SDB Selangor Dredging Berhad (4624-U)

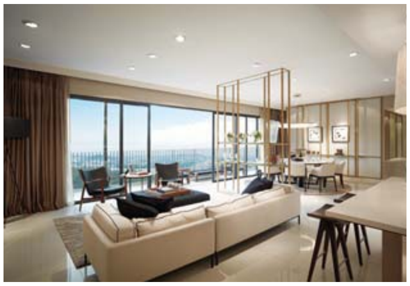
Annual Report 2016

DRIVING EXCELLENCE, BUILDING LIFELONG RELATIONSHIPS

Starting off as a tin mining company, Selangor Dredging Berhad (SDB) has grown from strength to strength.

After diversifying into other areas of business, SDB is now focused on property activities – as well as property management, property leasing, and hotel management.

Our Brand Promise “Driving Excellence, Building Lifelong Relationships” sums up what we strive to do – driving excellence in terms of products and services to build a lifelong relationship with purchasers, hotel guests, tenants and all our stakeholders.



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OUR CORE VALUES

Passionate
Determination to strive for excellence and a total commitment towards lifelong learning

Innovative
Dynamic and forward-looking leaders of new products, services and constantly seeking ways to be more relevant to customers

Results Oriented
In line with good business practices, we work according to strategy and well-defined corporate and personal goals

Caring and Respectful
We seek to continuously build relationships by caring for our stakeholders and respecting people and the environment

NOTICE IS HEREBY GIVEN that the **FIFTY-FIFTH ANNUAL GENERAL MEETING OF SELANGOR DREDGING BERHAD** will be held at the Ballroom, Hotel Maya Kuala Lumpur, 138, Jalan Ampang, 50450 Kuala Lumpur on Friday, 26 August 2016 at 9.30 am for the following purposes:

1. To receive the Financial Statements for the year ended 31 March 2016 and the Directors' and Auditors' Reports thereon.

2. To approve the payment of a First and Final Single Tier Dividend of 5% (2015: 6%) for the year ended 31 March 2016. **(RESOLUTION 1)**

3. To approve the payment of Directors' Fees amounting to RM272,000 (2015 : RM272,000) for the year ended 31 March 2016. **(RESOLUTION 2)**

4. To re-elect Ms Teh Lip Pink who retires by rotation pursuant to Article 80 of the Company's Articles of Association. **(RESOLUTION 3)**

5. To consider and, if thought fit, to pass the following resolution pursuant to Section 129 of the Companies Act, 1965:-

   "THAT, pursuant to Section 129 of the Companies Act, 1965, Tan Sri Mohd Ismail bin Che Rus be and is hereby re-appointed as Director to hold office until the conclusion of the next Annual General Meeting of the Company." **(RESOLUTION 4)**

6. To re-appoint Messrs BDO, the retiring Auditors and to authorise the Directors to fix their remuneration. **(RESOLUTION 5)**

AS SPECIAL BUSINESS

7. As Special Business to consider and if thought fit, to pass the following Ordinary Resolutions, with or without modifications:-

   ORDINARY RESOLUTION I
   AUTHORITY PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

   "THAT, subject always to the Companies Act, 1965 and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time at such price, upon such terms and to such person/persons or party/parties whomsoever the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being, and that such authority shall continue in force until the conclusion of the next Annual General Meeting." **(RESOLUTION 6)**

   ORDINARY RESOLUTION II
   APPROVAL TO CONTINUE IN OFFICE AS SENIOR INDEPENDENT DIRECTOR

   "THAT Tan Sri Mohd Ismail bin Che Rus who has served the Board as the Senior Independent Non-Executive Director of the Company for a cumulative term of more than nine years since 10 September 2002 be and is hereby retained as the Senior Independent Non-Executive Director of the Company." **(RESOLUTION 7)**

ORDINARY RESOLUTION III
APPROVAL TO CONTINUE IN OFFICE AS INDEPENDENT DIRECTOR

"THAT Mr. Tee Keng Hoon who has served the Board as the Independent Non-Executive Director of the Company for a cumulative term of more than nine years since 30 April 2004 be and is hereby retained as the Independent Non-Executive Director of the Company." **(RESOLUTION 8)**

8. To transact any other business which due notice shall have been given in accordance with the Companies Act, 1965.

By Order of the Board

WON SEE YEE
SEOW FEI SAN
Secretaries

Kuala Lumpur
29 July 2016

NOTICE OF DIVIDEND PAYMENT

Subject to the approval of the shareholders at the Annual General Meeting, a First and Final Single Tier Dividend of 5% will be paid on 9 September 2016 to all shareholders whose names appear in the Record of Depositors and the Register of Members of the Company at the close of business on 2 September 2016.

A Depositor shall qualify for entitlement to the dividend only in respect of:

(a) Shares transferred into the Depositor's Securities Account on or before 4.00 pm on 2 September 2016 in respect of transfers; and
(b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

Notes:

(i) Only depositors whose names appear in the Record of Depositors as at 18 August 2016 shall be regarded as members and entitled to attend, speak and vote at the Annual General Meeting.

(ii) A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply. A proxy appointed to attend and vote at a meeting of a company shall be entitled to vote on any question at any general meeting and have the same rights as the member to speak at the meeting.

(iii) A member of the Company may appoint not more than two proxies to attend at the same meeting. Where the member of the Company appoints two proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.

(iv) A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 can appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(v) Where a member of the Company is an Exempt Authorised Nominee which holds ordinary share in the Company for multiple beneficial owners in one (1) securities account (omnibus account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

(vi) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

(vii) The instrument appointing a proxy and the power of attorney or other authority, if any, which is signed or notarially certified copy of that power of authority, shall be deposited at the Share Registrars, Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.

Explanatory Notes to Special Business:

Resolution 6
Authority Pursuant to Section 132D of The Companies Act, 1965

At last year's Annual General Meeting, mandate was given to Directors to issue and allot at no more than 10% of the issued share capital of the Company. However, the mandate was not utilised and accordingly will lapse at the forthcoming Annual General Meeting. As such, the Board would like to seek for a renewal of the mandate.

The proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company to issue and allot not more than 10% of the issued share capital of the Company subject to the approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the interest of the Company.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

This authorisation will, unless revoked or varied by the Company in a general meeting, expire at the next Annual General Meeting of the Company.

Resolutions 7 and 8
Approval to Continue in Office as Independent Director

The Proposed Ordinary Resolutions 7 and 8, if passed, will enable Tan Sri Mohd Ismail bin Che Rus and Mr. Tee Keng Hoon to continue serving as the Senior Independent Director and Independent Director of the Company respectively as recommended under Malaysian Code on Corporate Governance 2012 ("MCCG 2012").

Tan Sri Mohd Ismail bin Che Rus and Mr. Tee Keng Hoon were appointed on 10 September 2002 and 30 April 2004 respectively.

An assessment of the independence of all Independent Directors was undertaken as part of the Board's assessment in 2016. The Board of Directors has considered the results of the independence assessment of Tan Sri Mohd Ismail bin Che Rus and Mr. Tee Keng Hoon, which was undertaken pursuant to the guidelines as set out in the Main Market Listing Requirements of Bursa Securities and MCCG 2012, and are satisfied that they meet the guidelines for independence and their ability to exercise independent judgement. Therefore, the Board recommends that Tan Sri Mohd Ismail bin Che Rus and Mr. Tee Keng Hoon should be retained as the Senior Independent Director and Independent Director of the Company respectively.

BOARD OF DIRECTORS

Chairman
Mr Eddy Chieng Ing Huong
BComm (UNSW), CA (Aust), CA (M'sia)
(Non-Independent Non-Executive)

Managing Director
Ms Teh Lip Kim
BSc (Hons), MSc
(Non-Independent Executive)

Directors
Tan Sri Mohd Ismail bin Che Rus
(Senior Independent Non-Executive)

Ms Teh Lip Pink
HND (Business)
(Non-Independent Non-Executive)

Mr Tee Keng Hoon
(Independent Non-Executive)

SECRETARIES

Ms Won See Yee
(MAICSA 7047024)

Ms Seow Fei San
(MAICSA 7009732)

NOMINATION COMMITTEE

Chairman
Tan Sri Mohd Ismail bin Che Rus

Members
Mr Eddy Chieng Ing Huong
Mr Tee Keng Hoon

REMUNERATION COMMITTEE

Chairman
Mr Eddy Chieng Ing Huong

Members
Tan Sri Mohd Ismail bin Che Rus
Mr Tee Keng Hoon

INVESTMENT COMMITTEE

Chairman
Mr Eddy Chieng Ing Huong

Members
Ms Teh Lip Kim
Mr Tee Keng Hoon

REGISTERED OFFICE

18th Floor, West Block
Wisma Selangor Dredging
142-C, Jalan Ampang
50450 Kuala Lumpur
Tel : 603-2161 3377
Fax : 603-2161 6651
Website : www.sdb.com.my

REGISTRARS

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 603-2783 9299
Fax : 603-2783 9222

AUDITORS

Messrs BDO
Level 8, BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Tel : 603-2616 2888
Fax : 603-2616 3190

PRINCIPAL BANKERS

Public Bank Berhad
Oversea-Chinese Banking Corporation Limited - Singapore

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

LIST OF PRINCIPAL OFFICES

SDB Properties Sdn Bhd
12th Floor, South Block
Wisma Selangor Dredging
142-A, Jalan Ampang
50450 Kuala Lumpur
Tel : 603-2711 2288
Fax : 603-2711 2219

SDB Interiors Sdn Bhd
(formerly known as SDB Customer Services Sdn Bhd)
9th Floor, West Block
Wisma Selangor Dredging
142-C, Jalan Ampang
50450 Kuala Lumpur
Tel : 603-2171 2898/
603-2166 2721
Fax : 603-2166 4868

Hotel Maya Kuala Lumpur
138, Jalan Ampang
50450 Kuala Lumpur
Tel : 603-2711 8866
Fax : 603-2711 9966
Website : www.hotelmaya.com.my

SDB Asia Pte Ltd
25, Teo Hong Road
Singapore 088333
Tel : 65-6238 2288
Fax : 65-6238 1188
Website : www.sdb.com.sg

SDB Selangor Dredging Berhad (4624-U)

SDB Properties Sdn Bhd
(190055-A)
100%

Seldredge Industries Sdn Berhad
(78890-A)
100%

SDB International Sdn Bhd
(78891-P)
100%

SDB Interiors Sdn Bhd
(78893-H)
(formerly known as SDB Customer Services Sdn Bhd)
100%

SDB Green Solutions Sdn Bhd
(1153407-M)
100%

SDB Properties Sdn Bhd

- SDB Damansara Sdn Bhd (245857-U)
  100%
- Prestij Permai Sdn Bhd (498568-P)
  100%
- Hayat Abadi Sdn Bhd (498396-X)
  100%
- SDB SS2 Development Sdn Bhd (723454-V)
  100%
- SDB Ampang Sdn Bhd (778930-P)
  100%
- Crescent Consortium Sdn Bhd (794998-H)
  100%
- SDB Property Management Sdn Bhd (1038047-H)
  100%
- SDB HOST Sdn Bhd (1151257-T)
  (formerly known as Final Prexin Sdn Bhd)
  100%
- SDB Teambuild Sdn Bhd (1096808-X)
  50%

SDB International Sdn Bhd

- SDB Asia Pte Ltd (200618870N)
  100%
- SDB Green Energy Pte Ltd (201102729E)
  (formerly known as SDB UK Pte Ltd)
  100%
- Chedstone Investment Holdings Pte Ltd (200707403H)
  50%
  - SDB Guernsey Limited (53103)
    100%
- Champsworth Development Pte Ltd (200711535D)
  50%
  - Tiara Land Pte Ltd (200704699H)
    100%
  - Teratai Investment Holdings Ltd (201402968E)
    100%

MR EDDY CHIENG ING HUONG
Chairman

Mr Eddy Chieng Ing Huong, aged 59, Male, Malaysian Chinese, a Non-Independent and Non-Executive Director, was appointed as a Director on 30 July 1999. Mr Chieng is the Chairman of the Board, Investment and Remuneration Committees and he is also a member of the Audit and Nomination Committees.

Mr Chieng graduated in 1980 from the University of New South Wales, Australia with a Bachelor of Commerce Degree with Merit in Accounting, Finance and Information Systems. He qualified as a Chartered Accountant in 1981 and is a Fellow of the Institute of Chartered Accountants, Australia. He has also been a Chartered Accountant registered with the Malaysian Institute of Accountants since 1983.

Mr Chieng has extensive senior management experience having been involved in a number of successful entrepreneurial businesses in Malaysia and overseas; primarily in ASEAN, Hong Kong and Australia.

Mr Chieng is the Executive Chairman of Esthetics International Group Berhad and Senior Independent Director of QL Resources Berhad. He was previously the Founder/Managing Director of Nationwide Express Courier Services Berhad, Executive Director of OSK Holdings Berhad, Independent Non-Executive Director of Ancom Berhad, Nylex (Malaysia) Berhad, Oroton Group Limited (ASX listed) and Chairman of Asia Poly Holdings Berhad. In addition, he was instrumental in bringing Fedex to Malaysia and was a Director of Federal Express Malaysia for a number of years.

Mr Chieng is not related with any director and/or substantial shareholder of the Company. Mr Chieng has no conflict of interest with the Company except as disclosed under Note 33 of the Financial Statements and he has no convictions of any offences within the past ten years.

MS TEH LIP KIM
Managing Director

Ms Teh Lip Kim, aged 49, Female, Malaysian Chinese, is the Managing Director and a substantial shareholder of the Company. She was appointed to the Board as Executive Director on 1 August 1996 and was promoted to the position of Managing Director on 1 July 1998. She is a member of the Investment Committee and she also holds directorships in other subsidiary companies of Selangor Dredging Berhad.

Ms Teh graduated with a Bachelor of Science (Honours) in Accounting and Economics from Southampton University in United Kingdom. Prior to her return to Malaysia, she completed her Masters in Shipping, Trade and Finance from the City University Business School in 1990. Upon graduation, she ventured into her own business and was also involved in the management of properties, plantations and hotels owned by her family. Ms Teh is currently a member of the Young Presidents' Organization, Malaysian Chapter.

Ms Teh is the sister of Ms Teh Lip Pink, a Non-Independent and Non-Executive Director and a substantial shareholder of the Company. Ms Teh has no conflict of interest with the Company except as disclosed under Note 33 of the Financial Statements and she has no convictions of any offences within the past ten years.

(standing from left to right) ***Tan Sri Mohd Ismail, Mr. Tee Keng Hoon, Mr. Eddy Chieng***
(sitting from left to right) ***Ms. Teh Lip Pink, Ms. Teh Lip Kim***

TAN SRI MOHD ISMAIL BIN CHE RUS
Senior Independent Non-Executive Director

Tan Sri Mohd Ismail bin Che Rus, aged 73, Male, Malaysian Malay, was appointed as a Senior Independent Non-Executive Director on 10 September 2002. Tan Sri Mohd Ismail is the Chairman of the Audit and Nomination Committee and a member of Remuneration Committees. Tan Sri Mohd Ismail studied Training Management at Royal Institute of Public Administration, London, United Kingdom and Post Graduate Senior Management at the University of Manchester, United Kingdom.

Tan Sri Mohd Ismail started his career with the Royal Malaysia Police as an Inspector in 1962 and was promoted to numerous positions before appointment as Chief Police Officer for three states in Malaysia and the Metropolitan Police of Kuala Lumpur. Prior to his retirement, he held the rank of Commissioner of Police with the appointment as Director of Criminal Investigation Department. Currently, he is a director of Esthetics International Group Berhad. He is also the Retired Senior Police Officers Association.

Tan Sri Mohd Ismail does not have any family relationship with any director and/or substantial shareholder of the Company. He has no conflict of interest with the Company and he has no convictions of any offences within the past ten years.

MS TEH LIP PINK
Non-Independent Non-Executive Director

Ms Teh Lip Pink, aged 64, Female, Malaysian Chinese, a Non-Independent and Non-Executive Director and a substantial shareholder, was appointed as a Director of the Company on 28 July 1994. She graduated with a Higher National Diploma in Business Studies from United Kingdom. She is also a Director of other subsidiary companies of Selangor Dredging Berhad and other private companies.

Ms Teh is the sister of Ms Teh Lip Kim, the Managing Director and a substantial shareholder of the Company. Ms Teh has no conflict of interest with the Company except as disclosed under Note 33 of the Financial Statements and she has no convictions of any offences within the past ten years.

MR TEE KENG HOON
Independent Non-Executive Director

Mr Tee Keng Hoon, aged 66, Male, Malaysian Chinese, an Independent Non-Executive Director, was appointed as a Director and a member of the Audit Committee on 30 April 2004. He is also a member of the Investment, Nomination and Remuneration Committees.

Mr Tee holds a Bachelor of Law (Honours) Degree from the University of Singapore. He has his own law firm in Kuala Lumpur and has been in practice for about 42 years. Currently, he is a director of Box-Pak (Malaysia) Berhad.

Mr Tee does not have any family relationship with any director and/or substantial shareholder of the Company. Mr Tee has no conflict of interest with the Company and he has not been convicted of any offences within the past ten years.

WINDOWS ON THE PARK, Bandar Tun Hussein Onn, Cheras South
This unique 8.9-acre development with 540 condominium units overlooks 4.2 acres of green parkland.

CHAIRMAN'S STATEMENT

The year ended 31 March 2016 was a challenging year indeed. Like the previous year, the market sentiment was bearish and the property sector was one of the sectors which was most affected. One of the main reasons for the slow activity in the property sector was because of stringent regulations on the loan application approvals by financial institutions.

The results of the Group were affected. For year ended 31 March 2016, it registered a reduced profit of RM43.09 million from a turnover of RM216.56 million, compared to last year's net profit of RM66.9 million and turnover of RM400.5 million.

The difference in results is also partially due to the fair value adjustment of our properties. Last year, the Group's results was partly attributable to a RM24.26 million revaluation surplus of our properties. This year the revaluation surplus of our properties is RM2.5 million. Taking this into account, the net operating profit of the Group is RM40.59 million this year, compared to last year's net operating profit of RM42.69 million.

GROUP OPERATIONS

Due to the market conditions, the Group delayed its property launches and continued to sell existing homes in completed developments and developments under construction.

During the year, our development in Cheras, WINDOWS ON THE PARK, was handed over to purchasers. This 8.9 acre development, comprising of 540 units of condominiums were handed over in March 2016. The lush greenery, parks and recreational areas are the highlight of the development. Spatially planned homes and the pleasing environment allows families to enjoy shared time both inside and outside the home.

In the meantime, our developments under construction namely THE HUB retail offices and signature suites in SS2 Petaling Jaya and SQWHERE, our mixed development comprising of SOVO, retail, office and service apartments in Sungai Buloh continued. These developments are expected to be completed in 2018 and 2019 respectively.

THE HUB, SS2, Petaling Jaya
This unique commercial development comprises a 44-storey tower block of signature suites. It has exclusive recreational facilities, and 13 blocks of low-rise boutique offices with rooftop gardens.

Our development in Pasir Panjang, the west coast of Singapore called THE VILLAGE, is expected to be handed over to purchasers in August 2016. This development comprises of 148 units of condominiums set in nine low-rise blocks overlooking the central lawn and swimming pool.

As the number of travellers to the country remains relatively low, occupancy for our hotel property HOTEL MAYA, went up slightly from 47% last year to 52.1% this year. There was also a reduction in the number of meetings from the corporate sector. Operating costs also increased, resulting in the hotel registering an operating loss of RM3.5 million, compared to an operating loss of RM3 million in the previous year.

WISMA SELANGOR DREDGING our main leasing property continued to do well as a sought after office location. The occupancy rate for the building dipped slightly from 94.22% to 93.42% this financial year and this was mainly due to a slower take up rate of available office space.

VILLAGE, Pasir Panjang, Singapore
Located in District 5 on Pasir Panjang Road, the development comprises 148 apartments on 2.35 acres. The units encircle a spacious sloping lawn and swimming pool.

DEDAUN, Jalan Ampang, Kuala Lumpur
Winner for Best Residential Mid-Rise in the Malaysia Property Awards 2015 & GOLD Winner in the FIABCI Prix d'Excellence Awards 2016

AWARDS AND SUSTAINABILITY

I am very pleased to share that the Group garnered two very prestigious awards within this past year. Our elegant 38 unit development located on Jalan Ampang called DEDAUN, was accorded the FIABCI Malaysia Property Award in the mid-rise category in November 2015. In May 2016, the development was recognised on an international level and was awarded the World Gold Winner FIABCI Prix d'Excellence Award in the same category.

This is indeed a testament that our developments are of the standard and quality which are comparable with the best locally and internationally. I am confident that we will continue to conceptualise and produce developments which will be award-winners in the future. In May 2016, we entered, via our wholly-owned subsidiary SDB Green Energy Pte Ltd into an agreement with US-based Greener Energy LLC, who own SuperGreen Solutions. With this agreement, SDB Green Energy has been awarded the licences to own and operate and allow third-parties to operate SuperGreen Solutions stores in Malaysia.

This new venture is in line with our long-term sustainability plan to develop and incorporate even more environmentally sound solutions for our buildings and developments.

DIVIDEND

The Board of Directors has recommended a first and final dividend of 5% per share amounting to RM10,653,192 (FY 2015: 6% per share, RM12,783,829) for the Financial Year ended March 2016.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, allow me to thank the management and staff of the Group for their work and commitment.

I also wish to thank all shareholders, customers and partners for their continued support throughout the years.

EDDY CHIENG ING HUONG
Chairman

THE HUB, SS2, Petaling Jaya
This unique commercial development comprises a 44-storey tower block of signature suites. It has exclusive recreational facilities, and 13 blocks of low-rise boutique offices with rooftop gardens.

MANAGING DIRECTOR'S OPERATIONS REVIEW

I am pleased to present to you the review of the Group for the year ended 31 March 2016.

PROPERTY

During the year under review, we handed over one development and while there were no new developments launched, we continued to sell homes in our inventory in both completed developments and developments which are still under construction.

WINDOWS ON THE PARK, our development in Cheras, was handed over to homeowners in March this year. This low density development, which has only 540 units within a 8.9 acre site, has parks and recreational areas covering 4.2 acres in size. The homes have generous balconies which overlook into the lush landscape and sculptures with are dotted throughout the development. This development which has a Gross Development Value (GDV) of RM520 million, is currently 81% sold.

The developments which are still under construction are THE HUB in SS2 Petaling Jaya and SQWHERE in Sungai Buloh.

THE HUB which is a commercial development comprising retail offices and service suites has a GDV of RM326 million, and is approximately 70% sold. This development is located in a strategic location in the heart of Petaling Jaya and is scheduled for completion in 2018.

WINDOWS ON THE PARK, Bandar Tun Hussein Onn, Cheras
One of the distinguishing features of this development is its parkland and 3-tier planting.

Our development in Sungai Buloh called SQWHERE is a mixed development. It will be linked to the Kampung Selamat MRT station via a connecting bridge, making it convenient for residents and visitors alike. The SOVO tower and retail units is almost sold out. In the meantime, the launch for the office block "The Cube" and the service apartment tower has been re-scheduled and is expected to be unveiled at the end of 2016. The GDV for this development is RM580 million and the development is expected to be fully completed by 2019.

In Singapore, THE VILLAGE, our development in Pasir Panjang on the East Coast of the island has just been completed. The development is expected to be handed over in August 2016.

OPERATIONS REVIEW

For the financial year under review, the Group achieved a net profit of RM43.09 million based on a turnover of RM216.56 million compared to the net profit of RM66.95 million and turnover of RM400.5 million last year.

Comparing both years, the difference in results is partially due to the fair value adjustment of properties. Last year, the Group's results was partly attributable to a RM24.26 million revaluation surplus of our properties. This year the revaluation surplus of our properties is RM2.5 million.

Taking this into account, the net operating profit of the Group is RM40.59 million this year, compared to last year's net operating profit of RM42.69 million.

The reduced revenue was also due to the lacklustre property market sector.

VILLAGE, Pasir Panjang, Singapore
Situated on 2.35 acres of Freehold land, this low-rise luxury condominiums features an 8,000 sq.ft. "tilted" lawn & distinctive facilities including a 50-metre Lap pool, Children's pool, Children's play area, Clubhouse, Gym, and Strolling path.

WISMA SELANGOR DREDGING, Jalan Ampang, Kuala Lumpur
SDB's prime office building, which is just a stroll away from the iconic Petronas Twin Towers, is one of the few buildings with an open courtyard and lush greenery in KL.

SELANGOR DREDGING BERHAD

During the year under review, the company recorded a pre-tax profit of RM61.15 million on a turnover of RM24.55 million. The increase in profit from last financial year was mainly from the proceeds of the disposal of land in Dengkil which was recognised in this financial year and the amortisation of the inter-company loan as mentioned in last year's report.

WISMA SELANGOR DREDGING

WISMA SELANGOR DREDGING (WSD), our main leasing property continued to enjoy good occupancy rates. This year the occupancy rate was slightly reduced to 93.4% from 94.22% last year, as several companies had vacated due to reduced activity in the oil and gas sector and a slower tenancy take up rate. During the year under review, the average rental rates were increased, from RM5.50 per square foot last year to RM6.00 per square foot in this financial year. A foreign bank joined us during the year, making WSD have two bank headquarters in the building.

WSD still enjoys a good occupancy base. Apart from its vantage location, the regular maintenance and pleasant environment of the building continue to make it an office space of choice.

PROPERTY

The property division, comprising of property development and hotel sectors, recorded a turnover of RM188.65 million and a pre-tax loss of RM10.23 million, compared to a pre-tax profit of RM68.2 million on a turnover of RM377.9 million in the last financial year. The lower results was mainly due to the slow property market and the completion of three of our projects, namely WINDOWS ON THE PARK, BY THE SEA and HIJAUAN.

As at March 2016, the unbilled sales for the Group is at RM369 million and this will contribute to the results for the Group for the next few years.

BY THE SEA, Batu Ferringhi, Penang
Completed in March last year, this beachfront development is surrounded by rustic landscape with a quaint rehabilitated river flowing next to it.

SQWHERE, Sungai Buloh, Selangor
This mixed development, which is just adjacent to the upcoming MRT Station, consists of SOVO units, service apartments and office suites, as well as retail outlets.

HOTEL OPERATIONS

Our hotel property, HOTEL MAYA saw a decrease in revenue from RM23.2 million last year to RM22.2 million this financial year. The number of tourists coming into the country as a whole has yet to pick up and there were less meeting and conference engagements from the corporate sector.

While the occupancy rate increased 5.1% from 47% last year to 52.1% this year, the hotel registered an operating loss of RM3.5 million due to higher operating costs.

PROSPECTS

This year was not a good year for the property development sector. The Central Bank's measures to curb household debt are still in place. Many applications for housing loans were not approved causing the continued lull in the property market. Apart from that the market sentiment as a whole remained bearish, with many people being extra cautious about spending.

Due to this, we decided to reschedule the launch of our properties. In the interim, we have taken the opportunity to review and enhance on the development concepts and layouts of the homes for the benefit of our purchasers.

To generate sales for our properties, we came up with a way to make purchasing our completed properties easier. This year we introduced the Reside and Purchase (RAP) scheme. This scheme allows purchasers to pay a minimal down payment, move in to the home and make monthly payments which will form part payment to the cost of the home. The purchasers can then make an application for a housing loan from the bank at the end of 36 months. The benefit of this scheme is that purchasers can move in and enjoy the home immediately. They also get to purchase the home at the current cost, compared to if they were to purchase the home at a later date when prices would have increased. Monthly payments made are also payments going towards the cost of the home, reducing the loan amount needed at the end of 36 months. I am pleased to report that the RAP scheme has helped many purchasers own an SDB home.

With regard to upcoming launches, both The Cube office suites and the service apartment tower in SQWHERE in Sungai Buloh are now planned to be launched at the end of 2016.

SDB'S AWARD-WINNING PROJECTS

1 **20TREES**, *Taman Melawati, Kuala Lumpur*
2 **PARK SEVEN**, *Persiaran KLCC, Kuala Lumpur*
3 **DEDAUN**, *Jalan Ampang, Kuala Lumpur*
4 **RIVER REHABILITATION PROGRAMME** *at BY THE SEA, Batu Ferringhi, Penang*
5 **ONE-TWO-JUICE**, *SDB's 1st CSR Initiative*

DEDAUN, Jalan Ampang, Kuala Lumpur
This low-rise development with only 38 limited edition condominiums was internationally recognised as the GOLD Winner for the FIABCI Prix d'Excellence Award this year.

During the year under review, the Group also purchased land in preparation for our future developments. In April 2016 we purchased two parcels measuring 9.8 acres in Taman Melawati located adjacent to the current Melawati land. We are also at development planning stage for the land we purchased in Bukit Serdang, which I reported on last year.

Also in April this year, the Group via its subsidiary SDB Green Energy Pte Ltd entered into an agreement with Greener Energy LLC, owner of the SuperGreen Solutions. The agreement allows us to own and operate stores, market and collaborate with third parties to open SuperGreen Solutions stores in Malaysia. We will be operating the main SuperGreen store by the end of 2016, and with this venture we will include more green technology and solutions within our developments, and also introduce energy-saving fittings into our current buildings and developments to reduce running costs.

On our Corporate Social Responsibility (CSR) front, we continued with our focus on giving employment opportunity for those with learning disabilities. Both our stall "ONE-TWO-JUICE" fresh fruit juice and "ONE-TWO-WASH" car wash continued its business in Wisma Selangor Dredging and now have a total of nine team members working in these two ventures.

I am delighted to inform that our development on Jalan Ampang Kuala Lumpur was awarded two prestigious awards. DEDAUN was awarded the FIABCI Malaysia Property Award (Mid-Rise) in November 2015, and was then internationally recognised when it was awarded the World Gold Winner for the FIABCI Prix d'Excellence in May 2016. While we have been internationally recognised previously, and have been awarded with FIABCI Prix d'Excellence World Silver Awards for PARK SEVEN and 20TREES, this World Gold Award accolade is an accomplishment we are all very proud of.

LOOKING AHEAD

Moving forward, we will continue developing with our sustainability agenda in mind. The new venture with SuperGreen Solutions takes us to another level – not only do we conceptualise and design homes and developments with sustainability in mind, we will now have energy-saving installations and fittings that can reduce costs for homeowners.

We have had a trial run in WISMA SELANGOR DREDGING by changing all the lights to energy efficient bulbs and have found that energy costs have reduced by 12%, and we hope to reduce costs for other properties as well.

With our customers in mind, we enhanced our service offerings by having various options for renovation packages for new homes and providing vacation accommodation in our development in Penang.

At the time of writing, the market has still not picked up to the level it was at two years ago. However with oil prices showing signs of stabilising, the economy is expected to consolidate within the next year. While the property market may still be relatively soft, I am confident that with good quality developments and by introducing schemes that can assist genuine property buyers buy their dream homes, we will see improved sales in the coming year.

I would like to take this opportunity to thank shareholders, customers and business partners for their continued support. The Board of Directors has recommended a first and final dividend 5% amounting to RM10,653,192 for the financial year ended 31 March 2016. This will be tabled at the Annual General Meeting for approval by the shareholders.

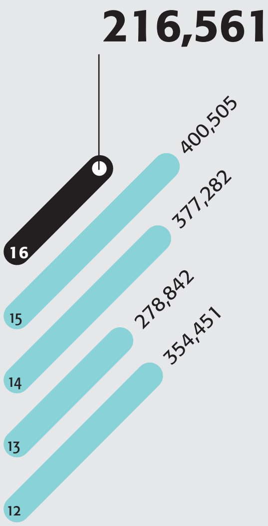
Thank you.

TEH LIP KIM
Managing Director

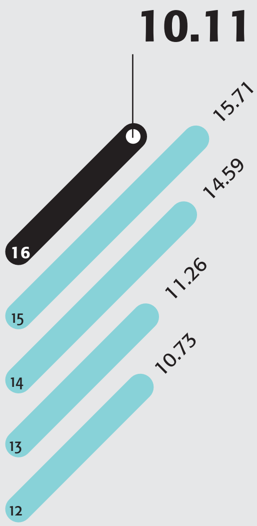
GROUP YEAR ENDED 31 MARCH	'16 RM'000	'15 RM'000	'14 RM'000	'13 RM'000	'12 RM'000
Profitability					
Turnover	**216,561**	400,505	377,282	278,842	354,451
Profit / (Loss) before taxation	**46,867**	96,524	77,720	56,096	61,985
Provision for taxation	**(3,779)**	(29,576)	(15,551)	(8,097)	(16,271)
Profit / (Loss) after taxation	**43,088**	66,948	62,169	47,999	45,714
Minority interest	**-**	-	-	-	-
Earnings / (Loss) for the year	**43,088**	66,948	62,169	47,999	45,714
Profit available for appropriation	**518,565**	488,261	434,097	381,516	343,105
Dividend net of tax	**12,784**	12,784	9,588	9,588	7,990
Key Balance Sheet Data					
Total assets	**1,531,057**	1,433,805	1,372,490	1,296,632	1,221,006
Issued share capital	**213,064**	213,064	213,064	213,064	213,064
Shareholders' fund	**813,776**	770,648	704,417	643,653	605,533
Total bank borrowings	**563,761**	505,100	556,023	580,490	526,810
No of ordinary shares in issue ('000)	**426,128**	426,128	426,128	426,128	426,128
Share Information					
Per 50 sen ordinary share					
Return on equity	**5.29%**	8.69%	8.83%	7.46%	7.55%
Return on total assets	**2.81%**	4.67%	4.53%	3.70%	3.74%
Gearing ratio	**33.28%**	30.66%	36.63%	42.85%	39.41%
Interest cover	**3.07**	6.43	4.67	3.44	4.05
Earnings / (Loss) after tax (sen)	**10.11**	15.71	14.59	11.26	10.73
Dividend after tax (sen) *	**2.50**	3.00	3.00	2.25	2.25
Net asset backing (sen)	**190.97**	180.85	165.31	151.05	142.10
Price earning ratio (x)	**9.25**	6.37	6.85	7.28	6.52
Gross dividend yield	**3.21%**	3.00%	4.00%	3.66%	4.29%
Share price as at 31 March (RM)	**0.94**	1.00	1.00	0.82	0.70

** Dividend declared during the financial year.*

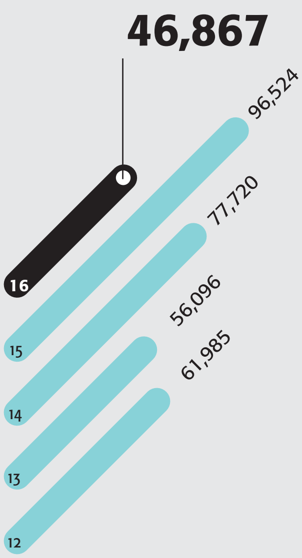
TURNOVER
(RM'000)



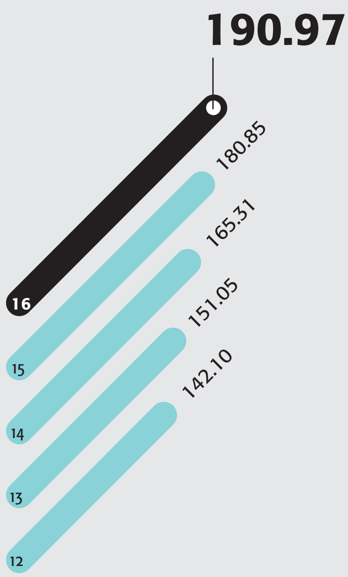
EARNINGS AFTER TAX
(SEN)



PROFIT BEFORE TAXATION
(RM'000)



NET ASSETS BACKING
(SEN)



The Board is supportive of the adoption of principles and best practices as enshrined in the Malaysian Code on Corporate Governance 2012 throughout the Group, for the protection and enhancement of stakeholders' value and the performance of the Group.

The Board is pleased to disclose below the manners in which it has applied the principles of good corporate governance and considered that it had complied with the best practices provisions except as stated otherwise.

A. BOARD OF DIRECTORS

The Board has the overall responsibility for corporate governance, strategic direction and overseeing the investments and operations of the Group.

Board Charter and Policies

The Board has formulated and adopted Board Charter to ensure that all Board members are aware of the Board's fiduciary and leadership functions and is accessible through the Company's website at www.sdb.com.my.

In addition to the Board Charter, the Company has formalised a Code of Conduct to actively promote and establish a corporate culture which promotes ethical conduct that permeates throughout the Group.

The Company also has in place a Whistleblowing Policy which provides a structured reporting channel and guidance to all employees and external parties to whistleblow without the fear of victimisation.

Policies are available for access on the Company's intranet and/or website.

Composition

The Board comprises one Executive and four Non-Executive Directors with various qualifications and experience, of whom two of the Board members are Independent Directors. Thus, this complies with Paragraph 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad that one-third (1/3) of the Board are Independent Directors.

The Executive Director has the responsibility of making and implementing operational decisions and running of the Group's business. The Non-Executive Directors play key supporting roles, contributing their knowledge, skills and experience towards the formulation of strategies and policies and in the decision making process.

The Independent Directors playing a role in providing unbiased and independent views, advice and judgement. The current Chairman was not the previous managing director of the Company.

The profile of the members of the Board is presented on pages 8 to 9 of the Annual Report.

An assessment of the Board's performance is carried out for the year under review, including the Independent Directors' performance.

The Board is satisfied with the existing number and composition of its members and is of the view that with the current mix of skills, knowledge, experience and strengths, the Board is able to discharge its duties and responsibilities effectively.

The Chairman

The Non-Executive Chairman of the Board, Mr Eddy Chieng Ing Huong, although not an Independent Director, as a non-executive chairman, he is not involved in the day-to-day management of the Group.

In addition, he also provides strong leadership and objective judgement with regard to ensuring the adequacy and effectiveness of the Board's governance process.

The Board is of the view that the separation of the offices of the Chairman and the Managing Director together with the Independent Directors, provide further safeguards that there is a balance of power and authority on the Board to ensure independent judgement in the best interest of the Company and effective stewardship of the Company in terms of strategies and business performance.

The Board believes that Chairman is competent to act on behalf of the shareholders in their best interest and does not recommend the necessity of nominating an Independent Non-Executive Chairman at this juncture.

Board Meetings

Board meetings are held at least four times a year, additional meeting would be convened when urgent and important decisions need to be taken between scheduled meetings. During the financial year, the Board held four meetings and the details of attendance of Directors at the Board meetings are as follows:

Name of Directors	Total Meetings Attended	Percentage of Attendance
Mr Eddy Chieng Ing Huong	4	100%
Ms Teh Lip Kim	4	100%
Tan Sri Mohd Ismail Bin Che Rus	4	100%
Ms Teh Lip Pink	4	100%
Mr Tee Keng Hoon	4	100%

Board meetings are scheduled in advance at the beginning of each calendar year to enable Directors to plan and adjust their schedule to ensure good attendance and the expected degree of attention given to the Board agenda.

During the course of a meeting, the Board deliberated and considered on matters including the Group's financial performance, business review, operating performance to-date against the annual budget and the business strategies. The respective Committees also report the outcome of committee meetings to the Board and such reports are incorporated as part of the minutes of the Board meetings.

Where a potential conflict of interest arises, it is mandatory practice for the Director concerned to declare his or her interest and abstain from the decision making process.

Supply of Information

The agenda and reports for each Board meeting are circulated to the members of the Board seven days prior to the Board meetings, thus allowing sufficient time for detailed review and consideration.

Senior management staff may be invited to attend the Board meetings to provide the Board with detailed explanations and clarifications on issues that are considered during the Board meetings.

All members of the Board have direct and unrestricted access to the management, advice and services of the Company Secretary and the Directors may seek external professional advice, if required.

The Company Secretaries are qualified Chartered Secretaries and are responsible for ensuring that Board procedures are adhered to and the applicable rules and regulations for the conduct of the affairs of the Board are complied with.

Nomination Committee

The Nomination Committee is responsible for identifying and recommending to the Board suitable candidate for appointment to the Board and Board Committees, and also performance appraisal of the Directors.

The summary of the activities of the Nomination Committee during the financial year are as follows:-

- Reviewed the mix of skill and experience and other qualities of the Board.
- Accessed the effectiveness of the Board as a whole, the Board committees and the Directors.
- Discussed the Company's Directors' retirement by rotation.
- Discussed the re-appointment of the Company's Independent Directors who have served the Company for more than 9 years.

The full terms of reference of the Nomination Committee can be viewed at the Company's website.

Appointment to the Board

The Nomination Committee is responsible to identify candidate to the Board if there is vacancy arise from resignation, retirement or any other reasons or if there is a need to appoint additional director with the required skill or profession to the Board in order to close the competency gap in the Board identified by the Committee. The potential candidate may be proposed by existing director, senior management staff, shareholder or third party referrals.

Upon received of the proposal, the Committee is responsible to conduct assessment and evaluation on the proposed candidate.

The Board does not set specific criteria for the assessment and selection of director candidate. However, the consideration would be taken on the need to meet the regulatory requirement such as Companies Act, 1965 and Main Market Listing Requirement. The Committee selection of the director candidate is generally base on the achievement in the candidate personal career, integrity, wisdom, ability to make independent and analytical inquiries, ability to work as team to support the Board, possession of the required skill, qualification and expertise that would add further value to the Board, understanding of the business environment and the willingness to devote adequate time and commitment to attend to the duties/functions of the Board.

The assessment/evaluation process may include, at the Committee's discretion, reviewing of the candidate resume, curriculum vitae and other biographical information, confirming the candidate's qualifications and conducting legal and other background searches as well as formal or informal interview at the Committee's discretion.

Upon completion of the assessment and evaluation of the proposed candidate, the Committee would make its recommendation to the Board. Based on the recommendation of the Committee, the Board would evaluate and decide on the appointment of the proposed candidate.

The Chairman of the Board would then make an invitation or offer to the proposed/potential candidate to join the Board as a director. With the acceptance of the offer/invitation, the candidate would be appointed as director of the Company.

Annual Assessment of Existing Directors

The director who is subject to re-election and/or re-appointment at next Annual General Meeting shall be assessed by the Nomination Committee before recommendation is made to the Board and shareholders for the re-election and/or re-appointment. Appropriate assessment and recommendation by the Nomination Committee would be based on the yearly assessment conducted.

Assessment of Independent Directors

The Company does not have term limits for Independent Directors as the Board believes there are significant advantages to be gained from the long-serving Directors who possess tremendous insight and in-depth knowledge of the Company's business and affairs.

Based on the assessment in year 2016, the Board is generally satisfied with the level of independency demonstrated by the Independent Directors, i.e. they are independent of management and free from any business dealing or other relationship with the Group that could reasonably be perceived to materially interfere with their exercise of unfettered and independent judgment.

The Board has via the Nomination Committee conducted an annual performance evaluation and assessment of Tan Sri Mohd Ismail bin Che Rus who has served as Senior Independent Director of the Company for a cumulative term of more than nine years and recommend him to continue to act as Senior Independent Director of the Company based on the following justifications:-

a. He has fulfilled the criteria under the definition of Independent Directors as stated in the Bursa Malaysia Securities Berhad Main Market Listing Requirements, and therefore is able to bring independent and objective judgement to the Board;

b. He has been with the Company for more than nine years and therefore understands the Company's business operations which enable him to participate actively and contribute during deliberations or discussions at Audit Committee, Nomination Committee, Remuneration Committee and Board Meetings;

c. He has contributed sufficient time and efforts and attended all the Audit Committee, Nomination Committee, Remuneration Committee and Board Meetings for informed and balanced decision making; and

d. He has exercised due care during his tenure as Senior Independent Director of the Company and carried out his professional duty in the interest of the Company and shareholders.

Similarly, the Board has also via the Nomination Committee conducted an annual performance evaluation and assessment of Mr Tee Keng Hoon who has served as Independent Director of the Company for a cumulative term of more than nine years and recommend him to continue to act as Independent Director of the Company based on the following justifications:-

a. He fulfills the criteria under the definition of Independent Directors as defined in the Bursa Malaysia Securities Berhad Main Market Listing Requirements and he would be able to provide proper checks and balances, thus bring an element of objectivity to the Board of Directors;

b. He has been with the Company for more than nine years and therefore understands the Company's business operations which enable him to participate actively and contribute during deliberations or discussions at Audit Committee, Nomination Committee, Remuneration Committee and Board Meetings;

c. He has his own law firm and with his vast experience in legal practice, he would be able to provide constructive opinions and exercise independent judgement and has ability to act in the best interest of the Company;

d. He has contributed sufficient time and efforts and attended all the Audit Committee, Nomination Committee, Remuneration Committee and Board Meetings for informed and balanced decision making; and

e. He has exercised due care during his tenure as Independent Director of the Company and carried out his professional duty in the interest of the Company and shareholders.

Re-election

In accordance with the Company's Articles of Association, all Directors shall retire from office at least once in each three years and a retiring Director is eligible for re-election and the election of each Director is voted on separately. This re-election process provides an opportunity for the shareholders to renew their mandates. In order to assist the shareholders in their decision, sufficient information such as personal profiles, meeting attendance and their shareholdings in the Company for each Director is furnished in the Annual Report.

The Articles further provide that all newly appointed Directors shall retire from office but shall be eligible for re-election in the next Annual General Meeting subsequent to their appointment.

Directors' Training

The Board has empowered the Directors of the Company to determine their own training requirements as they consider necessary or deem fit and expedient to enhance their knowledge in new rules and regulations as well as understanding of the Group's business and operations and to keep abreast with current developments in the market place.

During the financial year, a training titled "Updates of Financial Reporting" which covers ISA 700 (Revised) Forming an Opinion and Reporting on Financial Statements and ISA 720 (Revised) The Auditor's Responsibilities Relation to Other Information was organised on 25 February 2016, by External Auditors.

There were also briefings by the Internal Auditors and the Company Secretary on the relevant updates on statutory and regulatory requirements from time to time during the Board meetings and Audit Committee meetings.

Time Commitment for Directors

According to the MCCG 2012, the Board will set out its expectations on time commitment for its members and accepting new directorships. Thus, the Board required each director to notify the Chairman of the Board and the Company Secretary in writing before accepting any new directorship of the Company.

B. DIRECTORS' REMUNERATION

The Remuneration Committee was established on 23 August 2001 and is entrusted with the role of reviewing and recommending the annual bonus and salary increment of the Executive Directors and members of the Senior Management of the Company. Executive Directors' remuneration is decided by the Board with the Directors concerned abstaining from deliberations and voting accordingly.

Non-Executive Directors' remuneration is based on a standard fixed fee, with the Chairman receiving higher amount in recognition of his additional responsibilities. An additional fee is also paid to Non-Executive Directors sitting on Board Committees.
.
Fees payable to the Directors of the Company are subject to yearly approval by shareholders at the Annual General Meeting. The aggregate Director's remuneration paid or payable to the Directors of the Company is as follows:

	2016 (RM)	2015 (RM)
Executive Director		
Salaries and other emoluments	1,430,376	1,430,376
Fees	79,023	75,198
Non-Executive Directors		
Fees	240,000	240,000

The number of Directors of the Company whose total remuneration falls within the following bands is:

	2016	2015
Executive Director		
Above RM1,500,000	1	1
RM1,000,000 - RM1,500,000	0	0
Non-Executive Directors		
RM50,000 - RM100,000	2	2
Below RM50,000	2	2

C. BOARD COMMITTEES

The Board has set up four Board Committees, i.e. Investment, Audit, Nomination and Remuneration Committees, to delegate specific powers and responsibilities to support the role of the Board to provide assurance and accountability to its shareholders, all of which have their own terms of reference.

The Investment Committee was established on 23 August 2001 with the responsibilities of approving Group acquisition and disposals of investment up to RM15 million and manage risk of the Group in order to maximise return to the shareholders.

Further details on the Audit and Nomination Committees are contained in the Audit Committee Report and this Statement on Corporate Governance .

D. SHAREHOLDERS

Communication

The Group is fully aware of the importance of effective and timely communication with shareholders and investors and the Board endeavors to make timely release of annual report and announcements of Group's performance and major developments.

The Annual General Meeting represents the principal communication channel and dialogue with the shareholders and the shareholders are encouraged to participate in a subsequent Question and Answer session. The external auditors attend Annual General Meetings upon invitation and to provide their professional and independent clarification on issues raised by the shareholders.

Each item of the special business in the Notice of the Annual General Meeting would be accompanied with a full explanation of the effects of the proposed resolution.

The results of all the resolutions as set out in the Notice of the Annual General Meeting would be announced on the same date as the Annual General Meeting via Bursa Link, which is accessible on both websites of Company and Bursa Malaysia Securities Berhad.

A press conference is normally held immediately after the meeting to facilitate media queries on the Group's financial performance and operations.

The Company also maintains a website (www.sdb.com.my) through which shareholders and the general public can obtain up-to-date information.

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. Any information that may be regarded as undisclosed material information about the Group will not be given to any single shareholder or shareholder group.

Where Extraordinary General Meetings are held to obtain shareholders' approval on certain business or corporate proposals, comprehensive circulars to shareholders would be sent within prescribed deadlines in accordance with the statutory and regulatory requirements.

Briefing to Analysts

As part of the Company's continuous investors' relation and communication, the Company held dialogues and briefed various research and investment analysts on the Group's strategies, performance and major developments. The Company believes that this will give investors and interested parties on one hand, a better appreciation and understanding of the Group's performance and on the other, awareness of the expectations and concerns of investors and such interested parties.

Members of the media are also invited to the Company's major events and property launches where briefings are given on the products, services and business in general. Interviews are also held with research analysts upon request.

E. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors ensure annual financial statements and quarterly financial results are drawn up in accordance with applicable approved accounting standards in Malaysia and provisions of Companies Act, in order to present a balanced and understandable assessment of the Group's performance and prospects. The Audit Committee assists the Board to review the information disclosed to ensure its accuracy and adequacy.

The Statement of Directors' Responsibility is also enclosed in page 35 of this Annual Report.

Internal Controls

The Board has undertaken the responsibility of identifying and reviewing the adequacy integrity of the Group's internal control systems for compliance with the applicable laws, regulations, rules, directives and guidelines. The Statement on Risk Management and Internal Control is presented on page 33 and the Board will ensure the continuous process of identifying, evaluating and managing the internal control systems within the Group for review by the Audit Committee.

The total costs incurred for the internal audit function of the Group for the financial year was RM89,000.

Dealings in Securities

The Directors are required to give notice to the Company on any dealings in securities of Bursa Malaysia Securities Berhad at any time outside a closed period in accordance with Paragraph 14.09 of the Listing Requirements. Based on the schedule of Board meetings for the year, the Company Secretary will inform the Directors and principal officers in advance of the commencement and duration of a closed period, so that the Directors and principal officers will comply with the restriction on dealings in securities. Paragraph 14.08 of the Listing Requirements requires that notice of intention to deal in securities be given to the Company Secretary, for announcement via Bursa Link, at least one full market day prior to dealing.

Notwithstanding the above, the Directors and principal officers must not deal in securities as long as they are in possession of price-sensitive information pursuant to Paragraph 14.05 of the Listing Requirements. Directors are also subject to insider trading laws as prescribed under Capital Markets and Services Act 2007.

Relationship with Auditors

The Company has established a formal and transparent arrangement for maintaining appropriate relationships with the Group's auditors, both external and internal. The external and internal auditors attended all scheduled meetings of the Audit Committee during the financial year.

Assessment of Suitability and Independence of External Auditors

The Audit Committee had obtained confirmation from the external auditors, Messrs BDO that they are independent in accordance with the Bylaws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

An annual assessment which taking into consideration of several criteria like fees, service quality, sufficiency of resources, independence and professionalism, had been conducted on the suitability of the External Auditors. The Audit Committee and the Board were satisfied with the suitability of Messrs BDO and approved the Audit Committee's recommendation for the shareholders' approval to be sought at the 55th Annual General Meeting on the appointment of Messrs BDO as External Auditors of the Company for the financial year ending 31 March 2017.

F. CORPORATE SOCIAL RESPONSIBILITY

In line with our brand promise "Driving Excellence, Building Lifelong Relationships", we are committed to ensuring that all our activities are in harmony with the needs of the environment, the community, the workplace and the marketplace. We believe that being sustainable is more than just being "green", and we champion a truly wholesome sustainability concept and agenda. We believe in providing a sustainable option to our customers and stakeholders environmentally, economically and emotionally. As a company, we uphold our integrity by ensuring sustainable engagements with our partners, customers and efforts in society. In doing so, we are committed to ensuring environmental sustainability, extending support to the community at large, striving for continuous improvements for our employees, and are committed to protecting and enhancing value for our stakeholders.

Environment

Property development has long lasting impact on the environment. Taking that into consideration, the Group has made the commitment to not only ensure that our activities result in minimal impact on the natural surroundings but also seek opportunities to enhance the environment around our developments. Apart from setting aside generous amounts of space for landscape and recreational facilities as well as designing our projects to maximize utilization of natural light and ventilation, we are also helping to make our surroundings a cleaner and more pleasant environment. An example of such effort is our River Rehabilitation Project in Penang that cleans up a section of a river to improve water quality for the benefit of the local fauna. Waste management as well as water and energy conservation methods are constantly being reviewed and, if necessary, improved. Each development is thought through and planned in detail to enhance the environment at its natural best, and make it more liveable and enjoyable for the community.

Community

The Group is very mindful of the fact that we are very much a part of the community and thus we have a role to play in ensuring our collective well-being. In line with this, the Group has been consistently providing support to various organisations and charities for the underprivileged. Among others, we have put in place a project to help special needs individuals with learning disabilities to enhance their work skills and social skills to enable them to fend for themselves in adult life. The project has been expanded to widen these individuals' opportunities to learn new skills in new environments. In addition to this, we have also employed a few special needs individuals in our corporate and subsidiary offices.

The Group believes that education is the key to a better life. In line with this, we have carried out regular educational programmes for employees, their children and deserving individuals in the community to help them better themselves.

The Group has also put in place a graduate employment programme that offers opportunities for industrial training and internship for undergraduates from various local educational institutions, particularly in the hospitality industry.

The Group believes that at the core of every business is the heart, and we believe in creating greater social change in all our corporate social responsibility initiatives. We ensure that all our efforts are relevant to society's needs today, and are efforts which are impactful, and most importantly, sustainable to the stakeholders involved.

Workplace

Being a responsible employer, efforts are continuously being made to improve the well-being of our employees.

In line with our commitment and passion towards lifelong learning, employees are provided training and development opportunities to enhance their knowledge, sharpen their skills and broaden their work experience and exposure.

Emphasis is placed on providing an environment conducive to better performance amongst employees, employment terms that ensure competitive remuneration & incentives and based on performance management system, as well as career development for hi-potential employees regardless of age or gender.

The Group also believes that a healthy lifestyle makes excellent employees. As such, all employees who have served the company for a year or more enjoy complimentary health screening and health advice/tips from one of our panel doctors on a yearly basis. To help improve the quality of life for employees, various teambuilding exercises are also organized from time to time, and in addition to this, there is a gymnasium located on the office block for the use of employees who are keen to keep fit.

A safe and healthy work environment goes hand-in-hand with health, safety and security considerations, and in this regard, there is no compromise. Fire drills, first aid training, firefighting workshops, and other health and safety programmes are conducted regularly to help enhance employees' health and safety as well as their security awareness and knowledge. These programmes are extended to include the tenants at our property, Wisma Selangor Dredging, at Jalan Ampang, Kuala Lumpur.

Marketplace

The Group embraces the principles and best practices as enshrined in the Malaysian Code on Corporate Governance to promote protection and enhancement of shareholder value. It will ensure the timely release of information on its business activities and performance to stakeholders. A quarterly newsletter provides tenants and purchasers with updates on our activities.

Also in line with our brand promise, the Group always strives to provide high quality products and services to our stakeholders. As part of this commitment, the Group has adopted the internationally recognized CONQUAS® quality assessment benchmark for all our property development projects.

Compliance Statement

The Board is satisfied that during the financial year, the Company has complied with the best practices of the Malaysian Code on Corporate Governance.

The Statement on Risk Management and Internal Control has been prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Introduction

The Statement on Risk Management and Internal Control outlines the nature and scope of risk management and internal control of the Group during the year, in accordance with latest *Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers* issued by the Taskforce on Internal Control with the support and endorsement of Bursa Malaysia Securities Berhad.

Board Responsibility

The Board of Directors is committed to maintaining an effective system of internal control in financial, operational and compliance as well as risk management to achieve the following objectives:

- Safeguard assets of the Group and shareholders' interest;
- Identify and manage risks affecting the Group;
- Ensure compliance with regulatory requirements; and
- Ensure operational results are closely monitored and substantial variances are promptly explained.

The Board also acknowledges its responsibility for reviewing the adequacy and integrity of the system of internal control. In view of the limitations that are inherent in any system of internal control, this system is designed to manage rather than eliminate the risk of failure to achieve business objectives and provide reasonable but not absolute assurance against material misstatement or loss. Furthermore, consideration is given to the cost of implementation as compared to the expected benefits to be derived from the implementation of the internal control system.

Key Elements of Risk Management and Internal Control

Risk management is set in the Group's management system. The Group with the assistance of an external consultancy firm has established a risk management framework to ensure that all key risks are appropriately identified, evaluated, monitored and managed.

During the financial year, the Board was updated on a periodic basis on the corporate risk scorecard for which management on each business area identified their risks, the probability of those risks occurring, the impact if they do occur and the action plans being taken to manage those risks to the desired level.

Key elements of risk management and internal control that the Board has established in reviewing the adequacy and integrity of the system of internal control are described below:

- **Terms of Reference**
  Clear definition of the terms of reference, i.e. functions, authorities and responsibilities of the various committees of the Board of Directors has been established.

- **Management Styles and Control Procedures**
  Weekly operational meetings are conducted among senior management to discuss and review the business plans, budgets, financial and operational performances of the Group.

  Operating policies and procedures are made available to guide staff in their day-to-day work processes. Quality control and progress of the project is monitored via frequent site visits by the relevant teams, regular site meetings with the contractors and employment of fulltime staff on site.

- **Organisational Structure and Accountability Levels**
  The Group has a well-defined organisational structure with clear lines of responsibility and delegation of authority and key business functions of the Group are centralized, to ensure accountability and quick impartment of risk management strategies.

- **Human Resource Policy**
  There are proper guidelines within the Group for recruitment and selection, compensation and benefits, performance management, and other relevant procedures in line with its brand promise and core values. Training and development programmes are identified and scheduled for employees to acquire the necessary knowledge and competency to meet their job expectations.

- **Disaster Recovery**
  Daily backup and system vendors support to provide assurance for business continuity. There are also offline procedures to implement in case of system failure.

- **Internal Audit**
  Independent internal audit function provides assurance to the Audit Committee through the execution of internal audit visits based on an approved risk-based internal audit plan. Findings arising from these visits are presented, together with Management's response and proposed action plans, to the Audit Committee for its review. Further details of the activities of the internal audit function are provided in the Audit Committee's Report.

- **Tender**
  Review and award of major contracts are carried out by a Tender Committee. A minimum of three tenderers is called for and tenders are awarded based on criteria including quality, pricing, track record and speed of delivery. The Tender Committee which comprises members of the senior management ensures transparency in the award of contracts.

- **Insurance on Key Assets**
  Adequate insurance of the major assets and resources of the Group are in place to ensure that these are sufficiently covered against any mishap that may result in material losses to the Group.

- **Safety and Security - Emergency Response Team**
  An Occupational Safety and Health Act Committee is in place to be in compliance with Section 30(1) of the Occupational Safety and Health Act, 1994. An Emergency Response Team is also established to assist the management and employees during any emergencies to ensure that all the employees are aware of their own safety during any emergencies and that the Group’s assets and resources are well protected from any accident or mishap.

The Board is satisfied with the design of the control system and is of the view that the system which is in place for the year under review is sound and sufficient to safeguard shareholders’ investments, customers’ interests and the Group’s assets.

The Group’s system of internal control applies principally to Selangor Dredging Berhad and its subsidiaries. Joint ventures have been excluded because the Group does not have full management and control over them.

Assurance Provided by the Group Managing Director and Group Finance Manager

In line with the Guidelines, the Group Managing Director and Group Finance Manager have provided assurance to the Board that the Group’s risk management and internal control system has operated adequately and effectively in all material aspects to meet the Group’s objectives during the financial year under review.

Review of the Statement by External Auditors

As required by paragraph 15.23 of the Bursa Securities Listing Requirements, the external auditors have reviewed this Statement on Risk Management & Internal Control. As set out in their terms of engagement, the procedures were performed in accordance with Recommended Practice Guide 5 (Revised) issued by Malaysian Institute of Accountants. Based on their procedures performed, the external auditor has reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines for Directors of Listed Issuers, nor is it factually inaccurate.

The Board is responsible for ensuring that the financial statements for each financial year give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cash flows of the Group and of the Company for that period.

In preparation of the financial statements, the Board has ensured that:

1. Suitable accounting policies have been adopted and applied consistently.

2. Judgements and statements made are reasonable and prudent.

3. Suitable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements.

The Board confirms that the financial statements have been prepared on a going concern basis.

The Board is responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia. The Board has overall responsibilities for taking steps as are reasonably available to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

1. Utilisation of Proceeds

No proceeds were raised by the Company for any corporate exercise during the financial year.

2. Share Buybacks

The Company did not carry out any share buybacks for the financial year.

3. Options, Warrants or Convertible Securities

No Options, Warrants or Convertible Securities were exercised by the Company during the financial year.

4. Depository Receipt (DR) Programme

The Company did not sponsor any DR programme during the financial year.

5. Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company or its subsidiaries, Directors or management by the relevant regulatory bodies.

6. Non-Audit Fees

There was no non-audit fee paid to the external auditors for the financial year.

7. Profit Estimate, Forecast, Projection or Unaudited Results

There was no profit forecast issued by Company and its subsidiary companies during the financial year.

8. Profit Guarantee

During the financial year, there was no profit guarantee given by the Company.

9. Material Contracts

During the financial year there was no material contract entered into by the Company or its subsidiary involving interest of Directors and major shareholders of the Company that have not been reflected in the financial statement.

10. Revaluation Policy on Landed Properties

The revaluation policy on landed properties is as disclosed in the financial statements for the financial year ended 31 March 2016.

11. Recurrent Related Party Transaction of a Revenue or Trading Nature

During the financial year, the Company and its subsidiaries had not entered into any recurrent related party transactions, which are of revenue or trading nature, which requires shareholders' mandate.

The primary objective of the Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices and to ensure the adequacy and effectiveness of the Group's system of internal control. The full term of reference of the Audit Committee can be viewed at the Company's Website.

(A) MEMBERSHIP AND MEETINGS

The Audit Committee met on four (4) occasions during the financial year and the attendance of each member of the Audit Committee is as follows:

	Composition of the Audit Committee	Attendance at the Audit Committee Meetings
Chairman	Tan Sri Mohd Ismail Bin Che Rus (Senior Independent Non-Executive Director)	4/4
Members	Mr Eddy Chieng Ing Huong (Non-Independent Non-Executive Director)	4/4
	Mr Tee Keng Hoon (Independent Non-Executive Director)	4/4

(B) SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the following activities were carried out by the Audit Committee in discharging its duties and functions:

- Reviewed the external auditors' scope of work and audit plan for the financial year.
- Reviewed the quarterly and audited financial reports of the Company and the Group prior to submission to the Board for approval and subsequent release to the Bursa Malaysia Securities Berhad ("Bursa Securities").
- Reviewed the related party transactions and ensured that they are not more favourable to the related parties than those generally available to the public and complies with Bursa Securities Main Market Listing Requirements ("Listing Requirements").
- Reviewed the internal audit plans for the financial year for the Company and Group as prepared by the Internal Auditors.
- Reviewed the internal audit reports, audit recommendations made and management's response to these recommendations for the Company and Group as prepared by the Internal Auditors.
- Reviewed the Audit Committee Report and Statement on Risk management and Internal Control and recommended to the Board for approval prior to their inclusion in the Company's Annual Report.
- Reviewed the Corporate Risk Profile and recommended to the Board for approval.
- Reviewed and recommended the proposed final audit fees for the external auditors in respect of their audit of the Company and the Group.
- Reviewed the performance and effectiveness of the external auditors and made recommendations to the Board on appointment and remuneration of auditors.
- Tabled the Minutes of each Committee Meeting to the Board for information, and for further direction by the Board, where necessary.
- Met with the external auditors twice a year without the presence of the executive Board members.

(C) INTERNAL AUDIT FUNCTION

In discharging its function, the Audit Committee is supported by an internal audit function whose primary responsibility is to evaluate and report on the adequacy and effectiveness of the overall system of internal control of the Group. The internal audit function of the Group has been outsourced to Deloitte Enterprise Risk Services Sdn Bhd, who reports directly to the Committee.

The activities of the Internal Auditors during the financial year ended 31 March 2016 were as follows:

- Conducted discussions with management in identifying significant concerns and risk areas perceived by management for inclusion in the Internal Audit Plan for the Group;
- Developed and proposed an Internal Audit Plan for the year which was discussed and accepted by the Audit Committee and Board;
- Conducted periodic audits on internal controls relating to operating system and standard operating procedures to monitor compliance and assess the adequacy and effectiveness of controls implemented by various companies within the Group;
- Attended and reported to the Audit Committee at all Audit Committee meetings held during the financial year ended 31 March 2016; and
- Highlighted areas of concern to the Audit Committee and ensuring that recommendations provided by the Internal Auditors are duly attended to and adhered by management within stipulated time frame. In the Internal Audit Progress Reports, the Internal Auditors had reported their findings in their subsequent follow-up reviews to the Audit Committee.

FINANCIAL STATEMENTS

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 March 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company are property leasing, investment holding and provision of management services. The principal activities of the subsidiary companies are set out in Note 5 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	43,088	57,826
Profit attributable to:		
- equity holders of the Company	43,088	57,826

DIVIDENDS

A first and final single tier dividend of 6% amounting to RM12,783,829, proposed in the previous financial year and dealt with in the previous year's Directors' Report was paid by the Company during the current financial year.

The Directors now propose a first and final single tier dividend of 5% amounting to RM10,653,192 in respect of the financial year ended 31 March 2016.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

DIRECTORS

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

Eddy Chieng Ing Huong
Teh Lip Kim
Teh Lip Pink
Tan Sri Mohd Ismail Bin Che Rus
Tee Keng Hoon

Tan Sri Mohd Ismail Bin Che Rus, Eddy Chieng Ing Huong and Tee Keng Hoon are members of the Audit Committee of the Board.

In accordance with Article 80 of the Company's Articles of Association, Teh Lip Pink will retire by rotation from the Board at the forthcoming Annual General Meeting, and being eligible, offers herself for re-election.

In accordance with Section 129(6) of the Companies Act, 1965, Tan Sri Mohd Ismail Bin Che Rus is retiring at the forthcoming Annual General Meeting. Tan Sri Mohd Ismail Bin Che Rus offers himself for re-appointment and is eligible to be re-appointed.

DIRECTORS' INTERESTS IN SHARES

According to the register required to be kept pursuant to Section 134 of the Companies Act, 1965, the following Directors have interests in shares in the Company and its related corporations as follows:

	← Ordinary shares of 50 sen each →			
Shares in the Company	**At 1.4.2015**	**Bought**	**Sold**	**At 31.3.2016**
Teh Lip Kim				
- direct	79,558,296	-	-	79,558,296
- indirect	170,588,756	-	-	170,588,756
Teh Lip Pink				
- direct	425,000	-	-	425,000
- indirect	65,929,978	-	-	65,929,978

By virtue of their interests in shares in the Company, Teh Lip Kim and Teh Lip Pink are also deemed to be interested in the Company's shareholdings in all its direct subsidiary companies.

None of the other Directors holding office at the end of the financial year held shares or had beneficial interest in the shares of the Company or its related companies during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or became 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 those benefits which may be deemed to have arisen by virtue of those contracts and transactions entered into in the ordinary course of business by the Company and its subsidiary companies with Directors or with companies in which the Directors are deemed to have substantial financial interests, as disclosed in Note 33 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 REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the statements of profit or loss, statements of other 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 that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there are no known bad debts to be written off and that provision need not be made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or the making of provision for doubtful debts in the financial statements of the Group and of the Company;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT (continued)

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Eddy Chieng Ing Huong
Director

Teh Lip Kim
Director

Kuala Lumpur
20 June 2016

Report on the Financial Statements

We have audited the financial statements of Selangor Dredging Berhad, which comprise the statements of financial position as at 31 March 2016 of the Group and of the Company, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 46 to 122.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 March 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirement of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 42 to the financial statements 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.

Other Matters

The financial statements of the Group and of the Company for the financial year ended 31 March 2015 were audited by another firm of Chartered Accountants, whose report dated 26 June 2015 expressed an unqualified opinion on those statements.

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.

BDO
AF : 0206
Chartered Accountants

Lum Chiew Mun
3039/04/17 (J)
Chartered Accountant

Kuala Lumpur
20 June 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	2	191,410	177,007	4,948	5,594
Land held for property development	3	198,950	-	-	-
Investment properties	4	321,487	318,046	320,472	317,031
Investments in subsidiary companies	5	-	-	221,826	60,626
Investments in joint ventures	6	166,605	170,945	-	-
Amounts owing by subsidiary companies	8	-	-	-	163,930
Other investments	7	-	6	-	6
Deferred tax assets	22	3,519	2,988	-	-
		881,971	668,992	547,246	547,187
Current assets					
Inventories	9	189,461	96,633	674	678
Property development costs	10	190,944	321,007	-	-
Gross amount due from customers	11	13	-	-	-
Trade receivables	12	29,024	51,851	237	63
Accrued billings	13	39,169	88,171	-	-
Other receivables, deposits and prepayments	14	25,686	21,956	1,069	2,663
Amounts owing by subsidiary companies	8	-	-	20,807	-
Amounts owing by joint ventures	15	4,942	-	-	-
Current tax assets		12,039	2,294	1,084	614
Short term investments	16	1,072	10,622	465	369
Deposits	17	112,441	2,538	390	390
Cash and bank balances	18	44,295	151,171	1,796	1,964
		649,086	746,243	26,522	6,741
Non-current assets held for sale	4	-	18,570	-	18,570
		649,086	764,813	26,522	25,311
TOTAL ASSETS		1,531,057	1,433,805	573,768	572,498

The accompanying notes form an integral part of the financial statements.

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	19	213,064	213,064	213,064	213,064
Share premium (non-distributable)		477	477	477	477
Revaluation reserve (non-distributable)		50,433	34,640	2,219	1,757
Exchange translation reserve (non-distributable)		23,376	26,345	-	-
Other reserve (distributable)	20	7,861	7,861	7,861	7,861
Retained earnings		518,565	488,261	251,895	206,853
TOTAL EQUITY		813,776	770,648	475,516	430,012
LIABILITIES					
Non-current liabilities					
Bank borrowings	21	292,100	341,200	23,750	26,250
Deferred tax liabilities	22	13,495	13,292	13,029	13,269
		305,595	354,492	36,779	39,519
Current liabilities					
Trade payables	23	119,934	118,190	74	-
Other payables and accruals	24	20,091	22,356	8,896	11,399
Amount owing to a subsidiary company	8	-	-	3	39,068
Amount owing to joint venture	15	-	49	-	-
Bank borrowings	21	271,661	163,900	52,500	52,500
Current tax liabilities		-	4,170	-	-
		411,686	308,665	61,473	102,967
TOTAL LIABILITIES		717,281	663,157	98,252	142,486
TOTAL EQUITY AND LIABILITIES		1,531,057	1,433,805	573,768	572,498

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Revenue	25	216,561	400,505	24,549	23,508
Cost of sales	26	(154,199)	(277,733)	(8,491)	(8,016)
Gross profit		62,362	122,772	16,058	15,492
Other income		43,063	33,881	59,541	35,089
Selling and distribution expenses		(7,750)	(24,072)	-	-
Administrative and general expenses		(35,469)	(28,898)	(9,844)	(9,417)
Other expenses		(8,089)	(6,490)	-	-
Share of profit of joint ventures	6	15,430	17,111	-	-
Finance costs	27	(22,680)	(17,780)	(4,600)	(46,976)
Profit/(Loss) before tax	28	46,867	96,524	61,155	(5,812)
Tax expense	29	(3,779)	(29,576)	(3,329)	(3,282)
Profit/(Loss) for the financial year		43,088	66,948	57,826	(9,094)
Profit attributable to:					
- equity holders of the Company		43,088	66,948		
Basic earnings per share (sen)	30	10.11	15.71		
Dividend per share (sen)					
First and final single tier dividend paid in respect of the financial year ended 31 March					
- 2015				3.00	-
- 2014				-	3.00

The accompanying notes form an integral part of the financial statements.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit/(Loss) for the financial year	43,088	66,948	57,826	(9,094)
Other comprehensive income, net of tax:				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operation	(2,969)	12,067	-	-
Items that will not be reclassified subsequently to profit or loss:				
Revaluation surplus on property, plant and equipment.	15,793	-	462	-
Total comprehensive income/(loss) for the financial year	55,912	79,015	58,288	(9,094)

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

Group	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Exchange translation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Total equity RM'000
	← Non-distributable			→	← Distributable →		
2016							
Balance at 1 April 2015	213,064	477	34,640	26,345	7,861	488,261	770,648
Profit for the financial year	-	-	-	-	-	43,088	43,088
Other comprehensive income/(loss) for the financial year, net of tax	-	-	15,793	(2,969)	-	-	12,824
Total comprehensive income for the financial year	-	-	15,793	(2,969)	-	43,088	55,912
Transaction with owners							
Dividend paid (Note 31)	-	-	-	-	-	(12,784)	(12,784)
Balance at 31 March 2016	213,064	477	50,433	23,376	7,861	518,565	813,776
2015							
Balance at 1 April 2014	213,064	477	34,640	14,278	7,861	434,097	704,417
Profit for the financial year	-	-	-	-	-	66,948	66,948
Other comprehensive income for the financial year, net of tax	-	-	-	12,067	-	-	12,067
Total comprehensive income for the financial year	-	-	-	12,067	-	66,948	79,015
Transaction with owners							
Dividend paid (Note 31)	-	-	-	-	-	(12,784)	(12,784)
Balance at 31 March 2015	213,064	477	34,640	26,345	7,861	488,261	770,648

The accompanying notes form an integral part of the financial statements.

Company	Share capital RM'000	Non-distributable Share premium RM'000	Non-distributable Revaluation reserve RM'000	Distributable Other reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
2016						
Balance at 1 April 2015	213,064	477	1,757	7,861	206,853	430,012
Profit for the financial year	-	-	-	-	57,826	57,826
Other comprehensive income for the financial year, net of tax	-	-	462	-	-	462
Total comprehensive income for the financial year	-	-	462	-	57,826	58,288
Transaction with owners						
Dividend paid (Note 31)	-	-	-	-	(12,784)	(12,784)
Balance at 31 March 2016	213,064	477	2,219	7,861	251,895	475,516
2015						
Balance at 1 April 2014	213,064	477	1,757	7,861	228,731	451,890
Loss for the financial year	-	-	-	-	(9,094)	(9,094)
Other comprehensive income for the financial year, net of tax	-	-	-	-	-	-
Total comprehensive loss for the financial year	-	-	-	-	(9,094)	(9,094)
Transaction with owners						
Dividend paid (Note 31)	-	-	-	-	(12,784)	(12,784)
Balance at 31 March 2015	213,064	477	1,757	7,861	206,853	430,012

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		46,867	96,524	61,155	(5,812)
Adjustments for:					
Depreciation		6,589	6,494	1,218	1,428
Dividend income		-	(138)	-	-
Gain on disposal of property, plant and equipment		(34)	(140)	-	(140)
Gain on disposal of investment property		(13,688)	-	(13,688)	-
Fair value adjustments of investment properties	4	(2,499)	(24,256)	(2,499)	(24,181)
Share of profit of joint ventures	6	(15,430)	(17,111)	-	-
Unrealised gain on foreign exchange		(4,940)	(2,112)	-	-
Interest income		(1,809)	(1,440)	(596)	(729)
Effect of FRS 139 – gain on amortised cost		-	-	(41,511)	(9,263)
Finance costs		22,680	17,780	4,600	46,976
Operating profit before working capital changes		37,736	75,601	8,679	8,279
Changes in inventories		7,634	(73,443)	4	17
Changes in property development costs		(45,914)	54,657	-	-
Changes in gross amount due from/(to) customers		(13)	135	-	-
Changes in receivables		18,823	8,831	(200)	(1,292)
Changes in payables		(28,736)	46,077	(2,429)	3,604
Changes in accrued billings		50,306	(29,433)	-	-
Cash generated from operations		39,836	82,425	6,054	10,608
Tax paid		(16,871)	(19,946)	(2,446)	(2,874)
Net cash from operating activities		22,965	62,479	3,608	7,734

The accompanying notes form an integral part of the financial statements.

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of joint venture		-	(375)	-	-
Investment in subsidiaries		-	-	(200)	-
Dividend received		-	138	-	-
Additions in investment properties	4	(1,180)	(560)	(1,180)	(560)
Purchase of property, plant and equipment	2	(3,785)	(2,953)	(84)	(1,874)
Purchase of land held for development		(93,392)	-	-	-
Proceeds from disposal of property, plant and equipment		122	152	-	152
Proceeds from disposal of investment property		32,496	-	32,496	-
Proceeds from disposal of shares		6	-	6	-
Return of investments in joint ventures		18,380	33,417	-	-
Advances to subsidiary companies		-	-	(15,873)	(14,479)
(Advances to)/Repayment from joint ventures		(4,991)	50	-	-
Interest received		1,809	1,440	129	729
Deposits placed with financial institutions with original maturity of more than three (3) months		(12,230)	-		
Placements of fixed deposits pledged		(1,702)	-	-	-
Net cash (used in)/from investing activities		(64,467)	31,309	15,294	(16,032)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net drawdown/(repayment) of bank borrowings		58,661	(50,701)	(2,500)	22,500
Dividend paid to shareholders		(12,784)	(12,784)	(12,784)	(12,784)
Interest paid		(22,517)	(17,324)	(3,690)	(3,238)
Net cash from/(used in) financing activities		23,360	(80,809)	(18,974)	6,478
Net (decrease)/increase in cash and cash equivalents		(18,142)	12,979	(72)	(1,820)
Cash and cash equivalents at beginning of financial year		163,746	148,280	2,333	4,153
Effect of exchange rate changes		(2,313)	2,487	-	-
Cash and cash equivalents at end of financial year		143,291	163,746	2,261	2,333

The accompanying notes form an integral part of the financial statements.

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Represented by:					
Short term investments	16	1,072	10,622	465	369
Deposits	17	112,441	2,538	390	390
Cash and bank balances	18	44,295	151,171	1,796	1,964
		157,808	164,331	2,651	2,723
Less : Amount pledged as security for bank guarantee facility					
- deposits	17	(2,092)	(390)	(390)	(390)
- bank balances	18	(195)	(195)	-	-
Less : Deposits with licensed banks with maturity more than 3 months		(12,230)	-	-	-
		143,291	163,746	2,261	2,333

The accompanying notes form an integral part of the financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board ("MASB") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

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 significant 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 revised FRS, Amendments to FRSs and Issues Committee Interpretation ("IC Interpretation") during the financial year:

Amendments to FRS 119	*Defined Benefit Plans: Employee Contributions*
Amendments to FRSs	*Annual Improvements to FRSs 2010-2012 Cycle*
Amendments to FRSs	*Annual Improvements to FRSs 2011-2013 Cycle*

(c) Standards issued but not yet effective

The Group and the Company have not applied the following standards and amendments that have been issued by the MASB but are not yet effective:

New FRS, Amendments to FRSs and IC Interpretation		Effective Date
FRS 14	*Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 116 and FRS 138	*Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 11	*Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to FRS 127	*Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRSs	*Annual Improvements 2012-2014 Cycle*	1 January 2016
Amendments to FRS 101	*Disclosure Initiative*	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128	*Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to FRS 107	*Disclosure Initiative*	1 January 2017
Amendments to FRS 112	*Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
FRS 9	*Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018
Amendments to FRS 10 and FRS 128	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Group is still in the process of assessing the impact of implementing these standards, since the effects would only be observable in future years.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Standards issued but not yet effective (continued)

Malaysian Financial Reporting Standards

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

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

The Group falls within the definition of Transitioning Entities and has opted to defer adoption of MFRS.

According to an announcement made by the MASB on 28 October 2015, all Transitioning Entities shall adopt the MFRS framework and prepare their first MFRS financial statements for annual periods beginning on or after 1 January 2018.

The Group will adopt MFRS and will prepare its first set of MFRS financial statements on 31 March 2019. In presenting its first set of MFRS financial statements, the Group will quantify the financial effects of the differences between the currently applied FRS and MFRS. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group and the Company have not applied the following standards and amendments (which are applicable upon adoption of MFRS) that have been issued by the MASB but are not yet effective.

Title

MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*
MFRS 2 *Share-based Payment*
MFRS 3 *Business Combinations*
MFRS 4 *Insurance Contracts*
MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
Amendments to MFRS 5 *(Annual Improvements to MFRSs 2012-2014 Cycle)*
MFRS 6 *Exploration for and Evaluation of Mineral Resources*
MFRS 7 *Financial Instruments: Disclosures*
MFRS 8 *Operating Segments*
MFRS 9 *Financial Instruments (IFRS 9 as issued by IASB in July 2014)*
MFRS 10 *Consolidated Financial Statements*
MFRS 11 *Joint Arrangements*
MFRS 12 *Disclosure of Interests in Other Entities*
MFRS 13 *Fair Value Measurement*
MFRS 14 *Regulatory Deferral Accounts*
MFRS 15 *Revenue from Contracts with Customers*
Clarifications to MFRS 15 *Revenue from Contracts with Customers*
MFRS 101 *Presentation of Financial Statements*
MFRS 102 *Inventories*

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Standards issued but not yet effective (continued)

The Group and the Company have not applied the following standards and amendments (which are applicable upon adoption of MFRS) that have been issued by the MASB but are not yet effective. (continued)

Title

MFRS 107 *Statement of Cash Flows*
MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
MFRS 110 *Events After the Reporting Period*
MFRS 112 *Income Taxes*
MFRS 116 *Property, Plant and Equipment*
MFRS 117 *Leases*
MFRS 119 *Employee Benefits (revised)*
MFRS 120 *Accounting for Government Grants and Disclosure of Government Assistance*
MFRS 121 *The Effects of Changes in Foreign Exchange Rates*
MFRS 123 *Borrowing Costs*
MFRS 124 *Related Party Disclosures*
MFRS 126 *Accounting and Reporting by Retirement Benefit Plans*
MFRS 127 *Separate Financial Statements*
MFRS 128 *Investments in Associates and Joint Ventures*
MFRS 129 *Financial Reporting in Hyperinflationary Economies*
MFRS 132 *Financial Instruments: Presentation*
MFRS 133 *Earnings Per Share*
MFRS 134 *Interim Financial Reporting*
MFRS 136 *Impairment of Assets*
MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*
MFRS 138 *Intangible Assets*
MFRS 140 *Investment Property*
MFRS 141 *Agriculture*
IC Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*
IC Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments*
IC Interpretation 4 *Determining Whether an Arrangement Contains a Lease*
IC Interpretation 5 *Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*
IC Interpretation 6 *Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment*
IC Interpretation 7 *Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyper inflationary Economies*
IC Interpretation 9 *Reassessment of Embedded Derivatives*
IC Interpretation 10 *Interim Financial Reporting and Impairment*
IC Interpretation 12 *Service Concession Arrangements*
IC Interpretation 14 MFRS 119 - *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*
IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*
IC Interpretation 21 *Levies*
IC Interpretation 107 *Introduction of the Euro*
IC Interpretation 110 *Government Assistance - No Specific Relation to Operating Activities*

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Standards issued but not yet effective (continued)

The Group and the Company have not applied the following standards and amendments (which are applicable upon adoption of MFRS) that have been issued by the MASB but are not yet effective. (continued)

Title

IC Interpretation 115 *Operating Leases - Incentives*
IC Interpretation 125 *Income Taxes - Changes in the Tax Status of an Entity or its Shareholders*
IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*
IC Interpretation 129 *Service Concession Arrangements: Disclosures*
IC Interpretation 132 *Intangible Assets - Web Site Costs*
MFRS 16 *Leases (effective from annual periods beginning on or after 1 January 2019)*

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for the financial year ending 31 March 2019.

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

(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 of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

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

(i) Critical judgement made in applying accounting policies

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

Classification between investment properties and owner-occupied properties

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Significant accounting judgements and estimates (continued)

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

Classification between investment properties and owner-occupied properties (continued)

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 or supply of goods and services or for administrative purposes.

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

Classification of non-current bank borrowings

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise its right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

Classification of joint arrangement

For its joint arrangement structured in a separate vehicle, the Group assesses the substance of the joint arrangement in determining whether it is classified as a joint venture or joint operation. This assessment requires the Group to consider whether there are any factors that give the Group rights to the net assets of the joint arrangement (in which case it is classified as a joint venture), or rights to specific assets, liabilities, expenses, and revenues (in which case it is classified as a joint operation). These factors include:

(i) Structure;
(ii) Legal form;
(iii) Contractual agreement; and
(iv) Other facts and circumstances.

Upon consideration of these factors, the Group has determined that its joint arrangement structured through a separate vehicle provides rights to the net assets and is therefore, classified as a joint venture.

Operating lease commitments - the Group and the Company as lessor

The Group and the Company have entered into a commercial lease on its investment property. The Group has determined that it retains all the significant risks and rewards of ownership of these assets, which are leased out as operating lease due to the lease period of three (3) years.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Significant accounting judgements and estimates (continued)

(ii) Key sources of estimation uncertainty

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

Depreciation of property, plant and equipment

Property, plant and equipment 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 property, plant and equipment to be within 2 to 50 years.

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.

The carrying amount of property, plant and equipment is disclosed in Note 2 to the financial statements.

Estimation of the fair value of investment properties

The Group determines the fair values of its investment properties by reference to market evidence of transaction price for similar properties and valuation is performed by a registered independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of property being valued.

The carrying amount of investment properties is disclosed in Note 4 to the financial statements.

Impairment of receivables

The collectibility of receivables is assessed on an ongoing basis. An impairment is recognised for any receivables considered to be doubtful of collection.

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

The carrying amounts of receivables are disclosed in Notes 12, 14 and 15 to the financial statements.

Write down of inventories

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 an impairment loss for the inventories based primarily on historical trends and management estimates of expected and future demand and related pricing.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Significant accounting judgements and estimates (continued)

(ii) Key sources of estimation uncertainty (continued)

Write down of inventories (continued)

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

The carrying amount of inventories is disclosed in Note 9 to the financial statements.

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 assumptions, management relies on past experience and the work of specialists.

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 income taxes are disclosed in Note 29 to the financial statements.

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 on the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying amount of deferred tax assets is disclosed in Note 22 to the financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Significant accounting judgements and estimates (continued)

(ii) Key sources of estimation uncertainty (continued)

Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 39 to the financial statements.

Impairment of investments in subsidiaries and amounts owing by subsidiaries

The management reviews the investments in subsidiaries for impairment when there is an indication of impairment and assesses the impairment of receivables on the amounts owing by subsidiaries when the receivables are long outstanding.

The recoverable amounts of the investments in subsidiaries and amounts owing by subsidiaries are assessed by reference to the value in use of the respective subsidiaries.

The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect their income and cash flows. Judgement had also been used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiaries.

(e) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and of all its subsidiaries and entities controlled by the Company made up to the end of the financial year.

The Company controls an investee if and only if the Company has all the following:

(i) power over the investee;
(ii) exposure, or rights, to variable returns from its involvement with the investee; and
(iii) the ability to use its power over the investee to affect the amount of the investor's returns.

Potential voting rights are considered when assessing control only if the rights are substantive.

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of an investee shall begin from the date the Company obtains control of the investee and cease when the investor loses control of the investee.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Basis of consolidation (continued)

Changes of Interests in Subsidiaries

The changes of interests in subsidiaries that do not result in a loss of control are treated as equity transactions between the Group and non-controlling interest holders. Any gain or loss arising from equity transactions is recognised directly in equity.

Loss of control

When the Group loses control of a subsidiary:

(i) It derecognises the assets and liabilities, non-controlling interests, and other amounts previously recognised in other comprehensive income relating to the former subsidiary.

(ii) It recognises any gain or loss in profit or loss attributable to the Group, which is calculated as the difference between (i) the aggregate of the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control; plus any investment retained in the former subsidiary at its fair value at the date when control is lost; and (ii) the net carrying amount of assets, liabilities, goodwill and any non-controlling interests attributable to the former subsidiary at the date when control is lost.

(iii) It recognises any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant FRSs. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with FRS 9 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

(f) Accounting for business combinations

The Group accounts for each business combination by applying the acquisition method.

The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer.

The Group accounts for acquisition related costs as expenses in the periods in which the costs are incurred and the services are received.

For each business combination, the Group measures at the acquisition date, components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at either: (i) fair value; or (ii) the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

On the date of acquisition, goodwill is measured as the excess of (a) over (b) below:

(a) The aggregate of: (i) the fair value of consideration transferred; (ii) the amount of any non-controlling interest in the acquiree; and (iii) in a business combination achieved in stages, the fair value of the Group's previously held equity interest in the investee.

(b) The net fair value of the identifiable assets acquired and the liabilities assumed.

A business combination in which the amount in (b) above exceeds the aggregate of the amounts in (a) above, the Group recognises the resulting gain in profit or loss on the acquisition date.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investment in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are measured at cost less impairment losses, if any. Impairment losses are charged to profit or loss.

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

(h) Equity accounting of joint ventures

Joint ventures are entities with contractually agreed sharing of control between the parties, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control, and the parties have rights to the net assets of the arrangement.

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

The Group's share of net profit or loss and changes recognised directly in the other comprehensive income of the joint ventures are recognised in the consolidated statement of profit or loss and consolidated statement of comprehensive income, respectively.

An investment in a joint venture is accounted for using the equity method from the date on which the Group obtains joint control until the date the Group ceases to have a joint control over the joint venture.

Goodwill relating to a joint venture 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.

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 joint venture's profit or loss in the period in which the investment is acquired.

Unrealised gains or losses on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures.

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

The results and reserves of joint ventures are accounted for in the consolidated financial statements based on 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.

When the Group ceases to have joint control over a joint venture, any retained interest in the former joint venture is recognised at fair value on the date when joint control is lost. Any gain or loss arising from the loss of joint control over a joint venture is recognised in profit or loss.

In the Company's separate financial statements, investments in joint ventures are measured at cost less impairment losses, if any. Impairment losses are recognised in profit or loss.

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial instruments

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

(i) Initial recognition and measurement

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

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

(ii) Financial instrument categories and subsequent measurement

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss (FVTPL), held-to-maturity investments, available-for-sale financial assets or loans and receivables, as appropriate. Management determines the classification of the financial assets upon initial recognition depends on the nature and purpose of the financial assets.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace. A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting.

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other expenses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

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 greater than 12 months after the reporting date, 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

Available for sale financial assets ("AFS")

This category comprises investments in equity and debt securities that are not held for trading or designated at fair value through profit or loss.

The subsequent measurement of financial assets in this category is at fair value, unless the fair value cannot be measured reliably, in which case they are measured at cost less impairment loss.

Any gains or losses arising from changes in fair value of a financial asset in this category are recognised in other comprehensive income, except for impairment losses, until the investment is derecognised, at which time the cumulative gain or loss previously reported in other comprehensive income is reclassfied to the profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in the profit or loss.

Financial liabilities

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

Financial liabilities at fair value through profit or loss comprises financial liabilities that are held for trading, derivatives (except for a designated and effective hedging instrument) and financial liabilities that are specifically designated into this category upon initial recognition. These financial liabilities are subsequently measured at their fair values with the gain or loss recognised in the profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

(iii) Derecognition of financial assets and liabilities

A financial asset or part of it is derecognised when, and only 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 equity is recognised in the profit or loss.

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial instruments (continued)

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 Insurance Contracts. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligationand a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assess whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

(j) Property, plant and equipment

(i) Measurement basis

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to 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 recognised as profit or loss when incurred.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

The Group revalues its freehold hotel property and freehold land and building once in every five years based on valuation carried out by independent firm of professional valuers using the open market basis. Surplus arising from revaluation is dealt with through the asset revaluation reserve account, net of deferred tax, if any. Any deficit arising is set-off against the asset revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount will be charged to profit or loss. For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus is recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to revaluation reserve.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Property, plant and equipment (continued)

(ii) Depreciation

Freehold land and capital work-in-progress is 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 hotel property and other buildings	2%
Plant and machinery	20%
Motor vehicles	20%
Renovation	10% - 50%
Furniture, fittings and equipment	10% - 20%

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

(k) Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments 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.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment or investment properties.

(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.

Leasehold land which in substance is an operating lease is classified as prepaid lease payment.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) 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 are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of each reporting period. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise.

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.

(m) Non-current asset held for sale or distribution to owners

Non-current assets, or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint venture ceases once classified as held for sale or distribution.

(n) Development properties

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Development properties (continued)

Where the outcome of a development activity can be reasonably estimated, revenue and expenses are 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 activity 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 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 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) Construction contracts

The Group's construction contracts comprise substantially 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 construction contract cannot be reasonably estimated, revenue is recognised only to the extent of contract costs incurred that are expected to be recoverable. At the same time, all contract costs incurred are recognised as an expense in the period in which they are incurred.

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of materials being the cost of purchase, is determined either on the first-in-first-out basis or the weighted average basis in respect of consumables, food and beverages. Net realisable value is the estimate of selling price in the ordinary course of business, less cost to completion and selling expenses.

Cost of inventories of completed houses is determined based on specific identification method.

(q) Share capital

Ordinary shares are recorded at nominal value and proceeds received in excess of the nominal value of shares issued, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of shares, net of tax is 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 and paid.

(r) Income recognition

(i) Rental income is recognised on a straight-line basis over the specific tenure of the respective leases.

(ii) Revenue from services rendered in respect of sale of hotel rooms, food and beverages and other ancillary services is recognised in profit or loss as and when services are rendered.

(iii) Revenue from 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) Revenue from construction contracts and the sale of development properties is recognised on the percentage of completion method, where the outcome of the contract 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.

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.

(v) Dividend income is recognised when the right to receive payment is established.

(vi) Interest income is recognised on a time proportion basis using the effective interest rate applicable. If the collectibility of the interest income is in doubt, the recognition of interest income is deferred until prospect of collection becomes certain.

(vii) The provision of property management services fees is recognised when the services are rendered and the customer receives and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Foreign currencies

(i) Functional currency

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

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

(ii) Transactions and balances in foreign currencies

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

Monetary items denominated in foreign currencies at the end of each reporting period 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 other comprehensive income, any corresponding exchange gain or loss is recognised directly in other comprehensive income. 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 end of each reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2006 which are translated at exchange rates ruling at the date of acquisition.

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 cumulative exchange translation reserves relating to that foreign operation are recognised in profit or loss as part of the gain or loss on disposal.

(t) Impairment of non-financial assets

Property, plant and equipment, land held for property development, investment in subsidiary companies and joint ventures.

Property, plant and equipment, land held for property development, investment in subsidiary companies and joint ventures are assessed at the end of each reporting period to determine whether there is any indication of impairment.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Impairment of non-financial assets (continued)

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 assets. 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.

(u) Impairment of financial assets

All financial assets except for financial assets categorised as FVTPL, are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised 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 financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

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.

AFS financial assets

An impairment loss is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an AFS financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified and recognised in profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and 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 asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Impairment of financial assets (continued)

AFS financial assets (continued)

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(v) Employee benefits

(i) Short term employee benefits

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

(ii) Post-employment benefits

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

The legal or constructive obligation of the Company and its Malaysian subsidiary companies are 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.

Some of the Company's foreign subsidiary companies make contributions to their respective countries' statutory pension schemes which are recognised as an expense in profit or loss as incurred.

(w) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Taxation

The income tax expense in profit or loss represents the aggregate amount of current tax and deferred tax.

Current tax is the expected income tax payable or receivable on the taxable income or loss for the year, estimated using the tax rates enacted or substantively enacted by the end of the reporting period.

On the statement of financial position, a deferred tax liability is recognised for taxable temporary differences while a deferred tax asset is only 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 unutilised 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 the tax rates enacted or substantively enacted by the end of the reporting period that are expected to apply to the period when the asset is realised or when the liability is settled.

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

(y) Cash and cash equivalents

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

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude fixed deposits and bank balances pledged to secure banking facilities.

(z) Segment reporting

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 revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by the chief operating decision-maker to decide how to allocate resources to the segment and assess its performance, and for which discrete financial information is available.

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Segment reporting (continued)

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

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Board of Directors. Segment total asset is used to measure the return on assets of each segment.

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, and intangible assets other than goodwill.

(aa) Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

(ab) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(ac) Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

(ad) Fair value measurements

The fair value of an asset or a liability, except for lease transactions is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

2. PROPERTY, PLANT AND EQUIPMENT

Group 2016	Freehold hotel property RM'000	Freehold land and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Renovation furniture, fittings and equipment RM'000	Capital Work-in-progress RM'000	Total RM'000
At 1 April 2015							
- *cost*	-	-	14,846	1,903	34,366	6,210	57,325
- *valuation*	150,000	18,398	-	-	-	-	168,398
	150,000	18,398	14,846	1,903	34,366	6,210	225,723
Additions - *cost*	-	-	-	1,188	2,597	-	3,785
Disposal	-	-	-	(354)	-	-	(354)
Reclassifications	-	6,210	-	-	-	(6,210)	-
Adjustment on revaluation	(7,799)	(1,543)	-	-	-	-	(9,342)
Revaluation surplus	7,799	8,462	-	-	-	-	16,261
Foreign exchange adjustments	-	1,050	-	-	85	-	1,135
At 31 March 2016							
- *cost*	-	-	14,846	2,737	37,048	-	54,631
- *valuation*	150,000	32,577	-	-	-	-	182,577
	150,000	32,577	14,846	2,737	37,048	-	237,208
Accumulated depreciation							
At 1 April 2015							
- *cost*	-	-	14,371	901	25,947	-	41,219
- *valuation*	6,239	433	-	-	-	-	6,672
	6,239	433	14,371	901	25,947	-	47,891
Charge for the year							
- *cost*	-	-	219	395	4,201	-	4,815
- *valuation*	1,560	214	-	-	-	-	1,774
Disposal	-	-	-	(266)	-	-	(266)
Adjustment on revaluation	(7,799)	(658)	-	-	-	-	(8,457)
Foreign exchange adjustments	-	11	-	-	30	-	41
At 31 March 2016							
- *cost*	-	-	14,590	1,030	30,178	-	45,798
- *valuation*	-	-	-	-	-	-	-
	-	-	14,590	1,030	30,178	-	45,798

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2016	Freehold hotel property RM'000	Freehold land and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Renovation furniture, fittings and equipment RM'000	Capital Work-in-progress RM'000	Total RM'000
Accumulated impairment losses							
At 1 April 2015							
- *valuation*	-	825	-	-	-	-	825
Adjustment on revaluation	-	(885)	-	-	-	-	(885)
Foreign exchange adjustment	-	60	-	-	-	-	60
At 31 March 2016							
- *valuation*	-	-	-	-	-	-	-
Carrying value							
At 31 March 2016							
- *cost*	-	-	256	1,707	6,870	-	8,833
- *valuation*	150,000	32,577	-	-	-	-	182,577
	150,000	32,577	256	1,707	6,870	-	191,410
The carrying value of revalued assets stated under the historical cost convention							
At 31 March 2016	48,210	7,275	-	-	-	-	55,485

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2015	Freehold hotel property RM'000	Freehold land and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Renovation furniture, fittings and equipment RM'000	Capital Work-in-progress RM'000	Total RM'000
At 1 April 2014							
- *cost*	-	-	14,846	1,933	31,730	5,960	54,469
- *valuation*	150,000	17,843	-	-	-	-	167,843
	150,000	17,843	14,846	1,933	31,730	5,960	222,312
Additions - *cost*	-	-	-	790	3,009	250	4,049
Disposal	-	-	-	(820)	(179)	-	(999)
Write-off	-	-	-	-	(239)	-	(239)
Foreign exchange adjustments	-	555	-	-	45	-	600
At 31 March 2015							
- *cost*	-	-	14,846	1,903	34,366	6,210	57,325
- *valuation*	150,000	18,398	-	-	-	-	168,398
	150,000	18,398	14,846	1,903	34,366	6,210	225,723
Accumulated depreciation							
At 1 April 2014							
- *cost*	-	-	14,139	1,397	22,155	-	37,691
- *valuation*	4,679	319	-	-	-	-	4,998
	4,679	319	14,139	1,397	22,155	-	42,689
Charge for the year							
- *cost*	-	-	232	324	4,181	-	4,737
- *valuation*	1,560	197	-	-	-	-	1,757
Disposal	-	-	-	(820)	(167)	-	(987)
Write-off	-	-	-	-	(239)	-	(239)
Foreign exchange adjustments	-	(83)	-	-	17	-	(66)
At 31 March 2015							
- *cost*	-	-	14,371	901	25,947	-	41,219
- *valuation*	6,239	433	-	-	-	-	6,672
	6,239	433	14,371	901	25,947	-	47,891

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2015	Freehold hotel property RM'000	Freehold land and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Renovation furniture, fittings and equipment RM'000	Capital Work-in-progress RM'000	Total RM'000
Accumulated impairment losses							
At 1 April 2014							
- *valuation*	-	791	-	-	-	-	791
Foreign exchange adjustment	-	34	-	-	-	-	34
At 31 March 2015							
- *valuation*	-	825	-	-	-	-	825
Carrying value							
At 31 March 2015							
- *cost*	-	-	475	1,002	8,419	6,210	16,106
- *valuation*	143,761	17,140	-	-	-	-	160,901
	143,761	17,140	475	1,002	8,419	6,210	177,007
The carrying value of revalued assets stated under the historical cost convention							
At 31 March 2015	49,269	7,069	-	-	-	-	56,338

In the previous financial year, there was unpaid balance of additions to property, plant and equipment amounted to RM1,096,000 which was included in other payables.

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2016	**Freehold land and buildings RM'000**	**Plant and machinery RM'000**	**Motor vehicles RM'000**	**Renovation furniture, fittings and equipment RM'000**	**Total RM'000**
At 1 April 2015					
- *cost*	-	14,804	1,148	8,547	24,499
- *valuation*	2,480	-	-	-	2,480
	2,480	14,804	1,148	8,547	26,979
Additions - *cost*	-	-	-	84	84
Adjustment on revaluation	(248)	-	-	-	(248)
Revaluation surplus	488	-	-	-	488
At 31 March 2016					
- *cost*	-	14,804	1,148	8,631	24,583
- *valuation*	2,720	-	-	-	2,720
	2,720	14,804	1,148	8,631	27,303
Accumulated depreciation					
At 1 April 2015					
- *cost*	-	14,327	292	6,567	21,186
- *valuation*	199	-	-	-	199
	199	14,327	292	6,567	21,385
Charge for the year					
- *cost*	-	221	229	719	1,169
- *valuation*	49	-	-	-	49
Adjustment on revaluation	(248)	-	-	-	(248)
At 31 March 2016					
- *cost*	-	14,548	521	7,286	22,355
- *valuation*	-	-	-	-	-
	-	14,548	521	7,286	22,355
Carrying value					
At 31 March 2016					
- *cost*	-	256	627	1,345	2,228
- *valuation*	2,720	-	-	-	2,720
	2,720	256	627	1,345	4,948
The carrying value of revalued asset stated under the historical cost convention					
At 31 March 2016	2,164	-	-	-	2,164

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2015	Freehold land and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Renovation furniture, fittings and equipment RM'000	Total RM'000
At 1 April 2014					
- *cost*	-	14,804	1,178	7,642	23,624
- *valuation*	2,480	-	-	-	2,480
	2,480	14,804	1,178	7,642	26,104
Additions - cost	-	-	790	1,084	1,874
Disposal	-	-	(820)	(179)	(999)
At 31 March 2015					
- *cost*	-	14,804	1,148	8,547	24,499
- *valuation*	2,480	-	-	-	2,480
	2,480	14,804	1,148	8,547	26,979
Accumulated depreciation					
At 1 April 2014					
- *cost*	-	14,097	896	5,802	20,795
- *valuation*	149	-	-	-	149
	149	14,097	896	5,802	20,944
Charge for the year					
- *cost*	-	230	216	932	1,378
- *valuation*	50	-	-	-	50
Disposal	-	-	(820)	(167)	(987)
At 31 March 2015					
- *cost*	-	14,327	292	6,567	21,186
- *valuation*	199	-	-	-	199
	199	14,327	292	6,567	21,385
Carrying value					
At 31 March 2015					
- *cost*	-	477	856	1,980	3,313
- *valuation*	2,281	-	-	-	2,281
	2,281	477	856	1,980	5,594
The carrying value of revalued asset stated under the historical cost convention					
At 31 March 2015	2,197	-	-	-	2,197

2. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group revalues its freehold hotel property, freehold land and buildings once in every five years based on valuation carried out by independent firm of professional valuers using the open market basis.

The latest valuations were carried out by Rahim & Co International Sdn. Bhd. and Bernard Valuers & Real Estate Consultants Pte. Ltd. on 31 March 2016 for properties in Malaysia and Singapore, respectively. The fair value of the freehold hotel property, freehold land and buildings was determined using comparison method and therefore is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the fair value hierarchy during the financial year.

The freehold hotel property has been pledged as security for the bank borrowings referred to in Note 21 to the financial statements.

The fair value measurements of the freehold hotel property, freehold land and buildings (at valuation) are based on the highest and best use which does not differ from their actual use.

3. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Balance as at 1.4.2015 RM'000	Additions RM'000	Transfer from property development costs (Note 10) RM'000	Balance as at 31.3.2016 RM'000
Carrying amount				
Freehold land	-	87,913	39,699	127,612
Leasehold land	-	21,155	4,061	25,216
Development costs	-	12,872	33,250	46,122
	-	121,940	77,010	198,950

There was unpaid balance of additions to land held for property development amounted to RM28,524,000 (2015: Nil) which is included in accrued land cost referred to in Note 23 to the financial statements.

As at the end of the reporting period, land held for property development with carrying amount of RM152,828,000 (2015: Nil) were pledged to licensed bank to secure the bank borrowings referred to in Note 21 to the financial statements.

Included under development costs in 2016 is borrowing costs of RM4,947,000 incurred during the financial year. The interest rate ranges from 3.80% to 5.30% per annum.

4. INVESTMENT PROPERTIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 April	318,046	311,800	317,031	310,860
Fair value adjustments	2,499	24,256	2,499	24,181
Additions during the year	1,180	560	1,180	560
Disposals during the year	(238)	-	(238)	-
Transfer to non current asset held for sale	-	(18,570)	-	(18,570)
At 31 March	321,487	318,046	320,472	317,031
Comprise:				
<u>Freehold land and buildings</u>				
Wisma Selangor Dredging	318,000	314,560	318,000	314,560
Office space in a 24-storey office building known as Plaza 138	3,487	3,486	2,472	2,471
	321,487	318,046	320,472	317,031

The amount of rental income and direct operating expenses recognised on revenue generating investment properties are disclosed in Notes 25 and 28 to the financial statements respectively.

The fair values of the investment properties at 31 March 2016 are based on a valuation carried out by Rahim & Co International Sdn. Bhd., a firm of independent professional valuers who have appropriate professional qualifications and recent experience in the relevant location and assets being valued. The fair value of the investment properties was determined using comparison method and therefore is categorised as Level 2 in the fair value hierarchy.

The comparison method entails comparing the property with comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, size, building construction and finishes, building services, management and maintenance, age and state of repair, market conditions and other relevant characteristics.

There is no transfer between levels in the fair value hierarchy during the financial year.

Wisma Selangor Dredging has been pledged as security for the bank borrowings referred to in Note 21 to the financial statements.

The Company entered into a sale and purchase agreement on 25 November 2014, for the sale of freehold land at carrying amount of RM18,570,000 for a consideration of RM32,496,000 and the said land was classified as non-current asset held for sale in the previous financial year. The disposal was completed during the current financial year.

5. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company 2016 RM'000	Company 2015 RM'000
Unquoted shares at cost		
- ordinary shares	23,768	23,568
- non-cumulative redeemable preference shares	199,000	38,000
	222,768	61,568
Impairment losses	(942)	(942)
	221,826	60,626

The subsidiary companies are:

	Equity interest Direct 2016 %	Equity interest Direct 2015 %	Equity interest Indirect 2016 %	Equity interest Indirect 2015 %	Country of incorporation	Principal activities
SDB Properties Sdn. Bhd. ("SDBP")	100	100	-	-	Malaysia	Property development and the operation of a boutique urban resort hotel known as Hotel Maya Kuala Lumpur
Prestij Permai Sdn. Bhd.	-	-	100	100	Malaysia	Property development
Hayat Abadi Sdn. Bhd.	-	-	100	100	Malaysia	Property development
SDB Damansara Sdn. Bhd.	-	-	100	100	Malaysia	Property development
SDB SS2 Development Sdn. Bhd.	-	-	100	100	Malaysia	Property development
SDB Ampang Sdn. Bhd.	-	-	100	100	Malaysia	Property development
Crescent Consortium Sdn. Bhd.	-	-	100	100	Malaysia	Property development
Seldredge Industries Sdn. Bhd. ("SDI")	100	100	-	-	Malaysia	Property development
SDB International Sdn. Bhd. ("SDBI")	100	100	-	-	Malaysia	Investment holding
SDB Interiors Sdn. Bhd. (Formerly known as SDB Customer Services Sdn. Bhd.) ("SDBINT")	100	100	-	-	Malaysia	Provision of property support services
SDB Property Management Sdn. Bhd. ("SDBPM")	-	-	100	100	Malaysia	Provision of property management services

5. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

The subsidiary companies are (continued):

	Equity interest					
	Direct		Indirect		Country of	
	2016 %	2015 %	2016 %	2015 %	incorporation	Principal activities
SDB Host Sdn. Bhd. ("HOST") (Formerly known as Final Prexin Sdn. Bhd.)	-	-	100	-	Malaysia	Provision of property management services
SDB Green Solutions Sdn. Bhd. ("SGS")	100	-	-	-	Malaysia	Dormant
SDB Asia Pte. Ltd.*	-	-	100	100	Singapore	Investment in property and property development
SDB Green Energy Pte. Ltd.* (Formerly known as SDB UK Pte. Ltd.)	-	-	100	100	Singapore	Master Franchisee of energy efficient products

* *Subsidiary companies not audited by BDO*

(a) On 3 August 2015, the Company acquired the entire issued and paid up share capital of SGS, a company incoporated in Malaysia, for a cash consideration of RM2. Subsequently, on 13 August 2015, the Company acquired an additional 199,998 ordinary shares of RM1.00 each at par for cash in SGS pursuant to the allotment of shares carried out by SGS. Upon completion of the shares allotment, SGS remained as a wholly-owned subsidiary of the Company.

(b) On 1 September 2015, a subsidiary of the Company, SDBP acquired the entire issued and paid up share capital of HOST, a company incorporated in Malaysia, for a cash consideration of RM2.

(c) On 17 March 2016, the Company subscribed for 6,900,000 redeemable non-cumulative preference shares of RM1.00 in SDBINT for consideration of RM6,900,000, which was satisfied by way of capitalisation of amount owing by SDBINT to the Company.

(d) On 17 March 2016, the Company subscribed for 154,100,000 redeemable non-cumulative preference shares of RM1.00 in SDBI for consideration of RM154,100,000, which was satisfied by way of capitalisation of amount owing by SDBI to the Company.

6. INVESTMENTS IN JOINT VENTURES

	Group	
	2016 RM'000	2015 RM'000
Capital contribution, at cost	76,550	94,930
Group's share of post-acquisition reserves and retained profit less losses	71,994	56,564
Foreign exchange adjustments	18,061	19,451
	166,605	170,945

6. INVESTMENTS IN JOINT VENTURES (continued)

The joint ventures are as follows:

	Equity interest Direct 2016 %	Equity interest Direct 2015 %	Equity interest Indirect 2016 %	Equity interest Indirect 2015 %	Country of incorporation	Principal activities
Chedstone Investment Holdings Pte. Ltd. ("CHI")*	-	-	50	50	Singapore	Investment in property and property development
Champsworth Development Pte. Ltd. ("CD")*	-	-	50	50	Singapore	Investment in property and property development
SDB Teambuild Sdn. Bhd.	-	-	50	50	Malaysia	Contractor for building and project management service
Subsidiary of CHI						
SDB Guernsey Limited*	-	-	50	50	Guernsey	Investment holding and property investment
Subsidiaries of CD						
Tiara Land Pte. Ltd.*	-	-	50	50	Singapore	Investment in property and property development
Teratai Investment Holdings Pte. Ltd.*	-	-	50	50	Singapore	Dormant

* *Joint ventures not audited by BDO*

	Group 2016 RM'000	Group 2015 RM'000
Reconciliation of net assets to carrying amount as at 31 March		
Group's share of net assets	166,605	170,945
Elimination of unrealised profits	-	-
Carrying amount in the statement of financial position	166,605	170,945
Group's share of profit or loss, net of tax	15,430	17,111
Other information		
Cash dividend received by the Group	-	-

6. INVESTMENTS IN JOINT VENTURES (continued)

Summarised financial information of material joint ventures is as follows:

2016	CHI and its subsidiary RM'000	CD and its subsidiaries RM'000
Assets and liabilities		
Current assets	75,019	452,310
Current liabilities	(5,121)	(189,245)
Net assets	69,898	263,065
Proportion of the ownership of the Group	50%	50%
Carrying amount of the investments in joint ventures	34,949	131,532
Results		
Revenue	1,609	254,657
Cost of sales	-	(219,252)
Gross profit	1,609	35,405
Other operating income	10,994	99
Admin and general expenses	(1,230)	(5,088)
Other operating expenses	(411)	(6,077)
Finance cost	(1,157)	(586)
Profit before tax	9,805	23,753
Tax income/(expense)	1,465	(4,167)
Profit for the financial year	11,270	19,586
Share of profit by the Group for the financial year	5,635	9,793

6. INVESTMENTS IN JOINT VENTURES (continued)

Summarised financial information of material joint ventures is as follows (continued):

2015	CHI and its subsidiary RM'000	CD and its subsidiaries RM'000
Assets and liabilities		
Non-current assets	60,429	125,854
Current assets	552,708	225,551
Current liabilities	(504,716)	(118,180)
Net assets	108,421	233,225
Proportion of the ownership of the Group	50%	50%
Carrying amount of the investments in joint ventures	54,210	116,612
Results		
Revenue	19,359	274,641
Cost of sales	(35,473)	(219,201)
Gross (loss)/profit	(16,114)	55,440
Other operating income	20,981	67
Admin and general expenses	(3,241)	(5,207)
Finance cost	-	(625)
Profit before tax	1,626	49,675
Tax expense	(3,674)	(12,901)
(Loss)/Profit for the financial year	(2,048)	36,774
Share of (loss)/profit by the Group for the financial year	(1,024)	18,387

The summarised aggregate financial information of the Group's share of other individually immaterial joint venture as at 31 March is as follows:

	Group	
	2016 RM'000	2015 RM'000
Net profit/(loss) for the financial year	2	(252)
Total comprehensive income/(loss)	2	(252)
Carrying amount of the Group's interest in joint venture	124	123

7. OTHER INVESTMENTS

	Group and Company 2016 RM'000	2015 RM'000
Classified as AFS financial assets		
Shares quoted in Malaysia at cost:		
Balance as at 1 April	6	-
(Disposal)/Addition	(6)	6
Balance as at 31 March	-	6

8. AMOUNTS OWING BY/(TO) SUBSIDIARY COMPANIES

The amounts owing by subsidiary companies consist of the following:

	Company 2016 RM'000	2015 RM'000
Interest-free advances	221	150,260
Interest bearing advances	20,586	13,670
	20,807	163,930

Amounts owing by subsidiary companies are unsecured, interest bearing advances ranges from 4.60% to 5.00% (2015: 4.60% to 5.00%) per annum.

Amount owing to a subsidiary company included under current liabilities represent unsecured, interest bearing advances at a rate of 5.00% (2015: 5.00%) per annum, which are payable on demand.

9. INVENTORIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At cost				
Completed development properties	188,401	95,556	-	-
Consumables	1,060	1,077	674	678
	189,461	96,633	674	678
Inventories recognised in profit or loss as cost of sales	7,575	7,743	105	105

10. PROPERTY DEVELOPMENT COSTS

	Group	
	2016 RM'000	2015 RM'000
Freehold land at cost	279,220	277,518
Leasehold land at cost	43,904	40,534
Development costs	546,121	282,853
Costs recognised as an expense in profit or loss in previous financial years	(467,469)	(225,418)
Transfer of completed properties	(80,769)	-
At 1 April	321,007	375,487
Costs incurred during the year		
- Freehold land at cost	-	1,702
- Leasehold land at cost	5,775	3,370
- Development costs	156,861	263,268
	162,636	268,340
Cost recognised as an expense in profit or loss in current year	(116,722)	(242,227)
Cost transferred to inventories	(98,967)	(80,769)
Cost transferred to land held for property development (Note 3)	(77,010)	-
Foreign exchange adjustments	-	176
At 31 March	190,944	321,007

Included in property development costs above is land with carrying amount of RM38,000,000 (2015: RM105,107,000) which were pledged to licensed bank to secure the bank borrowings referred to in Note 21 to the financial statements.

Included in development costs is borrowing costs of RM2,243,000 (2015: RM2,818,377) incurred during the financial year. The interest rate ranges from 4.80% to 5.03% (2015: 4.44% to 5.02%) per annum.

11. GROSS AMOUNT DUE FROM CUSTOMERS

	Group	
	2016 RM'000	2015 RM'000
Aggregate contract expenditure incurred to date	1,820	2,861
Add: Attributable profits	80	1,406
	1,900	4,267
Less: Progress billings	(1,887)	(4,267)
	13	-

12. TRADE RECEIVABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Progress billings receivables	26,043	42,626	-	-
Retention sums receivables	338	7,770	-	-
Rental receivables	291	166	237	63
Other trade receivables	2,352	1,289	-	-
Total trade receivables	29,024	51,851	237	63

Progress billings to house buyers are due within 21 days as stipulated in the sale and purchase agreements. The retention sums are due upon the expiry of the defect liability period stated in the sale and purchase agreements. The defect liability periods ranges from 6 to 24 months.

Monthly rentals from tenants are due at the beginning of the month.

Normal credit terms granted to other customers is 30 days. For major established customers, the credit terms may be extended to 60 days based on the discretion of management.

All trade receivables are denominated in Ringgit Malaysia.

13. ACCRUED BILLINGS

	Group	
	2016 RM'000	2015 RM'000
Revenue recognised in profit or loss to date	615,371	721,275
Progress billings to date	(576,202)	(634,234)
Foreign exchange adjustment	-	1,130
	39,169	88,171
Accrued billings	53,872	121,942
Progress billings	(14,703)	(33,771)
	39,169	88,171

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Other receivables	13,811	14,947	112	87
Interest receivables	170	44	-	-
Deposits	9,848	2,465	407	408
Loan and receivables	23,829	17,456	519	495
Prepayments	1,857	4,500	550	2,168
	25,686	21,956	1,069	2,663

Included in deposits are rental deposits held by the following parties:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Teh Lip Ling, a close family member of Teh Lip Kim and Teh Lip Pink, Directors of the Company	6	6	-	-
Teh Lip Bin, a close family member of Teh Lip Kim and Teh Lip Pink, Directors of the Company	6	6	-	-
Teh Kien Toh Sdn. Bhd., a company in which Teh Lip Kim and Teh Lip Pink, Directors of the Company, have interests	6	6	-	-

The currency exposure profile of other receivables and deposits is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
- RM	23,463	15,377	519	495
- Singapore Dollar ("SGD")	366	2,079	-	-
	23,829	17,456	519	495

15. AMOUNTS OWING BY/(TO) JOINT VENTURES

Amounts owing by/(to) joint ventures represent advances and payments made on behalf, which are unsecured, interest-free and receivable on demand in cash and cash equivalents.

16. SHORT TERM INVESTMENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Short term funds	1,072	10,622	465	369

The short term funds are managed and invested into fixed income securities and money market instruments by a fund management company. The short term funds are readily convertible to cash.

All short term investments are denominated in Ringgit Malaysia.

17. DEPOSITS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deposits with licensed banks	112,441	2,538	390	390

Deposits include the following amounts which have been pledged as security for a bank guarantee facility:

	2016 RM'000	2015 RM'000
Stamp duty payable on a facility agreement	2,092	390

The effective interest rates of the deposits range from 0.85% to 3.30% (2015: 3.00% to 3.30%) per annum. All the deposits have maturities of 12 months or less.

The currency exposure profile of deposits is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
- RM	2,592	2,538	390	390
- SGD	109,849	-	-	-
	112,441	2,538	390	390

18. CASH AND BANK BALANCES

Included in cash and bank balances of the Group is a balance of RM27,272,000 (2015: RM64,346,000) held under Housing Development Account pursuant to Section 7A of Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulations, 2015, which is not available for general use by the Group.

Funds maintained in the Housing Development Accounts earn interest ranging between 1.75% and 2.00% (2015: 1.75% and 2.00%) per annum.

Cash and bank balances of the Group also included an amount of RM195,000 (2015: RM195,000) pledged to secure bank guarantee facility granted to a subsidiary company.

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
- RM	39,104	64,617	1,796	1,964
- SGD	5,177	86,541	-	-
- Australian Dollar ("AUD")	14	13	-	-
	44,295	151,171	1,796	1,964

19. SHARE CAPITAL

	Group and Company	
	2016 RM'000	2015 RM'000
Authorised:		
600,000,000 ordinary shares of 50 sen each	300,000	300,000
Issued and fully paid:		
426,127,662 ordinary shares of 50 sen each	213,064	213,064

20. OTHER RESERVE (Distributable)

The distributable other reserve represents realised capital gains transferred from retained earnings.

21. BANK BORROWINGS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Secured				
Term loans	304,511	258,350	-	-
Revolving credits	194,250	181,750	26,250	28,750
Unsecured				
Revolving credits	65,000	65,000	50,000	50,000
	563,761	505,100	76,250	78,750
Repayments due within 12 months *(included under current liabilities)*	(271,661)	(163,900)	(52,500)	(52,500)
Repayments due after 12 months *(included under non-current liabilities)*	292,100	341,200	23,750	26,250
The bank borrowings are repayable as follows:				
- not later than one (1) year	271,661	163,900	52,500	52,500
- later than one (1) year but not later than two (2) years	200,050	53,900	2,500	2,500
- later than two (2) years but not later than five (5) years	41,400	271,050	7,500	7,500
- later than five (5) years	50,650	16,250	13,750	16,250
	563,761	505,100	76,250	78,750

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

	Group		Company	
	2016	2015	2016	2015
Term loans	3.85%-5.10%	4.44%-5.02%	-	-
Revolving credits	3.85%-5.28%	4.44%-5.33%	4.54%-5.28%	4.52%-5.33%

All borrowings are denominated in Ringgit Malaysia.

The bank borrowings are secured as follows:

(i) negative pledge over the entire assets of the Company;

(ii) legal assignment of the rental proceeds from Wisma Selangor Dredging;

(iii) pledge over the hotel property of the Group; and

(iv) various land belonging to the Group as indicated in Notes 3 and 10 to the financial statements.

22. DEFERRED TAX

The components of the Group's and the Company's deferred tax assets/(liabilities) are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deferred tax assets:				
Tax effect of unutilised tax losses	3,519	2,988	-	-
Deferred tax liabilities:				
Recognised in profit or loss:				
Plant, property and equipment ("PPE")	(555)	-	(531)	-
Tax effects of fair value gain on investment properties subject to real property gains tax	(12,472)	(13,292)	(12,472)	(13,269)
Recognised in other comprehensive income:				
Tax effects of revaluation gain on PPE	(468)	-	(26)	-
Total deferred tax liabilities	(13,495)	(13,292)	(13,029)	(13,269)
Net deferred tax liabilities	(9,976)	(10,304)	(13,029)	(13,269)

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

	Group	
	2016 RM'000	2015 RM'000
Unutilised tax losses	11,091	5,957
Unabsorbed capital allowances	77	70
Unabsorbed investment tax allowances	73,720	73,720
Other deductible temporary differences	60	29
	84,948	79,776

23. TRADE PAYABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Contractors' claims	2,090	25,015	-	-
Retention sums	39,369	42,582	-	-
Accrued property development cost	49,876	50,292	-	-
Accrued land cost	28,524	-	-	-
Others	75	301	74	-
	119,934	118,190	74	-

23. TRADE PAYABLES (continued)

The currency exposure profile of trade payables is as follows:

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
- RM	116,940	112,050	74	-
- SGD	2,994	6,140	-	-
	119,934	118,190	74	-

The normal credit terms extended by suppliers ranges from 30 to 60 days. Retention sums are payable upon the expiry of the defect liability periods of 12 to 24 months.

24. OTHER PAYABLES AND ACCRUALS

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Other payables, deposits and accruals	5,819	9,223	2,056	4,606
Interest payable	635	456	20	41
Tenants' deposits	6,917	6,752	6,820	6,752
Deposits received from property purchasers	6,720	5,925	-	-
	20,091	22,356	8,896	11,399

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

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
- RM	20,009	22,188	8,896	11,399
- SGD	82	168	-	-
	20,091	22,356	8,896	11,399

25. REVENUE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Property development revenue	170,203	354,707	-	-
Rental income	23,417	22,375	24,549	23,508
Sale of hotel rooms, food and beverages and other ancillary services	22,212	23,236	-	-
Construction revenue	82	187	-	-
Management services	647	-	-	-
	216,561	400,505	24,549	23,508

26. COST OF SALES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cost of property development	132,472	256,464	-	-
Cost of letting of properties	8,544	8,057	8,491	8,016
Cost of hotel services rendered	13,183	13,212	-	-
	154,199	277,733	8,491	8,016

27. FINANCE COSTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest expenses on:				
- Revolving credits	12,169	9,707	3,690	3,237
- Term loans	10,511	8,073	-	-
- Advances from a subsidiary	-	-	910	2,228
Effect of FRS 139				
- loss on amortised cost	-	-	-	41,511
	22,680	17,780	4,600	46,976

28. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit/(Loss) before tax is stated after charging:				
Auditors' remuneration				
- current year	247	188	65	47
- under provision in prior years	9	-	5	-
Non- statutory audit fee:				
- current year	5	-	-	-
Depreciation	6,589	6,494	1,218	1,428
Direct operating expenses on revenue generating investment properties	8,544	8,057	8,491	8,016
Directors' remuneration				
- fees	365	357	272	272
- other emoluments	1,441	1,440	725	724
Rental of equipment	90	92	12	10
Rental of premises	542	501	-	-
Realised loss on foreign exchange	16	6	-	-
and crediting:				
Gross dividend income from shares quoted in Malaysia	-	138	-	-
Gain on disposal of property, plant and equipment	34	140	-	140
Gain on disposal of investment property	13,688	-	13,688	-
Interest income from	-	-	-	-
- subsidiary companies	-	-	467	634
- fixed deposits	813	60	21	19
- short term investments	393	474	108	76
- others	603	906	-	-
Fair value adjustment on investment properties	2,499	24,256	2,499	24,181
Rental income	186	4	-	4
Gain on foreign exchange				
- realised	15,260	-	-	-
- unrealised	4,940	2,112	-	-
Effect of FRS 139				
- Gain on amortised cost	-	-	41,511	9,263

29. TAX EXPENSE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Malaysian tax based on results for the year				
- current	4,521	18,893	2,276	1,734
- deferred	(62)	10,260	117	1,209
Real property gains tax	1,619	-	1,619	-
(Over)/Under provision in prior years	(2,299)	423	(683)	339
	3,779	29,576	3,329	3,282

The Malaysian income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated taxable profits for the fiscal year. The Malaysian statutory tax rate has reduced to 24% for the fiscal year of assessment 2016 onwards.

The provision for taxation differs from the amount of taxation determined by applying the applicable statutory tax rates to the profit/(loss) before tax (excluding share of results of joint ventures) and is analysed as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Accounting profit/(loss)	31,437	79,413	61,155	(5,812)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Taxation at applicable statutory tax rates	7,545	19,853	14,677	(1,453)
Tax effects arising from:				
- non-taxable income	(5,203)	(564)	(13,280)	(2,509)
- non-deductible expenses	1,439	6,889	1,471	11,848
Difference in tax rates	(563)	(6,034)	(475)	(4,836)
Movements in unrecognised deferred tax assets	1,241	9,009	-	(107)
Real property gains tax imposed on disposal of investment property	1,619	-	1,619	-
(Over)/Under provision in prior years	(2,299)	423	(683)	339
	3,779	29,576	3,329	3,282

30. EARNINGS PER SHARE

(a) Basic earnings per ordinary share

The basic earnings per share has been calculated by dividing the Group's profit for the year attributable to shareholders of the Company by the weighted average number of shares in issue:

	Group	
	2016 **RM'000**	**2015** **RM'000**
Profit attributable to shareholders of the Company (RM'000)	43,088	66,948
Weighted average number of ordinary shares ('000) At 1 April/31 March	426,128	426,128
Basic earnings per share (sen)	10.11	15.71

(b) Diluted earnings per ordinary share

Diluted earnings per ordinary share equals basic earnings per ordinary share as there were no dilutive potential ordinary shares in issue as at 31 March 2016 and 31 March 2015.

31. DIVIDEND PAID

	Group and Company	
	2016 **RM'000**	**2015** **RM'000**
First and final dividend of 6% in respect of the financial year ended 31 March 2015/2014	12,784	12,784

The Directors proposed a first and final single tier dividend of 5% amounting to RM10,653,192 in respect of the financial year ended 31 March 2016. This dividend, if approved by shareholders, would be accounted for as an appropriation of retained earnings in the financial year ending 31 March 2017.

32. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Employee benefits expense (included executive Directors' emoluments)	27,925	21,220	7,951	6,399

Included in the employee benefits expense are EPF contributions amounting to RM2,822,000 (2015: RM2,288,000) for the Group and RM827,000 (2015: RM758,000) for the Company.

33. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

Related parties of the Group include:

(i) its subsidiary companies and joint ventures;

(ii) key management personnel, which comprises persons (including the Directors of the Group) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly; and

(iii) companies in which the Directors/shareholders of the Company or their close family members have substantial financial interests or significant influence.

(b) Significant related party transactions determined on a basis negotiated between the Company and its related parties during the financial year were as follows:

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Transactions with subsidiary companies								
Interest received/receivable from SDI	-	-	371	634	-	-	5,440	13,669
Interest received/receivable from SDBP	-	-	96	-	-	-	15,142	-
Rental received from SDBPM	-	-	108	-	-	-	-	-

33. RELATED PARTY DISCLOSURES (continued)

(b) Significant related party transactions determined on a basis negotiated between the Company and its related parties during the financial year were as follows (continued):

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Transactions with subsidiary companies (continued)								
Rental received from SDBP	-	-	974	753	-	-	-	-
Rental received from SDBINT	-	-	175	382	-	-	557	-
Management fee paid to SDBINT	-	-	66	66	-	-	-	-
Interest paid/payables to SDBP	-	-	910	2,228	-	-	-	-
Transactions with Directors, close members of their families and companies in which they and/or close members of their families have interests were as follows:								
Rental paid to Dr Teh Lip Bin, a close family member of Teh Lip Kim and Teh Lip Pink	33	29	-	-	-	-	-	-
Rental paid to Teh Lip Ling, a close family member of Teh Lip Kim and Teh Lip Pink	33	29	-	-	-	-	-	-
Rental paid to Teh Kien Toh Sdn. Bhd., a company in which Teh Lip Kim and Teh Lip Pink have interests	33	29	-	-	-	-	-	-
Medical fees paid to Klinik Ian Ong, a clinic belonging to a close family member of Teh Lip Kim and Teh Lip Pink	78	57	39	32	-	-	-	-
Consultancy fee paid to Providence Capital Sdn. Bhd., a company in which Eddy Chieng Ing Huong has interest	180	180	-	180	-	-	-	-

33. RELATED PARTY DISCLOSURES (continued)

(b) Significant related party transactions determined on a basis negotiated between the Company and its related parties during the financial year were as follows (continued):

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Transactions with joint ventures:								
Progress billings on construction contract paid to SDB Teambuild Sdn. Bhd.	11,785	-	-	-	-	-	-	-
Rental received from SDB Teambuild Sdn. Bhd.	93	-	-	-	-	-	-	-

(c) Key management personnel compensation

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Directors				
Short-term employee benefits				
- fees	365	357	272	272
- remuneration	1,212	1,211	611	610
Total short-term employee benefits	1,577	1,568	883	882
Post-employment benefits				
- EPF	229	229	114	114
Sub-total	1,806	1,797	997	996
Other key management personnel				
Short-term employee benefits				
- salary, bonus and allowances	3,260	3,003	1,671	1,469
Post-employment benefits				
- EPF	509	468	270	238
Sub-total	3,769	3,471	1,941	1,707
Total compensation	5,575	5,268	2,938	2,703

34. CAPITAL COMMITMENTS

	Group	
	2016 RM'000	2015 RM'000
Commitments to purchase land held for development not provided for in the financial statements - approved and contracted for	60,750	78,400

35. OPERATING LEASE COMMITMENTS

The Group and the Company as lessor

The Group and the Company lease out their investment properties under non-cancellable operating leases. The leases typically run for a period of 1 to 3 years with the option to renew the leases after the expiry date. None of the leases include contingent rents.

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Not later than one (1) year	15,919	19,848	15,883	19,848
Later than one (1) year but not later than five (5) years	10,047	15,427	10,047	15,427
	25,966	35,275	25,930	35,275

36. CONTINGENT LIABILITIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Corporate guarantees given to financial institutions for credit facility granted to subsidiary companies	-	-	187,800	125,000
Bank guarantees given by financial institutions in respect of construction and property projects	2,294	839	839	839
	2,294	839	188,639	125,839

The Directors are of the view that the chances of financial institutions to call upon the guarantees are remote. Accordingly, the fair values of the above guarantees are negligible.

37. SEGMENTAL ANALYSIS

The Group's operating segment and reportable segments are business units engaging in providing different products and services and operating in different geographical locations.

(a) Primary reporting format - business segment

The Group's operations comprise the following business segments:

(i) Property investment - letting of commercial properties

(ii) Hotel operations - operation of hotel and related services

(iii) Investment holding - investment holding

(iv) Property development - property development

(v) Management services - provision of management and property support services

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 those obtainable in transactions with unrelated parties. The effects of such inter-segmental transactions are eliminated on consolidation.

2016	Property investment RM'000	Hotel operations RM'000	Investment holding RM'000	Property development RM'000	Management services RM'000	Elimination RM'000	Consolidated RM'000
Revenue							
External sales	23,404	22,212	-	170,203	742	-	216,561
Inter-segment sales	1,347	-	-	-	2,181	(3,528)	-
Total revenue	24,751	22,212	-	170,203	2,923	(3,528)	216,561
Results							
Segment results	30,417	(3,527)	29,477	19,941	(1,314)	(18,521)	56,473
Finance cost	(10,949)	-	-	(23,961)	-	12,230	(22,680)
Share of profit of joint ventures	-	-	-	15,430	-	-	15,430
Unallocated corporate expenses							(2,356)
Profit before tax							46,867
Tax expense							(3,779)
Profit for the year							43,088

37. SEGMENTAL ANALYSIS (continued)

2016	Property investment RM'000	Hotel operations RM'000	Investment holding RM'000	Property development RM'000	Management services RM'000	Elimination RM'000	Consolidated RM'000
Assets							
Segment assets	333,497	160,620	-	790,375	2,646	(46)	1,287,092
Investing assets	-	-	61,802	-	-	-	61,802
Investments in joint ventures	-	-	-	166,605	-	-	166,605
Current tax assets							12,039
Deferred tax assets							3,519
Consolidated total assets							1,531,057
Liabilities							
Segment liabilities	(85,220)	(1,987)	(25)	(615,987)	(567)	-	(703,786)
Deferred tax liabilities							(13,495)
Consolidated total liabilities							(717,281)
Other information							
Capital expenditure	1,262	1,819	-	1,879	5	-	4,965
Depreciation	1,218	2,942	-	2,372	57	-	6,589

2015	Property investment RM'000	Hotel operations RM'000	Investment holding RM'000	Property development RM'000	Management services RM'000	Elimination RM'000	Consolidated RM'000
Revenue							
External sales	22,375	23,236	-	353,879	1,015	-	400,505
Inter-segment sales	1,271	-	-	-	3,977	(5,248)	-
Total revenue	23,646	23,236	-	353,879	4,992	(5,248)	400,505

37. SEGMENTAL ANALYSIS (continued)

2015	Property investment RM'000	Hotel operations RM'000	Investment holding RM'000	Property development RM'000	Management services RM'000	Elimination RM'000	Consolidated RM'000
Results							
Segment results	37,836	(3,045)	4,753	75,604	314	(15,837)	99,625
Finance cost	(13,463)	-	-	(17,405)	-	13,088	(17,780)
Share of profit of joint ventures	-	-	-	17,111	-	-	17,111
Unallocated corporate expenses							(2,432)
Profit before tax							96,524
Tax expense							(29,576)
Profit for the year							66,948
Assets							
Segment assets	331,483	156,076	-	704,791	10,467	(47)	1,202,770
Investing assets	-	-	54,808	-	-	-	54,808
Investments in joint ventures	-	-	-	170,945	-	-	170,945
Current tax assets							2,294
Deferred tax assets							2,988
Consolidated total assets							1,433,805
Liabilities							
Segment liabilities	(76,883)	(1,966)	(14)	(555,644)	(11,188)	-	(645,695)
Current tax liabilities							(4,170)
Deferred tax liabilities							(13,292)
Consolidated total liabilities							(663,157)
Other information							
Capital expenditure	2,434	619	-	1,511	45	-	4,609
Depreciation	1,427	2,762	-	2,212	93	-	6,494

37. SEGMENTAL ANALYSIS (continued)

(b) Secondary reporting format - geographical segment

The operations of the Group are mainly carried out in Malaysia and Singapore.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location from which the sale transactions originated.

Segment assets are based on the geographical location of the assets of the Group. The non-current assets do not include tax assets and assets used primarily for corporate purposes.

	2016 RM'000	2015 RM'000
Revenue from external customers		
Malaysia	216,561	316,611
Singapore	-	83,894
	216,561	400,505

	2016 RM'000	2015 RM'000
Non current assets		
Malaysia	860,443	655,244
Singapore	21,528	13,748
	881,971	668,992

38. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

2016	Loans and receivables RM'000	Fair value through profit or loss RM'000	Total RM'000
Group			
Financial assets			
Trade receivables	29,024	-	29,024
Other receivables and deposits (excluding prepayments)	23,829	-	23,829
Amounts owing by joint ventures	4,942	-	4,942
Short term investments	-	1,072	1,072
Deposits	112,441	-	112,441
Cash and bank balances	44,295	-	44,295
Total financial assets	214,531	1,072	215,603

	Other financial liabilities RM'000	Total RM'000
Group		
Financial liabilities		
Trade payables	119,934	119,934
Other payables and accruals	20,091	20,091
Bank borrowings	563,761	563,761
Total financial liabilities	703,786	703,786

38. FINANCIAL INSTRUMENTS (continued)

(a) Classification of financial instruments (continued)

2015	Loans and receivables RM'000	Fair value through profit or loss RM'000	Available-for-sale RM'000	Total RM'000
Group				
Financial assets				
Trade receivables	51,851	-	-	51,851
Other receivables and deposits (excluding prepayments)	17,456	-	-	17,456
Other investments	-	-	6	6
Short term investments	-	10,622	-	10,622
Deposits	2,538	-	-	2,538
Cash and bank balances	151,171	-	-	151,171
Total financial assets	223,016	10,622	6	233,644

	Other financial liabilities RM'000	Total RM'000
Financial liabilities		
Trade payables	118,190	118,190
Other payables and accruals	22,356	22,356
Amount owing to joint venture	49	49
Bank borrowings	505,100	505,100
Total financial liabilities	645,695	645,695

38. FINANCIAL INSTRUMENTS (continued)

(a) Classification of financial instruments (continued)

2016	Loans and receivables RM'000	Fair value through profit or loss RM'000	Total RM'000
Company			
Financial assets			
Trade receivables	237	-	237
Other receivables and deposits (excluding prepayment)	519	-	519
Amounts owing by subsidiary companies	20,807	-	20,807
Short term investments	-	465	465
Deposits	390	-	390
Cash and bank balances	1,796	-	1,796
Total financial assets	23,749	465	24,214

	Other financial liabilities RM'000	Total RM'000
Financial liabilities		
Trade payables	74	74
Other payables and accruals	8,896	8,896
Amount owing to a subsidiary company	3	3
Bank borrowings	76,250	76,250
Total financial liabilities	85,223	85,223

38. FINANCIAL INSTRUMENTS (continued)

(a) Classification of financial instruments (continued)

2015	Loans and receivables RM'000	Fair value through profit or loss RM'000	Available-for-sale RM'000	Total RM'000
Company				
Financial assets				
Trade receivables	63	-	-	63
Other receivables and deposits (excluding prepayment)	495	-	-	495
Amounts owing by subsidiary companies	163,930	-	-	163,930
Other investments	-	-	6	6
Short term investments	-	369	-	369
Deposits	390	-	-	390
Cash and bank balances	1,964	-	-	1,964
Total financial assets	166,842	369	6	167,217

	Other financial liabilities RM'000	Total RM'000
Financial liabilities		
Other payables and accruals	11,399	11,399
Amount owing to a subsidiary company	39,068	39,068
Bank borrowings	78,750	78,750
Total financial liabilities	129,217	129,217

(b) Fair value of financial instruments

The carrying amounts of the financial instruments of the Group and of the Company at the reporting date approximate or were at their fair values.

(i) Financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximation of fair values

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, amounts owing by subsidiary companies, amounts owing by/(to) joint ventures, trade and other payables and borrowings, are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

38. FINANCIAL INSTRUMENTS (continued)

(b) Fair value of financial instruments (continued)

(ii) Short term investments

The fair value of short term investments in Malaysia is determined by reference to the counter parties' quotes at the close of the business at the end of the reporting period.

(iii) Other investment

Fair value of other investment was determined by reference to its quoted closing bid price at the end of each reporting period.

(c) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following tables set out the financial instruments carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				
2016	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Fair value RM'000**	**Carrying amount RM'000**
Group					
Financial assets					
Financial assets at fair value through profit or loss					
- Short term investments	-	1,072	-	1,072	1,072
Company					
Financial assets					
Financial assets at fair value through profit or loss					
- Short term investments	-	465	-	465	465

38. FINANCIAL INSTRUMENTS (continued)

(c) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position. (continued)

	Fair value of financial instruments carried at fair value				
2015	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Fair value RM'000**	**Carrying amount RM'000**
Group					
Financial assets					
Financial assets at fair value through profit or loss					
- Short term investments	-	10,622	-	10,622	10,622
Available-for-sale financial asset					
- Other investments	6	-	-	6	6
	6	10,622	-	10,628	10,628
Company					
Financial assets					
Financial assets at fair value through profit or loss					
- Short term investments	-	369	-	369	369
Available-for-sale financial asset					
- Other investments	6	-	-	6	6
	6	369	-	375	375

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to financial risk management policies.

There have been no significant changes on the Group's exposure to financial risks from the previous year. Also, there have been no changes to the Group's risk management objectives, policies and processes since the previous financial year end.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The Group's management reviews and agrees on policies managing each of the financial risks and they are summarised as follows:

(a) Foreign currency exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities. The foreign currencies in which these transactions are denominated are mainly in SGD.

Approximately Nil (2015: 21%) of the Group's sales were denominated in foreign currencies whilst almost Nil (2015: 27%) of costs were denominated in the respective functional currencies of the Group entities. The Group's trade receivables and trade payables balances at the reporting date have similar exposures.

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in SGD) amount to RM115,026,000 (2015: RM86,541,000).

A sensitivity analysis has been performed on the outstanding foreign currency denominated monetary items of the Group as at 31 March 2016. If the SGD were strengthen or weaken by 1% against RM with all other variables held constant, the Group profit before tax would increase or decrease by RM3,260,000 (2015: RM2,920,000).

(b) Interest rate risk

Financial assets

Surplus funds are placed in fixed deposits with licensed banks and finance companies to earn interest income based on prevailing market rates. The Group manages its interest rate risks by placing such funds on short tenures of 12 months or less.

Financial liabilities

The Group's policy is to borrow principally on a floating rate basis but to retain a proportion of fixed rate borrowings. The objective of a mix of fixed and floating rate borrowings is to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall. The mix between fixed and floating rate borrowings is monitored so as to ensure that the Group's financing cost is kept at the lowest possible. The Group does not generally hedge interest rate risks. Hedging of risk through the use of financial instruments may be adopted should its use result in significant cost savings. The Group has a policy to ensure that interest rates obtained are competitive.

It is the Group's policy not to trade in interest rate swap agreements.

A sensitivity analysis has been performed based on the outstanding floating rate bank borrowings of the Group as at 31 March 2016. If interest rate increase or decrease by 100 basis points with all other variable held constant, the Group profit before tax would decrease or increase by RM3,938,000 (2015: RM3,351,000), as a result of higher or lower interest expense on these borrowings.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk

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

In the case of property development activities, the Group's credit risk is primarily attributable to progress billings receivable from house buyers. The Group mitigates the risk of default by maintaining its name as the registered owner of the development properties until full settlement by the purchaser of the self-financed portion of the purchase consideration and upon undertaking of end-financing by the purchaser's end-financier.

For other activities, the Group minimises and monitors its credit risk by dealing with credit worthy counterparties, setting credit limits on exposures, applying credit approval controls and obtaining collateral or security deposits where appropriate. Trade and financial receivables are monitored on an ongoing basis via group-wide management reporting procedures.

With regard to surplus cash, the Group seeks to invest its cash assets safely by depositing them with licensed financial institutions.

The aging analysis of trade receivables is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Neither past due nor impaired	9,023	37,312	153	63
Past due, not impaired				
1 to 30 days past due	13,519	900	72	-
31 to 60 days past due	257	5,054	4	-
61 to 120 days past due	713	1,885	5	-
More than 120 days past due	5,512	6,700	3	-
	20,001	14,539	84	-
Impaired	-	-	-	-
	29,024	51,851	237	63

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk (continued)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company.

None of the trade receivables of the Group and of the Company that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired mainly arose from active corporate customers with healthy business relationship, in which the management is of the view that the amounts are recoverable based on past payments history.

The trade receivables of the Group and of the Company that are past due but not impaired are unsecured in nature.

(d) Liquidity and cash flow risks

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

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

Besides maintaining an adequate current ratio, each business unit is required to submit cash flow projections to Group management on a monthly basis. Each unit must seek to ensure that projected cash inflows from operating and non-operating activities adequately cover funding requirements of operating and non-operating outflows. At a minimum, all projected net borrowings should be covered. Also, debt maturities are closely monitored to ensure that the Group is able to meet its obligations as they fall due.

Daily bank balances are prepared and any excess funds are invested in fixed deposits with licensed financial institutions at the most competitive interest rates obtainable.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity and cash flow risks (continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities based on the contractual undiscounted cash flows.

Group	Less than 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
2016				
Trade payables	119,934	-	-	119,934
Other payables and accruals	20,091	-	-	20,091
Bank borrowings	299,027	265,903	62,148	627,078
	439,052	265,903	62,148	767,103
2015				
Trade payables	118,190	-	-	118,190
Other payables and accruals	22,356	-	-	22,356
Amount owing to joint ventures	49	-	-	49
Bank borrowings	188,485	374,291	19,358	582,134
	329,080	374,291	19,358	722,729

Company	Less than 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
2016				
Trade payables	74	-	-	74
Other payables and accruals	8,896	-	-	8,896
Amount owing to a subsidiary company	3	-	-	3
Bank borrowings	56,217	13,632	16,134	85,983
	65,190	13,632	16,134	94,956
2015				
Other payables and accruals	11,399	-	-	11,399
Amount owing to a subsidiary company	39,068	-	-	39,068
Bank borrowings	56,345	14,068	19,358	89,771
	106,812	14,068	19,358	140,238

40. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain an optimal capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements.

The gearing ratios were as follows:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Total borrowings (Note 21)	563,761	505,100	76,250	78,750
Less: Cash and bank balances, net of pledged bank balances	(44,100)	(150,976)	(1,796)	(1,964)
Deposits, net of deposits pledged	(110,349)	(2,148)	-	-
Short term investments	(1,072)	(10,622)	(465)	(369)
Net debt	408,240	341,354	73,989	76,417
Total equity	813,776	770,648	475,516	430,012
Net debt	408,240	341,354	73,989	76,417
	1,222,016	1,112,002	549,505	506,429
Gearing ratio	33%	31%	13%	15%

There were no changes in the Group's approach to capital management during the financial year.

Under the requirement to Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares, if any), and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

41. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 20 June 2016 by the Board of Directors.

42. SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Securities") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of each reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Securities further issued guidance on the disclosure and the format required.

The breakdown of the retained profits of the Group and the Company as at 31 March 2016, into realised and unrealised profits/(losses), pursuant to the directive, is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained earnings				
- Realised	244,563	222,327	56,210	(3,059)
- Unrealised	204,545	218,664	195,685	209,912
	449,108	440,991	251,895	206,853
Total share of retained profits from joint ventures				
- Realised	70,088	43,776	-	-
- Unrealised	1,906	1,906	-	-
	521,102	486,673	251,895	206,853
Consolidation adjustments	(2,537)	1,588	-	-
	518,565	488,261	251,895	206,853

The determination of realised and unrealised profits or losses is compiled based on Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Main Market Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Accordingly, the unrealised retained profits of the Group and the Company as disclosed above excludes translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts, as these gains or losses are incurred in the ordinary course of business of the Group and the Company, and are hence deemed as realised.

The disclosure of realised and unrealised profits/(losses) above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be used for any other purposes.

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 46 to 122 have been drawn up in accordance with Financial Reporting Standards and the provisions of 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 at 31 March 2016 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 42 to the financial statements on page 123 has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Eddy Chieng Ing Huong
Director

Teh Lip Kim
Director

Kuala Lumpur
20 June 2016

STATUTORY DECLARATION

I, Loong Ching Hong, being the officer primarily responsible for the financial management of Selangor Dredging Berhad, do solemnly and sincerely declare that the financial statements set out on pages 46 to 123 are, to the best of my knowledge and belief, 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 in Malaysia.

Subscribed and solemnly declared at)
Kuala Lumpur in the Federal Territory)
this 20 June 2016)

Loong Ching Hong

Before me:

No.W663
Baloo A/L T. Pichai
Commissioner for Oaths

Financial year ended	: 31 March 2016
Class of stock	: RM0.50 ordinary share
Voting rights	: 1 vote per share

ANALYSIS OF SHAREHOLDINGS AS AT 30 JUNE 2016

	Number of Holders	Holdings	Total Holdings	%
	398	less than 100	6,784	0.00
	1,944	100 - 1,000	1,684,435	0.39
	4,888	1,001 - 10,000	21,638,514	5.08
	1,167	10,001 - 100,000	34,026,344	7.99
	150	100,001 to less than 5% of issued shares	90,698,733	21.28
	4	5% and above of issued shares	278,072,852	65.26
Total	**8,551**		**426,127,662**	**100.00**

DIRECTORS' SHAREHOLDINGS AS AT 30 JUNE 2016

		No. of Shares			
	Name of Directors	Direct Holding	Percentage %	Indirect Holding	Percentage %
1.	Mr Eddy Chieng Ing Huong	-	-	-	-
2.	Ms Teh Lip Kim	86,323,396	20.26	170,588,756	40.03
3.	Tan Sri Mohd Ismail Bin Che Rus	-	-	-	-
4.	Ms Teh Lip Pink	425,000	0.10	65,629,978	15.40
5.	Mr Tee Keng Hoon	-	-	-	-

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 30 JUNE 2016

	Name of Shareholders	Direct Shareholding	Percentage %	Deemed Interest	Percentage %
1.	Teh Wan Sang & Sons Sdn Bhd	98,258,478	23.06	-	-
2.	Teh Kien Toh Sdn Bhd	65,629,978	15.40	-	-
3.	Ms Teh Lip Kim	86,323,396	20.26	169,755,756	39.84
4.	Dr Teh Lip Bin	2,000,000	0.47	163,888,456	38.46
5.	Ms Teh Lip Pink	425,000	0.10	65,629,978	15.40

LIST OF 30 LARGEST SHAREHOLDERS AS AT 30 JUNE 2016

Name of shareholders	Shares held	%
1. Teh Lip Kim	86,323,396	20.26
2. Teh Wan Sang & Sons Sdn Bhd	61,040,527	14.32
3. Teh Kien Toh Sdn Bhd	37,900,748	8.89
4. Teh Wan Sang & Sons Sdn Berhad	37,217,951	8.73
5. Citigroup Nominees (Asing) Sdn Bhd Exempt An for UBS AG Singapore (Foreign)	27,861,000	6.54
6. Teh Kien Toh Sdn Berhad	27,729,230	6.51
7. Wang, Kun-Lung	11,280,200	2.65
8. Teh Wan Sang & Sons Housing Development Sdn Bhd	5,867,300	1.38
9. Chan Keong Hon Sdn Bhd	5,725,580	1.34
10. Ng Chin Siu & Sons Rubber Estates Sdn Bhd	3,836,800	0.90
11. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt An for Bank of Singapore Limited	3,010,000	0.71
12. UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	2,290,491	0.54
13. Gan Teng Siew Realty Sdn Berhad	2,224,900	0.52
14. Teh Lip Bin	2,000,000	0.47
15. Citigroup Nominees (Asing) Sdn Bhd Exempt An for OCBC Securities Private Limited (Client A/C-NR)	1,917,457	0.45
16. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cho Chun Hong (E-BPJ/TDA)	1,760,500	0.41
17. Rengo Malay Estate Sdn Bhd	1,717,700	0.40
18. Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Chan Keong Hon Sdn Bhd (01-00600-000)	1,500,000	0.35
19. Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	1,352,800	0.32
20. Teh Lip Ling	1,341,000	0.31
21. Ulysses Sdn Bhd	1,167,779	0.27
22. Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	1,118,200	0.26
23. HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Surinder Singh A/L Wassan Singh	1,093,000	0.26
24. Bidor Tahan Estates Sdn Bhd	1,000,000	0.23
25. Chinchoo Investment Sdn Berhad	1,000,000	0.23
26. Gemas Bahru Estates Sdn Bhd	1,000,000	0.23
27. Key Development Sdn Berhad	1,000,000	0.23
28. Malaysia Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Shook Yuen @ Janett Shook Yuen Chan (01-00815-000)	1,000,000	0.23
29. Ng Poh Cheng	950,300	0.22
30. Cimsec Nominees (Asing) Sdn Bhd Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	933,966	0.22
	334,160,825	78.38

Properties	Description	Land area/ (Built-up area) (Square feet)	Tenure (Expiry)	Age of building (Years)	Net book value as at 31.3.2016 (RM'000)	Date of last revaluation (Date of acquisition)
Wisma Selangor Dredging 142-A, 142-B, 142-C, 142-D Jalan Ampang 50450 Kuala Lumpur	4 blocks of office complex (Lettable area: 351,632 sq ft)	103,882	Freehold (N/A)	31	318,000	31 March 2016
Hotel Maya Kuala Lumpur 138, Jalan Ampang 50450 Kuala Lumpur	Boutique urban resort hotel with 207 rooms and 447 parking bays	(419,696)	Freehold (N/A)	18	150,000	31 March 2016
HS(M) 31374 (PT 80704), HS(M) 31375 (PT 80705) and HS(M) 31376 (PT 80706) Tempat Kuyow, Mukim and Daerah Petaling, Negeri Selangor	Development land	807,067	Freehold (N/A)	-	80,000	(13 April 2015)
Geran 43950 to 43953 Lot 52309 to 52312 Mukim Kuala Lumpur Daerah Kuala Lumpur Negeri Wilayah Persekutuan Kuala Lumpur	Development land	250,347	Freehold (N/A)	-	50,074	(24 August 2005)
PM 33 (Lot 1224), PM 24 (Lot 1234) and PM 235 (Lot 1235), Kampong Klang Gates Baru, Mukim of Hulu Kelang, Daerah Gombak, Negeri Selangor.	Development land	385,767	Freehold (N/A)	-	34,500	(15 March 2012)
PM 23 (Lot 1223) and PM17 (Lot 1230), Kampong Klang Gates Baru, Mukim of Hulu Kelang, Daerah Gombak, Negeri Selangor	Development land	244,201	Leasehold (expiring on 24.6.2068 and 17.5.2075 respectively)	-	24,050	(8 February 2013)

Properties	Description	Land area/ (Built-up area) (Square feet)	Tenure (Expiry)	Age of building (Years)	Net book value as at 31.3.2016 (RM'000)	Date of last revaluation (Date of acquisition)
PM 2290, Lot2164 (Formerly known as HS(M) 909, PT2164), Pekan Baru Sungai Buloh, Kg Bharu Sungai Buloh Daerah Petaling Selangor Darul Eshan	Development Land – SqWhere Project	210,876	Leasehold (expiring on 14.8.2111)	-	21,800	(28 March 2012)
Lot 333P of TS 5 25, Teo Hong Road, Singapore 088333	1 block of 3 storey office building	1,731	Freehold (N/A)	-	20,896 (SGD7,200)	31 March 2016
PT 233 Seksyen 39 Bandar Petaling Jaya Daerah Petaling Negeri Selangor	Development land – The Hub Project	109,265	Freehold (N/A)	-	18,900	(22 November 2007)

SDB Selangor Dredging Berhad (4624-U)

PROXY FORM

No. of shares held

CDS Account No.																
			–			–										

I/We____
(full name as per NRIC/company name in block capitals)

NRIC/Company No. ____
(new and old NRIC Nos)

of____
(full address)

being a member/members of SELANGOR DREDGING BERHAD hereby appoint *the Chairman of the meeting or ____________________

____NRIC No. ____________________
(full name as per NRIC in block capitals) (new and old NRIC Nos)

of____
(full address)

or failing him____NRIC No____________________
(full name as per NRIC in block capitals) (new and old NRIC Nos)

of____
(full address)

as *my/our proxy/proxies to attend and vote for *me/us and on *my/our behalf at the Fifty-Fifth Annual General Meeting of the Company to be held at the Ballroom, Hotel Maya Kuala Lumpur, 138, Jalan Ampang, 50450 Kuala Lumpur on Friday, 26 August 2016 at 9.30 am and at any adjournment thereof, and to vote as indicated below:

NO.	RESOLUTION	FOR	AGAINST
1	Resolution No.1		
2	Resolution No.2		
3	Resolution No.3		
4	Resolution No.4		
5	Resolution No.5		
6	Resolution No.6		
7	Resolution No.7		
8	Resolution No.8		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion)

The proportions of *my/our shareholding to be represented by *my/our proxy/proxies are as follows:

First named Proxy	%
Second named Proxy	%
	%

In case of a vote taken by a show of hands, the First Proxy shall vote on *my/our behalf.

Dated this ____________________ day of ________________ 2016.

____
Signature of Member(s)

____
Telephone No./Handphone No.

*Delete whichever is not applicable

Notes:

Proxy

(i) Only depositors whose names appear in the Record of Depositors as at 18 August 2016 shall be regarded as members and entitled to attend, speak and vote at the Annual General Meeting.

(ii) A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply. A proxy appointed to attend and vote at a meeting of a company shall be entitled to vote on any question at any general meeting and have the same rights as the member to speak at the meeting.

(iii) A member of the Company may appoint not more than two proxies to attend at the same meeting. Where the member of the Company appoints two proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.

(iv) A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 can appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(v) Where a member of the Company is an Exempt Authorised Nominee which holds ordinary share in the Company for multiple beneficial owners in one (1) securities account (omnibus account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

(vi) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

(vii) The instrument appointing a proxy and the power of attorney or other authority, if any, which is signed or notarially certified copy of that power of authority, shall be deposited at the Share Registrars, Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.

General Meeting Record of Depositors

For purpose of determining who shall be entitled to attend this meeting in accordance with Articles 54(b) and 54(c) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 18 August 2016 and only Depositors whose name appears on such Record of Depositors shall be entitled to attend the said meeting.

Registration

(i) Registration will start at 8.00 am at the Ballroom of Hotel Maya Kuala Lumpur and will end when the meeting starts. Latecomers will not be entertained.
(ii) Please produce your original Identity Card at the registration counter for verification purpose.

Parking

Parking is complimentary and you are advised to park your vehicle at Hotel Maya Kuala Lumpur car park.

Enquiry

For enquiries prior to the meeting, please contact the following persons during office hours:

Name	:	Ms Won See Yee
Organisation	:	Selangor Dredging Berhad
Telephone number	:	603-2161 3377
Name	:	Ms Lee Siew Li
Organisation	:	Tricor Investor & Issuing House Services Sdn. Bhd
Telephone number	:	603-2783 9299

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STAMP

Selangor Dredging Berhad
c/o Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 603-2783 9299
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Please fold here

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