.2011	Granted	Exercised	
Dato' Voon Tin Yow	1.97	4,500,000	–	(4,500,000)	–
Dato' Teow Leong Seng	1.97	4,500,000	–	(4,500,000)	–
Dato' Chang Khim Wah	1.97	4,500,000	–	(4,500,000)	–

	At 1.11.2011	No. of Warrants		At 31.10.2012
		Acquired	Sold/ Exercised	
Tan Sri Dato' Sri Liew Kee Sin				
- direct	23,621,104	–	(23,621,104)	–
- indirect	22,455,352	–	(22,455,352)	–
Dato' Voon Tin Yow				
- direct	1,152,603	–	(1,152,603)	–
Dato' Teow Leong Seng				
- direct	2,733	–	(2,733)	–
Dato' Chang Khim Wah				
- direct	20,550	–	(20,550)	–
Tan Sri Lee Lam Thye				
- indirect	4,500	–	(4,500)	–

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 41 to the financial statements.

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

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

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

HOLDING COMPANY

The holding company is Permodalan Nasional Berhad, a company incorporated in Malaysia.

AUDITORS

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

Signed on behalf of the directors in accordance with a directors' resolution dated 12 December 2012

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 2012 of the Group and of the Company, and 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 93 to 188.

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 2012 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 note 6 to 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 52 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with 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)
Chartered Accountant

Kuala Lumpur

Date: 12 December 2012

STATEMENTS OF FINANCIAL POSITION

31 OCTOBER 2012

	Note	Group		Company	
		2012 RM'000	2011 RM'000 Restated	2012 RM'000	2011 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	2	77,315	74,062	144	197
Investment properties	3	602,310	262,641	1,769	1,952
Land held for property development	4	4,514,037	1,831,294	–	–
Concession assets	5	11,708	–	–	–
Investments in subsidiary companies	6	–	–	1,334,766	578,595
Investments in associated companies	7	1,891	2,279	650	650
Investments in jointly controlled entities	8	–	–	90,981	70,331
Other investments	9	337	337	–	–
Amounts owing by subsidiary companies	10	–	–	1,168,459	902,454
Amounts owing by associated companies	11	–	–	–	–
Amount owing by former joint venture partner	12	13,714	12,674	–	–
Amounts owing by jointly controlled entities	13	57,772	48,357	305,372	161,190
Deferred tax assets	14	93,779	66,920	214	3,729
Total non-current assets		5,372,863	2,298,564	2,902,355	1,719,098
Current assets					
Property development costs	15	1,606,654	875,420	–	–
Gross amount due from customers	16	25,741	23,079	–	–
Inventories	17	23,552	26,288	–	–
Accrued billings	18	132,705	104,614	–	–
Trade receivables	19	471,448	296,233	5,959	4,390
Amounts owing by subsidiary companies	10	–	–	761,623	525,490
Amounts owing by jointly controlled entities	13	18,174	35,101	42,210	64,995
Other receivables, deposits and prepayments	20	139,845	472,012	6,005	2,143
Current tax assets		18,759	17,936	4,454	11,023
Deposits	21	594,206	704,509	431,174	620,112
Cash and bank balances	22	949,357	731,901	31,306	16,019
Total current assets		3,980,441	3,287,093	1,282,731	1,244,172
TOTAL ASSETS		9,353,304	5,585,657	4,185,086	2,963,270

STATEMENTS OF FINANCIAL POSITION

31 OCTOBER 2012 (CONT'D)

	Note	Group		Company	
		2012 RM'000	2011 RM'000 Restated	2012 RM'000	2011 RM'000
EQUITY AND LIABILITIES					
Equity					
Share capital	23	1,504,250	1,374,554	1,504,250	1,374,554
Share premium (<i>non-distributable</i>)		1,113,480	696,575	1,113,480	696,575
Options reserve (<i>non-distributable</i>)		242	39,304	242	39,304
Warrants reserve (<i>non-distributable</i>)		28,904	46,036	28,904	46,036
Exchange translation reserve (<i>non-distributable</i>)		(2,686)	(4,319)	–	–
Retained earnings		1,399,684	1,294,292	266,323	266,613
Equity attributable to shareholders of the Company		4,043,874	3,446,442	2,913,199	2,423,082
Non-controlling interests		(4,754)	(6,956)	–	–
Total equity		4,039,120	3,439,486	2,913,199	2,423,082
Non-current liabilities					
Redeemable serial bonds (unsecured)	24	–	242,629	–	242,629
Long term borrowings	25	2,361,745	874,513	–	–
Deferred tax liabilities	26	2,195	975	–	–
Total non-current liabilities		2,363,940	1,118,117	–	242,629
Current liabilities					
Gross amount due to customers	16	6,022	6,205	–	–
Trade payables	27	493,806	421,146	8,791	11,144
Progress billings	18	414,808	126,719	–	–
Amounts owing to subsidiary companies	10	–	–	93,548	211,075
Other payables and accruals	28	466,857	220,447	20,916	25,340
Short term borrowings	29	1,166,404	199,736	850,000	50,000
Redeemable serial bonds (unsecured)	24	249,584	–	249,584	–
Bank overdrafts	30	104,847	36,435	49,048	–
Current tax liabilities		47,916	17,366	–	–
Total current liabilities		2,950,244	1,028,054	1,271,887	297,559
Total liabilities		5,314,184	2,146,171	1,271,887	540,188
TOTAL EQUITY AND LIABILITIES		9,353,304	5,585,657	4,185,086	2,963,270

Notes to and forming part of the financial statements are set out on pages 101 to 188
Auditors' Report - Pages 91 to 92

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 OCTOBER 2012

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue	31	2,526,595	2,232,473	2,746	35,588
Cost of sales	32	(1,663,696)	(1,618,595)	–	(24,276)
Gross profit		862,899	613,878	2,746	11,312
Other operating income	33	65,026	79,839	323,679	81,615
Selling and marketing expenses		(175,939)	(127,573)	–	–
Administrative and general expenses		(169,470)	(124,120)	(80,925)	(55,491)
Share of net profits less losses of associated companies		12	30	–	–
Finance costs	34	(15,023)	(11,460)	(20,609)	(14,774)
Profit before tax	35	567,505	430,594	224,891	22,662
Tax expense	36	(179,877)	(108,163)	(20,721)	(5,636)
Profit for the year		387,628	322,431	204,170	17,026
Other comprehensive income, net of tax:					
Exchange differences on translation of foreign operations		2,070	(567)	–	–
Total comprehensive income for the year		389,698	321,864	204,170	17,026
Profit attributable to:					
Shareholders of the Company		393,816	327,973	204,170	17,026
Non-controlling interests		(6,188)	(5,542)	–	–
		387,628	322,431	204,170	17,026
Total comprehensive income attributable to:					
Shareholders of the Company		395,515	327,406	204,170	17,026
Non-controlling interests		(5,817)	(5,542)	–	–
		389,698	321,864	204,170	17,026
Basic earnings per share (sen)	37	20.5	19.2		
Diluted earnings per share (sen)	37	20.0	18.1		
Dividend per share (net of tax) (sen)		10.5	10.5	10.5	10.5

Notes to and forming part of the financial statements are set out on pages 101 to 188
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2012

Note	Attributable to shareholders of the Company						Total RM'000	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			
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, restated	762,606	218,027	24,482	47,765	(3,808)	1,138,488	2,187,560	79	2,187,639
Total other comprehensive income for the year, represented by exchange differences on translation of foreign operations	-	-	-	-	(567)	-	(567)	-	(567)
Profit for the year	-	-	-	-	-	327,973	327,973	(5,542)	322,431
Transactions with owners:									
Dividends paid	38	-	-	-	-	(173,783)	(173,783)	-	(173,783)
Partial disposal of a subsidiary company	-	-	-	-	-	1,084	1,084	(1,044)	40
Dilution of equity interest in a subsidiary company	-	-	-	-	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/forfeited	-	-	(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
Total other comprehensive income for the year, represented by exchange differences on translation of foreign operations	-	-	-	-	1,699	-	1,699	371	2,070
Profit for the year	-	-	-	-	-	393,816	393,816	(6,188)	387,628
Transactions with owners:									
Dividends paid	38	-	-	-	-	(204,631)	(204,631)	-	(204,631)
Issuance of ordinary shares:									
- exercise of ESOS	50,496	146,174	(38,891)	-	-	-	157,779	-	157,779
- exercise of Warrants	64,665	210,266	-	(17,132)	-	-	257,799	-	257,799
- acquisition of additional equity interest in subsidiary companies	14,535	60,465	-	-	(66)	(83,964)	(9,030)	7,519	(1,511)
Issue of shares by a subsidiary company to a non-controlling interest	-	-	-	-	-	-	-	500	500
ESOS lapsed/forfeited	-	-	(171)	-	-	171	-	-	-
Balance at 31.10.2012	1,504,250	1,113,480	242	28,904	(2,686)	1,399,684	4,043,874	(4,754)	4,039,120

Notes to and forming part of the financial statements are set out on pages 101 to 188
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COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2012

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 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, restated	762,606	218,027	24,482	47,765	423,233	1,476,113
Total comprehensive income for the year, represented by profit for the year	-	-	-	-	17,026	17,026
Transactions with owners:						
Dividends paid	38	-	-	-	(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/forfeited	-	-	(137)	-	137	-
Balance at 31.10.2011	1,374,554	696,575	39,304	46,036	266,613	2,423,082
Total comprehensive income for the year, represented by profit for the year	-	-	-	-	204,170	204,170
Transactions with owners:						
Dividends paid	38	-	-	-	(204,631)	(204,631)
Issuance of ordinary shares:						
- exercise of ESOS	50,496	146,174	(38,891)	-	-	157,779
- exercise of Warrants	64,665	210,266	-	(17,132)	-	257,799
- acquisition of additional equity interest in a subsidiary company	14,535	60,465	-	-	-	75,000
ESOS lapsed/forfeited	-	-	(171)	-	171	-
Balance at 31.10.2012	1,504,250	1,113,480	242	28,904	266,323	2,913,199

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2012

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	567,505	430,594	224,891	22,662
Adjustments for:				
Bad and doubtful debts	(2)	59	5,669	4,292
Depreciation of property, plant and equipment and investment properties	16,130	12,318	78	72
Gain on disposal of property, plant and equipment	(16)	(80)	(1)	(1)
Property, plant and equipment written off	75	10	–	–
Impairment of investment in an associated company	400	–	–	–
Amortisation of bond discounts	–	–	6,955	7,024
Gain retained in associated companies	(12)	(30)	–	–
Realisation of (profit)/loss of jointly controlled entities	(2,533)	3,163	–	–
Gain on partial disposal of a subsidiary company	–	(59)	–	–
Gain on disposal of investment properties	(2,456)	(33,344)	(233)	–
Interest income from financial assets measured at amortised cost	(653)	(576)	(3,568)	(3,090)
Impairment of investments in subsidiary companies	–	–	19,828	1,124
Impairment loss of property, plant and equipment and investment properties	9,723	–	–	–
Loss from fair value adjustment of financial assets	24	182	3,346	1,950
Employees' share options	–	50,912	–	5,887
Unrealised foreign exchange (profit)/loss	(883)	146	–	–
Interest expense	15,023	11,460	13,654	7,750
Dividend income	–	–	(199,971)	(16,000)
Interest income	(36,680)	(31,726)	(85,572)	(62,050)
Rental income	(5,810)	(6,853)	–	–
Operating profit/(loss) before working capital changes	559,835	436,176	(14,924)	(30,380)
Changes in property development costs	(114,856)	142,737	–	–
Changes in accrued billings/progress billings	268,020	138,880	–	–
Changes in gross amount due from/to customers	(2,416)	19,789	–	(2,745)
Changes in inventories	3,030	4,283	–	–
Changes in receivables	(187,801)	(76,130)	(3,875)	286
Changes in payables	358,201	154,373	562	4,485
Cash generated from/(used in) operations	884,013	820,108	(18,237)	(28,354)
Rental received	880	1,516	–	–
Interest received	16,187	11,118	186	45
Interest paid	(79,592)	(73,621)	(631)	(121)
Net tax (paid)/refunded	(175,796)	(116,574)	(6,637)	1,250
Net cash generated from/(used in) operating activities	645,692	642,547	(25,319)	(27,180)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to land held for property development	(3,076,893)	(541,577)	–	–
Purchase of property, plant and equipment	(16,642)	(14,422)	(12)	(14)
Purchase of investment properties	(173,241)	(123,839)	–	–
Additions to concession assets	(11,708)	–	–	–
Proceeds from disposal of property, plant and equipment	172	203	1	1
Proceeds from disposal of investment properties	13,925	107,190	40	–
Proceeds from partial disposal of a subsidiary company	–	40	–	40
Acquisition of additional shares in existing subsidiary companies	(1,511)	–	(6,582)	(3,413)
Subscription of additional shares in existing jointly controlled entities	–	–	(5,998)	–
Subscription of unquoted cumulative redeemable preference shares in jointly controlled entities	–	–	(94,200)	–
Advances to subsidiary companies	–	–	(1,166,382)	(494,961)
Advances to jointly controlled entities	(5,354)	(20,053)	(27,656)	(78,867)
Deposit and part consideration paid for acquisition of land	(2,366)	(159,807)	–	–
Development expenditure paid	(4,580)	(14,942)	–	–
Advance payments in relation to the Privatisation Agreement (see note 49(a))	–	(112,694)	–	–
Placement of fixed deposits, sinking fund, debt service reserve, escrow and revenue accounts	(75,277)	(1,096)	(1,206)	–
Dividends received	–	–	193,234	12,000
Interest received	20,493	20,608	36,367	39,247
Rental received	4,930	5,337	–	–
Net cash used in investing activities	(3,328,052)	(855,052)	(1,072,394)	(525,967)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares				
- by the Company	407,812	1,061,673	407,812	1,061,673
- by a subsidiary company to a minority shareholder	500	–	–	–
Payment of share issue expenses	–	(9,394)	–	(9,394)
Share application monies	–	7,766	–	7,766
(Repayment to)/Advances from subsidiary companies	–	–	(116,777)	84,643
Drawdown of bank borrowings	3,090,042	469,498	900,000	–
Repayment of bank borrowings	(638,402)	(376,786)	(100,000)	–
Redemption of bonds	–	(250,000)	–	(250,000)
Redemption of cumulative preference shares	–	(65,625)	–	–
Interest paid	(6,604)	(2,410)	(12,596)	(9,797)
Dividends paid	(204,631)	(173,783)	(204,631)	(173,783)
Net cash generated from financing activities	2,648,717	660,939	873,808	711,108

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(33,643)	448,434	(223,905)	157,961
EFFECT OF EXCHANGE RATE CHANGES	(2,893)	(467)	–	–
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	1,387,197	939,230	636,131	478,170
CASH AND CASH EQUIVALENTS CARRIED FORWARD	1,350,661	1,387,197	412,226	636,131
Represented by:				
Deposits	592,916	698,501	429,968	620,112
Cash and bank balances	862,592	725,131	31,306	16,019
Bank overdrafts	(104,847)	(36,435)	(49,048)	–
	1,350,661	1,387,197	412,226	636,131
Cash and cash equivalents included in the cash flows comprise the following amounts:-				
Deposits	594,206	704,509	431,174	620,112
Cash and bank balances	949,357	731,901	31,306	16,019
Bank overdrafts	(104,847)	(36,435)	(49,048)	–
	1,438,716	1,399,975	413,432	636,131
Less: Deposits pledged and maintained in Sinking Fund Sinking Fund, Debt Service Reserve, Escrow and Revenue Accounts	(1,290)	(6,008)	(1,206)	–
	(86,765)	(6,770)	–	–
	1,350,661	1,387,197	412,226	636,131

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012

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 Amendments to FRSs and Technical Releases (“TR”):

Amendments to FRSs	Improvements to FRSs (2010)
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7	Improving Disclosures about Financial Instruments
TR - 3	Guidance on Disclosures of Transition to IFRSs

The adoption of the above amendments to FRSs and TR does not have any material impact on the financial statements of the Group and the Company.

The following are the Amendments to FRSs, Issue Committee Interpretations (“IC Interpretations”) and Amendments to IC Interpretations which are effective but were not applicable to the Group and the Company for the financial year ended 31 October 2012:

Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
IC Interpretation 4	Determining Whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement
TR i - 4	Shariah Compliant Sale Contracts

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (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 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2015
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)	1 January 2015
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosures of Interests in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013
FRS 119	Employee Benefits	1 January 2013
FRS 124	Related Party Disclosures (revised)	1 January 2012
FRS 127	Separate Financial Statements	1 January 2013
FRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to FRSs	Improvements to FRSs (2012)	1 January 2013
Amendments to FRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 1	Government Loans	1 January 2013
Amendments to FRS 7	Disclosures – Transfers of Financial Assets	1 January 2012
Amendments to FRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to FRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 112	Deferred tax: Recovery of Underlying Assets	1 January 2012
Amendments to FRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

The above new/revised FRSs, Amendments to FRSs and IC Interpretations are not expected to have significant impact on the financial statements of the Group and the Company upon their initial application, except for the application of FRS 128.

The revised FRS 128 prescribes the accounting for investment in associates as well as joint ventures where the equity method of accounting is required in accordance with FRS 11. The option to proportionately consolidate joint ventures' results and financial position in the venturer's financial statements will no longer be permitted. Accordingly, the investments in jointly controlled entities and jointly controlled operation will be accounted for in the consolidated financial statements using the equity method of accounting. This will be applied retrospectively. The Group is currently assessing the implications and financial impact of the revised FRS 128.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Malaysian Financial Reporting Standards (“MFRSs” or “the MFRS framework”)

The MASB issued new MASB Approved Accounting Standards known as the MFRS 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 2014.

The Group is subject to the application of IC Interpretation 15 and is therefore a Transitioning Entity. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS framework. The majority of the adjustments required on transition will be made, retrospectively, against the opening retained profits. The Group is currently assessing the implications and financial impact of the MFRS framework.

Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 October 2012 could be different if prepared under the MFRS.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(i) Critical judgement made in applying accounting policies

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

Classification between investment properties and owner-occupied properties

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

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

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

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

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

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

Revenue recognition of property development activities and construction contracts

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(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 2012 were RM77,315,000 and RM144,000 (2011 : RM74,062,000 and RM197,000), respectively.

The carrying amounts of the Group's and Company's investment properties as at 31 October 2012 were RM602,310,000 and RM1,769,000 (2011 : RM262,641,000 and RM1,952,000), respectively.

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

Provision for stock obsolescence and inventories write down

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

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

The carrying amounts of the Group's inventories as at 31 October 2012 were RM23,552,000 (2011 : RM26,288,000).

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 2012 (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 assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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

The carrying amounts of the Group's and Company's trade and other receivables as at 31 October 2012 were RM700,953,000 and RM2,289,628,000 (2011 : RM864,377,000 and RM1,660,662,000), respectively.

Impairment of non-financial assets

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

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 2012 were RM18,759,000 and RM4,454,000 (2011 : RM17,936,000 and RM11,023,000), respectively.

The carrying amounts of the Group's tax liabilities as at 31 October 2012 was RM47,916,000 (2011 : RM17,366,000).

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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 and the Company's recognised deferred tax assets as at 31 October 2012 were RM93,779,000 and RM214,000 (2011 : RM66,920,000 and RM3,729,000), respectively.

The carrying amounts of the Group's unrecognised deferred tax assets as at 31 October 2012 were RM135,969,000 (2011 : RM76,982,000).

(e) Subsidiary companies

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

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

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

(f) Basis of consolidation

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

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

All subsidiary companies and jointly controlled entities are consolidated on the purchase method of accounting from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases except for Syarikat Kemajuan Jerai Sdn Bhd and Wawasan Indera Sdn Bhd which are consolidated using the pooling-of-interest method of accounting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Basis of consolidation (cont'd)

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. The goodwill is accounted for in accordance with the accounting policy set out in 1(r)(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.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Basis of consolidation (cont'd)

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, investments 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 profit or loss.

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

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

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

Premium relating to an associated company is included in the carrying value of the investment and it is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment in accordance with the accounting policy set out in 1(r)(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Associated companies (cont'd)

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

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

(h) Interest in joint ventures

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

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

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

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

(i) Property, plant and equipment

(i) Measurement basis

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

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

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

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

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 profit or loss during the financial year in which they are incurred.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (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) Service concession arrangements

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Concession assets

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

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

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

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

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

(m) Leases

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

(i) Finance lease

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

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

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

(ii) Operating lease

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Development properties

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

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

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

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

Where the outcome of a development cannot be reasonably estimated, revenue is recognised to the extent of property development costs incurred that is probable will be recoverable, and the property development costs on the development units sold shall be recognised as an expense in the period in which they are incurred.

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

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

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

(o) Long term construction contracts

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

(p) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. In the case of finished goods and work-in-progress, cost comprises materials, direct labour, other direct charges and an appropriate proportion of factory overheads.

In the case of completed houses held for sale, cost is determined based on specific identification method.

Net realisable value represents the estimated selling price in the ordinary course of business, less selling and distribution costs and all other estimated cost to completion.

(q) Financial instruments

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

(i) *Initial recognition and measurement*

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial instruments (cont'd)

(ii) *Financial instrument categories and subsequent measurement*

Financial assets

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

Loans and receivables

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

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

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

Financial liabilities

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

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

(iii) *Derecognition of financial assets and liabilities*

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Impairment of assets

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

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

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

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

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

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

(ii) *Unquoted equity securities carried at cost*

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) 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 profit or loss when the carrying amount of the cash-generating unit, including the goodwill, exceeds the recoverable amount of the cash-generating unit. The 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.

Any 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, concession assets, land held for property development and investments in subsidiary companies, associated companies and jointly controlled entities*

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Share capital

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

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

(t) Income recognition

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

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

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

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

(u) Foreign currencies

- (i) *Functional currency*

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Foreign currencies (cont'd)

(ii) Transactions and balances in foreign currencies

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

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

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

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

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

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

(iii) Translation of foreign operations

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

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

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

(v) Employee benefits

(i) Short term employee benefits

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Employee benefits (cont'd)

(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 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.

(w) Borrowing costs

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

All other borrowing costs are charged to profit or loss in the period in which they are incurred. The interest component of hire purchase payments is charged to 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.

(x) Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(y) Taxation

The tax expense in 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.

(z) Cash and cash equivalents

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

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

(aa) Operating segments

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(aa) Operating segments (cont'd)

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.

2. PROPERTY, PLANT AND EQUIPMENT

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

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

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 3)	–	–	–	–	–	(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

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

Company 2012	Plant, machinery, cranes and trucks RM'000	Office equipment, renovations, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1.11.2011	1,706	3,865	365	5,936
Additions	–	12	–	12
Disposals	–	(14)	(5)	(19)
At 31.10.2012	1,706	3,863	360	5,929
Accumulated depreciation				
At 1.11.2011	1,705	3,791	243	5,739
Charge for the year	–	28	37	65
Disposals	–	(14)	(5)	(19)
At 31.10.2012	1,705	3,805	275	5,785
Net carrying amount At 31.10.2012	1	58	85	144
2011				
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

Freehold land and buildings, including capital work-in-progress of the Group included above at a net carrying amount of RM2,048,000 (2011 : RM20,655,000), have been charged to banks to partially secure the long term borrowings, revolving credits and bank overdrafts referred to in notes 25, 29 and 30 below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

3. INVESTMENT PROPERTIES

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Cost				
At beginning of the year	267,338	121,914	2,549	2,549
Transfer from property, plant and equipment upon adoption of amendments to FRS 140 (see note 2)	–	36,876	–	–
Additions	176,325	126,892	–	–
Disposals	(1,126)	(18,344)	(200)	–
Transfer from property development cost (see note 15)	178,762	–	–	–
Transfer to land held for development (see note 4)	(1,266)	–	–	–
At 31 October	620,033	267,338	2,349	2,549
Accumulated depreciation				
At beginning of the year	4,052	3,823	154	143
Charge for the year	3,773	1,267	13	11
Disposals	(115)	(1,038)	(30)	–
At 31 October	7,710	4,052	137	154
Accumulated impairment losses				
At beginning of the year	645	645	443	443
Charge for the year	9,373	–	–	–
Disposals	(5)	–	–	–
At 31 October	10,013	645	443	443
Net carrying amount				
At 31 October	602,310	262,641	1,769	1,952
<i>Comprising:</i>				
Investment properties under construction	118,726	158,104	–	–
Freehold land	68,126	48,253	928	928
Freehold buildings	391,980	54,940	–	–
Leasehold land	23,478	851	841	851
Leasehold buildings	–	493	–	173
	602,310	262,641	1,769	1,952
Fair value at 31 October	1,109,972	688,580	2,720	2,479

3. INVESTMENT PROPERTIES (CONT'D)

Included in investment properties under construction of the Group is interest expense of RM3,193,000 (2011 : RM2,318,000) incurred during the financial year.

Title deeds to certain of the Group's investment properties costing RM399,000 (2011 : RM1,005,000) have yet to be issued in or transferred to the name of the Company and subsidiary companies concerned.

The Group's investment properties at a net carrying amount of RM341,333,000 (2011 : RM46,979,000) 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 2012 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.

4. LAND HELD FOR PROPERTY DEVELOPMENT

Group 2012	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
Cost				
At 1 November 2011	1,226,129	9,850	595,315	1,831,294
Additions	2,103,903	635,571	430,398	3,169,872
Transfer from investment properties (see note 3)	1,266	–	–	1,266
Transfer to property development costs (see note 15)	(465,124)	(80,747)	(305,450)	(851,321)
Reclassified from other receivables, deposits and prepayments	102,911	114,815	146,287	364,013
Reclassification	(48,624)	48,624	–	–
Exchange differences	(4,578)	4,591	(1,100)	(1,087)
At 31 October 2012	2,915,883	732,704	865,450	4,514,037
2011 Restated				
Cost				
At 1 November 2010	924,900	9,850	481,667	1,416,417
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	1,226,129	9,850	595,315	1,831,294

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

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

Included in additions is borrowing costs of RM55,043,000 (2011 : RM23,021,000) incurred during the financial year.

During the financial year, conditions precedent under the privatisation agreement referred to in note 49(a) were substantially fulfilled. The Directors are of the opinion that the remaining condition precedent will be fulfilled in due course. Accordingly, advance payments in relation to the privatisation agreement amounting to RM225,687,000 included in the previous year under other receivables, deposits and prepayments have been reclassified to land held for property development.

Land held for property development included above at a carrying amount of RM2,602,677,000 (2011 : RM1,084,963,000) have been charged to banks to partially secure the long term borrowings, revolving credits and bank overdrafts referred to in notes 25, 29 and 30 below.

5. CONCESSION ASSETS

	Group 2012 RM'000
Cost	
At 1 November	–
Additions	11,708
At 31 October	11,708
Accumulated amortisation	
At 1 November	–
Charge for the year	–
At 31 October	–
Net carrying amount at 31 October	11,708

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

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

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

6. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2012 RM'000	2011 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	265,630	184,048
Capital contribution to other subsidiary companies, at cost	1,015,156	320,739
Impairment loss	(61,206)	(41,378)
	1,334,766	578,595

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

The subsidiary companies are as follows:

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2012 %	2011 %	2012 %	2011 %		
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2012 %	2011 %	2012 %	2011 %		
* 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
S P Setia Marketing Sdn Bhd	–	–	100	100	Malaysia	Sale of wood products and building materials
S P Setia Estate Management Sdn Bhd	60	60	–	–	Malaysia	Property management services
S P Setia Construction Sdn Bhd	100	100	–	–	Malaysia	Building contractors and manufacturing and sale of building materials
Bukit Indah (Perak) Sdn Bhd	100	100	–	–	Malaysia	Property development
S P Setia Management Services Sdn Bhd	100	100	–	–	Malaysia	Investment holding
Futurecrest (M) Sdn Bhd	100	100	–	–	Malaysia	Investment holding
Shabra Development Sdn Bhd	100	100	–	–	Malaysia	Property development
KL Eco City Sdn Bhd	100	60	–	–	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

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2012 %	2011 %	2012 %	2011 %		
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
Cosmotek Sdn Bhd	100	100	–	–	Malaysia	Investment holding
SJ Classic Land Sdn Bhd	–	–	60	60	Malaysia	Dormant
* Indera Perasa Sdn Bhd	100	100	–	–	Malaysia	Investment holding
* Dian Mutiara Sdn Bhd	–	–	100	100	Malaysia	Dormant
* Kenari Kayangan Sdn Bhd	100	100	–	–	Malaysia	Investment holding
Bukit Indah (Selangor) Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
S P Setia Property Holdings Sdn Bhd	100	100	–	–	Malaysia	Property investment
Setia Hicon Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
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 and property investment holding

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2012 %	2011 %	2012 %	2011 %		
* 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
Sentosa Jitra Sdn Bhd	50	50	–	–	Malaysia	Property development and property investment holding
Setiahomes (MM2H) Sdn Bhd	100	100	–	–	Malaysia	Dormant
Eco Meridian Sdn Bhd	100	100	–	–	Malaysia	Construction and operation of concession asset and property investment holding
Setia Ecohill Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
* S P Setia (Indonesia) Sdn Bhd	100	100	–	–	Malaysia	Representative office in Indonesia
* Retro Highland Sdn Bhd	50	50	–	–	Malaysia	Property development
* Setia City Development Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
Gita Kasturi Sdn Bhd	100	100	–	–	Malaysia	Property development and property investment holding
* Intra Hillside Sdn Bhd	100	–	–	–	Malaysia	Property development and property investment holding
Setia Alam Recreation Sdn Bhd	–	–	100	–	Malaysia	Club operator
* Setia Eco Green Sdn Bhd	100	–	–	–	Malaysia	Dormant
Setia Eco Heights Sdn Bhd	100	–	–	–	Malaysia	Dormant

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2012 %	2011 %	2012 %	2011 %		
Setia Eco Land Sdn Bhd	100	–	–	–	Malaysia	Dormant
S P Setia Property Services Sdn Bhd	100	–	–	–	Malaysia	Property and building management and investment holding
Flexrise Projects Sdn Bhd	100	–	–	–	Malaysia	Investment holding
Pelita Mentari Sdn Bhd	100	–	–	–	Malaysia	Investment holding
Ivory Paragon Sdn Bhd	100	–	–	–	Malaysia	Dormant
Battersea Power Station Malaysia Sdn Bhd	100	–	–	–	Malaysia	Promotion, marketing and other activities related to property development
Setia International Limited	100	100	–	–	British Virgin Islands	Investment holding
Setia MyPhuoc Limited	–	–	100	100	British Virgin Islands	Investment holding
Setia D-Nine Limited	–	–	100	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	100	British Virgin Islands	Investment holding
Setia Australia Limited	–	–	100	100	British Virgin Islands	Investment holding
Setia Lai Thieu Limited	–	–	95	90	British Virgin Islands	Investment holding
Setia Jersey Investment Holding Company Limited	–	–	100	100	Jersey	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

	Equity interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2012 %	2011 %	2012 %	2011 %		
+ Setia Lai Thieu One Member Company Limited	–	–	95	90	Vietnam	Property development
+ Setia (Melbourne) Development Company Pty Ltd	–	–	100	100	Australia	Property development
+ Setia St Kilda (Melbourne) Pty Ltd	–	–	100	–	Australia	Property development
+ Setia Land (China) Limited	–	–	100	100	Hong Kong	Investment holding
+ Setia (Hangzhou) Development Company Limited	–	–	100	100	Hong Kong	Investment holding
+ S P Setia International (S) Pte Ltd	100	100	–	–	Singapore	Promotions, marketing and other activities related to property development
+ S P Setia Development Pte Ltd	100	–	–	–	Singapore	Dormant

* Not audited by Mazars, Malaysia

+ Audited by member firms of Mazars in the respective countries

7. INVESTMENTS IN ASSOCIATED COMPANIES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Unquoted ordinary shares, at cost	3,022	3,022	650	650
Group's share of post-acquisition profits less losses	(731)	(743)	–	–
Impairment loss	(400)	–	–	–
	1,891	2,279	650	650

7. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

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

	2012 RM'000	2011 RM'000
Assets and liabilities		
Total assets	4,004	3,974
Total liabilities	100	97
Results		
Revenue	–	–
Profit for the year	28	64

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

	Equity interest				Principal activities
	Direct		Indirect		
	2012 %	2011 %	2012 %	2011 %	
Golden Klang Valley Sdn Bhd ("GKV")	50	50	–	–	Property development
PTB Property Developer Sdn Bhd ("PTB")	–	–	49	49	Property development
* Icfox (Malaysia) Sdn Bhd ("Icfox")	–	–	20	20	Development of internet websites

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

8. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Company 2012 RM'000	2011 RM'000
Unquoted ordinary shares, at cost	85,381	49,931
Unquoted cumulative redeemable preference shares	–	14,800
Capital contribution, at cost	5,600	5,600
	90,981	70,331

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

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

The jointly controlled entities are as follows:

	Proportion of ownership interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2012 %	2011 %	2012 %	2011 %		
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	70	70	–	–	Malaysia	Property development and property investment holding
* SetiaBecamex Joint Stock Company	–	–	55	55	Vietnam	Property development
* Qinzhou Development (Malaysia) Consortium Sdn Bhd	45	–	–	–	Malaysia	Investment holding
Qinzhou Development (Hong Kong) Limited	–	–	45	–	Hong Kong	Investment holding
Battersea Project Holding Company Limited	–	–	40	–	Jersey	Investment holding

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

	Proportion of ownership interest				Country of incorporation	Principal activities
	Direct		Indirect			
	2012 %	2011 %	2012 %	2011 %		
Battersea Project Land Company Limited	–	–	40	–	Jersey	Property development and property investment holding
Battersea Power Station Development Company Limited	–	–	40	–	United Kingdom	Property development and project development management

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

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

	2012 RM'000	2011 RM'000
Assets and liabilities		
Non-current assets	1,919,826	657,545
Current assets	685,836	497,402
Total assets	2,605,662	1,154,947
Non-current liabilities	1,056,364	286,455
Current liabilities	722,052	579,896
Total liabilities	1,778,416	866,351
Results		
Revenue	415,970	351,744
Other operating income	9,657	13,676
Expenses	359,834	308,682
Profit for the year	65,793	56,738

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

9. OTHER INVESTMENTS

	Group	
	2012 RM'000	2011 RM'000
Unquoted shares, at cost	462	462
Diminution in value	(125)	(125)
	337	337

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	
	2012 RM'000	2011 RM'000
Bearing interest at 4.15% to 4.79% (2011 : 4.11% to 4.66%) per annum	1,109,809	839,204
Interest free	58,656	63,256
	1,168,465	902,460
Allowance for doubtful debts	(6)	(6)
	1,168,459	902,454

Amounts owing by subsidiary companies included under current assets

	Company	
	2012 RM'000	2011 RM'000
Trade accounts:		
- retention sums receivable	2,187	2,187
- allowance for doubtful debts	(795)	(795)
	1,392	1,392
Unsecured advances:		
- bearing interest at 4.15% to 4.36% (2011 : 4.11%) per annum	576,720	170,216
- interest free	200,357	365,059
	777,077	535,275
Allowance for doubtful debts	(16,846)	(11,177)
	760,231	524,098
	761,623	525,490

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

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

Amounts owing to subsidiary companies included under current liabilities

	Company	
	2012 RM'000	2011 RM'000
Trade accounts - retention sums	1,310	1,310
Unsecured interest free advances	92,238	209,765
	93,548	211,075

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 COMPANIES

Amounts owing by associated companies included under non-current assets

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

	Group	
	2012 RM'000	2011 RM'000
Gross amount of advances	73	73
Allowance for doubtful debts	(73)	(73)
	-	-

12. AMOUNT OWING BY FORMER JOINT VENTURE PARTNER

The amount owing by the former joint venture partner represents unsecured, interest-free (2011 : 8.00%) advances which are not expected to be recalled within the next 12 months:

	Group	
	2012 RM'000	2011 RM'000
Principal sum	12,322	11,282
Interest receivable	1,392	1,392
	13,714	12,674

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest bearing at 8.00% to 8.60% (2011 : 8.00% to 8.60%) per annum	57,772	48,357	192,574	161,190
Unquoted cumulative redeemable preference shares	–	–	112,798	–
	57,772	48,357	305,372	161,190

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade accounts	8,852	10,587	–	–
Advances bearing interest at 8.00% to 8.60% (2011 : 8.00% to 8.60%) per annum	7,220	4,560	24,827	15,199
Interest free advances	2,102	19,954	1,947	30,632
Unquoted cumulative redeemable preference shares	–	–	15,436	19,164
	18,174	35,101	42,210	64,995

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

14. DEFERRED TAX ASSETS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At beginning of the year	66,920	42,465	3,729	72
Recognised in profit or loss	26,859	24,455	(3,515)	3,657
At end of the year	93,779	66,920	214	3,729

14. DEFERRED TAX ASSETS (CONT'D)

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

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Tax effects of:				
- unabsorbed capital allowances	64	1,835	–	–
- unutilised tax losses	12,464	10,800	–	–
- property development and construction profits	77,289	51,361	23	1,686
- excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	(1,279)	(2,856)	(28)	(28)
- others	5,241	5,780	219	2,071
	93,779	66,920	214	3,729

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Unutilised tax losses	132,732	74,925	–	–
Unabsorbed capital allowances	4,166	2,673	–	–
Excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	(903)	(520)	–	–
Others	(26)	(96)	–	–
	135,969	76,982	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

15. PROPERTY DEVELOPMENT COSTS

	Group	
	2012 RM'000	2011 RM'000 Restated
Freehold land at cost	633,340	560,733
Leasehold land at cost	13,442	14,611
Development and construction costs	3,883,906	3,725,174
Costs recognised as an expense in previous years	(3,655,268)	(3,478,839)
At 1 November	875,420	821,679
Costs transferred from land held for property development (<i>see note 4</i>)		
- freehold land	465,124	114,031
- leasehold land	80,747	-
- development costs	305,450	62,454
Costs transferred to investment properties (<i>see note 3</i>)		
- freehold land	(178,762)	-
Costs incurred during the financial year		
- freehold land	65,695	3,033
- leasehold land	3,814	-
- development and construction costs	1,431,823	1,190,338
Exchange differences	(975)	(2,128)
	2,172,916	1,367,728
Costs recognised as an expense in the current year	(1,441,388)	(1,307,019)
Unsold completed properties transferred to inventories	(294)	(6,968)
At 31 October	1,606,654	875,420

Property development costs included above at a carrying amount of RM424,473,000 (2011 : RM372,597,000), have been charged to banks to partially secure the long term borrowings, revolving credits, bridging loan and bank overdrafts referred to in notes 25, 29 and 30 below.

Included under development and construction costs is borrowing costs of RM36,779,000 (2011 : RM32,254,000) incurred during the financial year.

16. GROSS AMOUNT DUE FROM/TO CUSTOMERS

	Group		Company	
	2012 RM'000	2011 RM'000 Restated	2012 RM'000	2011 RM'000
Aggregate contract expenditure incurred to-date	404,949	421,107	–	–
Attributable profit recognised to-date	56,545	48,732	–	–
	461,494	469,839	–	–
Progress billings	(441,775)	(452,965)	–	–
	19,719	16,874	–	–
Gross amount due from customers	25,741	23,079	–	–
Gross amount due to customers	(6,022)	(6,205)	–	–
	19,719	16,874	–	–
Progress billings comprise:				
Progress billings				
- received	428,291	441,143	–	–
- receivable	7,534	2,233	–	–
Retention sums	5,950	9,589	–	–
	441,775	452,965	–	–
Advances received for contract work not yet performed by the Group included under other payables and accruals (see note 28)	2,559	223	–	–

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Depreciation	428	502	–	36
Hire of machinery	1,142	1,635	–	–
Rental expense	443	231	–	112

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

17. INVENTORIES

	Group	
	2012 RM'000	2011 RM'000
At cost:		
Stock of completed properties	19,993	22,394
Raw materials	3,190	3,564
Work-in-progress	4	2
Finished goods	141	140
Consumable goods	224	188
	23,552	26,288

18. ACCRUED BILLINGS/PROGRESS BILLINGS

	Group	
	2012 RM'000	2011 RM'000
Revenue recognised in profit or loss to-date	8,581,822	7,044,151
Progress billings to-date	(8,863,925)	(7,066,256)
	(282,103)	(22,105)
Accrued billings	132,705	104,614
Progress billings	(414,808)	(126,719)
	(282,103)	(22,105)

19. TRADE RECEIVABLES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Gross progress billings receivable	364,179	223,779	502	1,679
Gross retention sums receivable	89,962	62,476	891	891
Other gross receivables	20,427	13,098	5,959	3,213
Total gross receivables	474,568	299,353	7,352	5,783
Allowance for doubtful debts	(3,120)	(3,120)	(1,393)	(1,393)
	471,448	296,233	5,959	4,390

19. TRADE RECEIVABLES (CONT'D)

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

Other gross receivables are collectible within 14 to 90 days.

The Group has charged trade receivables amounting to approximately RM18,202,000 (2011 : RM2,296,000) as security for bank loan facilities.

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Neither past due nor impaired	315,658	225,017	5,959	4,390
1 to 30 days past due not impaired	75,180	29,669	–	–
31 to 60 days past due not impaired	22,286	11,149	–	–
61 to 90 days past due not impaired	26,231	5,867	–	–
91 to 120 days past due not impaired	20,934	5,356	–	–
More than 121 days past due not impaired	11,159	19,175	–	–
	471,448	296,233	5,959	4,390
Individually impaired	3,120	3,120	1,393	1,393
	474,568	299,353	7,352	5,783

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At beginning of the year	3,120	3,117	1,393	1,393
Write back of impairment loss	(1)	–	–	–
Impairment loss recognised	1	3	–	–
At 31 October	3,120	3,120	1,393	1,393

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

19. TRADE RECEIVABLES (CONT'D)

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Ringgit Malaysia	469,896	294,873	5,959	4,390
Vietnamese Dong	1,317	1,360	–	–
Sterling Pound	235	–	–	–
	471,448	296,233	5,959	4,390

20. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Advance payments in relation to the Privatisation Agreement (see note 49(a))	–	225,687	–	–
Refundable deposits and part purchase considerations paid for the acquisition of development land in				
- Mukim Tebrau, District of Johor Bahru	–	12,581	–	–
- Lai Thieu Town, Thuan An District, Binh Duong Province, Vietnam	–	18,094	–	–
- Mukim Beranang, Daerah Ulu Langat, Negeri Selangor	33,013	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	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	3,057	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	1,367	–	–
Prepaid development expenditure	7,321	16,783	–	–
Refundable deposit placed with stakeholder for impending acquisition of development land	4,304	4,304	–	–
Tender deposit	3,366	1,000	–	–
Dividend receivable	–	–	1,987	–
Amount owing from a purchaser for disposal of investment properties	1,037	–	363	–
Other sundry receivables, deposits and prepayments	85,854	65,379	3,655	2,143
	147,519	479,697	6,005	2,143
Allowance for doubtful debts	(7,674)	(7,685)	–	–
	139,845	472,012	6,005	2,143

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 2012. The balance of these purchase considerations are disclosed as capital commitment in note 43 below.

The Group has charged other receivables, deposits and prepayments amounting to approximately RM18,023,000 (2011 : RM1,682,000) as security for bank loan facilities.

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Ringgit Malaysia	117,083	432,153	6,005	2,143
US Dollar	3,673	36,938	–	–
Sterling Pound	14,376	–	–	–
Vietnamese Dong	3,634	1,777	–	–
Australian Dollar	750	1,054	–	–
Other currencies	329	90	–	–
	139,845	472,012	6,005	2,143

21. DEPOSITS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deposits:				
- with licensed banks	214,238	169,772	51,206	85,375
- with other licensed financial institutions	379,968	534,737	379,968	534,737
	594,206	704,509	431,174	620,112

Included in deposits with licensed banks of the Group and Company are amounts of RM1,206,000 (2011 : RM108,000) and RM1,206,000 (2011 : RM Nil) respectively which have been pledged to banks as security for banking facilities granted to the Company and subsidiary company.

Included in deposits with licensed banks of the Group are funds maintained under sinking fund accounts and escrow accounts amounting to RM84,000 (2011 : RM5,900,000) which were opened in accordance with terms and conditions set out in the term loan agreements referred to in note 25 below.

Included in deposits of the Group are amounts of RM76,727,000 (2011 : RM Nil) which have been charged to banks as security for banking facilities granted to jointly controlled entities.

The effective interest rates for the Group's and the Company's deposits range from 2.80% to 4.19% and 3.10% to 4.19% respectively (2011 : 1.25% to 3.98% and 2.98% to 3.98%). All deposits have maturities of less than a year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

21. DEPOSITS (CONT'D)

The currency exposure profile of deposits is as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Ringgit Malaysia	525,479	704,509	431,174	620,112
Sterling Pound	68,727	–	–	–
	594,206	704,509	431,174	620,112

22. CASH AND BANK BALANCES

Cash and bank balances include monies in:

- Housing Development Accounts
- Sinking Fund Accounts
- Debt Service Reserve Accounts
- Escrow Accounts
- Revenue Accounts

	Group	
	2012 RM'000	2011 RM'000
	652,091	587,992
	5,087	662
	9,478	5,573
	71,926	535
	274	–

The Group has charged cash and bank balances amounting to approximately RM57,394,000 (2011 : RM14,614,000) as security for bank loan facilities.

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

Funds maintained in the Housing Development Accounts earn interest ranging from 1.00% to 2.05% (2011 : 1.00% to 2.60%) per annum.

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

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Ringgit Malaysia	871,155	726,641	31,306	16,019
US Dollar	242	715	–	–
Sterling Pound	19,325	8	–	–
Vietnamese Dong	5,334	2,999	–	–
Singapore Dollar	50,852	1,096	–	–
Australian Dollar	2,449	442	–	–
	949,357	731,901	31,306	16,019

23 SHARE CAPITAL

	Group/Company			
	2012		2011	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Authorised:				
Ordinary shares of RM0.75 each	3,000,000	2,250,000	3,000,000	2,250,000
Issued and fully paid:				
Ordinary shares of RM0.75 each				
At beginning of the year	1,832,738	1,374,554	1,016,808	762,606
Issuance of shares:				
- arising from Private Placement	–	–	153,059	114,794
- arising from Bonus Issue	–	–	586,883	440,162
- exercise of Warrants	86,221	64,665	6,753	5,065
- exercise of ESOS	67,329	50,496	69,235	51,927
- acquisition of additional equity interests in a subsidiary company	19,380	14,535	–	–
At end of the year	2,005,668	1,504,250	1,832,738	1,374,554

Share Capital

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM1,374,553,618 to RM1,504,250,938 by way of:

- (a) The issuance of 67,329,414 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)	45,535	3,400	3,432	8,185	6,778

- (b) The issuance of 86,220,501 new ordinary shares of RM0.75 each pursuant to the exercise of Warrants at RM2.99;
- (c) The issuance of 19,379,845 new ordinary shares of RM0.75 each at an issue price of RM3.87 pursuant to the acquisition of the remaining 40% equity interest in KL Eco City Sdn Bhd at a total purchase consideration of RM75,000,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

23 SHARE CAPITAL (CONT'D)

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 shareholders of the Company at a general meeting.
- (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 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.

23 SHARE CAPITAL (CONT'D)

ESOS (cont'd)

- (g) The new shares to be allotted and issued upon any exercise of 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 shall not be entitled to any dividends, rights, allotments and/or other distributions the entitlement date of which precedes 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 extension provided that the initial period of the Scheme and any extension of the Scheme shall not in aggregate exceed the duration of ten (10) years from the Date of Commencement.
- (j) An employee may exercise his options subject to the following limits:

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

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

	At 1.11.2011 '000	Exercised '000	Forfeited* '000	At 31.10.2012 '000
Option 1	45,535	(45,535)	–	–
Option 2	3,400	(3,400)	–	–
Option 3	3,432	(3,432)	–	–
Option 4	8,551	(8,185)	(134)	232
Option 5	6,820	(6,778)	(42)	–
	67,738	(67,330)	(176)	232

* Options forfeited upon resignation of employees.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (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 were as follows:

Exercise price	Option 1 RM1.97	Option 2 RM2.46	Option 3 RM2.70	Option 4 RM3.77	Option 5 RM2.89
Date of option granted	6 May 2009	22 March 2010	1 October 2010	1 April 2011	29 September 2011
Fair value at grant date	RM0.44	RM0.70	RM0.78	RM1.04	RM0.78
Option life (number of days to expiry)	550	550	550	550	550
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%

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 options granted were incorporated into the measurement of fair value.

Warrants 2008/2013

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

- The Warrants are constituted by a Deed Poll executed on 19 November 2007.
- The Warrants are traded separately.
- The Warrants can be exercised any time during the tenure of five (5) years commencing from the date of issue, 22 January 2008 ("Exercise Period"). Warrants not exercised during the Exercise Period will lapse and cease to be valid.
- Each Warrant entitles the registered holder to subscribe for one new ordinary share in the Company.
- RM2.99 is payable in respect of each new share issued upon exercise of the Warrants ("the Exercise Price"). The Exercise Price and the number of outstanding Warrants shall be subjected to the adjustments in accordance with the terms and provisions of the Deed Poll during the Exercise Period, in consultation with the approved adviser and certified by the auditors appointed by the Company.
- 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 and the Warrant holders will not have any participating rights in such issues unless otherwise resolved by the Company in general meeting.

24. REDEEMABLE SERIAL BONDS (unsecured)

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

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

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

	Group/Company	
	2012 RM'000	2011 RM'000
Serial Bond 2	250,000	250,000
Less: Unamortised discount	(416)	(7,371)
	249,584	242,629
Redeemable within the next 12 months	(249,584)	–
Redeemable later than 12 months	–	242,629

The redeemable serial bonds are payable as follows:

	Group/Company	
	2012 RM'000	2011 RM'000
Not later than one year	249,584	–
Later than one year but not later than five years	–	242,629
	249,584	242,629

The Serial Bond 2 was fully redeemed upon its maturity on 23 November 2012.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

25. LONG TERM BORROWINGS

Secured

Total outstanding balances on:

- term loans
- bridging loans
- revolving credits
- secured medium term note

Repayments due within the next 12 months included under short term borrowings
(see note 29)

Repayments due later than 12 months included under non-current liabilities

The borrowings are repayable as follows:

- not later than one year
- later than one year but not later than five years
- later than five years

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

- Term loans
- Bridging loans
- Revolving credits
- Secured medium term note

The long term borrowings are secured by:

- various fixed charges and deeds of assignment over various lands belonging to the Group as indicated in notes 2, 3, 4 and 15 above;
- sinking fund, debt service reserve, escrow and revenue accounts as indicated in notes 21 and 22 above; and
- specific debenture over the fixed and floating assets of a subsidiary company and jointly controlled entities as indicated in notes 2, 4, 15, 19, 20, 21 and 22 above.

	Group	
	2012	2011
	RM'000	RM'000
	2,110,417	831,098
	134,100	96,718
	21,690	–
	305,000	–
	2,571,207	927,816
	(209,462)	(53,303)
	2,361,745	874,513
	209,462	53,303
	2,239,523	858,021
	122,222	16,492
	2,571,207	927,816

	Group	
	2012	2011
	%	%
	1.39 - 5.14	1.63 - 5.06
	4.45 - 5.14	4.45 - 5.06
	4.25 - 4.30	–
	4.01	–

25. LONG TERM BORROWINGS (CONT'D)

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

	Group	
	2012 RM'000	2011 RM'000
Ringgit Malaysia	1,471,221	762,028
Sterling Pound	435,500	–
Singapore Dollar	407,046	112,485
Australian Dollar	47,978	–
	2,361,745	874,513

26. DEFERRED TAX LIABILITIES

	Group	
	2012 RM'000	2011 RM'000
At 1 November	975	979
Recognised in profit or loss	1,220	(4)
At 31 October	2,195	975

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

	Group	
	2012 RM'000	2011 RM'000
Tax effects of :		
- construction profit	–	(166)
- excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	1,252	1,141
- unabsorbed tax losses	(148)	–
- unabsorbed capital allowances	(5)	–
- others	1,096	–
	2,195	975

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

27. TRADE PAYABLES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Sub-contractors' claims	207,266	178,594	4,754	6,938
Retention sums	214,941	187,466	4,018	4,183
Others	71,599	55,086	19	23
	493,806	421,146	8,791	11,144

The normal credit terms extended by sub-contractors and suppliers range from 15 to 90 days. The retention sums are repayable upon the expiry of the defect liability period of 12 to 24 months.

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

The currency exposure profile of trade payables is as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Ringgit Malaysia	489,331	420,101	8,791	11,144
Sterling Pound	1,989	—	—	—
Vietnamese Dong	1,402	1,045	—	—
Australian Dollar	563	—	—	—
Singapore Dollar	521	—	—	—
	493,806	421,146	8,791	11,144

28. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Redeemable serial bonds interest payable	2,178	2,192	2,178	2,192
Unsecured advances	10,220	10,220	—	—
Interest accrued	3,638	581	480	39
Contract advances received (see note 16)	2,559	223	—	—
Deposits received	38,163	53,639	—	—
Deferred revenue	102,538	10,000	—	—
Unpaid consideration for acquisition of development lands	134,539	—	—	—
Share application monies	—	7,766	—	7,766
Other sundry payables and accruals	173,022	135,826	18,258	15,343
	466,857	220,447	20,916	25,340

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

28. OTHER PAYABLES AND ACCRUALS (CONT'D)

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Ringgit Malaysia	359,470	201,787	20,916	25,340
Sterling Pound	53,490	–	–	–
Vietnamese Dong	48,449	17,978	–	–
Australian Dollar	1,341	657	–	–
Singapore Dollar	4,083	–	–	–
Other currencies	24	25	–	–
	466,857	220,447	20,916	25,340

29. SHORT TERM BORROWINGS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<i>Secured:</i>				
Current portion of long term borrowings (see note 25)	209,462	53,303	–	–
Revolving credits	99,189	86,000	–	–
Short term loan	7,753	5,433	–	–
<i>Unsecured:</i>				
Short term loan	50,000	50,000	50,000	50,000
Revolving credits	300,000	5,000	300,000	–
Bridging loan	500,000	–	500,000	–
	1,166,404	199,736	850,000	50,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

29. SHORT TERM BORROWINGS (CONT'D)

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

	Group		Company	
	2012	2011	2012	2011
	%	%	%	%
<i>Secured:</i>				
Current portion of long term borrowings (see note 25)	2.75 - 5.00	3.43 - 5.00	—	—
Revolving credits	2.75 - 4.43	4.28 - 4.43	—	—
Short term loan	13.00	24.00	—	—
<i>Unsecured:</i>				
Short term loan	4.03	4.11	4.03	4.11
Revolving credits	4.05 - 4.45	4.15	4.05 - 4.45	—
Bridging loan	4.14	—	4.14	—

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.
- a specific debenture over the fixed and floating assets of a subsidiary company and jointly controlled entities as indicated in notes 2, 4, 15, 19, 20, 21 and 22 above.

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

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	1,120,742	194,303	850,000	50,000
Sterling Pound	37,909	—	—	—
Vietnamese Dong	7,753	5,433	—	—
	1,166,404	199,736	850,000	50,000

30. BANK OVERDRAFTS

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Secured	2,949	9,642	—	—
Unsecured	101,898	26,793	49,048	—
	104,847	36,435	49,048	—

30. BANK OVERDRAFTS (CONT'D)

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

	Group		Company	
	2012 %	2011 %	2012 %	2011 %
Secured	7.35	4.50 - 7.35	–	–
Unsecured	3.64 - 5.25	4.15 - 4.86	4.02 - 4.25	–

The secured bank overdrafts are secured by fixed charges over various lands belonging to the Group as indicated in notes 2, 3, 4 and 15 above.

The currency exposure profile of bank overdrafts is as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Ringgit Malaysia	93,430	36,435	49,048	–
Singapore Dollar	11,417	–	–	–
	104,847	36,435	49,048	–

31. REVENUE

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Sale of development properties	2,274,846	1,941,185	–	–
Contract revenue	127,962	185,531	2,746	35,588
Sale of other goods and services	123,787	105,757	–	–
	2,526,595	2,232,473	2,746	35,588

32. COST OF SALES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cost of properties sold	1,454,537	1,381,631	–	–
Contract cost recognised as expense	108,525	152,620	–	24,276
Cost of other goods and services sold	100,634	84,344	–	–
	1,663,696	1,618,595	–	24,276

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

33. OTHER OPERATING INCOME

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Gross dividends from				
- subsidiary companies	—	—	197,984	16,000
- jointly controlled entities	—	—	1,987	—
Interest income from				
- subsidiary companies	—	—	57,166	35,711
- jointly controlled entities	4,709	3,452	15,696	11,508
- deposits	15,785	17,156	12,524	14,786
- financial assets measured at amortised cost	653	576	3,568	3,090
- others	16,186	11,118	186	45
Rental income from investment properties	4,930	5,337	—	—
Rental received from operating leases other than those relating to investment properties	880	1,516	—	—
Impairment of investments in subsidiary companies no longer required	—	—	—	11
Allowance for doubtful debts no longer required	11	2	—	50
Gain on partial disposal of a subsidiary company	—	59	—	—
Gain on disposal of investment properties	2,456	33,344	233	—
Management fee	—	—	33,911	135
Others	19,416	7,279	424	279
	65,026	79,839	323,679	81,615

34. FINANCE COSTS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Amortisation of bond discount	—	—	6,955	7,024
Bank overdraft interest	1,752	978	631	121
Bond interest	226	712	5,000	5,301
Revolving credits interest	3,833	1,449	3,066	379
Bridging loan interest	3,525	—	3,525	—
Bankers' acceptance interest	—	6	—	—
Term loan interest	5,169	2,314	1,432	1,949
Dividend on redeemable cumulative preference shares	—	5,589	—	—
Others	518	412	—	—
	15,023	11,460	20,609	14,774

35. PROFIT BEFORE TAX

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before tax is stated after (crediting)/charging:				
Auditors' remuneration				
- current year	927	830	107	101
- underprovision in prior years	24	61	–	14
Bad and doubtful debts	9	61	5,669	4,342
Depreciation				
- property, plant and equipment	12,357	11,051	65	61
- investment properties	3,773	1,267	13	11
Direct operating expenses on				
- income generating investment properties	158	497	–	–
- non-income generating investment properties	28	115	16	9
Directors' remuneration				
- Company's directors				
- fees	928	760	928	760
- other emoluments	29,163	24,981	27,112	24,961
- employee share options	–	2,982	–	2,982
- subsidiaries' directors				
- fees	18	14	–	–
- other emoluments	19,880	16,248	7,076	6,813
- employee share options	–	6,842	–	2,905
- jointly controlled entities' directors				
- fees	2	2	–	–
- other emoluments	2,071	1,681	–	–
- employee share options	–	617	–	–
Gain on disposal of property, plant and equipment	(16)	(80)	(1)	(1)
Property, plant and equipment written off	75	10	–	–
Impairment of property, plant and equipment	350	–	–	–
Impairment of investment properties	9,373	–	–	–
Impairment of investments in subsidiary companies	–	–	19,828	1,135
Loss from fair value adjustment of financial assets	24	182	3,346	1,950
Rental of				
- office equipment	333	285	98	61
- premises	2,714	1,962	231	224
Loss/(Gain) on foreign exchange	2,758	(1,871)	–	–
Impairment of investment in an associated company	400	–	–	–

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Company's directors	1,303	1,449	1,253	1,399
Subsidiaries' directors	174	157	40	42
Jointly controlled entities' directors	4	4	–	–

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FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

36. TAX EXPENSE

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation based on results for the year				
- current	207,680	130,692	18,470	8,386
- deferred	(27,845)	(19,914)	(18)	(2,424)
	179,835	110,778	18,452	5,962
(Over)/Under provision in prior years				
- current	(2,158)	1,697	(1,264)	907
- deferred	2,200	(4,312)	3,533	(1,233)
	179,877	108,163	20,721	5,636

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	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Accounting profit (excluding share of results in associated companies)	567,493	430,564	224,891	22,662
Taxation at applicable tax rates	141,873	107,641	56,223	5,666
Tax effects arising from:				
Non-deductible expenses	32,206	14,353	11,354	2,359
Non-taxable income				
- gain from disposal of investment properties	(611)	(8,261)	(55)	–
- interest income	(3,022)	(1,765)	(3,022)	(1,765)
- single tier dividend income	–	–	(45,496)	–
- others	(6,233)	(6,178)	(552)	(298)
Deferred tax assets not recognised	14,747	5,004	–	–
Effect on different tax rate used	875	(16)	–	–
Under/(Over) provision in prior years	42	(2,615)	2,269	(326)
	179,877	108,163	20,721	5,636
Tax savings during the financial year arising from:				
Utilisation of current year tax losses	1,475	1,168	–	–

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.

37. EARNINGS PER SHARE

Basic earnings per share

The basic earnings per share has been calculated by dividing the Group's profit for the year attributable to shareholders of the Company of RM393,816,000 (2011 : RM327,973,000) by the weighted average number of shares in issue of 1,919,974,000 (2011 : 1,706,390,000). The weighted average number of shares in issue is calculated as follows:

	2012 '000	2011 '000
Number of ordinary shares at beginning of the year	1,832,738	1,016,808
Effect of shares issued pursuant to:		
- Acquisition of additional equity interests in a subsidiary company	14,138	-
- Bonus Issue	-	586,883
- Private Placement	-	90,577
- Exercise of ESOS	49,800	8,538
- Exercise of Warrants	23,298	3,584
Weighted average number of ordinary shares	1,919,974	1,706,390

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 RM393,816,000 (2011 : RM327,973,000) 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:

	2012 '000	2011 '000
Weighted average number of ordinary shares calculated above	1,919,974	1,706,390
Weighted average number of unissued shares under ESOS		
- based on exercise price	17,834	114,354
- based on average fair value	(10,760)	(62,620)
Weighted average number of unexercised Warrants		
- based on exercise price	208,377	234,844
- based on average fair value	(162,071)	(177,570)
Weighted average number of ordinary shares that would have been in issue	1,973,354	1,815,398

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

38. DIVIDENDS

	2012 '000	2011 '000
<i>In respect of the year ended 31 October 2010</i>		
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
Final dividend of 9 sen per ordinary share of RM0.75 each less 25% income tax	129,599	–
<i>In respect of the year ended 31 October 2012</i>		
Interim dividend of 5 sen per ordinary share of RM0.75 each less 25% income tax	75,032	–
	204,631	173,783

Subsequent to 31 October 2012, the directors recommended a final dividend of 9 sen per ordinary share of RM0.75 each less 25% income tax amounting to RM135,382,585 in respect of the financial year ended 31 October 2012.

39. ACQUISITION OF NON-CONTROLLING INTERESTS

- (a) On 8 February 2012, the Group acquired the remaining 40% equity interest in KL Eco City Sdn Bhd (“KLEC”) it did not already owned for a consideration of RM75,000,000 satisfied by the issuance of 19,379,845 new ordinary shares at RM3.87 per share. The carrying amount of KLEC net liabilities in the Group’s financial statements on the date of the acquisition was RM18,031,000. The Group recognised a decrease in retained earnings of RM82,212,000 and an increase in non-controlling interest of RM7,212,000.

The following summarises the effect of changes in the equity interest in KLEC that is attributable to owners of the Company:

	2012 RM'000
Equity interest at the beginning of the year	(7,925)
Effect of increase in Company’s ownership interest	(7,212)
Share of comprehensive loss	(28,233)
Equity interest at 31 October 2012	(43,370)

39. ACQUISITION OF NON-CONTROLLING INTERESTS (CONT'D)

- (b) On 5 March 2012, the Group acquired an additional 5% equity interest in Setia Lai Thieu Limited ("Setia LT") for RM1,511,000 satisfied by cash. The carrying amount of Setia LT net assets in the Group's financial statements on the date of the acquisition was RM6,147,000. The Group recognised a decrease in retained earnings of RM1,818,000 and an increase in non-controlling interest of RM307,000.

	2012 RM'000
Equity interest at the beginning of the year	(5,055)
Effect of increase in Company's ownership interest	(307)
Share of comprehensive loss	(2,754)
Equity interest at 31 October 2012	(8,116)

40. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Employee benefits expense	197,629	215,108	35,858	40,265

Included in employee benefits expense are the following:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
EPF	18,202	15,400	3,611	3,344
Employee share options	-	50,912	-	5,887

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FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

41. RELATED PARTY DISCLOSURES

The following significant related party transactions took place at terms agreed between the parties during the financial year:

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

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Transactions with subsidiary companies								
Construction services rendered	–	–	–	381	–	–	–	–
Interest received and receivable	–	–	57,166	35,711	–	–	69,651	27,729
Management fee received and receivable	–	–	32,489	135	–	–	31,067	100
Purchase of building materials	–	–	–	1	–	–	–	–
Security services rendered	–	–	2,180	2,128	–	–	–	–
Transactions with jointly controlled entities								
Management fee received and receivable	11,191	10,826	1,422	–	1,716	–	1,422	–
Construction services rendered	7,156	32,569	–	–	2,454	–	–	–
Disposal of investment property	–	50,000	–	–	–	11,500	–	–
Interest received and receivable	4,709	3,453	15,696	11,508	8,290	4,055	27,635	13,516
Marketing expenses charged	442	589	–	–	24	–	–	–
Disposal of motor vehicle	–	14	–	–	–	–	–	–
Rental paid and payable	314	309	231	224	–	–	–	–
Rental received and receivable	62	34	–	–	47	–	–	–
Staff secondment	307	216	–	–	42	–	–	–
Security services rendered	190	172	–	–	19	–	–	–
Sale of building materials	5,897	7,152	–	–	1,811	–	–	–

41. RELATED PARTY DISCLOSURES (CONT'D)

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

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2012	2011	2012	2011	2012	2011	2012	2011
	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								
- Tan Sri Dato' Sri Liew Kee Sin	12,466	-	-	-	-	-	-	-
- Dato' Voon Tin Yow	5,007	5,348	-	-	-	-	-	-
- Dato' Teow Leong Seng	4,513	1,910	-	-	-	-	-	-
- Ng Soon Lai @ Ng Siek Chuan	2,970	-	-	-	-	-	-	-
- Tan Sri Dato' Hari Narayanan A/L Govindasamy	3,415	-	-	-	-	-	-	-
- Dato' Chang Khim Wah	-	2,460	-	-	16	(102)	-	-
- Close family member of Dato' Voon Tin Yow	-	2,368	-	-	-	-	-	-
- Close family member of Tan Sri Lee Lam Thye	172	-	-	-	-	-	-	-
Sale of development properties to companies in which								
- Dato' Chang Khim Wah has financial interest – Ganda Mantap Sdn Bhd	1,601	-	-	-	-	-	-	-
- Tan Sri Dato' Hari Narayanan A/L Govindasamy has financial interest – Rekasemi Resources Sdn Bhd	1,295	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

41. RELATED PARTY DISCLOSURES (CONT'D)

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

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2012	2011	2012	2011	2012	2011	2012	2011
	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 (cont'd)								
Rental paid to Alsirat Sdn Bhd, a company in which Tan Sri Abdul Rashid Bin Abdul Manaf has financial interest	41	54	-	-	-	-	-	-
Security services rendered to Tan Sri Abdul Rashid Bin Abdul Manaf	82	81	-	-	-	-	-	-
Timber flooring work rendered to Tan Sri Dato' Sri Liew Kee Sin	27	-	-	-	-	-	-	-
Roofing services rendered to								
- Dato' Voon Tin Yow	-	50	-	-	-	-	-	-
- Close family member of Tan Sri Dato' Sri Liew Kee Sin	-	10	-	-	-	10	-	-
Transactions with directors of subsidiary companies and close family members of the directors								
Sale of development properties to								
- Ong Kek Seng	-	2,475	-	-	-	(21)	-	-
- Dato' Khor Chap Jen	3,980	-	-	-	-	-	-	-
- Toh Puan Nik Sazlina Binti Mohd Zain	3,031	-	-	-	-	-	-	-
- Tan Hon Lim	-	-	-	-	-	(4)	-	-
- Soo Chan Fai	2,790	-	-	-	-	-	-	-
- Yeo Cheng Jway	208	-	-	-	-	-	-	-
- Kow Choong Ming	-	1,309	-	-	-	-	-	-
- Neo Keng Hoe	-	1,676	-	-	-	-	-	-
- Choong Kai Wai	-	1,107	-	-	-	-	-	-
- Dato' Khor Chap Jen	-	3,168	-	-	-	-	-	-
- Close family member of Tan Hon Lim	208	-	-	-	-	-	-	-
- Close family member of Datuk Wong Tuck Wai	-	-	-	-	*	36	-	-

* Represent amount less than RM1,000

41. RELATED PARTY DISCLOSURES (CONT'D)

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

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<i>Transactions with directors of subsidiary companies and close family members of the directors (cont'd)</i>								
Sale of development properties to companies in which								
- Kow Choong Ming has financial interest – Broad Acres Sdn Bhd	1,157	–	–	–	–	–	–	–
- Hoe Mee Ling has financial interest – Wisdom Link Sdn Bhd	1,194	–	–	–	–	–	–	–
Timber flooring work rendered to								
- Norhayati Binti Subali	10	–	–	–	–	–	–	–
- Yap Kok Weng	30	–	–	–	–	–	–	–
Sales of building materials and roofing services rendered to								
- Norhayati Binti Subali	–	17	–	–	–	–	–	–
- Yap Kok Weng	–	55	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

41. RELATED PARTY DISCLOSURES (CONT'D)

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

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2012	2011	2012	2011	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Transactions between jointly controlled entities and directors of the Company and of subsidiary companies								
Sale of development properties to								
a) Director of the Company								
- Dato' Voon Tin Yow	-	1,863	-	-	-	-	-	-
b) Directors of subsidiary companies								
- Kow Choong Ming	1,658	-	-	-	-	-	-	-
- Choong Kai Wai	1,658	-	-	-	347	-	-	-
- Dato' Sundarajoo A/L Somu	-	1,793	-	-	-	-	-	-
- Yap Kok Weng	-	4,069	-	-	-	-	-	-
- Hoe Mee Ling	-	1,930	-	-	-	-	-	-
c) Company in which Dato' Chang Khim Wah has financial interest – Ganda Mantap Sdn Bhd	1,793	-	-	-	-	-	-	-
Membership subscription and facilities charges charged to Tan Sri Dato' Sri Liew Kee Sin	6	19	-	-	-	-	-	-
Transactions with directors of the Company and subsidiary companies								
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	-	-	-	-	-	-

41. RELATED PARTY DISCLOSURES (CONT'D)

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

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2012	2011	2012	2011	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Other related party transactions</i>								
Security management fee charged to a body established under the Trust Deed, Setia Badminton Academy	86	86	–	–	8	8	–	–
Rental charged to a body established under the Trust Deed, Setia Badminton Academy	120	135	–	–	–	100	–	–
Car rental charged to S P Setia Foundation	30	30	–	–	–	–	–	–

(b) Key management personnel compensation

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
<i>Directors</i>				
Fees	928	760	928	760
Salary, bonuses and other emoluments	26,310	22,367	24,259	22,347
Estimated monetary value of benefits-in-kind	1,303	1,449	1,253	1,399
Employee share options	–	2,982	–	2,982
Total short-term employee benefits	28,541	27,558	26,440	27,488
Post-employment benefits - EPF	2,853	2,614	2,853	2,614
	31,394	30,172	29,293	30,102

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

41. RELATED PARTY DISCLOSURES (CONT'D)

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

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
<i>Other key management personnel</i>				
Fees	18	14	–	–
Salary, allowances and bonuses	17,952	14,731	6,318	6,083
Estimated monetary value of benefits-in-kind	174	157	40	42
Employee share options	–	6,842	–	2,905
Total short-term employee benefits	18,144	21,744	6,358	9,030
Post-employment benefits - EPF	1,928	1,517	758	730
	20,072	23,261	7,116	9,760
Total compensation	51,466	53,433	36,409	39,862

Share options granted to directors

No share options were granted to the Company's executive directors under the ESOS during the financial year (2011 : Nil).

Share options granted to other key management personnel

There were no ESOS granted to the Company's other key management personnel under the ESOS during the financial year (2011 : 351,750 and 180,000 share options at an exercise price of RM3.77 and RM2.89 respectively).

42. OPERATING LEASE COMMITMENTS

The Group as lessee

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

42. OPERATING LEASE COMMITMENTS (CONT'D)

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2012 RM'000	2011 RM'000
Not later than one year	1,749	507
Later than one year but not later than five years	665	415
	2,414	922

The Group as lessor

The Group leases out its investment properties under cancellable operating leases. These leases typically run for a period of 2 to 3 years with the option to renew upon expiry. None of the leases include contingent rentals. Certain of the leases include contingent rental arrangements computed based on sales achieved by tenants.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2012 RM'000	2011 RM'000
Not later than one year	32,542	2,120
Later than one year but not later than five years	59,413	6,827
Later than five years	104,004	16,134
	195,959	25,081

43. OTHER COMMITMENTS

	Group	
	2012 RM'000	2011 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	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	73,804
Mukim 5, District of Barat Daya, Pulau Pinang	-	52,826

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

43. OTHER COMMITMENTS (CONT'D)

	Group 2012 RM'000	2011 RM'000
Commitments to purchase development land (<i>see note 20</i>) (<i>cont'd</i>)		
- Contracted (<i>cont'd</i>)		
Mukim 12, District of Barat Daya, Pulau Pinang	12,303	12,303
Mukim 11, District of Barat Daya, Pulau Pinang	–	5,571
Mukim Tebrau, District of Johor Bahru	–	113,210
Lai Thieu Town, Thuan An District, Binh Duong Province, Vietnam	1,644	29,940
New Urban Zone, Tien Du District, Bac Ninh Province, Vietnam	116,330	118,152
St Kilda Road and Moubray Street, Melbourne, Australia	–	74,665
- Approved but not contracted	22,857	109,302
Contractual commitment for construction of investment properties	64,946	66,580
Commitment to acquire property, plant and equipment		
- Approved and contracted	1,850	4,737
Commitments in relation to the Privatisation Agreement (<i>see note 49(a)</i>)	–	23,607
Others	–	800
	590,851	1,650,438

44. CONTINGENT LIABILITIES (unsecured)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Guarantees given to banks to secure banking facilities granted to subsidiary companies	–	–	2,713,844	1,617,536
Guarantees given to banks for performance bonds granted to subsidiary companies	–	–	30,612	22,438
Guarantees given to the suppliers of goods for credit terms granted to subsidiary companies	–	–	2,064	2,526
Guarantees given to banks for performance bonds granted to jointly controlled entities	561	640	1,870	2,134
Guarantees given to banks to secure banking facilities granted to jointly controlled entities	31,875	20,850	466,917	226,414
Others	–	706	–	–
	32,436	22,196	3,215,307	1,871,048

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's financial assets are categorised as loans and receivables except for other investments which are categorised as available-for-sale.

The Group's and the Company's financial liabilities 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.

(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 2012. If interest rates were to increase or decrease by 50 basis points with all other variables held constant, the Group's and the Company's profit before tax would decrease or increase by RM5,557,000 and RM4,495,000 (2011 : RM759,000 and RM250,000) respectively.

For those interest expense incurred and capitalised as part of the expenditure on investment property under construction, land held for property development and property development costs during the financial year, if the interest rates were to increase or decrease by 50 basis points with all other variables held constant, those assets of the Group would increase or decrease by RM12,608,000 (2011 : RM5,154,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

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

(b) Credit risk

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

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

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

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

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in note 19. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

(c) Foreign currency exchange risk

The Group 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.

In the prior year, the foreign currency denominated monetary items were not material, hence the sensitivity analysis was not presented.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the GBP and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group 2012 RM'000
GBP/RM	- strengthened by 5%	(21,000)
	- weakened by 5%	21,000
SGD/RM	- strengthened by 5%	(19,000)
	- weakened by 5%	19,000

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

(d) Liquidity and cash flow risks

Liquidity and cash flow risks are the risks that the Group and the Company will not be able to meet its financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables and borrowings.

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

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

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

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2012 RM'000			Total
	On demand or within one year	One to five years	Over five years	
Group				
Financial liabilities:				
Trade payables	493,806	–	–	493,806
Other payables and accruals	466,857	–	–	466,857
Long term borrowings	–	2,438,777	77,557	2,516,334
Short term borrowings	1,166,404	–	–	1,166,404
Bank overdrafts	104,847	–	–	104,847
Redeemable serial bonds	249,584	–	–	249,584
Total undiscounted financial liabilities	2,481,498	2,438,777	77,557	4,997,832

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

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

(d) Liquidity and cash flow risks (cont'd)

	2012 RM'000			Total
	On demand or within one year	One to five years	Over five years	
Company				
Financial liabilities:				
Trade payables	8,791	–	–	8,791
Amounts owing to subsidiary companies	93,548	–	–	93,548
Other payables and accruals	20,916	–	–	20,916
Short term borrowings	850,000	–	–	850,000
Bank overdraft	49,048	–	–	49,048
Redeemable serial bonds	249,584	–	–	249,584
Total undiscounted financial liabilities	1,271,887	–	–	1,271,887
	2011 RM'000			
	On demand or within one year	One to five years	Over five years	Total
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

46. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in forced or liquidation sale.

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

	Group		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
2012				
Financial assets:				
Unquoted cumulative redeemable preference shares	–	–	114,785	114,416 [^]
Other investments	337	*	–	–
Amounts owing by subsidiary companies	–	–	1,168,459	1,167,893 [^]
Amount owing by former joint venture partner	13,714	13,769	–	–
Amounts owing by jointly controlled entities	57,772	57,764	192,574	192,545 [^]
2011				
Financial assets:				
Unquoted cumulative redeemable preference shares	–	–	14,800	14,763 [^]
Other investments	337	*	–	–
Amounts owing by subsidiary companies	–	–	902,454	901,883 [^]
Amount owing by former joint venture partner	12,674	12,720 [^]	–	–
Amounts owing by jointly controlled entities	48,357	48,334 [^]	161,190	161,112 [^]
Financial liabilities:				
Redeemable serial bonds	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.

[^] Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair value due to the insignificant impact of discounting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

47. CAPITAL MANAGEMENT

The primary objectives of the Group's and the Company's capital management are to ensure that it maintains a strong capital base and healthy capital ratios in order to support its existing business operations and enable future development of the businesses as well as maximise shareholders' value.

The capital structure of the Group and the Company consists of equity attributable to the shareholders of the Company (i.e. share capital, reserves, 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 equity capital raising exercises and adjustments to the amount of dividends distributed to shareholders. No changes were made in the objectives, policies and processes during the years ended 31 October 2012 and 31 October 2011.

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Debt:				
Redeemable serial bonds	249,584	242,629	249,584	242,629
Long term borrowings	2,361,745	874,513	—	—
Short term borrowings	1,166,404	199,736	850,000	50,000
Bank overdrafts	104,847	36,435	49,048	—
Total debt	3,882,580	1,353,313	1,148,632	292,629
Deposits, cash and bank balances:				
Deposits	594,206	704,509	431,174	620,112
Cash and bank balances	949,357	731,901	31,306	16,019
	1,543,563	1,436,410	462,480	636,131
Net (debt)/cash	(2,339,017)	83,097	(686,152)	343,502
Equity attributable to shareholders of the Company	4,043,874	3,446,442	2,913,199	2,423,082
Gross gearing ratio	0.96	N/A	0.39	N/A
Net gearing ratio	0.58	N/A	0.24	N/A

48. SEGMENTAL ANALYSIS

Primary reporting format - business segment

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

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

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

The operations of the Group are primarily carried out in Malaysia. Group income taxes are presented on a group basis and are not allocated to operating segments.

(a) Segment results

2012	Property development RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External sales	2,274,846	127,962	123,787	-	2,526,595
Inter-segment sales	248,311	71,706	64,043	(384,060)	-
Total revenue	2,523,157	199,668	187,830	(384,060)	2,526,595
RESULTS					
Gross profit	820,309	19,437	23,153	-	862,899
Other operating income	39,681	6,583	18,762	-	65,026
Operating expenses	(321,302)	(8,483)	(15,624)	-	(345,409)
Share of net profits less losses of associated companies	11	-	1	-	12
Finance costs	(11,157)	(1,143)	(2,723)	-	(15,023)
Profit before tax	527,542	16,394	23,569	-	567,505
Tax expense					(179,877)
Profit for the year					387,628

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

48. SEGMENTAL ANALYSIS (CONT'D)

(a) Segment results (cont'd)

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

(b) Segment assets, liabilities and other information

2012	Property development RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Segment assets	8,000,868	260,967	977,040	–	9,238,875
Investment in associated companies	1,850	–	41	–	1,891
Current and deferred tax assets	99,002	11,678	1,858	–	112,538
Consolidated total assets					9,353,304
Segment liabilities	4,662,412	385,122	216,539	–	5,264,073
Current and deferred tax liabilities	48,880	206	1,025	–	50,111
Consolidated total liabilities					5,314,184
Capital expenditure	125,535	3,668	63,764		
Interest income	15,674	5,111	15,895		
Amortisation and depreciation	13,040	1,117	2,401		
Other non-cash items	3,644	126	(103)		

48. SEGMENTAL ANALYSIS (CONT'D)

(b) Segment assets, liabilities and other information (cont'd)

2011	Property development RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
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					<u>5,585,657</u>
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					<u>2,146,171</u>
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)		

(c) Segment by geographical location

Revenue, profit/(loss) before interest and tax and non-current assets, other than financial instruments and deferred tax assets, by location of the Group's operations are analysed as follows:

	Revenue		Profit/(Loss) before interest and tax		Non-current assets	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Malaysia	2,517,509	2,201,783	623,069	444,046	3,910,553	2,053,872
Singapore	–	399	(15,908)	(3,790)	479,443	170,060
Australia	–	–	(16,664)	(2,973)	89,945	72,496
Vietnam	9,086	30,291	(3,242)	5,906	54,551	1,786
United Kingdom	–	–	(910)	–	838,008	–
Other countries	–	–	(3,817)	(1,135)	363	350
	2,526,595	2,232,473	582,528	442,054	5,372,863	2,298,564

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

48. SEGMENTAL ANALYSIS (CONT'D)

(c) Segment by geographical location (cont'd)

Reconciliation of non-current assets, other than financial instruments and deferred tax assets to the total non-current assets are as follows:

	2012 RM'000	2011 RM'000
Non-current assets other than financial instruments and deferred tax assets	5,279,084	2,231,644
Deferred tax assets	93,779	66,920
	5,372,863	2,298,564

49. SIGNIFICANT EVENTS PENDING COMPLETION

The following are the status of corporate proposals that have been announced by the Company but not completed as at 31 October 2012:

- (a) On 24 October 2011, KL Eco City Sdn Bhd ("KLEC") and Datuk Bandar Kuala Lumpur ("DBKL") had entered into a Privatisation Agreement for the development of several pieces of land located in Kampung Haji Abdullah Hukum, Kuala Lumpur. The Privatisation Agreement is still conditional upon the execution of an agreement with Railway Asset Corporation and the delivery of a land bond by KLEC for the purpose of constructing of a new KTM Commuter Station.

KLEC and DBKL have mutually agreed to extend the period for fulfillment of the remaining conditions precedent until 23 January 2013.

- (b) Disposal by Bandar Setia Alam Sdn Bhd ("Bandar Setia Alam"), 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 joint venture between Bandar Setia Alam and Lend Lease Asian Retail Investment Fund 2 Limited ("Joint Venture"), a wholesale real estate development fund managed by Lend Lease Investment Management Pte Ltd, for the development of a retail mall on the Said Land ("Retail Mall"), as announced on 2 July 2008.

On 15 July 2009, Bandar Setia Alam entered into several agreements to reflect certain changes including the disposal by Bandar Setia Alam to Greenhill of approximately 14.31 acres of the Original Land ("Stage 1 Land") for a total consideration of RM56.1 million and the remaining 16.19 acres of the Original Land ("Stage 2 Land") for a total consideration of RM63.5 million.

The Retail Mall was constructed on the entire Stage 1 Land and a portion of the Stage 2 Land. Bandar Setia Alam and Greenhill are in discussions to enter into supplemental agreements to reflect the utilisation of part of Stage 2 Land for the construction of the Retail Mall. Pending finalisation of terms and execution of the supplemental agreements between Bandar Setia Alam and Greenhill, the disposal of the Stage 2 Land has not been taken up in the financial statements.

49. SIGNIFICANT EVENT PENDING COMPLETION (CONT'D)

- (c) 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") by Becamex to a company to be established by Setia LT in Vietnam for a total consideration of USD16,260,000, which was subsequently adjusted to USD16,452,750 due to the increase in area of the Land to 109,685 square metres or 27.10 acres.

On 10 March 2010, Setia Lai Thieu One Member Company Limited was established to undertake the development.

As at the date hereof, Setia Lai Thieu One Member Company Limited has paid USD6,504,000 to Becamex for the Land based on various approval milestones. The balance of the consideration in the sum of USD9,948,750 is payable upon issuance of the land use right certificate in the name of Setia Lai Thieu One Member Company Limited.

- (d) On 12 August 2011, a wholly owned subsidiary of S P Setia Berhad, Bukit Indah (Selangor) Sdn Bhd ("Purchaser"), entered into a conditional Sale and Purchase Agreement ("SPA") with Ban Guan Hin Realty Sdn Bhd ("Vendor") 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 ("Said Land") for a total cash consideration of RM330,130,350 or RM7.50 per square foot.

As announced on 13 December 2011, the Vendor did not agree to an extension of the period for the fulfillment of the conditions precedent which include obtaining the approval of the Estate Land Board for the sale and transfer of the Said Land to the Purchaser.

On 31 January 2012, the Purchaser filed a civil action against the Vendor for amongst other remedies, specific performance of the SPA at the Kuala Lumpur High Court vide Suit No. 22NCvC-71-01/2012 ("Civil Suit").

On 28 November 2012, the Purchaser and the Vendor agreed to settle the Civil Suit amicably and entered into an agreement ("Settlement Agreement") to proceed with the sale and purchase of the Said Land on the terms and conditions of the SPA subject to variations, amendments and modification as set out in the Settlement Agreement, including the revision of the total consideration from RM330,130,350 or RM7.50 per square foot to RM396,156,420 ("New Price") or RM9.00 per square foot.

On execution of the Settlement Agreement, the Purchaser paid an amount of RM6,602,607 to the Vendor, which together with the sum of RM33,013,035 paid earlier under the SPA represent 10% deposit on the New Price. The balance 90% of the New Price in the sum of RM356,540,778 will be paid within 3 months from the date of the Settlement Agreement.

- (e) The mandatory general offer by Permodalan Nasional Berhad and Tan Sri Dato' Sri Liew Kee Sin ("Joint Offerors") for the entire issued and paid-up share capital of the Company ("the MGO") closed on 19 March 2012.

The MGO resulted in the Joint Offerors and the persons acting in concert with them holding 1,515,298,373 ordinary shares or 78.95% of the company's issued and paid-up share capital.

The Company was thus not in compliance with the public shareholding spread requirement under which at least 25% of its total listed shares shall be in the hands of public shareholders.

In view of the pending completion of the placement exercise (see (g) below), Bursa Malaysia Securities Berhad has granted the Company a further extension until 18 June 2013 to comply with the shareholding spread requirement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

49. SIGNIFICANT EVENT PENDING COMPLETION (CONT'D)

- (f) On 1 April 2012, Qinzhou Development (Malaysia) Consortium Sdn Bhd ("Qinzhou Malaysia"), a consortium formed between the Company and the Rimbunan Hijau Group, entered into a Joint Venture Framework Agreement with Qinzhou Jingu Investment Co., Ltd ("Qinzhou Jingu") to establish a Sino-foreign joint venture limited liability company to develop, construct and operate the China-Malaysia Qinzhou Industrial Park on a parcel of land measuring approximately 13,590.5 acres and located next to the Guangxi Qinzhou Bonded Area and the national level Qinzhou Port Economic and Technological Development Zone in the Guangxi Zhuang Autonomous Region, The People's Republic of China ("Proposed Development").

Negotiation between Qinzhou Malaysia and Qinzhou Jingu on the joint venture agreement for the Proposed Development is still ongoing.

- (g) On 13 August 2012, the Company announced a proposed placement of such number of new shares representing up to 15% of the issued and paid-up share capital of the Company to placees to be identified via book-building.

The precise terms and conditions such as the identity of the placees, number of Placement Shares to be issued and the issue price can only be determined upon completion of the book-building exercise.

50. SUBSEQUENT EVENTS

- (a) On 23 November 2012, the Company had entered into a Sale and Purchase Agreement with Appronic Sdn Bhd to purchase the remaining 30% equity interest in Exceljade Sdn Bhd ("Exceljade") for a total cash consideration of RM32,050,000, which will result in Exceljade becoming a wholly owned subsidiary;
- (b) On 29 November 2012, Sentosa Jitra Sdn Bhd ("Sentosa Jitra") entered into a privatisation agreement ("Privatisation Agreement") with the Government of Malaysia ("Government") and Syarikat Tanah dan Harta Sdn Bhd to undertake the development and construction of an integrated health and research complex to be known as the 1NIH Complex for the Government ("1NIH Project") on a piece of land in Setia Alam, Selangor measuring 41.115 acres ("Setia Alam Land") in exchange for another piece of land measuring approximately 51.568 acres along Jalan Bangsar, Kuala Lumpur ("Bangsar Land").

The Privatisation Agreement is conditional upon, inter-alia, the transfer of Setia Alam Land to the Government and the submission of a letter of offer evidencing that Sentosa Jitra has secured the financing for the 1NIH Project being fulfilled within 9 months from the date of the Privatisation Agreement.

On the same day, the Company entered into a subscription and shareholders' agreement ("SSA") with Mekar Gemilang Sdn Bhd and Sentosa Jitra for the purpose of undertaking the development on the Setia Alam Land and Bangsar Land through the joint venture vehicle, Sentosa Jitra.

- (c) On 5 December 2012, Setia Hicon Sdn Bhd ("Setia Hicon"), a wholly owned subsidiary, entered into a sale and purchase agreement ("SPA") for the purchase of a piece of land held under Geran 10567, Lot 258, Seksyen 089A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan measuring approximately 12,456 square metres together with the buildings and amenities erected thereon for a total consideration of RM294,965,304.

51. CHANGES IN COMPARATIVES

The following comparative amounts for the financial year ended 31 October 2012 have been reclassified to conform with current year's presentation:

Statement of Financial Position

Group	As previously reported RM'000	Reclassification RM'000	As restated RM'000
31 October 2011			
Land held for property development	1,786,029	45,265	1,831,294
Property development costs	894,189	(18,769)	875,420
Gross amount due from customer	49,575	(26,496)	23,079
1 November 2010			
Land held for property development	1,371,152	45,265	1,416,417
Property development costs	840,448	(18,769)	821,679
Gross amount due from customer	69,775	(26,496)	43,279

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012 (CONT'D)

52. DISCLOSURE OF REALISED AND UNREALISED RETAINED PROFITS

The disclosure of realised and unrealised profits or losses is compiled in accordance to the Malaysian Institute of Accountants Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements.

The breakdown of retained profits of the Group and the Company as at the reporting date, into realised and unrealised profits, pursuant to the directive, are as follows:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:				
- realised	1,240,674	1,153,857	266,109	262,884
- unrealised	61,485	41,296	214	3,729
	1,302,159	1,195,153	266,323	266,613
Total retained profits from jointly controlled entities:				
- realised	229,191	168,941	—	—
- unrealised	21,501	15,584	—	—
	250,692	184,525	—	—
Total share of retained profits from associated companies:				
- realised	(731)	(743)	—	—
- unrealised	—	—	—	—
	(731)	(743)	—	—
Less: Consolidation adjustments	(152,436)	(84,643)	—	—
Total Group's and Company's retained profits as per statements of financial position	1,399,684	1,294,292	266,323	266,613

53. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 12 December 2012 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 93 to 188 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 2012 and of their results and cash flows for the year then ended;
- (b) in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965.

Signed on behalf of the directors in accordance with a directors' resolution dated 12 December 2012

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 93 to 188 are correct.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at
Kuala Lumpur in the Federal Territory

this 12 December 2012

)
)
)
)
)
) **DATO' TEOW LEONG SENG**
)

Before me:

ARSHAD BIN ABDULLAH
W550
Commissioner for Oaths

ANALYSIS OF SHAREHOLDINGS

AS AT 04 JANUARY 2013

Authorised Share Capital	: RM2,250,000,000
Issued Share Capital	: 2,009,602,854
Paid Up Share Capital	: RM1,507,202,140.50
Class of Shares	: Ordinary Shares of RM0.75 each
Voting Rights	: One Vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders		No. of Shares	
		%		%
less than 100	500	7.79	15,375	0.00
100 - 1,000	1,297	20.22	973,020	0.05
1,001 - 10,000	3,607	56.22	14,638,388	0.73
10,001 - 100,000	840	13.09	25,663,773	1.28
100,001 to less than 5% of issued shares	170	2.65	564,412,603	28.09
5% and above of issued shares	2	0.03	1,403,899,695	69.85
Total	6,416	100.00	2,009,602,854	100.00

LIST OF THIRTY LARGEST SHAREHOLDERS

Name Of Shareholders	No. of Shares	%
1. Permodalan Nasional Berhad	1,033,059,075	51.41
2. Amanahraya Trustees Berhad - Skim Amanah Saham Bumiputera	370,840,620	18.45
3. Kumpulan Wang Persaraan (Diperbadankan)	99,719,050	4.96
4. Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	94,616,930	4.71
5. Tan Sri Dato' Sri Liew Kee Sin	39,777,472	1.98
6. Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Sri Dato' Sri Liew Kee Sin	38,407,000	1.91
7. Amanahraya Trustees Berhad - Amanah Saham Wawasan 2020	36,852,887	1.83
8. Lembaga Tabung Haji	31,132,100	1.55
9. Valuecap Sdn Bhd	22,912,800	1.14
10. Amanahraya Trustees Berhad - Amanah Saham Malaysia	21,500,000	1.07
11. CIMB Group Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Sri Dato' Sri Liew Kee Sin	19,312,498	0.96
12. Yayasan Gerakbakti Kebangsaan	18,724,945	0.93
13. Amanahraya Trustees Berhad - As 1Malaysia	12,000,500	0.60

LIST OF THIRTY LARGEST SHAREHOLDERS (CONT'D)

Name Of Shareholders	No. of Shares	%
14. EB Nominees (Tempatan) Sendirian Berhad - Pledged Securities Account for Tan Sri Dato' Sri Liew Kee Sin	11,500,000	0.57
15. HSBC Nominees (Asing) Sdn Bhd - BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	8,958,324	0.45
16. Dynamic Growth Management Limited	6,375,000	0.32
17. Pertubuhan Keselamatan Sosial	6,263,200	0.31
18. Citigroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Sri Dato' Sri Lew Kee Sin	4,000,000	0.20
19. Tokio Marine Life Insurance Malaysia Bhd - As Beneficial Owner	3,860,200	0.19
20. Gan Soh Choo	3,686,800	0.18
21. Foresite Gain Sdn Bhd	3,583,100	0.18
22. Amanahraya Trustees Berhad - Amanah Saham Didik	3,184,600	0.16
23. Amanahraya Trustees Berhad - Public Islamic Select Enterprises Fund	2,845,600	0.14
24. HSBC Nominees (Asing) Sdn Bhd - HSBC BK PLC for West Yorkshire Pension Fund	2,571,250	0.13
25. Maybank Nominees (Asing) Sdn Bhd - DBS Bank for One North Capital – Asia Value Master Fund	2,500,000	0.12
26. Citigroup Nominees (Asing) Sdn Bhd - Legal & General Assurance (Pensions Management) Limited	2,485,824	0.12
27. Maybank Nominees (Tempatan) Sdn Bhd - Maybank Trustees Berhad for Public Ittikal Fund	2,290,000	0.11
28. Cartaban Nominees (Asing) Sdn Bhd - BBH (Lux) SCA for Fidelity Funds ASEAN	2,121,500	0.11
29. Citigroup Nominees (Asing) Sdn Bhd - CBLDN for Waverton Asia Pacific Fund (Waverton Inv Fd)	2,000,000	0.10
30. Lee Siew Choong	2,000,000	0.10
	1,909,081,275	94.99

ANALYSIS OF SHAREHOLDINGS

AS AT 04 JANUARY 2013 (CONT'D)

SUBSTANTIAL SHAREHOLDERS

Name	No. of Ordinary Shares Held			
	Direct	%	Indirect	%
Permodalan Nasional Berhad	1,033,059,075	51.41	–	–
Amanahraya Trustees Berhad				
- Skim Amanah Saham Bumiputera	370,840,620	18.45	–	–
Tan Sri Dato' Sri Liew Kee Sin	112,996,970	5.62	–	–
Yayasan Pelaburan Bumiputra	–	–	1,033,059,075	51.41

DIRECTORS AND THEIR SHAREHOLDINGS

Name	No. of Ordinary Shares Held			
	Direct	%	Indirect	%
Tun Dato' Seri Zaki Bin Tun Azmi	–	–	–	–
Tan Sri Dato' Sri Liew Kee Sin	112,996,970	5.62	–	–
Dato' Voon Tin Yow	29,898	*	–	–
Dato' Teow Leong Seng	–	–	–	–
Dato' Chang Khim Wah	–	–	–	–
Tan Sri Lee Lam Thye	–	–	–	–
Ng Soon Lai @ Ng Siek Chuan	–	–	–	–
Tan Sri Dato' Hari Narayanan A/L Govindasamy	–	–	–	–
Dato' Leong Kok Wah	–	–	–	–
Datuk Ismail Bin Adam	–	–	–	–
Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin	–	–	–	–
Dato' Noor Farida Binti Mohd Ariffin	–	–	–	–

* *Insignificant.*

ANALYSIS OF WARRANTS HOLDINGS

AS AT 04 JANUARY 2013

DISTRIBUTION OF WARRANTS HOLDINGS

Size of Warrants Holdings	No. of Warrants Holders		No. of Warrants	
		%		%
less than 100	67	7.57	3,189	0.00
100 - 1,000	230	25.99	112,621	0.08
1,001 - 10,000	323	36.50	1,569,437	1.11
10,001 - 100,000	225	25.42	7,983,261	5.64
100,001 to less than 5% of outstanding warrants	39	4.41	12,961,100	9.16
5% and above of outstanding warrants	1	0.11	118,889,844	84.01
Total	885	100.00	141,519,452	100.00

LIST OF THIRTY LARGEST WARRANTS HOLDERS

Name Of Warrants Holders	No. of Warrants	%
1. Permodalan Nasional Berhad	118,889,844	84.01
2. Hii Hieng Hui	2,100,000	1.48
3. Maybank Securities Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Norzaifzy Bin Khalid Nordin	1,267,900	0.90
4. Ong Lay Kiong	1,000,000	0.71
5. Kong Sooi Peng	691,000	0.49
6. Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Ha Ching	527,100	0.37
7. Chee Pek Fong	400,000	0.28
8. Maybank Securities Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Naemah Ariza Binti Abdul Aziz @ Mohd	400,000	0.28
9. Ranizan Bin Mokhtar	400,000	0.28
10. Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Sin Chee Hoong	300,000	0.21
11. Tailami A/P Palaniandy	300,000	0.21
12. Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Bank for Chow Soong Ming	290,000	0.20
13. David Allen Hendroff	287,200	0.20
14. Talat Jahan Bt Mirza Hadi Hassan Beg	283,000	0.20
15. Krishna a/I V Dallumah	281,000	0.20
16. HLIB Nominees (Tempatan) Sdn Bhd - Hong Leong Bank Bhd for Sham Pooi Haai	277,100	0.20
17. Low Hock Khim	478,700	0.34
18. Cimsec Nominees (Tempatan) Sdn Bhd - CIMB for Cheong Kee Soon	240,000	0.17
19. AIBB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Batu Bara Resources Corporation Sdn Bhd	210,000	0.15

ANALYSIS OF WARRANTS HOLDINGS

AS AT 04 JANUARY 2013 (CONT'D)

LIST OF THIRTY LARGEST WARRANTS HOLDERS (CONT'D)

Name Of Warrants Holders	No. of Warrants	%
20. Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chow Soong Ming	205,000	0.15
21. Abdul Rahman Bin Abdul Karim	201,500	0.14
22. Maybank Securities Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Hooi Hing Lee	201,500	0.14
23. Ahmad Fitri Bin Othman	200,000	0.14
24. Cimsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Law Wah Ming	200,000	0.14
25. Gan Cheong Gap	200,000	0.14
26. Lim Geok Ang	200,000	0.14
27. Ng Yu Heng	200,000	0.14
28. Public Nominees (Tempatan) Sdn Bhd - Pledged Nominees (Tempatan) Sdn Bhd	200,000	0.14
29. Ahmad Naufal Bin Huda-Al-Firdaus	168,000	0.12
30. Mustafa Bin Man	157,000	0.11
	130,755,844	92.39

DIRECTORS' WARRANTS HOLDINGS

Name	No. of Warrants Held			
	Direct	%	Indirect	%
Tun Dato' Seri Zaki Bin Tun Azmi	-	-	-	-
Tan Sri Dato' Sri Liew Kee Sin	-	-	-	-
Dato' Voon Tin Yow	-	-	-	-
Dato' Teow Leong Seng	-	-	-	-
Dato' Chang Khim Wah	-	-	-	-
Tan Sri Lee Lam Thye	-	-	-	-
Ng Soon Lai @ Ng Siek Chuan	-	-	-	-
Tan Sri Dato' Hari Narayanan A/L Govindasamy	-	-	-	-
Dato' Leong Kok Wah	-	-	-	-
Datuk Ismail Bin Adam	-	-	-	-
Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin	-	-	-	-
Dato' Noor Farida Binti Mohd Ariffin	-	-	-	-

LIST OF MATERIAL PROPERTIES HELD BY THE GROUP

AS AT 31 OCTOBER 2012

No.	Location	Description	Date of Acquisition	Land Area (sq. ft.)	Tenure	Net Book Value(RM)
1	Battersea Power Station, London, United Kingdom.	Land held for development	04/07/12	1,703,196	Freehold	2,094,622,755 *
2	Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan.	Land under development and held for development	30/03/02	40,206,151	Freehold	675,617,376
3	Chestnut Avenue, Singapore.	Land held for development	25/04/12	201,278	Leasehold <i>Expiring: Year 2111</i>	478,423,909
4	Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan.	Land under development and held for development	02/03/11	9,952,422	Freehold	437,522,712 *
5	Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan.	Investment property	30/03/02	623,344	Freehold	411,680,465 *
6	Mukim Semenyih, Daerah Hulu Langat, Selangor Darul Ehsan.	Land held for development	03/10/11	27,660,600	Freehold	384,874,663
7	Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim.	Land under development and held for development	10/01/07	24,690,099	Freehold	373,737,671 *
8	Mukim 17 & 18, Daerah Timur Laut, Tanjung Bungah, Pulau Pinang.	Land held for development	15/05/12 & 25/05/12	1,535,673	Freehold	301,145,060
9	Seksyen 95A & 98, Kampung Haji Abdullah Hukum, Kuala Lumpur.	Land under development and held for development	24/10/11	669,347	Leasehold <i>Expiring: Year 2110</i>	256,353,972
10	Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim.	Land under development and held for development	09/09/10	10,234,676	Freehold	206,686,698

* 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 Eighth Annual General Meeting (“AGM”) of the Company will be held at **Function Room 1, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Thursday, 28 February 2013 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 2012 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 2012. **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) Dato' Teow Leong Seng **RESOLUTION 2**
 - (b) Dato' Noor Farida Binti Mohd Ariffin **RESOLUTION 3**

Dato' Leong Kok Wah who retires in accordance with Article 93 of the Company's Articles of Association, has expressed his intention not to seek re-election. Hence, he will retain office until the close of the 38th AGM.
4. To re-elect Tun Dato' Seri Zaki Bin Tun Azmi who retires in accordance with Article 98 of the Company's Articles of Association and, being eligible, offers himself for re-election. **RESOLUTION 4**
5. To consider and, if thought fit, to pass the following Ordinary Resolution in accordance with Section 129(6) of the Companies Act, 1965:- **RESOLUTION 5**

“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”.
6. To approve the payment of Directors' Fees of RM928,000 for the financial year ended 31 October 2012. **RESOLUTION 6**
7. To re-appoint Mazars, Chartered Accountants, the retiring auditors, as the auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **RESOLUTION 7**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolutions :-

8. ORDINARY RESOLUTION

PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AS SPECIFIED IN SECTION 2.3.1 OF THE CIRCULAR TO SHAREHOLDERS DATED 5 FEBRUARY 2013 **RESOLUTION 8**

"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 5 February 2013) which are necessary for the day to day operations in the ordinary course of business and are carried out at arms' length basis on normal commercial terms of the S P Setia Group on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to minority shareholders of the Company and such approval shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting of the Company ("AGM") at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the 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."

9. SPECIAL RESOLUTION:

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY **RESOLUTION 9**

"THAT the amendments to the Articles of Association of the Company as set out in Appendix 1 ("Proposed Amendments") on pages 199 to 201 of the 2012 Annual Report be and are hereby approved and adopted.

AND THAT authority be and is hereby given to the Directors of the Company to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendments will full powers to assent to any conditions, modifications and/or amendments as may be required by the relevant authorities."

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

10. To transact any other business of which due notice shall have been given.

By Order of the Board

LEE WAI NGAN (LS 00184)
CHAN TOYE YING (LS 00185)
Company Secretaries

5 February 2013
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. Hence, this item is not put forward for voting.*

Proxy :

- 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.*
- 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.*
- 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.*
- The Form of Proxy duly completed and signed must be deposited at the Registered Office of the Company at Plaza 138, Suite 18.03, 18th Floor, 138, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.*
- Only members whose names appears in the Record of Depositors on 22 February 2013 shall be eligible to attend the meeting or appoint not more than two (2) proxies to attend and vote in his/her stead.*

Explanatory Notes on Special Business

- Ordinary Resolution 8 – Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.*

The proposed Resolution 8, 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 5 February 2013 which is circulated together with the 2012 Annual Report.

- Special Resolution 9 - Proposed Amendments to the Articles of Association of the Company.*

The Special Resolution 9, if approved, will incorporate the amendments made to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad into the Articles of Association of the Company.

Appendix 1

DETAILS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

Article No	Existing Articles	Proposed Amendments to Existing Articles
Article 2	Additional definition to be inserted in the articles.	<p>Authorised Nominee - <u>An authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991 (“SICDA”)</u></p> <p>Exempt Authorised Nominee - <u>An authorized nominee defined under SICDA which is exempted from compliance with provisions of subsection 25A(1) of SICDA.</u></p>
Article 52	The notices convening meetings shall specify the place, day and hour of the meeting, and shall be given by advertisement in at least one nationally circulated Bahasa Malaysia or English daily newspaper and in writing to the Stock Exchange and all shareholders at least fourteen (14) days, or in the case of a meeting where any special resolution is to be proposed or in the case of an annual general meeting, at least twenty one (21) days before the meeting. There shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote instead of him and that a proxy need not be a member of the Company.	(1) The notices convening meetings shall specify the place, day and hour of the meeting, and shall be given by advertisement in at least one nationally circulated Bahasa Malaysia or English daily newspaper and in writing to the Stock Exchange and all shareholders at least fourteen (14) days, or in the case of a meeting where any special resolution is to be proposed or in the case of an annual general meeting, at least twenty one (21) days before the meeting. There shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint not more than two (2) proxies <u>in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account. For exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.</u>

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Appendix 1 (cont'd)

Article No	Existing Articles	Proposed Amendments to Existing Articles
Article 52 (cont'd)	Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. Any notice of an annual general meeting shall specify the meeting as such.	(2) Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. Any notice of an annual general meeting shall specify the meeting as such.
	Provided that the accidental omission to give notice to, or the non-receipt of notice by, any person entitled thereto shall not invalidate the proceedings at any general meeting.	(3) Provided that the accidental omission to give notice to, or the non-receipt of notice by, any person entitled thereto shall not invalidate the proceedings at any general meeting.
Article 68	Subject to Article 53, every member shall be entitled to be present and to vote at any general meeting either personally or by proxy and to be reckoned in a quorum in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid.	(1) Subject to Article 53, every member shall be entitled to be present and to vote at any general meeting either personally or by proxy and to be reckoned in a quorum in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid.
	A member may appoint not more than two proxies to attend the same meeting. Where a member appoints two proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. On a show of hands on any question at any general meeting, a member present by proxy shall only have one vote notwithstanding that such member may have appointed two proxies. If there shall be two proxies appointed, the proxy specified by the member or if there is no specification, the proxy first named in the proxy form shall be entitled to vote on a show of hands. Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint not more than two proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.	(2) A member may appoint not more than two proxies to attend the same meeting. Where a member appoints two proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. On a show of hands on any question at any general meeting, a member present by proxy shall only have one vote notwithstanding that such member may have appointed two proxies. If there shall be two proxies appointed, the proxy specified by the member or if there is no specification, the proxy first named in the proxy form shall be entitled to vote on a show of hands.
		(3) Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint not more than two proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

Appendix 1 (cont'd)

Article No	Existing Articles	Proposed Amendments to Existing Articles
Article 68 (cont'd)		(4) <u>Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.</u>
Article 72	A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.	A proxy need not be a member of the Company. <u>There shall be no restriction as to the qualification of the proxy</u> and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. <u>A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.</u>

GROUP DIRECTORY

HEAD OFFICE

S P Setia Berhad (19698-X)
Setia Corporate Tower
5A, Jalan Setia Nusantara U13/17
Setia Eco Park, Seksyen U13
40170 Shah Alam
Selangor Darul Ehsan, Malaysia
T +603 3344 8800
F +603 3344 3232
E corp@spsetia.com

S P Setia Foundation

Setia Corporate Tower
5A, Jalan Setia Nusantara U13/17
Setia Eco Park, Seksyen U13
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T +603 3344 8800
F +603 3344 0797
E setiacare@spsetia.com.my

S P Setia Group Marketing

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F +603 2282 5039
E groupmarketing@spsetia.com.my

Setia Badminton Academy

4, Persiaran Setia Murni
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40170 Shah Alam
Selangor Darul Ehsan, Malaysia
T +603 3344 1466
F +603 3344 4255
E sba@spsetia.com.my

Setia Precast Sdn Bhd (347177-A)

Setia Support Centre
Unit 23A-2, Setia Avenue
2, Jalan Setia Prima S U13/S
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 Project Management

Sdn Bhd (246695-X)
Setia Support Centre
Unit 23A-4, Setia Avenue
2, Jalan Setia Prima S U13/S
40170 Shah Alam
Selangor Darul Ehsan, Malaysia
T +603 3344 1900
F +603 3344 1702
E corp@spsetia.com

Group Contracts Division

S P Setia Berhad (19698-X)
Setia Support Centre
Unit 23A-5, Setia Avenue
2, Jalan Setia Prima S U13/S
40170 Shah Alam
Selangor Darul Ehsan, Malaysia
T +603 3344 1900
F +603 3344 1381
E corp@spsetia.com

Group Landscape Unit

S P Setia Berhad (19698-X)
Setia Support Centre
Unit 23A-4, Setia Avenue
2, Jalan Setia Prima S U13/S
40170 Shah Alam
Selangor Darul Ehsan, Malaysia
T +603 3344 3033
F +603 3344 1702
E corp@spsetia.com

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

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

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 EcoHill
Setia Ecohill Sdn Bhd (903607-T)
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 ecohill@spsetia.com.my

Setia Eco Park
Bandar Eco-Setia Sdn Bhd
(566138-A)
5A, 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

Setia Eco Glades
Setia Eco Glades Sdn Bhd
(767476-H)
Century Square
G-C Ground Floor, Block 2330
Jalan Usahawan, Cyber 6
63000 Cyberjaya
Selangor Darul Ehsan, Malaysia
T +603 8686 2255
F +603 8686 2222
E eco-glades@spsetia.com.my

Setia Sky Residences
Exceljade Sdn Bhd (765480-D)
Kenny Hills Grande
Sendiman Sdn Bhd (729054-X)
A-15-01, Level 15
157 Hampshire Place
1, Jalan Mayang Sari
Off Jalan Tun Razak
50450 Kuala Lumpur, Malaysia
T +603 2171 2255
F +603 2171 2552
E sky-sales@spsetia.com.my
grande-sales@spsetia.com.my

KL Eco City
KL Eco City Sdn Bhd (185140-X)
Setia International Centre
Lot 215, Pantai Baru
Jalan Bangsar
59900 Kuala Lumpur, Malaysia
T +603 2287 5522
F +603 2287 5225
E klecocity@spsetia.com.my

Setia Putrajaya Development
Sdn Bhd (424955-P)
Head Office
3A, Jalan P9G/7
62250 Putrajaya
Wilayah Persekutuan Putrajaya
Malaysia
T +603 8887 8000
F +603 8887 8010
E spj-sales@spsetia.com.my

Setia Putrajaya Development
Sdn Bhd (424955-P)
Marketing Office
5, Jalan P15H
62050 Putrajaya
Wilayah Persekutuan Putrajaya
Malaysia
T +603 8861 5700 / 6500
F +603 8861 7900
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

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

S P Setia Property Services
Sdn Bhd (1007655-H)
Unit G-07-2, Level 2
Block G, SetiaWalk
Persiaran Wawasan
Pusat Bandar Puchong
47160 Puchong
Selangor Darul Ehsan, Malaysia
T +603 5882 2995
F +603 5885 3155
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

GROUP DIRECTORY (CONT'D)

Setia-Wood Industries Sdn Bhd (23725-V)

S P Setia Marketing Sdn Bhd

(175198-P)

Lot 5 & 6, Jalan Indah 1/3

Taman Industri Rawang Indah

48000 Rawang

Selangor Darul Ehsan, Malaysia

T +603 6092 8022

F +603 6092 0322 / 1805

E setiawood@spsetia.com.my

NORTHERN REGION

Setia Pearl Island

Setia Vista

Setia Promenade Sdn Bhd (388384-W)

Setia Greens

11 Brook Residences

Kewira Jaya Sdn Bhd (504851-V)

Setia V Residences

Key Pride Sdn Bhd (177772-V)

Setia Pearl Island Country Club

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

SPICE

Eco Meridian Sdn Bhd (909427-K)

Penang International Sports Arena
(PISA)

Jalan Tun Dr Awang

11900 Relau, Penang, Malaysia

T +604 643 2525

F +604 641 2250

E spice@spsetia.com.my

SOUTHERN REGION

Bukit Indah

Bukit Indah (Johor) Sdn Bhd

(307260-V)

Wisma S P Setia

Setia Sales Gallery

S3-0111, Indahwalk 3

Jalan Indah 15

Taman Bukit Indah,

81200 Johor Bahru

Johor Darul Takzim, Malaysia

T +607 241 2255

F +607 241 5955

E bukitindah@spsetia.com.my

Setia Eco Cascadia

Setia Indah Sdn Bhd (185555-H)

Wisma S P Setia

1, Jalan Setia 3/6

Taman Setia Indah

81100 Johor Darul Takzim, Malaysia

T +607 351 2255

F +607 357 5044

E setiaindah@spsetia.com.my

Setia Tropika

Setia Indah Sdn Bhd (185555-H)

Setia Sales Gallery

10, Jalan Setia Tropika 1/21

Taman Setia Tropika, Kempas

81200 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 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 Bahru, Johor

T +607 241 6255

F +607 241 5955

E sbp-sales@spsetia.com.my

Setia Sky 88

Setia City Development Sdn Bhd

(933887-K)

Setia Sky 88 Sales Gallery

12A, Jalan Dato' Abdullah Tahir

80300 Johor Bahru, Johor

T +607 333 2255

F +607 333 2552

E setiasky88@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 +603 821 9255

E aeropod-sales@spsetia.com.my

INTERNATIONAL**VIETNAM**

**EcoLakes, My Phuoc
SetiaBecamex Joint Stock Company**
NE2 Highway, EcoLakes My Phuoc
Thoi Hoa Commune, Ben Cat District
Binh 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**
1A, NB-N1 Street, EcoXuan, Lai Thieu
Thuan An District, Binh Duong Province
Vietnam
T +84 650 366 2255
F +84 650 377 2255
E ecoxuan@spsetia.com.vn

**S P Setia Management Services
Sdn Bhd**
Suite 521, Regus Hanoi Press Club
59A Ly Thai To Street, Hoan Kiem
District, Hanoi, Vietnam
T +84 4 936 7933
F +84 4 936 8069
E huong.nguyen@spsetia.com.my

**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
+848 39103 255
F +848 39103 225

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**
132 Franklin Street
Melbourne, VIC 3000, Australia
T +613 9616 2525
F +613 9616 2555
E fultonlane@spsetia.com.au

INDONESIA

S P Setia (Indonesia) Sdn Bhd
(907843V)
Podium Thamrin Nine
ANZ Square / UOB Plaza
UG Floor, Jl. MH. Thamrin
10, Jakarta 10230, Indonesia
T +62 21 3048 2255
F +62 21 3048 2288
E jkt-rep@spsetia.com.my

UNITED KINGDOM

**Battersea Power Station
Development Company**
188 Kirtling Street
London
SW8 5BN
T +44 20 7501 0688
F +44 20 7501 0699
E bpsdcstaff@bpsdc.co.uk

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 Eighth Annual General Meeting of the Company to be held at Function Room 1, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Thursday, 28 February 2013 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 Dato' Teow Leong Seng		
3.	Re-election of Dato' Noor Farida Binti Mohd Ariffin		
4.	Re-election of Tun Dato' Seri Zaki Bin Tun Azmi		
5.	Re-appointment of Tan Sri Dato' Dr. Wan Mohd Zahid Bin Mohd Noordin		
6.	Approval of Directors' Fees		
7.	Re-appointment of Mazars, Chartered Accountants as Auditors		
8.	Approval of Proposed Shareholders' Mandate as specified in Section 2.3.1 of the Circular to Shareholders dated 5 February 2013.		
9.	Approval of Proposed Amendments to the Articles of Association of the Company		

* Strike out whichever is not applicable

(Please indicate with an "X" in the spaces above how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion).

Dated this _____ day of _____ 2013. _____
Signature of Member(s) or Common Seal

Notes:

- A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- 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.
- 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.
- The Form of Proxy duly completed and signed must be deposited at the Registered Office of the Company at Plaza 138, Suite 18.03, 18th Floor, 138, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.
- Only members whose names appear in the Record of Depositors on 22 February 2013 shall be eligible to attend the meeting or appoint not more than two (2) proxies to attend and vote in his/her stead.

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Affix Stamp
Here

The Company Secretary
S P SETIA BERHAD
Plaza 138, Suite 18.03
18th Floor, 138 Jalan Ampang
50450 Kuala Lumpur

1st fold here

www.spsetia.com

Setia Corporate Tower
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Email : corp@spsetia.com