SDB Selangor Dredging Berhad (4624-U)

Annual Report 2018

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 mainly focused on property development activities.

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 and all our stakeholders.

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

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the FIFTY-SEVENTH ANNUAL GENERAL MEETING OF SELANGOR DREDGING BERHAD will be held at the Ballroom, Hotel Maya Kuala Lumpur, 138, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 30 August 2018 at 9.00 am for the following purposes:

1. To receive the Financial Statements for the year ended 31March 2018 and the Directors' and Auditors' Reports thereon. **(please refer to explanatory Note A)**

2. To approve the payment of Dividend of 5% (2017: 5%) for the year ended 31 March 2018. **(Resolution 1)**

3. To approve the payment of Directors' Fees amounting to RM320,862 (2017: RM320,458) for the year ended 31 March 2018. **(Resolution 2)**

4. To approve the payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Directors of up to RM20,000 from 1 September 2018 until the next annual general meeting of the Company. **(Resolution 3)**

5. To re-elect the following directors who retire by rotation pursuant to Article 80 of the Company's Constitution:-

   (a) Ms Teh Lip Kim **(Resolution 4)**

   (b) Tan Sri Mohd Ismail bin Che Rus **(Resolution 5)**

6. To re-appoint Messrs BDO, as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

7. Authority to Allot Shares

   To consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications:-

   "THAT, subject always to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorized pursuant to Section 75 of the Companies Act 2016 to allot shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being." **(Resolution 7)**

8. Proposed Retention of Independent Non-Executive Directors

   To consider and if thought fit, to pass the following Ordinary Resolutions, with or without modifications:-

   "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 8)**

   "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 9)**

9. To transact any other business which due notice shall have been received.

By Order of the Board

WON SEE YEE
SEOW FEI SAN
Secretaries

Kuala Lumpur
31 July 2018

NOTICE OF DIVIDEND PAYMENT

Subject to the approval of the shareholders at the Annual General Meeting, a Single Tier Dividend of 5% will be paid on 14 September 2018 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 4 September 2018.

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 4 September 2018 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 members whose names appear in the Record of Depositors as at 20 August 2018 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 to attend, speak and vote in his stead. A proxy may but need not be a member of the Company.

(iii) A member of the Company may appoint not more than two (2) proxies to attend and vote at the Annual General Meeting. Where the member of the Company appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.

(iv) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) 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 appointor or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its common 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), under which is signed or notarially certified copy threreof, must 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:

Note A – The shareholders' approval on the Audited Financial Statements are not required pursuant to Section 340 (1) of the Companies Act 2016 ("Act"), hence, the matter will not be put for voting.

Resolutions 2 & 3 – Pursuant to Section 230 (1) of the Act, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the Fifty-Seventh Annual General Meeting ("AGM") on the Directors' fees and benefits in two (2) separate resolutions as below:-

- Resolution No. 2 on payment of Directors' fees in respect of the financial year ended 31 March 2018.

- Resolution No. 3 on payment of Directors' benefits (excluding Directors' fees) from 1 September 2018 until the next AGM.

The current structure for Directors' benefits of the Company is basically the meeting allowances for Board/Board Committee meetings attended. The Directors' benefits from 1 September 2018 until the conclusion of the next AGM is estimated not to exceed RM20,000. The Board will seek shareholders' approval at the next AGM in the event the amount of the Directors' benefits is insufficient due to an increase in Board/Board Committee meetings and/or increase in Board size.

Details of the Directors' Fees and benefits paid to the Non-Executive Directors are disclosed on pages 28 to 35 of the Overview Statement on Corporate Governance in the Annual Report 2018.

Resolution 7 – The proposed Ordinary Resolution 7, if passed, will give the Directors of the Company, from the date of the Fifty-Seventh AGM, authority to allot shares from the unissued capital of the Company for such purposes as the Directors may deem fit and in the interest of the Company. The authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of printing of the Annual Report, no new shares were issued by the Company pursuant to the authority granted to the Directors at the Fifty-Sixth AGM held on 29 September 2017 and the said authority will lapse at the conclusion of the Fifty-Seventh AGM.

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

Resolutions 8 & 9 – The proposed Resolutions 8 & 9 if passed, will allow Tan Sri Mohd Ismail bin Che Rus and Mr Tee Keng Hoon to be retained and continue to act as Independent Non-Executive Director of the Company.

The full details of the Board justifications for the retention of Tan Sri Mohd Ismail bin Che Rus and Mr Tee Keng Hoon are set out on pages 28 to 35 of the Overview Statement on Corporate Governance in the Annual Report 2018.

CORPORATE INFORMATION

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

RISK MANAGEMENT COMMITTEE

Chairman
Ms Teh Lip Kim

Members
Mr Loong Ching Hong
Mr Lew Shih Kee
Mr Danish Loh Yew Neng bin Abdullah

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
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

Supergreen Solutions Sdn Bhd
8th 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

CORPORATE STRUCTURE

SDB Selangor Dredging Berhad (4624-U)

SDB Properties Sdn Bhd
(190055-A)
100%

- 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 (1157251-T)
  100%
- SDB Teambuild Sdn Bhd (1096808-X)
  50%

Seldredge Industries Sdn Berhad
(78890-A)
100%

SDB International Sdn Bhd
(78891-P)
100%

- SDB Asia Pte Ltd (200618870N)
  100%
- SDB Green Energy Pte Ltd (201102729E)
  100%
  - SuperGreen Solutions Sdn Bhd (1153407-M)
    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%

SDB Interiors Sdn Bhd
(78893-H)
100%

SDB Mining Sdn Bhd
(1227602-A)
100%

PROFILE OF MEMBERS OF BOARD OF DIRECTORS

MR EDDY CHIENG ING HUONG
Chairman

Nationality	**Gender**	**Age**
Malaysian	Male	61

Mr Eddy Chieng Ing Huong, aged 61, 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 36 of the Financial Statements. Mr Chieng has no convictions of any offences within the past five years and has not been imposed by the relevant regulatory bodies any penalty during the financial year 2018.

MS TEH LIP KIM
Managing Director

Nationality	Gender	Age
Malaysian	Female	51

Ms Teh Lip Kim, aged 51, 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 36 of the Financial Statements. Ms Teh has no convictions of any offences within the past five years and has not been imposed by the relevant regulatory bodies any penalty during the financial year 2018.

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

Nationality	Gender	Age
Malaysian	Male	75

Tan Sri Mohd Ismail Bin Che Rus, aged 75, 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 Committees and a member of Remuneration Committee. 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 President of Retired Senior Police Officers Association of Malaysia.

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. He has no convictions of any offences within the past five years and has not been imposed by the relevant regulatory bodies any penalty during the financial year 2018.

MS TEH LIP PINK

Non-Independent Non-Executive Director

Nationality	**Gender**	**Age**
Malaysian	Female	66

Ms Teh Lip Pink, aged 66, 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 36 of the Financial Statements. Ms Teh has no convictions of any offences within the past five years and has not been imposed by the relevant regulatory bodies any penalty during the financial year 2018.

MR TEE KENG HOON

Independent Non-Executive Director

Nationality	**Gender**	**Age**
Malaysian	Male	68

Mr Tee Keng Hoon, aged 68, 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 44 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. He has no convictions of any offences within the past five years and has not been imposed by the relevant regulatory bodies any penalty during the financial year 2018.

MR LOONG CHING HONG

Group General Manager, Selangor Dredging Berhad

Nationality	Gender	Age
Malaysian	Male	52

Mr Loong Ching Hong, aged 52, Malaysian Chinese, is the Group General Manager of Selangor Dredging Berhad. He is a member of the Malaysian Institute of Accountants and the Fellow Member of Chartered Association of Certified Accountants, United Kingdom.

He started his career as an Audit Senior in Chew Wai Khoon & Co and then as a Cost Controller in J.Walter Thompson Sdn Bhd. From 1990 to 1995, he worked as an Accountant in IJM Corporation Berhad, a public listed company in Malaysia.

In 1996, he joined Selangor Dredging Berhad as Deputy Group Financial Controller and was later promoted to Group Financial Controller within the same year.

In 2000, he became the Group General Manager of the Company and currently holds directorship in subsidiary and associated companies of Selangor Dredging Berhad.

Mr Loong does not have any family relationship with any director and/or substantial shareholder of the Company. Mr Loong has no conflict of interest with the Company. He has no convictions of any offences within the past five years and has not been imposed any penalty by the relevant regulatory bodies during the financial year 2018.

CHAIRMAN'S STATEMENT

UNA, Kuala Lumpur *– an artist impression of the rooftop garden which gives vantage views of the city skyline*

The year ended 31 March 2018 continued to be challenging for the property development sector as a whole, resulting from more cautious consumer sentiment, slower economic growth and tighter bank lending requirements.

Despite the challenging environment, I am pleased to report that the Group recorded positive results, with a pre-tax profit of RM104.55 million compared to RM68.58 million in the previous year. This was from the turnover of RM217.49 million as compared to RM220.50 million in 2017.

The improved profit was mainly due to the completion of the sale of Wisma Selangor Dredging for RM480.0 million in cash which completed on 5 December 2017, the details of which were circulated to Shareholders in the Circular dated 14 September 2017 and approved by Shareholders at the Extraordinary General Meeting dated 29 September 2017.

The completion of the divestment enabled the Board to approve a special dividend of 19 sen per share amounting to RM81.0 million which was paid to shareholders on 29 January 2018, as well as part repayment of the Group's borrowings and providing strategic cash resources for working capital and the future growth of the Group.

GROUP OPERATIONS

During the year under review, the Group focussed on marketing units in both completed developments and developments under construction. Marketing efforts were undertaken both locally in Peninsular and East Malaysia as well as in other countries such as Hong Kong and China, to reach a broader pool of local and international investors.

Our development located in SS2 Petaling Jaya, THE HUB was completed and duly handed over to purchasers in April 2018. This commercial development which comprises of two retails blocks and a 44 storey tower with 276 units of signature suites, is located along Jalan Harapan and is conveniently linked to the Lebuhraya Damansara Puchong (LDP).

In the meantime, construction of SQWHERE, the mixed development in Sungai Buloh and UNA, the development in Jalan Peel, Cheras progressed as planned. SQWHERE is expected to be fully completed in 2019, while UNA will be completed in 2022.

HOTEL MAYA, our hotel property located on Jalan Ampang Kuala Lumpur saw reduced occupancy rates of 49.3% compared to 56.7% in the last financial year. This reduction was mainly due to a drop in the number of travellers and competition from new hotels in the city.

With regards to the Group's involvement in the mining sector, the Group increased its shareholding in Fortress Mining Sdn Bhd, a company mining iron ore in Bukit Besi, Terengganu, from 20% to 35% in the year under review. The Group's share of profits for the year under review is RM1.43 million.

***THE HUB, Petaling Jaya** – located in SS2, The Hub is adjacent to SDB's developments Five Stones and Ameera*

■ ***HIJAUAN ON CAVENAGH, Singapore***
was awarded the FIABCI Prix d'Excellence World Silver Residential (Mid-Rise) award in May 2018

AWARDS

I am pleased to report that the Group's developments continued to be recognised and won several awards during the year.

HIJAUAN ON CAVENAGH, our development in Singapore was awarded the FIABCI Singapore Property Award in the Residential (Mid-Rise) category in November 2017. Subsequent to this, it was awarded the World Silver Award for FIABCI Prix d'Excellence Award 2018, which was held in Dubai, United Arab Emirates in May this year. We are indeed delighted as this is our first FIABCI Prix d'Excellence award for a Singapore development.

Also in May 2018, our Property Management arm was awarded a joint bronze award for The Edge Property Best Managed Property Award for PARK SEVEN in Kuala Lumpur and BY THE SEA in Penang.

DIVIDEND

In addition to the Special Dividend of 19 sen per share amounting to RM81.0 million which was paid to shareholders on 29 January 2018, the Board of Directors has recommended a dividend of 2.5 sen per share (Financial Year 2017: 2.5 sen) amounting to RM10,653,192 (Financial Year 2017: RM10,653,192) for the year under review. This will be tabled at the Annual General Meeting for the shareholders approval.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to record our thanks to the management and staff of the Group for their work and contribution.

My appreciation also go out to our shareholders, customers and business associates for their continued support throughout the years.

EDDY CHIENG ING HUONG
Chairman

BY THE SEA, Penang *– owners enjoy both a beach front and a rehabilitated river in this development*

MANAGEMENT DISCUSSION AND ANALYSIS

UNA, Kuala Lumpur *is conveniently located in the established neighbourhood of Jalan Peel and just 300 meters away from Maluri MRT station*

THIS YEAR UNDER REVIEW WAS CHALLENGING FOR THE PROPERTY MARKET. CONSUMERS REMAINED CAUTIOUS ON SPENDING WHILE FINANCIAL INSTITUTIONS REMAINED STRINGENT WITH THEIR REGULATIONS ON HOUSING LOAN APPROVALS.

These conditions did not auger too well for the main business activity for the Group, which is property development.

FINANCIAL

For the year ended 31 March 2018, the Group registered a pre-tax profit of RM104.55 million compared to RM68.58 million in 2017. Turnover was RM217.49 million compared to RM220.50 million in the last financial year.

The significant increase in net profit was mainly due to the completion of the disposal of Wisma Selangor Dredging in December 2017, while the slight decrease in turnover was mainly attributable to the property market which remained soft.

Property

Hotel Operations

For the year under review, the hotel saw a reduction in revenue from RM23.25 million last year to RM18.56 million this year. The hotel made a gross operating profit of RM941,000 compared to RM866,000 last year. However, it recorded a net loss of RM2 million.

Property Development

For the year ended 31 March 2018, the Group's property development activities recorded a gross profit of RM41.79 million on a turnover of RM182.23 million.

As mentioned, this was due to the damp property market and the strict policy on housing loans, making it difficult for purchasers to secure their choice property.

	TURNOVER	EARNINGS AFTER TAX	PROFIT BEFORE TAXATION	NET ASSETS BACKING
	RM217.5 MILLION	19.64 SEN	RM104.5 MILLION	208.31 SEN
2018	RM217.5 million	19.64 sen	RM104.5 million	208.31 sen
2017	RM220.5 million	13.44 sen	RM68.6 million	205.63 sen

THE HUB, Petaling Jaya *was handed over to owners in April 2018*

HOTEL MAYA, Kuala Lumpur *provides a resort-like ambiance in the heart of the city*

PERFORMANCE OVERVIEW

Selangor Dredging Berhad

As mentioned in the previous report, the Group had entered into a sale and purchase agreement with Golden Eagle Realty Sdn. Bhd. for the sale of Wisma Selangor Dredging for RM480 million. The sale of the building had received shareholders approval at the Extraordinary General Meeting (EGM) in August 2017, and was duly completed in December last year.

The proceeds of the sale have since been used to generate cash flow and reduce gearing levels of the Group. At the same time, the additional funds have been used for investments that will provide favourable returns and growth prospects in the long term.

With the disposal of Wisma Selangor Dredging, the Group's main business activity is now focussed on property development.

As reported last year, the Group had also ventured into iron ore mining. During the year under review, the Group had acquired an additional 15% stake in Fortress Mining Sdn Bhd, which mines iron ore in Bukit Besi, Terengganu. The Group now holds 35% stake in the company, and its share of net profit for the year under review was RM1.43 million.

Property

Our main business activity is primarily property development, as well as hotel operations of Hotel Maya Kuala Lumpur.

Hotel Operations

Hotel Maya Kuala Lumpur is the Group's boutique hotel, located in the heart of Kuala Lumpur City Centre, and just a short walk to the Petronas Twin Towers.

During the year under review, the hotel's occupancy rate reduced from 56.7% to 49.3%. The drop in occupancy was mainly due to immense competition from hotels, as well as the entry of newer mid-high tier hotels offering alternative holiday accommodation in Kuala Lumpur.

The hotel made a gross operating profit of RM941,000 however recorded a net loss of RM2 million.

During the year, Hotel Maya was revaluated, resulting in a net increase of RM37.16 million in revaluation reserve. The hotel will continue to embark in its marketing and promotional efforts in Malaysia as well as Europe, Australia and Japan.

■ ***SQWHERE, Sungai Buloh*** *– like other SDB developments, the SQWHERE Service Apartments enjoy abundant light and ventilation*

Property Development

Malaysia's property sector remained bearish during the year under review. The challenging market was attributable to the same factors as previous years namely consumer's cautious spending habits due to rising expenses of goods and services, as well as the bank's stringent rules on lending. Added to this, buyers were also holding back to see if the property market would improve after 14th General Elections, which was held in May this year.

During the year, the Group opened up sales for the joint-venture development in Jalan Peel, Kuala Lumpur. This development called UNA comprises of 316 units of service apartments, with retail units on the ground floor. Located directly opposite Sunway Velocity Mall and very close to the Maluri MRT station, UNA is in a very convenient location.

Our commercial development, THE HUB in SS2 Petaling Jaya was handed over to purchasers in April 2018. THE HUB comprises 13 units of 2 1/2 story retail offices and a tower of 276 units of signature suites. It has been designed to be a thoughtful integrated environment which is conducive for work-life balance, as the development has been conceptualised to include recreational facilities as well as landscaped areas for all to all to enjoy.

In the meantime, SQWHERE in Sungai Buloh is still under construction and is progressing as scheduled. This mixed development which comprises retail units, an office block, and two towers of SOVO and Service Apartments is expected to be fully completed in mid-2019.

***WINDOWS ON THE PARK, Cheras** – all homes look out to beautiful and lush green gardens*

The Group also focussed on marketing balance of properties in existing developments. This included having roadshows in both Peninsular and East Malaysia, as well as overseas. At the time of writing, the Group's unbilled sales is at RM133 million from on-going projects, and this will contribute the profits for the Group for the coming years.

During the year, a lot of effort was also taken to come up with the concept and development planning for the upcoming developments in Singapore.

Prospects

The year under review remained challenging for the Group, as the property market had yet to fully recover.

We continued to market our 255 units of Service Apartments in the mixed development in Sungai Buloh, SQWHERE. Once ready, this development which comprise residential, commercial and office buildings will be directly linked to the Kampung Selamat LRT station via a 70 m link bridge. This will make it convenient to the residents and conducive for business owners.

The other development which has excellent accessibility is UNA, located just 300m from Maluri MRT, 500m from Maluri LRT and 850m from Cochrane MRT stations. Like other SDB properties, units in this development have been designed with SDB's signature spatial planning, meaning the space in each unit are maximised for the comfort of its residents. UNA will have recreational facilities on the podium deck on the 9th floor, as well as on the 46th floor roof top.

As the Singapore property market has picked up, we focussed our immediate attention on the parcels of lands that were purchased in late 2016 and mid-2017.

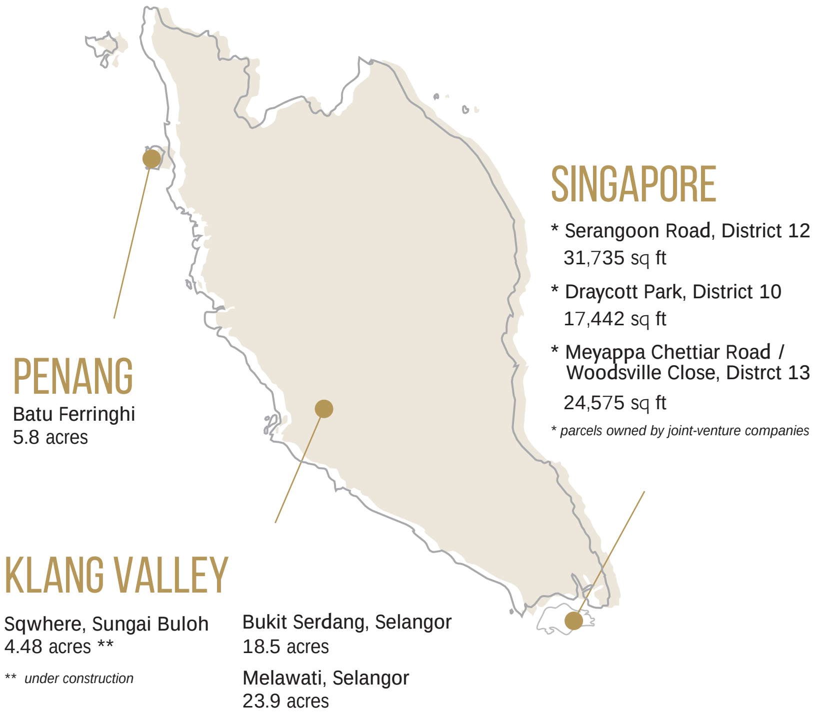
ONE DRAYCOTT, a development located in the sought-after location of District 10, just minutes away from the Scotts/Orchard Road shopping belt. It is a single tower which is aesthetically interesting with its striking gold and black façade and has only 64 exclusive units.

The second development is JUI RESIDENCES located on Serangoon Road, in Singapore's District 12. This development overlooks the Kallang River and has a conserved building, The National Aerated Water Company (NAWC) factory within the premises. JUI RESIDENCES, comprises 117 units of well-planned apartments and art-deco inspired elements from NAWC have been incorporated into the development.

Both the Singapore developments are developed by joint-venture companies, and is expected to be launched in the last quarter of 2018. The Gross Development Value (GDV) for the Group's share for ONE DRAYCOTT is approximately RM268.5 million and JUI RESIDENCES is approximately RM 236.32 million.

Recently, in July 2018, the Group via its associate company, purchased several parcels of land on Meyappa Chettiar Road and Woodsville Close, in District 13 Singapore. These parcels collectively measuring 24,575 sq ft had been bought from individual owners, and will be amalgamated prior to any development taking place. These parcels of land enjoy excellent accessibility, being approximately 200m away from Potong Pasir MRT station.

GROUP'S LANDBANK



■ ***ONE DRAYCOTT, Singapore*** *is located in a prime location just minutes a way from the world famous Scotts/Orchard Road shopping belt*

JUI RESIDENCES, Singapore is located right next to the Kallang River in Serangoon, District 12 Singapore

We are delighted to share that we were awarded the FIABCI Singapore Property Award in the Residential (Mid-Rise) category in November last year, for our development HIJAUAN ON CAVENAGH in Singapore. This 41 unit development is located in a green tree-lined area of Singapore, yet just minutes away from Orchard Road. It has been designed to blend with its lush surroundings, has various elements of art including hand-tooled copper main doors in each home. Subsequently, in May 2018, HIJAUAN ON CAVENAGH received the World Silver award for the Residential (Mid-Rise) category in the prestigious FIABCI Prix d'Excellence Awards held in Dubai, United Arab Emirates.

At the same time, two of our developments, namely Park Seven, Kuala Lumpur and By The Sea in Penang were awarded joint bronze winners in The Edge Property Best Managed Property Award for Below 10 years Multi-owned Strata category, also in May this year.

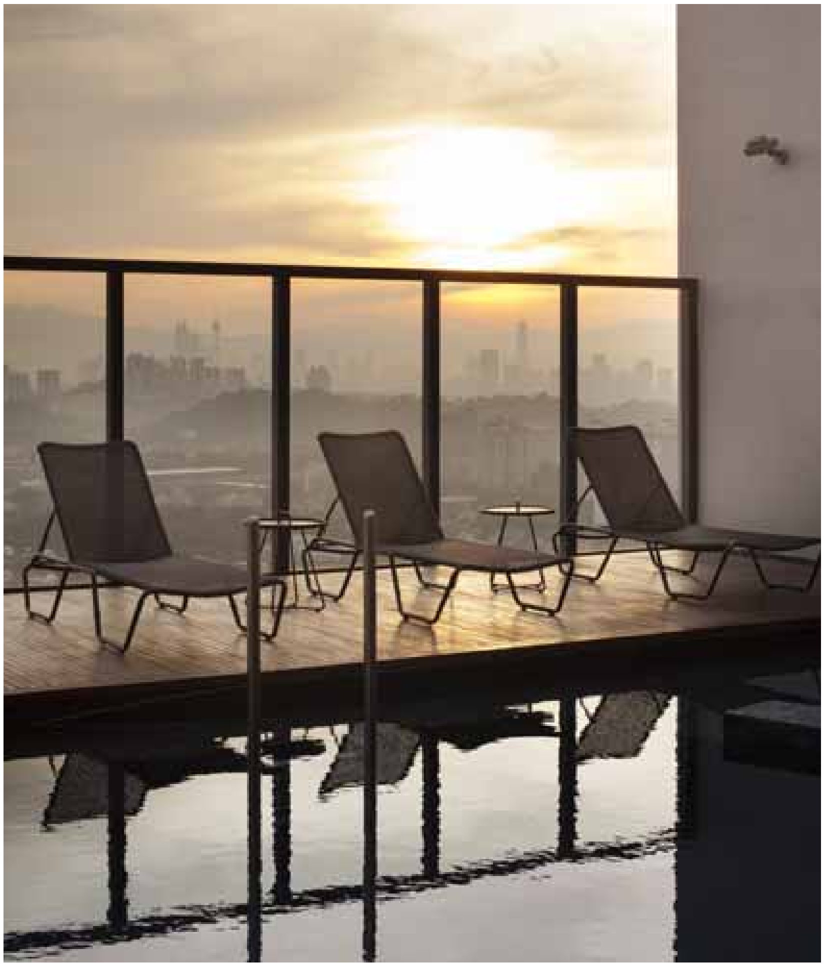
Looking Forward

As the property market has yet to pick up, the Group will continue to focus on selling units in our inventory. We will continue to market our properties in both developments that are completed, as well as developments under construction. All SDB developments carry a distinctive concept, both within the units and in its surroundings, in line with the look and feel synonymous with the SDB brand.

At the same time, we will market the upcoming developments, ONE DRAYCOTT and JUI RESIDENCES in Singapore.

At the end of June 2018, the Group acquired 35% equity interest in Extra Diligent Sdn. Bhd., a company that has obtained rights to explore iron ore, gold and other minerals in a piece of land measuring 1,050 hectares in Gua Musang, Kelantan for a period of 3 years from February 2017 to February 2020. In line with what was reported in the previous report, this marks an expansion of the Group's involvement in the mining sector.

This year has been a historic one for Malaysia, with a new government being formed after the 14th General Election. Several major changes have since been introduced, including the abolishment of the Goods and Services Tax (GST) to ease the affordability of goods and services for the public at large. At the time of writing, guildelines and policy changes on bank borrowing for to ease purchase of homes, has yet to be introduced. We hope that the National Budget which is normally tabled in September, will include favourable incentives for the property sector. This will be a much needed catalyst to boost property development activities in the country. At the same time, the Group will also need to be ready and flexible in adapting to whatever new policies introduced by the new Government.



THE HUB, Petaling Jaya *– the rooftop pool provides a 360˚ view of Petaling Jaya and beyond*

Dividend

The Board of Directors has recommended a dividend of 2.5 sen per share (Financial Year 2017: 2.5 sen) amounting to RM10,653,192 (Financial Year 2017: RM10,653,192) for the year under review and this will be tabled for shareholder's approval at the upcoming Annual General Meeting.

SUSTAINABILITY STATEMENT

AS A RESPONSIBLE COMPANY, SDB HAS ALWAYS BEEN COMMITTED TO ENSURING SUSTAINABILITY CONSIDERATIONS ARE CARRIED OUT IN ITS BUSINESS ACTIVITIES. THIS INCLUDES CARRYING OUT OUR BUSINESS ACTIVITIES IN A RESPONSIBLE MANNER TAKING INTO ACCOUNT NOT ONLY FINANCIAL RESULTS, BUT OTHER IMPORTANT ASPECTS OF BUSINESS WHICH INCLUDE ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONCERNS.

Our sustainability practices, principles and responsibilities have been incorporated in the SDB's Brand Manifesto. The SDB Brand Manifesto for Living Well and Living Responsibly was published last year. It is a seven point Manifesto which outlines how we invest in our product, community, quality, customers, people, environmental sustainability and peace-of-mind.

We have always paid close attention to sustainability considerations, from concept and development planning, to designing of the internal layout of the units of the products we develop. In our day to day business operations, checklists and processes are in place to ensure that all developments follow a set of sustainable considerations. Apart from ensuring the products have sustainable elements, other pillars of business sustainability such as environment, community, employees, customers, shareholders and governance are looked into and monitored. We plan to set up the Sustainability Committee in the next year, to ensure that our current processes are formalised.

Environmental considerations in product development

In relation to environmental sustainability the products that we develop, we ensure that all products we develop are well-thought out, to consider the most comfortable living experience for home-owners. In this regard, we ensure that living spaces are well proportioned and most importantly designed to maximise natural ventilation and light into each unit. This in turn means that the home is environmentally sustainable in that less energy is used for lighting and cooling the homes. As an example, in By The Sea this planning has allowed us to achieve 31% natural light into each unit.

Another consideration for all our products is the environments and green spaces within it. To date, we have ensured that 35% of total acreage is dedicated for landscape for residents, providing a harmonious living experience and comfortable green surroundings for all residents. In fact separate sections such as active and quiet contemplative zones are found in our developments. Our development Windows on the Park, for example has approximately 4 acres of green space and this has resulted in 80% better air quality, and reduced temperatures by 2-5 degrees.

Community

For the community pillar of sustainability, we have been involved in two Corporate Social Responsibility (CSR) projects namely One-Two-Juice fresh juice stall and One-Two-Wash car wash. These projects are run by youth with learning difficulties and provide an opportunity for them to earn gainful employment and gain self-confidence when interacting with customers. One-Two-Juice has been in operation since 2011, while One-Two-Wash has been running since 2016. Both projects have won various awards.

For the community of residents in the developments which we manage, we actively engage and organise family centric activities. At the same time we work with organisations whose values match ours.

Customers

Another pillar of sustainability is our customers, to whom we want to provide good quality products and services. To ensure that our customer's satisfaction, we provide proactive customer service which include services for units bought such as renovation, sub-sale and tenancy services and shopping privileges. We have yearly customer surveys and have prepared multiple feedback channels to ensure our customers easily be in touch with us.

Employees

With regard to our employees, the Group is committed to ensuring that staff are inspired to work, deliver results and are aligned with the business goals. Yearly and mid-term business goals are made clear to employees and KPIs are set accordingly. This ensures that everything is transparent. At the same we have an equal opportunity policy to include various employees from varying backgrounds. Employees also enjoy access to training and growth development, and flexi-hour benefits. An annual survey is conducted to measure employees feedback on the Group's working culture.

Environmental

Another pillar of sustainability which we pay close attention to is overall environmental sustainability. As a property developer, we understand how our business can affect the environment. In this regard, we try and exceed our standards to be higher than minimum standards set within the industry. These considerations also take into account energy efficiency, and other "green" considerations.

We also invested into a company which provides energy saving and green solutions which has been trailed in common areas in several buildings. It has resulted in about 10% reduction of energy costs.

Another prime example of environmental sustainability is the rehabilitation of Sungai Satu, a river that runs through our development By The Sea in Penang. We spent RM2 million to rehabilitate the river by using bioengineering methods for long term ease of maintenance. This resulted in the quality of the water being transformed tom a Class IV upstream to a Class II downstream. This effort has been recognised and has won various awards, and has also become a national case study.

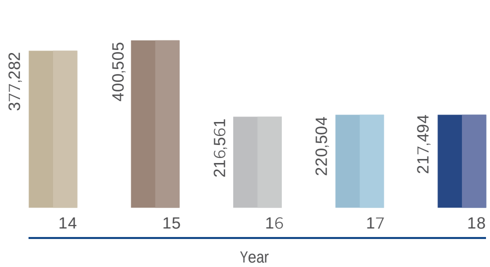
Another example of how we have gone over and above in terms of sustainability is the fact that all our high rise developments have been incorporated with earthquake resistant specification. This is was first done when began our foray into property development in 2004.

GROUP FINANCIAL HIGHLIGHTS

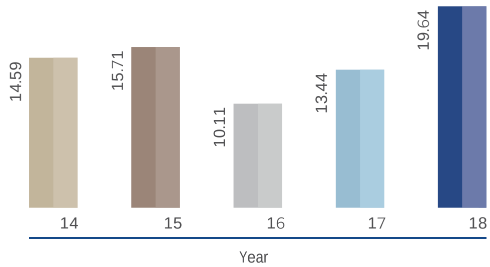
GROUP YEAR ENDED 31 MARCH	'18 RM'000	'17 RM'000	'16 RM'000	'15 RM'000	'14 RM'000
PROFITABILITY					
Turnover	**217,494**	220,504	216,561	400,505	377,282
Profit / (Loss) before taxation	**104,549**	68,583	46,867	96,524	77,720
Provision for taxation	**(20,867)**	(11,036)	(3,779)	(29,576)	(15,551)
Profit / (Loss) after taxation	**83,682**	57,277	43,088	66,948	62,169
Minority interest	**-**	-	-	-	-
Earnings / (Loss) for the year	**83,682**	57,277	43,088	66,948	62,169
Profit available for appropriation	**557,254**	565,189	518,565	488,261	434,097
Dividend net of tax	**91,617**	10,653	12,784	12,784	9,588
KEY BALANCE SHEET DATA					
Total assets	**1,436,774**	1,642,752	1,531,057	1,433,805	1,372,490
Issued share capital	**213,541**	213,541	213,064	213,064	213,064
Shareholders' fund	**887,684**	876,247	813,776	770,648	704,417
Total bank borrowings	**432,443**	629,422	563,761	505,100	556,023
No of ordinary shares in issue ('000)	**426,128**	426,128	426,128	426,128	426,128
SHARE INFORMATION					
Return on equity	**9.43%**	6.54%	5.29%	8.69%	8.83%
Return on total assets	**5.82%**	3.49%	2.81%	4.67%	4.53%
Gearing ratio	**24.70%**	34.97%	33.28%	30.66%	36.63%
Interest cover	**6.63**	4.07	3.07	6.43	4.67
Earnings / (Loss) after tax (sen)	**19.64**	13.44	10.11	15.71	14.59
Dividend after tax (sen) *	**2.50**	2.50	2.50	3.00	3.00
Net asset backing (sen)	**208.31**	205.63	190.97	180.85	165.31
Price earning ratio (x)	**4.25**	7.07	9.25	6.37	6.85
Gross dividend yield	**25.75%**	2.63%	3.21%	3.00%	4.00%
Share price as at 31 March (RM)	**0.84**	0.95	0.94	1.00	1.00

** Dividend declared during the financial year.*

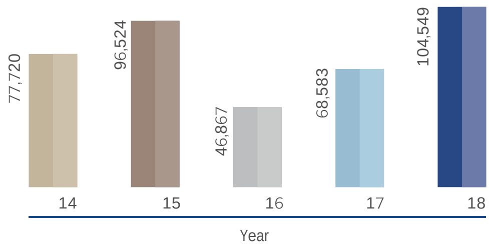
TURNOVER
(RM'000)



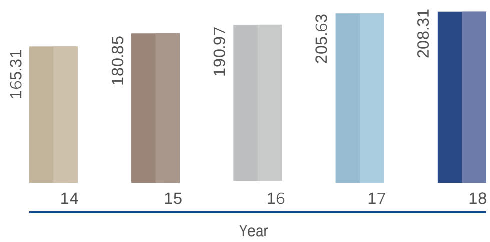
EARNINGS AFTER TAX
(SEN)



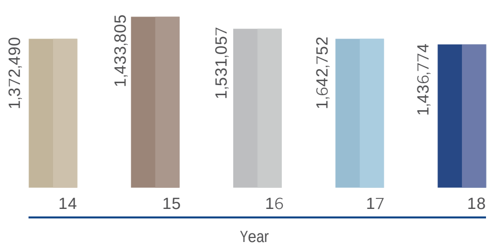
PROFIT BEFORE TAXATION
(RM'000)



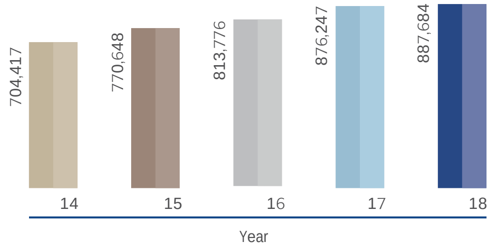
NET ASSETS BACKING
(SEN)



TOTAL ASSETS
(RM'000)



SHAREHOLDERS' FUND
(RM'000)



The Board is supportive of the adoption of principles and best practices as enshrined in the Malaysian Code on Corporate Governance 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 LEADERSHIP AND EFFECTIVENESS

Composition of the Board

The Board currently consists of five Directors:-

Chairman

Mr Eddy Chieng Ing Huong
(Non-Independent Non-Executive)

Managing Director

Ms Teh Lip Kim
(Non-Independent Executive)

Directors

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

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

Mr Tee Keng Hoon
(Independent Non-Executive)

The present size and composition of the Board is optimum and well balanced. As presently constituted, the Board has the stability, continuity and commitment as well as capacity to discharge its responsibilities effectively.

Profile of the Board members is as set out on pages 8 and 10 of this Annual Report.

Principal Responsibility of the Board

The Board is entrusted with the stewardship role of the Group. It is responsible for providing oversight of the Group's strategic direction, overseeing the Group's business operations, as well as identifying key risk factors that have significant impact on the Group's operations and performance. In achieving these goals, the Board performs regular reviews over the risk management and internal control system to ensure its integrity and adequacy in providing reasonable assurance of risk mitigation.

The principal responsibilities of the Board are generally summarised as follows:

- review and adopt the overall strategic plans and programmes for the Company and Group;
- establish such committees, policies and procedures to effectively discharge the Board's roles and responsibilities;
- ensure the Company has appropriate corporate governance structures in place including standards of ethical behaviour and promoting a culture of corporate responsibility;
- promote better investor relations and shareholder communications;
- review the adequacy and the integrity of the management information and internal controls systems of the Company and Group; and
- identify principal risks and ensure implementation of a proper risk management system to manage such risks.

Board Independence and Effectiveness

The Board is entrusted for the oversight and overall management of the business affairs of the Company. The Board is responsible for determining all major policies, reviewing the system of internal control, ensuring that effective strategies and management are in place, for assessing the performance of the Company and its management team.

The Board has established clear functions reserved for the Board and those delegated to the management. The Board deliberates business plan and approves the performance targets and the goals of the business to be met by the Company and subsidiary companies.

Managing Director is responsible for the day-to-day business operations of the Group while the Independent Non-Executive Directors provide scrutiny and unbiased and independent views, advice and judgement to decisions and proposals of the Managing Director. The Board collectively is responsible for the effective implementation and monitoring of the Group's strategic plans.

The Independent Non-Executive Directors do not involve in the day-to-day management of the Group's business operations. Therefore the Independent Non-Executive Directors remain free from conflict of interest and thus enable them to carry out their duties as independent directors effectively. They provide impartial views and insight to the Managing Director in matters relating to financial management, corporate governance, risk management and internal control. Strategies proposed by the Managing Director are deliberated from both quantitative and qualitative aspects, taking into account the interest of various stakeholders as well as the impact of risk factors that exist in the operating environment. Presence of the Independent Directors complements the Board by ensuring there is an effective check and balance in the functioning of the Board. These Independent Directors fulfil the criteria of independence as set out in the Listing Requirements.

The position of Chairman and the Managing Director are held by different individuals. There is a division of responsibility between the Chairman who is leading the Board in the oversight of management and Managing Director, who responsible for managing the overall business and day to day operations of the Company to ensure that there is a balance of power and authority, promotion of accountability and facilitation of division of responsibilities between them.

The key duties and responsibilities of the Chairman are to provide leadership to the Board, instill good corporate governance practices, chairing the meetings of the Board and shareholders, ensuring that the Board fully discharges its responsibilities and acting as liaison person between the Board and the management.

Board Charter and Code of Conduct

The Board has formally adopted a Board Charter, which provides guidance to the Board in the fulfilment of its roles, duties and responsibilities which are in line with the principles of good corporate governance. The Board Charter provides guidance for Directors and Management on the responsibilities of the Boards, its Committees and requirements of Directors and it is subject to periodical review to ensure consistency with the Board's strategic intent as well as relevant standards of corporate governance. The Board Charter provides guidance for Directors and Management on the responsibilities of the Board, its Committees and requirements of Directors and it is subject to periodical review and updated in accordance with the needs of the Company to ensure consistency with the Board's strategic intent as well as relevant standards of corporate governance.

The Board is mindful of the importance of the establishment of clear roles and responsibilities in discharging its fiduciary and leadership functions as recommended by the Code including those reserved for the Board's approval and those which the Board may delegate to the Board Committees, the Executive Director and the Management. There is a clear division of responsibilities between the Chairman and the Executive Director.

The Board is also committed to conduct business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. The Code of Conduct and Ethics provide guidance for Directors regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during their appointment.

The Board Charter and Code of Conduct are made available for reference in the Company's website, www.sdb.com.my.

Qualified and Competent Company Secretaries

The Board is well supported by qualified and competent Company Secretaries on matters relating to the Company's policies and procedures that require compliance to applicable rules, regulations and the Code.

The Company Secretaries of the Company are experienced, play an important role in advising the Board on issues relating to corporate compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Group, as well as best practices of governance. The Directors have ready and unrestricted access to the advice and services of the Company Secretaries. The Board is regularly kept up to date on and apprised of any regulations and guidelines.

The Company Secretaries also safeguard all statutory books and records of the Company and maintain the statutory registers of the Company. Company Secretaries also ensure all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded.

Board Meeting and Supply of Information to the Board

The Board meets regularly, at least once in every quarter, to review the Group's operations and to approve the quarterly reports and annual financial statements. During the financial year, the Board met on five (5) occasions where it deliberated upon and considered a variety of matters mainly to review the Group's operations and the quarterly and annual financial statements.

The details of the attendance by individual Director during the financial year are as follows:-

Name of Directors	Total Meetings Attended
Mr Eddy Chieng Ing Huong	5/5
Ms Teh Lip Kim	5/5
Tan Sri Mohd Ismail Bin Che Rus	5/5
Ms Teh Lip Pink	4/5
Mr Tee Keng Hoon	5/5

The Board has a formal schedule of matters reserved specifically for its decision. The Directors have full and timely access to all information pertaining to the Group's business and affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties.

All Directors are provided with agenda and set of Board papers issued prior to Board meetings to allow reasonable time for the Board members to obtain further explanations or clarification, where necessary and to make an informed decision. Senior management is invited to attend these meetings to explain and clarify matters being tabled. The Board has direct access to senior management staff to obtain complete and unimpeded information to assist them in discharging their duties. The proceedings of all board meetings are recorded by the Company Secretary and filed properly in the minute's book of the Company upon confirmation by the Board.

In addition, all Directors have access to the advice and services of the Company Secretary who is a qualified professional with the required experience to advise the Board. When necessary, Directors may also obtain independent professional advice at the Company's expense in furtherance of their duties.

Directors' Training

The Board recognises the needs to attend training to enable them to discharge their duties effectively. The training needs of each Director is assessed and proposed by the individual directors.

The Board is also regularly updated by the Company Secretary on the latest updates and major amendments made to the Listing Requirements of Bursa Malaysia Securities Berhad, Companies Act 2016 and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities.

During the financial year and as at the date of the issuance of this Annual Report, the Directors have attended webinar training in relation to Companies Act 2016 and Implications for Directors.

Board Committees

The Board has set up five Board Committees, i.e. Investment, Audit, Nomination, Remuneration Committees and Risk Management Committee 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 Committees have been granted with full authority to investigate any matter within their scope of responsibility and to obtain satisfactory information as it may requires from directors and/or employees of the Group. In the event where independent professional advice are needed to discharge their duties, the Committees are entitled to engage external professionals and/or consultants at the cost of the Group after due consultation with the Board.

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.

Nominating Committee

The Nominating Committee was established to ensure that the Board has an appropriate balance, size and the required mix of skills, experience and core competencies to govern the organization towards achieving its intended goals and objectives. The Nominating Committee shall propose new candidates for the Board and assess Directors on an on-going basis.

The Terms of Reference of the Nominating Committee can be viewed at the Company's website at www.sdb.com.my.

The summary functions of the Nominating Committee are as follows:

- To recommend candidates for all directorships.
- To recommend appointments to the Board Committees.
- To annually review the required mix of skills and experience and other qualities, including core competencies that the Non-Executive Directors should bring to the Board.
- To implement a process, to be carried out annually for assessing the effectiveness of the Board as a whole, the committees of the Board and for assessing the contribution of each individual Director.

The Nominating Committee will review and assess the mix of skills expertise, composition, size and experience of the Board directors. The Nomination Committee undertakes annual assessment to evaluate the performance of each individual Director, the effectiveness of the Board and the Board Committees. The effectiveness of the Board and Board Committees are assessed in the areas of board structure/mix, decision making and boardroom participation and activities, meeting administration and conducts, skill and competencies and role and responsibilities whilst the performance of the individual Directors are assessed in the areas of contribution and interaction with peer, quality of the input of the Director, understanding of role, etc.

There was no new director appointed during the financial year. The Nominating Committee considers that the current mix of skills and experience of the Board are sufficient for the discharge of its duties and responsibilities effectively.

Board Nomination Process

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 receiving 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, 2016 and Main Market Listing Requirements. The Committee selection of the director candidate is generally based on the achievement in the candidate personal career, integrity, wisdom, ability to make independent and analytical inquiries, ability to work as a 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 and Board Committees

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

The assessment criteria include of Board structure, contribution and interaction, roles and responsibilities, governance and risk management.

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.

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 2018, 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 judgement.

The Board of Directors has via the Nominating 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, Nominating Committee, Remuneration Committee and Board Meetings;

c. He has contributed sufficient time and efforts and attended all the Audit Committee, Nominating 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 of Directors has 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 has his own law firm and has been in practice for about 40 years. 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, Nominating Committee, Remuneration Committee and Board Meetings;

c. 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, Nominating 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 Constitution, 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 Constitution further provides 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.

Gender Diversity Policy

The Company does not have a formal ethnic and age diversity policy. In its selection of board members, the Board provides equal opportunity to candidates who have the relevant skills, experience, competencies and other qualities vis-à-vis the Group present business portfolios and prospective investments, without bias on race, age or gender.

Activities of the Nominating Committee

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.

Remuneration Committee

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.

Remuneration Policy

The remuneration of the Executive Director shall be reviewed by the Remuneration Committee and for their recommendation to the Board for approval.

Executive Director shall also be entitled to other benefits provided to employee of the Company and other additional benefits if so proposed by the Remuneration Committee for their consideration and recommendation to the Board for approval.

Non-Executive Directors' remuneration is based on a standard fixed fee and meeting allowance, 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 for the financial year ended 31 March 2018 is as follows:

Received on Company Basis

	Eddy Chieng Ing Huong RM	Teh Lip Kim RM	Tan Sri Mohd Ismail bin Che Rus RM	Tee Keng Hoon RM	Teh Lip Pink RM
Directors' Fee	88,000	40,000	56,000	48,000	40,000
Meeting Allowances	2,500	2,500	2,500	2,500	2,000
Salaries & Other Emoluments	-	715,188	-	-	-
Benefit- in- Kind	-	-	-	-	-

Received on Group Basis

	Eddy Chieng Ing Huong RM	Teh Lip Kim RM	Tan Sri Mohd Ismail bin Che Rus RM	Tee Keng Hoon RM	Teh Lip Pink RM
Directors' Fee	92,000	80,862	56,000	48,000	44,000
Meeting Allowances	2,500	2,500	2,500	2,500	2,000
Salaries & Other Emoluments	-	1,430,376	-	-	-
Benefit- in- Kind	-	-	-	-	-

The remuneration of the top five key senior management of the Company during the financial year ended 31 March 2018 as follows:-

Key Senior Management Remuneration	Number
RM750,000-800,000	1
RM400,000-450,000	1
RM350,000-400,000	1
RM300,000-350,000	1
RM250,000-300,000	1

Further details on the other Board Committees are contained in the Audit Committee Report and the Statement on Risk Management and Internal Control.

Financial Reporting

The Board has a general responsibility for taking the necessary steps to safeguard and enhance the value of shareholders in the Company. The Company, through the accounts, maintains an appropriate and transparent relationship with the external auditors.

The Board is responsible to present a balanced, clear and comprehensive assessment of the Group's financial performance through the quarterly and annual financial statements to shareholders. The Board and the Audit Committee have to ensure that the financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and applicable approved accounting standards in Malaysia.

In presenting the financial statements, the Board has reviewed and ensured that appropriate accounting policies have been used, consistently applied and supported by reasonable judgements and estimates.

In discharging its responsibilities, the Board is assisted by the Audit Committee to ensure accuracy and adequacy of information to be disclosed.

Succession Planning

The Board reckoned the importance of succession planning to ensure the sustainability and continuity of the Group. The Board ensuring that all candidates appointed to senior management positions are of sufficient caliber. Succession planning also includes appointing, assessing, training, fixing the compensation of and where appropriate, replacing senior management when necessary.

Whistleblowing Policy

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.

The reportable activities include fraud, bribery, abuse of power, conflict of interest, theft or embezzlement, misuse of Company's property and non-compliance with Company's policies.

(B) EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit

The role, functions, responsibilities and activities of the Audit Committee are reported under the Audit Committee Report on page 46 of this Annual Report.

Relationship with External Auditors and Assessment of their Suitability & Independence

The Company has established a formal and transparent arrangement for maintaining appropriate relationships with the Group's auditors, both external and internal. The Audit Committee seeks regular assurance on the effectiveness of the internal control systems through independent appraisal by the auditors. Liaison and unrestricted communication exists between the Audit Committee and the external auditors.

In addition, the external auditors will be invited to attend the Company's Annual General Meeting and will be available to answer any questions from the shareholders on the conduct of the statutory audit and the contents of the audited financial statements as well as any corporate exercise undertaken by the Group where the external auditors are involved.

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 criterial like fees, service quality, sufficiency of resources, independence and professionalism, will be conducted on the suitability of the External Auditors.

Risk Management and Internal Control

The Board recognises the importance of a sound system of internal control for the Group including risk assessment and acknowledges its ultimate responsibilities in maintaining the same. In recognition of the importance of having in place a structured and organised approach to identify and manage appropriately risk factors affecting the Company, a risk management and internal control framework has been established to set out principles of the Company's risk identification and management culture, which provide input of its internal control system.

Another check-and-balance measure in the Company's internal control system is through the conduct of internal audit. The internal audit function is outsourced to an independent professional internal audit services firm which reports directly to the Audit Committee.

Some internal control weaknesses were identified during the financial year under review, all of which have been or are being addressed by the Management. None of these weaknesses has resulted in any material loss that would require disclosure in the Group's financial statement. The Group's state of risk management and internal control is spelt out in the Statement on Risk Management and Internal Control on page 42 of this Annual Report 2018.

The cost incurred for the internal audit function for the financial year ended 31 March 2018 is RM88,637.81

(C) CORPORATE REPORTING AND RELATION WITH SHAREHOLDERS AND INVESTORS

Communication with Shareholders

Communication between the Company and its shareholders are done in the following manner:-

Relationship with Shareholders and Investors

The Board recognises the value of good investor relation and the importance of disseminating information in a fair and equitable manner, the participation of shareholders and investors, both individual and institutional, at Annual General Meeting is encouraged. Such information is disseminated via the Company's annual reports, quarterly financial results and various prescribed announcements made to Bursa Securities from time to time in the Bursa Securities' website at www.bursamalaysia.com.

The Group also maintains a website at www.sdb.com.my which provides information, qualitative and quantitative, on the Group's operations and corporate developments.

General Meeting

The Annual General Meeting represents the principal forum for dialogue and interaction with all the shareholders of the Company. The Company values feedback from its shareholders and encourages them to actively participate in discussion and deliberations.

During the annual and other general meetings, shareholders have direct access to Board members who are on hand to answer their questions, either on specific resolutions or on the Company generally. The Chairman ensures that a reasonable time is provided to the shareholders for discussion at the meeting before each resolution is proposed.

Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Announcement will also be made on the detailed results showing the number of votes cast for and against each resolution tabled at the AGM.

(D) COMPLIANCE WITH THE CODE

This Statement is prepared in compliance with the Listing Requirements and it is to be read together with the Corporate Governance Report 2018 of the Company, which is available at website, www.sdb.com.my.

The Board of Directors ("Board") of Selangor Dredging Berhad ("SDB" or "the Group") is committed in maintaining a sound risk management framework and internal control system throughout its group of companies. The Statement on Risk Management and Internal Control was prepared pursuant to paragraph 15.26(b) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main LR") and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines") and Practice 9.1 for Principle B of the Malaysian Code on Corporate Governance ("MCCG") 2017.

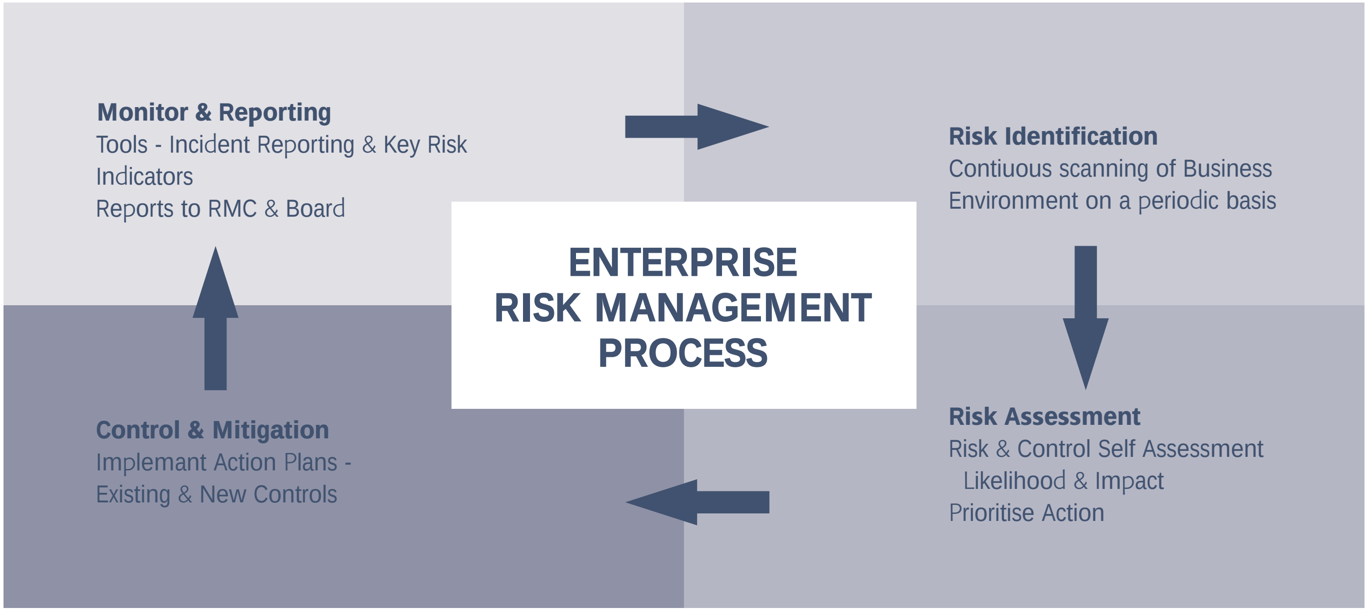
BOARD RESPONSIBILITY

The Board affirms its overall responsibility for the Group's risk management and internal control systems covering not only financial controls but also strategic, operational and compliance to regulatory requirement. This also includes ensuring the adequacy and effectiveness of such systems to safeguard shareholders' investments and the Group's assets through regular reviews. The implementation of these control systems is undertaken by the management which regularly reports on key risks identified and actions taken to mitigate and/or minimise such risks. The oversight of these critical areas is carried out by the Board and assisted by the Risk Management Committee ("RMC") which are empowered by their respective terms of reference. The Group's risk management and internal control systems are designed to efficiently and effectively manage risks that may prevent the achievement of the Group's business objectives, and to provide information for accurate reporting, decision making and ensuring compliance with regulatory and statutory requirements. The Board also ensures that there is a robust framework of ongoing risk management processes in identifying, evaluating and managing significant risks faced by the Group to promote long-term success of the Group. Due to inherent limitations in the systems of internal control and risk management, the Board recognises that these systems can only manage rather than eliminate all risks of failure to achieve business objectives, and as such, can only provide reasonable but not absolute assurance against material misstatement, loss or fraud. 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.

ENTERPRISE RISK MANAGEMENT ("ERM")

The Group has established an Enterprise Risk Management ("ERM") Framework to proactively identify, evaluate, mitigate and manage key risks to an optimal level. In line with the Group's commitment to deliver sustainable value, this ERM Framework aims to provide an integrated and organised approach group-wide. It outlines the ERM methodology which is in line with the Principles and Guidelines of ISO31000:2009 Risk Management, mainly promoting the risk ownership and continuous monitoring of key risks faced by the Group that were identified via the Risk and Control Self-Assessment ("RCSA") process. The ERM assessment reviews are carried out on a quarterly basis to address major risk areas of concern together with the necessary action plan, if any, from the perspectives of regulatory & legal, sales, governance & operational controls, financial, customers, products & services, suppliers, project management, information technology, branding and human capital.

The Group's ERM process as shown below:



Risk Management Activities

As part of the Group's effort to instill a proactive risk management culture and ownership, the following activities were undertaken during the year under review:

- Rolled out a comprehensive ERM Education Programme which includes ERM training on awareness and also incorporating it into the induction programme training for newcomers, and ERM system training for specific personnel from all business units; This forms part of the Group's initiative in communicating and ensuring effective application of ERM in the day-to-day business operations.
- Held discussions with Heads of Business Units to obtain endorsement on key risk areas and commitments on action plans.
- Providing risk advisory and independent risk assessment as well as facilitated discussions across the Group.
- Refinement of the risk depository system to enhance risk tracking and monitoring.

During the financial year, the Board was updated on a quarterly basis on the latest status of the corporate risk scorecard for which management of each business unit have 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, with concurrence from Risk & Compliance Department after reviewing it. After which it is presented to RMC and the Board for deliberation and guidance on it.

KEY ELEMENTS OF INTERNAL CONTROL AT SDB:

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

- **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. Including the setting up of the Risk Management Committee and appointing all Head of Departments as a Risk and Compliance Officer in their respective departments' in ensuring accountability. In addition, the Head of Departments are also required to appoint an Alternate Risk & compliance officer within their respective departments to assist them with managing risk & implementing control activities.

- **Limits of Authority ("LOA")**
  The LOA has been established as part of SDB's effort in ensuring an optimal balance between strong corporate governance practices and operational efficiency. It is a written delegation of authority by the Board to the Investment Committee and Management within the SDB Group. Its key objectives are to provide a holistic view of the authority limits set, to encourage delegation, empowerment and accountability, and to eliminate guesswork, confusion hence providing clarity. The LOA document is subject to periodical review to incorporate any changes that affect the authority limits.

- **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. As such operating policies and Standard Operating Procedures (SOP)s has been established, as well as reviewed and updated periodically to meet changing business, operational needs and regulatory requirements.

  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. Moreover, external certification/ standards such as the Building Quality Assessment System ("BuildQAS") standards are adopted to strengthen and improve the output processes and quality.

- **Human Resource Policy**
  There are proper guidelines within the Group for recruitment and selection, compensation and benefits, performance management, code of conduct, and other relevant procedures in line with its brand promise and core values. Training and leadership development programmes are identified and scheduled for employees to acquire the necessary knowledge and competency to meet their job expectations, and also as a succession planning. The whistleblowing policy has also been established and implemented.

- **Business Continuity Management**
  Business continuity plan and disaster recovery plan are in placed with daily backup and system vendors support to provide assurance for business continuity. There are also offline procedures to implement in case of system failure. And annual testing is conducted without fail.

- **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 through a rigorous tendering process 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 tenders are review by a Tender Committee, which comprises a few key selected members of the senior management to ensure transparency and independence 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**
  Management has always place importance in complying to the Occupational Safety and Health Act, 1994 to ensure that all the employees are aware of the safety procedures that are in place for their own safety during any emergencies and that the Group's assets and resources are well protected from any accident or mishap.

It also important to note that the Internal Audit independently reviews the ERM framework and internal control systems to provide to the Audit Committee with sufficient assurance that the systems of internal control are effective to address the risks identified.

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 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 are in place and operating reliably 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 MMLR of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control in accordance with Audit and Assurance Practical Guide 3, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control intended to be included in the annual report for the FYE 2018 has not been prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement on Risk Management and Internal Control factually inaccurate.

STATEMENT ON DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

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, 2016 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

On 5 December 2017, the Company completed the disposal of Wisma Selangor dredging for a cash consideration of RM480,000,000 ("the Disposal").

The utilisation of the proceeds derived from the Disposal of Wisma Selangor Dredging during the financial year is as follows:-

	Proposed Utilisation (RM'000)	Utilisation up to 31 March 2018 (RM'000)	Balance (RM'000)
Proposed distribution to shareholders	80,964	80,964	-
Settlement of the Redemption Sum	248,750	248,750	-
Repayment of bank borrowings	19,200	6,726	12,474
Working capital for our Group	103,068	62,184	40,884
Estimated RPGT* payable pursuant to the Disposal	20,590	20,103	487
Defray estimated expenses relating to the Disposal	7,428	7,036	392
Total	**480,000**	**425,763**	**54,237**

** RPGT - Real property gain tax*

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. Audit and Non-Audit Fees

During the financial year under review, the fees paid/payable to the external auditors in relation to audit and non-audit services rendered to the Group are as follows:-

Purpose	Group RM	Company RM
Audit Fees	167,000	41,000
Review of Statement on Risk Management and Internal Control	3,000	-
Total	**170,000**	**41,000**

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 Properties

The revaluation policy on properties is disclosed in Note 1(k) to the financial statements for the financial year ended 31 March 2018.

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 Board is pleased to present the Audit Committee Report which provides insights into the manner in which the Audit Committee discharged its functions for the Group during the financial year ended 31 March 2018.

(A) COMPOSITION

The Audit Committee comprises three members, all of whom are Non-Executive Directors, and two being Independent Directors.

Mr Eddy Chieng Ing Huong, the member of the Audit Committee is a member of Institute of Chartered Accountants, Australia and also The Malaysian Institute of Accountants. Accordingly, the Company complies with paragraph 15.09(1)(c)(i) of the Listing Requirements.

(B) MEETING AND ATTENDANCE

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	4/4
Members	Mr Eddy Chieng Ing Huong	4/4
	Mr Tee Keng Hoon	4/4

The Managing Director and Group General Manager were invited to attend all the meetings to provide clarification on Group's financial performance and business operations.

The representative from the Internal Auditors attended all the meetings to table the internal audit reports, internal audit progress reports and annual audit plan. The External Auditors, Messrs BDO, were present at two of the total meetings held.

Minutes of each Committee Meeting were tabled to the Board for information, and for further direction by the Board, where necessary.

(C) 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:

(a) Financial Reporting

- Reviewed the quarterly and audited financial reports of the Company and the Group, focusing particularly on the following areas, prior to submission to the Board for approval and subsequent release to the Bursa Malaysia Securities Berhad and Securities Commission Malaysia accordingly:-

  - The overall performance of the Group;
  - Compliance with accounting standards and regulatory requirements;
  - Changes in or implementation of accounting policies and practices;
  - Significant issues arising from the audit; and
  - Going concern assumption.

(b) Audit Reports

- 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 internal audit function proposals based on team size, audit experience for property industry and fees and outsource the Internal Audit Function to NGL Tricor Governance Sdn Bhd for a period of two years.

(c) External Audit

- Reviewed the external auditors' scope of work and audit plan for the financial year, prior to the commencement of audit.

- Met with the external auditors twice a year.

- Reviewed the suitability and performance of the external auditors for re-appointment and fees, based on the outcome of the annual assessment of the external auditors, which included an assessment of the engagement teams' qualifications, credentials and experience, particularly in the financial services sector, their audit work approach, and their ability to provide value added advice and services, as well as to perform the work within timeline agreed.

(d) Risk Management and Internal Control

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.

(e) Related Party Transactions

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.

(D) 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 to NGL Tricor Governance Sdn Bhd in February 2018.

The activities of the Internal Auditors during the financial year ended 31 March 2018 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 2018; 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.

(E) TERMS OF REFERENCE

The details of terms of reference of the Audit Committee are available on the Company's website at www.sdb.com.my.

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 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, provision of management services and property leasing. The principal activities and the details 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	83,682	90,454
Profit attributable to:		
- equity holders of the Company	83,682	90,454

DIVIDENDS

A single tier dividend of 2.5 sen per ordinary share amounting to RM10,653,192 in respect of the financial year ended 31 March 2017, 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.

A special single tier dividend of approximately 19.0 sen per ordinary share amounting to RM80,963,971 in respect of the financial year ended 31 March 2018 was proposed on 3 January 2018 and was paid by the Company on 29 January 2018.

The Directors proposed a single tier dividend of 2.5 sen per ordinary share amounting to RM10,653,192 in respect of the financial year ended 31 March 2018.

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:

Selangor Dredging Berhad

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

Subsidiaries of Selangor Dredging Berhad

Teh Lip Kim
Loong Ching Hong
Eddy Chieng Ing Huong

DIRECTORS' INTERESTS IN SHARES

According to the register required to be kept pursuant to Section 59 of the Companies Act 2016, the following Directors have interests in shares in the Company and its related corporations as follows:

	Number of ordinary shares			
Shares in the Company	**Balance as at 1.4.2017**	**Bought**	**Sold**	**Balance as at 31.3.2018**
Teh Lip Kim				
- direct	86,323,396	905,200	-	87,228,596
- indirect	170,588,756	50,000	-	170,638,756
Teh Lip Pink				
- direct	425,000	-	-	425,000
- indirect	65,929,978	-	-	65,929,978

By virtue of Teh Lip Kim's substantial interests in the shares of the Company, she is deemed to have interest in the shares of all the subsidiaries to the extent that the Company has an interest.

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 36 to the financial statements.

DIRECTORS' BENEFITS (continued)

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

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 31 to the financial statements.

INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors.

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and the officers of the Group and of the Company are RM220,000 and RM66,000 respectively.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the financial statements of the Group and of the Company were prepared, 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 allowance for doubtful debts and had satisfied themselves that there are no known bad debts to be written off and that adequate allowance had been 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 written off of bad debts or render the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

(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.

SIGNIFICANT EVENT DURING THE REPORTING PERIOD

Significant event during the reporting period is disclosed in Note 44 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTNIG PERIOD

Significant event subsequent to the end of the reporting period is disclosed in Note 45 to the financial statements.

AUDITORS

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

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 March 2018 are disclosed in Note 30 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 2 July 2018.

Eddy Chieng Ing Huong
Director

Teh Lip Kim
Director

Kuala Lumpur
2 July 2018

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Selangor Dredging Berhad, which comprise the statements of financial position as at 31 March 2018 of the Group and of the Company, 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 59 to 137.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Property development revenue and profit recognition

Revenue from property development during the financial year amounted to RM182.2 million as disclosed in Note 27 to the financial statements.

As disclosed in Note 1(d)(ii) to the financial statements, property development revenue and profit recognition involves significant judgements in estimating the stage of completion of property development activities and assessing the forecast costs to complete.

In estimating the total costs to completion, the Group considers the completeness and accuracy of its costs estimation, including its obligations to contract variations, claims and cost contingencies. The total cost to completion including sub-contractor costs, can vary with market conditions and may also be differently forecasted due to unforeseen events during construction.

Key Audit Matters (continued)

Audit response

Our audit procedures included the following:

(a) Tested the Group's controls by verifying approvals over budgets setting and authorising and recording of costs;

(b) Assessed management's estimate on budgeted costs to be incurred including corroboration of historical budgets with actual costs incurred;

(c) Assessed estimated total costs to complete through enquiries with operational and financial personnel of the Group and verified documentation to support the cost estimates; and

(d) Recomputed stage of completion determined by management for revenue recognition based on verified actual costs incurred to-date and budgeted costs.

Recoverability of trade receivables

As at 31 March 2018, trade receivables that had been past due but not impaired were RM19.0 million as disclosed in Note 42(c) to the financial statements.

Management recognised impairment losses on trade receivables based on specific known facts or circumstances or customers' abilities to pay.

As disclosed in Note 1(d)(ii) to the financial statements, the determination of whether trade receivables are recoverable involves significant management judgement.

Audit response

Our audit procedures included the following:

(a) Obtained an understanding of the credit process in place to assess and manage the recoverability of trade receivables of the Group;

(b) Assessed the recoverability of trade receivables that were past due but not impaired with reference to their historical bad debt record and past historical repayment trends;

(c) Challenged management's assessment that no further impairment loss was required based on analysis of customer worthiness, past historical repayment trends and expectation of repayment patterns; and

(d) Assessed likelihood of property buyers securing loans subsequent to the end of the reporting period by inspecting relevant correspondences and reports.

Key Audit Matters (continued)

Impairment assessment of investment in an associate and amount owing by an associate

As at 31 March 2018, the carrying amount of the investment in an associate and amount owing by an associate were RM48.9 million and RM19.2 million respectively as disclosed in Notes 6 and 17 to the financial statements.

We have focused on this impairment assessment as it requires significant judgements and estimates about the future results and key assumptions applied to cash flow projections of this associate in determining the recoverable amount. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates.

Audit response

Our audit procedures included the following:

(a) Compared cash flow projections against recent performance, assessed and challenged the assumptions in projections;

(b) Evaluated the reasonableness of budgeted operating profit margins and growth rates by assessing evidence available to support these assumptions .

(c) Evaluated the reasonableness of pre-tax discount rate by comparing to the market data, weighted average cost of capital of the Group and relevant risk factors; and

(d) Performed sensitivity analysis of our own to stress test the key assumptions in the impairment model.

Impairment assessment of investments in subsidiaries and amounts owing by subsidiaries

As at 31 March 2018, the carrying amounts of the investments in subsidiaries and amounts owing by subsidiaries were RM214.7 million and RM400.9 million respectively as disclosed in Notes 5 and 16 to the financial statements.

We have focused on this impairment assessment as it requires significant judgements and estimates about the future results and key assumptions applied to cash flow projections of these subsidiaries in determining the recoverable amount. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates.

Audit response

Our audit procedures included the following:

(a) Compared cash flow projections against recent performance, assessed and challenged the assumptions in projections;

(b) Evaluated the reasonableness of budgeted operating profit margins and growth rates by assessing evidence available to support these assumptions and corroborate the findings from other areas of our audit;

(c) Evaluated the reasonableness of pre-tax discount rate by comparing to the market data, weighted average cost of capital of the Group and relevant risk factors; and

(d) Performed sensitivity analysis of our own to stress test the key assumptions in the impairment model.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit 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 internal control of the Group and of the Company.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

(d) Conclude on the appropriateness of the Directors' use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 5 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 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
03039/04/2019 J
Chartered Accountant

Kuala Lumpur
2 July 2018

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	2	224,358	189,805	3,547	4,404
Land held for property development	3	324,956	308,161	-	-
Investment properties	4	9,920	375,420	2,350	374,450
Investments in subsidiary companies	5	-	-	214,718	221,626
Investment in an associate	6	48,924	-	-	-
Investments in joint ventures	7	148,850	163,939	-	-
Intangible assets	8	561	384	-	-
Deferred tax assets	9	-	2,548	-	-
		757,569	1,040,257	220,615	600,480
Current assets					
Inventories	10	172,425	120,336	-	678
Property development costs	11	211,783	234,199	-	-
Gross amounts due from customers	12	472	-	-	-
Trade receivables	13	45,186	31,597	24	271
Accrued billings	14	54,786	27,169	-	-
Other receivables, deposits and prepayments	15	25,124	19,997	1,273	1,120
Amounts owing by subsidiary companies	16	-	-	400,941	48,307
Amount owing by an associate	17	19,250	-	-	-
Amounts owing by joint ventures	18	1,410	1,250	54	-
Current tax assets		7,550	9,631	343	-
Short term investments	19	66,154	25,733	45,056	603
Deposits	20	54,241	104,583	390	390
Cash and bank balances	21	20,824	28,000	4,454	2,760
		679,205	602,495	452,535	54,129
TOTAL ASSETS		1,436,774	1,642,752	673,150	654,609

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	22	213,541	213,541	213,541	213,541
Revaluation reserve (non-distributable)		87,597	50,433	2,219	2,219
Exchange translation reserve (non-distributable)		21,431	39,223	-	-
Other reserve (distributable)	23	7,861	7,861	7,861	7,861
Retained earnings		557,254	565,189	291,425	292,588
TOTAL EQUITY		887,684	876,247	515,046	516,209
LIABILITIES					
Non-current liabilities					
Bank borrowings	24	151,581	345,364	18,750	21,250
Deferred tax liabilities	9	3,037	15,727	469	15,263
		154,618	361,091	19,219	36,513
Current liabilities					
Trade payables	25	94,025	91,783	18	165
Other payables and accruals	26	17,587	23,104	2,513	9,603
Amount owing to a subsidiary company	16	-	-	83,854	38,803
Amount owing to a joint venture	18	-	5,379	-	-
Bank borrowings	24	280,862	284,058	52,500	52,500
Current tax liabilities		1,998	1,090	-	816
		394,472	405,414	138,885	101,887
TOTAL LIABILITIES		549,090	766,505	158,104	138,400
TOTAL EQUITY AND LIABILITIES		1,436,774	1,642,752	673,150	654,609

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

STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Revenue	27	217,494	220,504	16,315	23,779
Cost of sales	28	(154,257)	(152,590)	(6,726)	(7,690)
Gross profit		63,237	67,914	9,589	16,089
Other income		121,604	69,065	118,886	55,664
Selling and distribution expenses		(9,194)	(6,197)	-	-
Administrative and general expenses		(34,977)	(31,898)	(24,042)	(9,004)
Other expenses		(14,277)	(6,600)	-	-
Share of loss of joint ventures and associate, net of tax		(3,283)	(1,394)	-	-
Finance costs	29	(18,561)	(22,307)	(7,396)	(4,522)
Profit before tax	30	104,549	68,583	97,037	58,227
Tax expense	32	(20,867)	(11,306)	(6,583)	(6,881)
Profit for the financial year		83,682	57,277	90,454	51,346
Profit attributable to:					
- equity holders of the Company		83,682	57,277		
Basic earnings per share (sen)	33	19.64	13.44		
Diluted earnings per share (sen)	33	19.64	13.44		
Dividend per share (sen)					
Single tier dividend paid in respect of the financial year ended 31 March					
- 2018				2.5	-
- 2017				-	2.5
Special single tier dividend paid in respect of the financial year ended 31 March 2018				19.0	-

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

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit for the financial year	83,682	57,277	90,454	51,346
Other comprehensive income, net of tax:				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operation	(17,792)	15,847	-	-
Items that will not be reclassified subsequently to profit or loss:				
Revaluation surplus on property, plant and equipment	37,164	-	-	-
Total comprehensive income for the financial year	103,054	73,124	90,454	51,346

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Group 2018	Share capital 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	→	
Balance at 1 April 2017	213,541	50,433	39,223	7,861	565,189	876,247
Profit for the financial year	-	-	-	-	83,682	83,682
Other comprehensive income/(loss) for the financial year, net of tax	-	37,164	(17,792)	-	-	19,372
Total comprehensive income/(loss) for the financial year	-	37,164	(17,792)	-	83,682	103,054
Transaction with owners						
Dividends paid (Note 34)	-	-	-	-	(91,617)	(91,617)
Balance at 31 March 2018	213,541	87,597	21,431	7,861	557,254	887,684

Group 2017	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	→	
Balance at 1 April 2016	213,064	477	50,433	23,376	7,861	518,565	813,776
Profit for the financial year	-	-	-	-	-	57,277	57,277
Other comprehensive income for the financial year, net of tax	-	-	-	15,847	-	-	15,847
Total comprehensive income for the financial year	-	-	-	15,847	-	57,277	73,124
Transaction with owners							
Dividend paid (Note 34)	-	-	-	-	-	(10,653)	(10,653)
Effect of the new Companies Act 2016 (Note 22)	477	(477)	-	-	-	-	-
Balance at 31 March 2017	213,541	-	50,433	39,223	7,861	565,189	876,247

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Company 2018	**Share capital RM'000**	**Non-distributable Revaluation reserve RM'000**	**← Distributable → Other reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
Balance at 1 April 2017	213,541	2,219	7,861	292,588	516,209
Profit for the financial year	-	-	-	90,454	90,454
Other comprehensive income for the financial year, net of tax	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	90,454	90,454
Transaction with owners					
Dividends paid (Note 34)	-	-	-	(91,617)	(91,617)
Balance at 31 March 2018	213,541	2,219	7,861	291,425	515,046

Company 2017	**← Non-distributable → Share capital RM'000**	**Share premium RM'000**	**Revaluation reserve RM'000**	**← Distributable → Other reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
Balance at 1 April 2016	213,064	477	2,219	7,861	251,895	475,516
Profit for the financial year	-	-	-	-	51,346	51,346
Other comprehensive income for the financial year, net of tax	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	-	51,346	51,346
Transaction with owners						
Dividend paid (Note 34)	-	-	-	-	(10,653)	(10,653)
Effect of the new Companies Act 2016 (Note 22)	477	(477)	-	-	-	-
Balance at 31 March 2017	213,541	-	2,219	7,861	292,588	516,209

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		104,549	68,583	97,037	58,227
Adjustments for:					
Amortisation of intangible asset	8	7	-	-	-
Depreciation of property, plant and equipment	2	3,806	4,546	620	798
Fair value adjustments of investment properties	4	(1)	(52,503)	-	(52,548)
Finance costs	29	18,561	22,307	7,396	4,522
Gain on disposal of investment property		(107,037)	-	(107,037)	-
Gain on disposal of property, plant and equipment		(8)	-	-	-
Impairment loss on trade receivables	42(c)	923	572	-	-
Impairment loss on other receivables	42(c)	-	471	-	-
Impairment loss on investment in a subsidiary	5(c)	-	-	6,908	-
Impairment loss on amount owing by a subsidiary		-	-	208	-
Interest income		(2,816)	(2,642)	(8,342)	(1,631)
Inventories written-off		691	-	691	-
Property, plant and equipment written-off		300	3	300	3
Reversal of impairment loss on trade receivables	42(c)	-	(274)	-	-
Share of profit of an associate	6	(1,429)	-	-	-
Share of loss of joint ventures	7	4,712	1,394	-	-
Unrealised (gain)/loss on foreign exchange		(1,274)	2,541	-	-
Operating profit/(loss) before working capital changes		20,984	44,998	(2,219)	9,371
Changes in inventories		38,521	70,128	(13)	(4)
Changes in property development costs		(75,484)	(43,256)	-	-
Changes in gross amount due from customers		(472)	13	-	-
Changes in receivables		(19,876)	2,378	94	(85)
Changes in payables		(2,153)	(27,603)	(7,237)	798
Changes in accrued billings		(27,617)	12,000	-	-
Cash (used in)/generated from operations		(66,097)	58,658	(9,375)	10,080
Tax paid		(9,873)	(4,604)	(2,433)	(2,746)
Real property gains tax paid		(20,103)	-	(20,103)	-
Net cash (used in)/from operating activities		(96,073)	54,054	(31,911)	7,334

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Disposal of investment in a subsidiary		-	-	-	200
Additions of intangible assets	8	-	(384)	-	-
Additions in investment properties	4	(863)	(1,430)	(863)	(1,430)
Acquisition of an associate	6	(47,495)	-	-	-
Purchase of property, plant and equipment	2	(1,118)	(1,045)	(63)	(257)
Purchase of land held for development	3	(16,795)	(109,211)	-	-
Proceeds from disposal of property, plant and equipment		8	39	-	-
Proceeds from disposal of investment property		480,000	-	480,000	-
Return of investments in joint ventures		-	12,050	-	-
Advances (to)/from subsidiary companies		-	-	(308,354)	11,782
(Advances to)/Repayments from joint ventures		(5,539)	9,071	(54)	-
Advances to an associate		(19,250)	-	-	-
Interest received		2,816	2,584	5,037	163
Uplift of deposits placed with financial institutions		-	12,230	-	-
Net cash from/(used in) investing activities		391,764	(76,096)	175,703	10,458
CASH FLOWS FROM FINANCING ACTIVITIES					
Net (repayments)/drawdown of bank borrowings		(196,979)	65,661	(2,500)	(2,500)
Dividends paid to shareholders	34	(91,617)	(10,653)	(91,617)	(10,653)
Interest paid		(18,561)	(22,142)	(3,528)	(3,537)
Net cash (used in)/from financing activities		(307,157)	32,866	(97,645)	(16,690)
Net (decrease)/increase in cash and cash equivalents		(11,466)	10,824	46,147	1,102
Cash and cash equivalents at beginning of financial year		155,971	143,291	3,363	2,261
Effect of exchange rate changes		(5,631)	1,856	-	-
Cash and cash equivalents at end of financial year		138,874	155,971	49,510	3,363

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

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Represented by:					
Short term investments	19	66,154	25,733	45,056	603
Deposits	20	54,241	104,583	390	390
Cash and bank balances	21	20,824	28,000	4,454	2,760
		141,219	158,316	49,900	3,753
Less: Amount pledged as security for bank guarantee facility					
- deposits	20	(2,150)	(2,150)	(390)	(390)
- bank balances	21	(195)	(195)	-	-
		138,874	155,971	49,510	3,363

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Bank borrowings (Note 24) Group RM'000	Bank borrowings (Note 24) Company RM'000
At 1 April 2017	629,422	73,750
Cash flows	(196,979)	(2,500)
At 31 March 2018	432,443	71,250

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 2016 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 Group and the Company adopted the following Standards of the FRS Framework that were issued by the MASB during the financial year:

Title		**Effective Date**
Amendments to FRS 112	*Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Amendments to FRS 107	*Disclosure Initiative*	1 January 2017
Amendments to FRS 12	*Annual Improvements to FRS Standards 2014 - 2016 Cycle*	1 January 2017

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company.

(c) Standards issued but not yet effective

The following are Standards of the FRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title		**Effective Date**
FRS 9	*Financial Instruments (IFRS 9 as issued by IASB in July 2014)*	1 January 2018
Amendments to FRS 2	*Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to FRS 1	*Annual Improvements to FRS Standards 2014 - 2016 Cycle*	See FRS 1 Paragraphs 39AD and 39ADAA
Amendments to FRS 128	*Annual Improvements to FRS Standards 2014 - 2016 Cycle*	See FRS 128 Paragraphs 45E and 45EAA
Amendments to FRS 140	*Transfer of Investment Property*	See FRS 140 Paragraphs 85G and 85GAA
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	See IC Interpretation 22 Paragraphs A1 and A1AA
Amendments to FRS 4	*Applying FRS 9* Financial Instruments *with FRS 4* Insurance Contracts	See FRS 4 Paragraphs 46, 47AA and 48

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The following are Standards of the FRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company: (continued)

Title		Effective Date
IC Interpretation 23	Uncertainty over Income Tax Treatments	See IC Interpretation 23 Paragraphs B1 and B1AA
Amendments to FRS 10 and FRS 128	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The above Standards shall be superseded upon adoption of the MFRS Framework on 1 April 2018.

Malaysian Financial Reporting Standards (MFRS Framework)

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

The MFRS Framework shall be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 *Agreements for Construction of Real Estate* (IC 15), including its parent, significant investor and venturer (herein called "Transitioning Entities").

Transitioning Entities are allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities would be mandatory for annual periods beginning on or after 1 January 2018. The Group fall within the scope definition of Transitioning Entities and the Group has opted to defer the adoption of the MFRS Framework to the financial period beginning on 1 April 2018.

In adopting the new MFRS Framework, the Group would be required to apply the specific transition requirements in MFRS 1 [First-time Adoption of Malaysian Financial Reporting Standards.] In addition to the adoption of the new MFRS Framework, the following new MFRSs and amendments to the MFRSs are effective for annual periods beginning on or after 1 January 2018:

Title	Effective Date
Amendments to MFRS 1 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018
Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to MFRS 128 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to MFRS 140 *Transfers of Investment Property*	1 January 2018
Amendments to MFRS 4 *Applying MFRS 9* Financial Instruments *with MFRS 4* Insurance Contracts	See MFRS 4 Paragraphs 46 and 48
MFRS 16 Leases	1 January 2019

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Malaysian Financial Reporting Standards (MFRS Framework) (continued)

Title	Effective Date
IC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to MFRS 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to MFRS 3 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 11 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 112 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 123 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
MFRS 17 *Insurance Contracts*	1 January 2021
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Group and the Company are in the process of assessing the impact of the adoption of these MFRSs and amendments to MFRSs since the effects would only be obersable in future financial years.

(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 end of the reporting period, 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

There are no critical judgements made by management in the process of applying the accounting policies of the Group and of the Company that have the most significant effect on the amounts recognised in the financial statements.

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:

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 13 and 15 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(o) and 1(p) 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.

Impairment of investments in subsidiaries and an associate and amounts owing by subsidiaries and an associate

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

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

The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries and associate 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 and associate.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(g) Investments 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 associate

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies.

In the separate financial statements of the Company, an investment in associate is stated at cost less impairment losses, if any.

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the share of net assets of the investments of the Group.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Equity accounting of associate (continued)

The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the net investment in the associate of the Group.

The share of profit or loss of the associate by the Group during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the proportionate interest of the Group in the associate arising from changes in the associate’s equity that have not been recognised in the associate’s profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The share of those changes by the Group is recognised directly in equity of the Group.

When the share of losses of the Group in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to zero and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of the reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest audited financial statements for which the difference in end of the reporting periods is no more than three months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the interest of the Group in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(i) 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Equity accounting of joint ventures (continued)

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.

(j) 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial instruments (continued)

(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.

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.

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 reclassified to profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

1. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

(j) Financial instruments (continued)

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

Held-to-maturity investments ("HTM")

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial asset classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognized or impaired, and through the amortisation process.

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 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 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 profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) 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 obligation and 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.

(k) 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 Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are 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 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 two (2) to five (5) years to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. The valuation is 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)

(k) Property, plant and equipment (continued)

(ii) Depreciation

Freehold land 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.

(l) 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)

(m) 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.

(n) Intangible asset

Intangible asset is franchise license which is measured at cost less any accumulated amortisation and accumulated impairment losses, if any. Franchise license is amortised on a straight-line basis over a period of twenty four (24) years. In the event that the expected future economic benefits are no longer probable of being recovered, the license agreement is written down to its recoverable amount.

(o) 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.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Development properties (continued)

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.

(p) 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).

(q) 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Share capital

Ordinary shares are recorded at proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

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

(s) 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.

(t) Foreign currencies

(i) Functional currency

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Foreign currencies (continued)

(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.

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.

(u) Impairment of non-financial assets

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

(v) 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.

(w) 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) 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.

(y) Taxation

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

Current tax is the expected income tax payable or receivable on the taxable income or loss for the year, estimated using the tax rates enacted or 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.

(z) Cash and cash equivalents

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

For the 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(aa) 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.

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 chief operating decision maker. 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.

(ab) 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.

(ac) 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(ac) Contingent liabilities and contingent assets (continued)

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.

(ad) 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.

(ae) Fair value measurement

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 2018	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	Total RM'000
At 1 April 2017						
- *cost*	-	-	14,846	2,733	38,147	55,726
- *valuation*	150,000	34,463	-	-	-	184,463
	150,000	34,463	14,846	2,733	38,147	240,189
Additions - *cost*	-	-	-	83	1,035	1,118
Disposal	-	-	-	-	(8)	(8)
Written-off	-	-	(14,804)	-	(4,446)	(19,250)
Adjustments on revaluation	36,000	-	-	-	-	36,000
Foreign exchange adjustments	-	(1,547)	-	-	(92)	(1,639)
At 31 March 2018						
- *cost*	-	-	42	2,816	34,636	37,494
- *valuation*	186,000	32,916	-	-	-	218,916
	186,000	32,916	42	2,816	34,636	256,410
Accumulated depreciation						
At 1 April 2017						
- *cost*	-	-	14,749	1,492	32,444	48,685
- *valuation*	1,560	139	-	-	-	1,699
	1,560	139	14,749	1,492	32,444	50,384
Charge for the year						
- *cost*	-	-	71	479	1,558	2,108
- *valuation*	1,560	138	-	-	-	1,698
Disposal	-	-	-	-	(8)	(8)
Written-off	-	-	(14,778)	-	(4,172)	(18,950)
Adjustment on revaluation	(3,120)	-	-	-	-	(3,120)
Foreign exchange adjustments	-	(4)	-	-	(56)	(60)
At 31 March 2018						
- *cost*	-	-	42	1,971	29,766	31,779
- *valuation*	-	273	-	-	-	273
	-	273	42	1,971	29,766	32,052

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2018	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	Total RM'000
Carrying value						
At 31 March 2018						
- *cost*	-	-	-	845	4,870	5,715
- *valuation*	186,000	32,643	-	-	-	218,643
	186,000	32,643	-	845	4,870	224,358
The carrying value of revalued assets stated under the historical cost convention						
At 31 March 2018	46,092	7,202	-	-	-	53,294

Group 2017	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	Total RM'000
At 1 April 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
Additions - *cost*	-	-	-	-	1,045	1,045
Disposal	-	-	-	-	(46)	(46)
Written-off	-	-	-	(4)	(11)	(15)
Foreign exchange adjustments	-	1,886	-	-	111	1,997
At 31 March 2017						
- *cost*	-	-	14,846	2,733	38,147	55,726
- *valuation*	150,000	34,463	-	-	-	184,463
	150,000	34,463	14,846	2,733	38,147	240,189

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2017	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	Total RM'000
Accumulated depreciation						
At 1 April 2016						
- *cost*	-	-	14,590	1,030	30,178	45,798
- *valuation*	-	-	-	-	-	-
	-	-	14,590	1,030	30,178	45,798
Charge for the year						
- *cost*	-	-	159	466	2,224	2,849
- *valuation*	1,560	137	-	-	-	1,697
Disposal	-	-	-	-	(7)	(7)
Written-off	-	-	-	(4)	(8)	(12)
Foreign exchange adjustments	-	2	-	-	57	59
At 31 March 2017						
- *cost*	-	-	14,749	1,492	32,444	48,685
- *valuation*	1,560	139	-	-	-	1,699
	1,560	139	14,749	1,492	32,444	50,384
Carrying value						
At 31 March 2017						
- *cost*	-	-	97	1,241	5,703	7,041
- *valuation*	148,440	34,324	-	-	-	182,764
	148,440	34,324	97	1,241	5,703	189,805
The carrying value of revalued assets stated under the historical cost convention						
At 31 March 2017	47,151	7,558	-	-	-	54,709

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2018	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 2017					
- *cost*	-	14,804	1,148	8,880	24,832
- *valuation*	2,720	-	-	-	2,720
	2,720	14,804	1,148	8,880	27,552
Additions - *cost*	-	-	-	63	63
Written-off - *cost*	-	(14,804)	-	(4,441)	(19,245)
At 31 March 2018					
- *cost*	-	-	1,148	4,502	5,650
- *valuation*	2,720	-	-	-	2,720
	2,720	-	1,148	4,502	8,370
Accumulated depreciation					
At 1 April 2017					
- *cost*	-	14,707	749	7,678	23,134
- *valuation*	14	-	-	-	14
	14	14,707	749	7,678	23,148
Charge for the year					
- *cost*	-	70	229	307	606
- *valuation*	14	-	-	-	14
Written-off	-	(14,777)	-	(4,168)	(18,945)
At 31 March 2018					
- *cost*	-	-	978	3,817	4,795
- *valuation*	28	-	-	-	28
	28	-	978	3,817	4,823
Carrying value					
At 31 March 2018					
- *cost*	-	-	170	685	855
- *valuation*	2,692	-	-	-	2,692
	2,692	-	170	685	3,547
The carrying value of revalued asset stated under the historical cost convention					
At 31 March 2018	2,098	-	-	-	2,098

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2017	**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 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
Additions - *cost*	-	-	-	257	257
Written-off - *cost*	-	-	-	(8)	(8)
At 31 March 2017					
- *cost*	-	14,804	1,148	8,880	24,832
- *valuation*	2,720	-	-	-	2,720
	2,720	14,804	1,148	8,880	27,552
Accumulated depreciation					
At 1 April 2016					
- *cost*	-	14,548	521	7,286	22,355
- *valuation*	-	-	-	-	-
	-	14,548	521	7,286	22,355
Charge for the year					
- *cost*	-	159	228	397	784
- *valuation*	14	-	-	-	14
Written-off	-	-	-	(5)	(5)
At 31 March 2017					
- *cost*	-	14,707	749	7,678	23,134
- *valuation*	14	-	-	-	14
	14	14,707	749	7,678	23,148
Carrying value					
At 31 March 2017					
- *cost*	-	97	399	1,202	1,698
- *valuation*	2,706	-	-	-	2,706
	2,706	97	399	1,202	4,404
The carrying value of revalued asset stated under the historical cost convention					
At 31 March 2017	2,131	-	-	-	2,131

2. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) The Group revalues its freehold hotel property, freehold land and buildings once in every two (2) to five (5) years to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. The valuation is carried out by independent firm of professional valuers using the open market basis.

The latest valuations on freehold hotel property in Malaysia were carried out by Raine & Horne International Zaki + Partners Sdn. Bhd. on 23 March 2018. The fair value of the freehold hotel property was determined using profit method and therefore is categorised as Level 3 in the fair value hierarchy.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Profits method	- Average room rates during holding period ranging from RM350 per room to RM2,400 per room. - Historical average occupancy rates during holding period ranging from 47.25% to 56.75%	The estimate fair value would increase/(decrease) if: - Average room rates during the holding period were higher/(lower) - Historical average occupancy rates during the holding period were higher/(lower)

The latest valuations on freehold land and buildings in Malaysia and Singapore were carried out by Rahim & Co International Sdn. Bhd. and Bernard Valuers & Real Estate Consultants Pte. Ltd. on 31 March 2016, respectively. The fair value of the freehold land and buildings was determined using comparison method and therefore is categorised as level 2 in the fair value hierarchy.

There is transfer between levels in the fair value hierarchy of freehold hotel property, from level 2 to level 3 during the financial year.

(b) The following table shows a reconciliation of Level 3 fair value:

	Group	
	2018	**2017**
	RM'000	**RM'000**
At beginning of financial year	-	-
Transfer from Level 2 fair value	146,880	-
Changes in fair value	39,120	-
At end of financial year	186,000	-

<u>Valuation processes applied by the Group for Level 3 fair value</u>

The fair value of freehold hotel property is determined by independent professional valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent professional valuers provide the fair value of the property. Changes in Level 3 fair value are assessed by the Manager after obtaining the valuation reports from the independent professional valuers.

2. PROPERTY, PLANT AND EQUIPMENT (continued)

(c) The freehold hotel property has been pledged as security for the bank borrowings as disclosed in Note 24 to the financial statements.

(d) 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 1.4.2017 RM'000	Additions RM'000	Balance as at 31.3.2018 RM'000
Carrying amount			
Freehold land	219,238	1,747	220,985
Leasehold land	27,136	-	27,136
Development costs	61,787	15,048	76,835
	308,161	16,795	324,956

	Balance as at 1.4.2016 RM'000	Additions RM'000	Transfer from property development costs (Note 11) RM'000	Balance as at 31.3.2017 RM'000
Carrying amount				
Freehold land	127,612	91,605	21	219,238
Leasehold land	25,216	-	1,920	27,136
Development costs	46,122	11,543	4,122	61,787
	198,950	103,148	6,063	308,161

(a) As at the end of the reporting period, land held for property development with carrying amount of RM248,121,000 (2017: RM246,373,000) were pledged to licensed bank to secure the bank borrowings as disclosed in Note 24 to the financial statements.

(b) Included under development costs is borrowing costs of RM7,617,000 (2017: RM5,434,000) incurred during the financial year. The interest rate ranges from 4.36% to 5.15% (2017: 4.38% to 5.13%) per annum.

4. INVESTMENT PROPERTIES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 April 2017/2016	375,420	321,487	374,450	320,472
Fair value adjustments	1	52,503	-	52,548
Additions during the year	863	1,430	863	1,430
Disposals during the year	(372,963)	-	(372,963)	-
Transfer from property development cost (Note 11)	6,599	-	-	-
At 31 March 2018/2017	9,920	375,420	2,350	374,450
Comprise:				
Freehold land and buildings				
Wisma Selangor Dredging	-	372,100	-	372,100
Office space in a 24-storey office building known as Plaza 138	3,320	3,320	2,350	2,350
Commerial kiosk and parking lots located at The Hub SS2	6,600	-	-	-
	9,920	375,420	2,350	374,450

(a) The amount of rental income and direct operating expenses recognised on revenue generating investment properties are disclosed in Notes 27 and 30 to the financial statements respectively.

(b) The fair values of the investment properties at 31 March 2018 are based on a valuation carried out by Raine & Horne International Zaki + Partners 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.

(c) On 20 June 2017, the Company entered into a conditional sale and purchase agreement with Golden Eagle Realty Sdn. Bhd. for the disposal of Wisma Selangor Dredging for a cash consideration of RM480,000,000. The disposal was completed on 5 December 2017 and resulted in a gain on disposal of RM107,037,000 as disclosed in Note 30 to the financial statements.

5. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company 2018 RM'000	Company 2017 RM'000
Unquoted shares at cost		
- ordinary shares	23,568	23,568
- non-cumulative redeemable preference shares	199,000	199,000
	222,568	222,568
Impairment losses	(7,850)	(942)
	214,718	221,626

(a) The subsidiary companies are:

	Equity interest Direct 2018 %	Equity interest Direct 2017 %	Equity interest Indirect 2018 %	Equity interest Indirect 2017 %	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. ("PPSB")	-	-	100	100	Malaysia	Property development
Hayat Abadi Sdn. Bhd. ("HASB")	-	-	100	100	Malaysia	Property development
SDB Damansara Sdn. Bhd. ("SDBD")	-	-	100	100	Malaysia	Property development
SDB SS2 Development Sdn. Bhd. ("SDBSS2")	-	-	100	100	Malaysia	Property development
SDB Ampang Sdn. Bhd. ("SDBA")	-	-	100	100	Malaysia	Property development
Crescent Consortium Sdn. Bhd. ("CCSB")	-	-	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. ("SDBINT")	100	100	-	-	Malaysia	Provision of property support services

5. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

(a) The subsidiary companies are: (continued)

	Equity interest					
	Direct		Indirect		Country of	
	2018 %	2017 %	2018 %	2017 %	incorporation	Principal activities
SDB Property Management Sdn. Bhd. ("SDBPM")	-	-	100	100	Malaysia	Provision of property management sevices
SDB Host Sdn. Bhd. ("HOST") ("SDBH")	-	-	100	100	Malaysia	Provision of property management services
SuperGreen Solutions Sdn. Bhd. ("SGS")	-	-	100	100	Malaysia	Trading and installation of energy efficient products.
SDB Mining Sdn. Bhd. ("SDBM")	100	-	-	-	Malaysia	Investment holding.
SDB Asia Pte. Ltd. ("SDBAS")*	-	-	100	100	Singapore	Investment in property and property development
SDB Green Energy Pte. Ltd.*	-	-	100	100	Singapore	Master Franchisee of energy efficient products

* *Subsidiary companies not audited by BDO*

(b) Incorporation of a subsidiary

On 18 April 2017, the Company incorporated SDBM, a wholly-owned subsidiary with an issued and paid-up share capital of RM1.00 comprising 1 ordinary share. The pricipial activity of SDBM is investment holding and acquisition of mines, mining rights, metalliferous land, and quarries, and dealings in minerals. On 30 June 2017, SDBM changed its name from SDB Connect Sdn. Bhd. to SDB Mining Sdn. Bhd..

(c) Reconciliation of movements in accumulated impairment losses is as follows:

	Company	
	2018 RM'000	2017 RM'000
At 1 April 2017/2016	942	942
Charge for the financial year	6,908	-
At 31 March 2018/2017	7,850	942

5. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

(d) As at 31 March 2018, the Group carried out a review of the the recoverable amount of the investment in SDB Interiors Sdn. Bhd., which provide property support services in Malaysia, due to its operating performance which was below expectations. The review led to the recognition of an impairment loss of RM6,908,000 that has been recognised in profit or loss.

(e) Management has made estimates about the future results and key assumptions applied to cash flow projections of subsidiaries in determining their recoverable amounts using the value-in-use model. These key assumptions include sales volume and selling price.

6. INVESTMENT IN AN ASSOCIATE

	Group	
	2018 RM'000	2017 RM'000
Unquoted equity shares, at cost	47,495	-
Group's share of post-acquisition reserves	1,429	-
	48,924	-

The associate is as follows:

	Equity interest Indirect		Country of incorporation	Principal activities
	2018 %	2017 %		
Fortress Mining Sdn. Bhd. *(formerly known as Webcon Mining Sdn. Bhd.)* ("FMSB")	35	-	Malaysia	Acquisition of mines, mining rights, metalliferous land and quarries, and dealings in minerals

This associate has a different financial year end from the Group. In applying the equity method of accounting, the financial statements of the associate for the financial year ended 28 February 2018 have been used and appropriate adjustments have been made for the effects of significant transactions between 1 March 2018 and 31 March 2018.

6. INVESTMENT IN AN ASSOCIATE (continued)

Summarised financial information of the associate is as follows:

2018	FMSB RM'000
Assets and liabilities	
Non current assets	59,909
Current assets	9,712
Non current liabilities	(55,633)
Current liabilities	(5,672)
Net assets	8,316
Results	
Other operating income	9,831
Selling and distribution expenses	(3,785)
Adminstrative and general expenses	(326)
Other operating expenses	(1,642)
Profit before tax	4,078
Tax income	4
Profit for the financial year	4,082
Share of profit by the Group for the financial year	1,429

The information above represents the amounts in the financial statements of FMSB and do not reflect the Group's proportionate share in those amounts.

The reconciliation of the above summarised financial information to the carrying amount of the Group's interest in FMSB is as follows:

	Group	
	2018 RM'000	2017 RM'000
Net assets attributable to shareholders of FMSB	8,316	-
Proportion of ownership interest held by the Group	35%	-
Group's share of net assets	2,911	-
Goodwill	46,013	-
Carrying value of Group's interest in FMSB	48,924	-

6. INVESTMENT IN AN ASSOCIATE (continued)

Management has made estimates about the future results and key assumptions applied to cash flow projections of the associate in determining their recoverable amounts using the value-in-use model. These key assumptions include sales volume, selling price and exchange rate.

7. INVESTMENTS IN JOINT VENTURES

	Group 2018 RM'000	Group 2017 RM'000
Capital contribution, at cost	64,500	64,500
Group's share of post-acquisition reserves and retained profit less losses	65,888	70,600
Foreign exchange adjustments	18,462	28,839
	148,850	163,939

The joint ventures are as follows:

	Equity interest Direct 2018 %	Equity interest Direct 2017 %	Equity interest Indirect 2018 %	Equity interest Indirect 2017 %	Country of incorporation	Principal activities
Chedstone Investment Holdings Pte. Ltd. ("CHI")*	-	-	50	50	Singapore	Property development
Champsworth Development Pte. Ltd. ("CD")*	-	-	50	50	Singapore	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	Property development
Teratai Investment Holdings Pte. Ltd.*	-	-	50	50	Singapore	Dormant

* *Joint ventures not audited by BDO*

7. INVESTMENTS IN JOINT VENTURES (continued)

	Group	
	2018 RM'000	2017 RM'000
Reconciliation of net assets to carrying amount as at 31 March		
Group's share of net assets	148,850	163,939
Elimination of unrealised profits	-	-
Carrying amount in the statement of financial position	148,850	163,939
Group's share of loss, net of tax	(4,712)	(1,394)

Summarised financial information of material joint ventures is as follows:

2018	CHI and its subsidiary RM'000	CD and its subsidiaries RM'000
Assets and liabilities		
Current assets	67,518	542,583
Current liabilities	(2,581)	(309,822)
Net assets	64,937	232,761
Proportion of the ownership of the Group	50%	50%
Carrying amount of the investments in joint ventures	32,469	116,381
Results		
Revenue	-	-
Cost of sales	(8)	(708)
Gross loss	(8)	(708)
Other operating income	288	1,538
Selling and distribution expenses	-	(3,233)
Adminstrative and general expenses	(2,839)	(4,319)
Loss before tax	(2,559)	(6,722)
Tax expense	(83)	-
Loss for the financial year	(2,642)	(6,722)
Share of loss by the Group for the financial year	(1,321)	(3,361)

7. INVESTMENTS IN JOINT VENTURES (continued)

2017	CHI and its subsidiary RM'000	CD and its subsidiaries RM'000
Assets and liabilities		
Current assets	71,341	396,584
Current liabilities	(165)	(139,941)
Net assets	71,176	256,643
Proportion of the ownership of the Group	50%	50%
Carrying amount of the investments in joint ventures	35,588	128,321
Results		
Revenue	-	46,163
Cost of sales	(73)	(39,709)
Gross (loss)/profit	(73)	6,454
Other operating income	1,324	377
Adminstrative and general expenses	(1,253)	(8,612)
Other operating expenses	(805)	-
Loss before tax	(807)	(1,781)
Taxation	(280)	269
Loss for the financial year	(1,087)	(1,512)
Share of loss by the Group for the financial year	(544)	(756)

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

	Group 2018 RM'000	Group 2017 RM'000
Net loss for the financial year	(30)	(94)
Total comprehensive loss	(30)	(94)
Carrying amount of the Group's interest in joint venture	-	30

8. INTANGIBLE ASSETS

	Group	
	2018 RM'000	2017 RM'000
Franchise licenses		
Cost		
As at 1 April 2017/2016	384	-
Add: Additions during the financial year	-	384
Transfer from prepayment	210	-
Foreign exchange adjustments	(26)	-
At 31 March 2018/2017	568	384
Accumulated amortisation		
At 1 April 2017/2016	-	-
Amortisation charge for the year	7	-
At 31 March 2018/2017	7	-
Net carrying amount	561	384

9. DEFERRED TAX

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Deferred tax assets:				
Tax effect of unutilised tax losses	-	2,548	-	-
Deferred tax liabilities:				
Recognised in profit or loss:				
Plant, property and equipment ("PPE")	(544)	(139)	(394)	(139)
Tax effects of fair value gain on investment properties subject to real property gain tax	(69)	(15,120)	(49)	(15,098)
Recognised in other comprehensive income:				
Tax effects of revaluation gain on PPE	(2,424)	(468)	(26)	(26)
Total deferred tax liabilities	(3,037)	(15,727)	(469)	(15,263)
Net deferred tax liabilities	(3,037)	(13,179)	(469)	(15,263)

9. DEFERRED TAX (continued)

(b) 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	
	2018 RM'000	2017 RM'000
Unutilised tax losses	39,356	10,004
Unabsorbed capital allowances	30	123
Unabsorbed investment tax allowances	73,720	73,720
Other deductible temporary differences	2,736	3,228
	115,842	87,075

10. INVENTORIES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At cost				
Completed development properties	172,150	119,362	-	-
Consumables	275	974	-	678
	172,425	120,336	-	678
Inventories recognised in profit or loss as cost of sales	41,294	50,762	12	11

11. PROPERTY DEVELOPMENT COSTS

	Group 2018 RM'000	2017 RM'000
Freehold land at cost	76,032	211,803
Leasehold land at cost	46,349	49,669
Development costs	237,791	576,690
Costs recognised as an expense in profit or loss in previous financial years	(125,973)	(497,247)
Transfer of completed properties	-	(149,971)
At 1 April 2017/2016	234,199	190,944
Costs incurred during the year		
- Freehold land at cost	7,535	21
- Leasehold land at cost	50	1,970
- Development costs	168,506	108,940
	176,091	110,931
Cost recognised as an expense in profit or loss in current year	(100,607)	(61,613)
Cost transferred to inventories	(91,301)	-
Cost transferred to land held for property development (Note 3)	-	(6,063)
Cost transferred to investment properties (Note 4)	(6,599)	-
At 31 March 2018/2017	211,783	234,199

(a) Included in property development costs above is land with carrying amount of RM38,000,000 (2017: RM38,000,000) which were pledged to licensed bank to secure the bank borrowings referred to in Note 24 to the financial statements.

(b) Included in development costs is borrowing costs of RM1,171,000 (2017: RM372,000) incurred during the financial year. The interest rate ranges from 4.87% to 5.14% (2017: 4.83% to 5.04%) per annum.

12. GROSS AMOUNT DUE FROM CUSTOMERS

	Group 2018 RM'000	2017 RM'000
Aggregate contract expenditure incurred to date	953	1,258
Add: Attributable profits	1,309	122
	2,262	1,380
Less: Progress billings	(1,790)	(1,380)
	472	-

13. TRADE RECEIVABLES

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Progress billings receivables	39,915	27,953	-	-
Retention sums receivables	59	101	-	-
Rental receivables	29	330	24	271
Other trade receivables	6,404	3,511	-	-
	46,407	31,895	24	271
Less: Impairment losses	(1,221)	(298)	-	-
Total trade receivables	45,186	31,597	24	271

(a) 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 range from 6 to 24 months.

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

(c) 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.

(d) All trade receivables are denominated in Ringgit Malaysia.

14. ACCRUED BILLINGS

	Group 2018 RM'000	Group 2017 RM'000
Revenue recognised in profit or loss to date	1,060,812	850,034
Progress billings to date	(1,006,026)	(822,865)
	54,786	27,169
Represented by:		
Accrued billings	65,378	40,045
Progress billings	(10,592)	(12,876)
	54,786	27,169

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other receivables	19,051	13,269	1,052	118
Less: Impairment losses	(471)	(471)	-	-
	18,580	12,798	1,052	118
Interest receivables	47	70	-	-
Deposits	3,658	3,056	66	407
Loans and receivables	22,285	15,924	1,118	525
Prepayments	2,839	4,073	155	595
	25,124	19,997	1,273	1,120

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
- RM	21,914	15,636	1,118	525
- Singapore Dollar ("SGD")	371	288	-	-
	22,285	15,924	1,118	525

16. AMOUNTS OWING BY/(TO) SUBSIDIARY COMPANIES

(a) The amounts owing by subsidiary companies consist of the following:

	Company	
	2018 RM'000	2017 RM'000
Interest-free advances	809	749
Interest bearing advances	400,132	47,558
	400,941	48,307

Amounts owing by subsidiary companies are unsecured, which represent interest-free advances, or interest bearing advances at 5.00% (2017: 4.60% to 5.00%) per annum and receivable on demand.

(b) Amount owing to a subsidiary company included under current liabilities represent unsecured, interest bearing advances at a rate of 5.00% (2017: 5.00%) per annum, which are payable on demand.

(c) The currency exposure profile of amounts owing by subsidiary companies is as follows:

	Company	
	2018 RM'000	2017 RM'000
- RM	400,738	48,107
- SGD	203	200
	400,941	48,307

(d) All amount owing to a subsidiary company is denominated in Ringgit Malaysia.

17. AMOUNT OWING BY AN ASSOCIATE

(a) Amount owing by an associate represents advances and payments made on behalf, which is unsecured, interest-free and receivable on demand in cash and cash equivalents.

(b) All amount owing by an associate is denominated in Ringgit Malaysia.

18. AMOUNTS OWING BY/(TO) JOINT VENTURES

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

18. AMOUNTS OWING BY/(TO) JOINT VENTURES (continued)

(d) The currency exposure profile of amounts owing by/(to) joint ventures are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
- RM	1,356	1,250	-	-
- SGD	54	(5,379)	54	-
	1,410	(4,129)	54	-

19. SHORT TERM INVESTMENTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Short term funds	66,154	25,733	45,056	603

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

(b) All short term investments are denominated in Ringgit Malaysia.

(c) Placement in short term investments aim to invest in highly liquid instruments which are investing its assets in money market instruments and deposits with financial institutions in Malaysia and are redeemable with one (1) day notice. These short terms investments are subject to an insignificant risk of changes in value and form part of cash and cash equivalents. Funds distribution income from these funds is tax-exempted, is calculated daily and distributed at every month end.

20. DEPOSITS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Deposits with licensed banks	54,241	104,583	390	390

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Stamp duty payable on a facility agreement	2,150	2,150	390	390

(b) The effective interest rates of the deposits range from 0.85% to 3.25% (2017: 0.85% to 3.24%) per annum. All the deposits have maturities of three (3) months or less.

20. DEPOSITS (continued)

(c) The currency exposure profile of deposits is as follows:

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
- RM	2,211	2,150	390	390
- SGD	52,030	102,433	-	-
	54,241	104,583	390	390

21. CASH AND BANK BALANCES

(a) Included in cash and bank balances of the Group is a balance of RM2,954,000 (2017: RM4,228,000) 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, 2016, which is not available for general use by the Group.

Funds maintained in the Housing Development Accounts earn interest ranging from 1.75% to 2.00% (2017: 1.75% to 2.00%) per annum.

(b) Cash and bank balances of the Group also included an amount of RM195,000 (2017: RM195,000) pledged to secure bank guarantee facility granted to a subsidiary company.

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

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
- RM	18,826	21,402	4,454	2,760
- SGD	1,984	6,582	-	-
- Australian Dollar ("AUD")	14	16	-	-
	20,824	28,000	4,454	2,760

22. SHARE CAPITAL

	Group and Company 2018 RM'000	Group and Company 2017 RM'000
Issued and fully paid:		
426,127,662 ordinary shares	213,541	213,064
Transfer from share premium account pursuant to the Companies Act 2016	-	477
	213,541	213,541

22. SHARE CAPITAL (continued)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

23. OTHER RESERVE (Distributable)

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

24. BANK BORROWINGS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Secured				
Term loans	161,193	373,672	-	-
Revolving credits	206,250	190,750	21,250	23,750
Unsecured				
Revolving credits	65,000	65,000	50,000	50,000
	432,443	629,422	71,250	73,750
Repayments due within 12 months *(included under current liabilities)*	(280,862)	(284,058)	(52,500)	(52,500)
Repayments due after 12 months *(included under non-current liabilities)*	151,581	345,364	18,750	21,250

(a) The bank borrowings are repayable as follows:

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
- not later than one (1) year	280,862	284,058	52,500	52,500
- later than one (1) year but not later than two (2) years	59,785	30,862	2,500	2,500
- later than two (2) years but not later than five (5) years	62,546	104,552	7,500	7,500
- later than five (5) years	29,250	209,950	8,750	11,250
	432,443	629,422	71,250	73,750

(b) The range of interest rates at the end of the reporting period for bank borrowings are as follows:

	Group		Company	
	2018	2017	2018	2017
Term loans	4.62%-5.39%	4.38%-5.02%	-	-
Revolving credits	4.64%-5.46%	4.36%-5.04%	5.28%-5.46%	4.37%-5.04%

(c) All borrowings are denominated in Ringgit Malaysia.

24. BANK BORROWINGS (continued)

(d) The bank borrowings are secured as follows:

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

(ii) pledge over the hotel property of the Group as indicated in Note 2 to the financial statements; and

(iii) various land belonging to the Group as indicated in Notes 3 and 11 to the financial statements.

25. TRADE PAYABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Contractors' claims	7,692	12,982	-	-
Retention sums	35,762	37,791	-	-
Accrued property development cost	50,029	40,327	-	-
Others	542	683	18	165
	94,025	91,783	18	165

(a) 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.

(b) The currency exposure profile of trade payables is as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
- RM	92,078	89,505	18	165
- SGD	1,947	2,278	-	-
	94,025	91,783	18	165

26. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other payables, deposits and accruals	11,062	8,890	1,996	2,721
Interest payable	531	600	97	44
Tenants' deposits	508	6,926	420	6,838
Deposits received from property purchasers	5,486	6,688	-	-
	17,587	23,104	2,513	9,603

26. OTHER PAYABLES AND ACCRUALS (continued)

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
- RM	17,526	23,025	2,513	9,603
- SGD	61	79	-	-
	17,587	23,104	2,513	9,603

27. REVENUE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Property development revenue	182,230	173,556	-	-
Rental income	15,300	22,562	16,315	23,779
Sale of hotel rooms, food and beverages and other ancillary services	18,564	23,251	-	-
Construction revenue	1,275	380	-	-
Management services	125	755	-	-
	217,494	220,504	16,315	23,779

28. COST OF SALES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cost of property development	137,771	131,134	-	-
Cost of letting of properties	5,548	7,786	6,726	7,690
Cost of hotel services rendered	9,636	12,532	-	-
Construction cost	1,302	1,138	-	-
	154,257	152,590	6,726	7,690

29. FINANCE COSTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest expenses on:				
- Revolving credits	11,286	11,929	3,528	3,537
- Term loans	7,275	10,378	-	-
- Advances from a subsidiary	-	-	3,868	985
	18,561	22,307	7,396	4,522

30. PROFIT BEFORE TAX

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before tax is stated after charging:				
Amortisation of intangible asset	7	-	-	-
Auditors' remuneration				
- Statutory audit:				
- current year	206	181	41	39
- under/(over) provision in prior years	15	(49)	17	(21)
- Non-statutory audit:				
- under provision in prior year	3	-	-	-
Depreciation of property, plant and equipment	3,806	4,546	620	798
Direct operating expenses on revenue generating investment properties	7,154	7,785	7,026	7,690
Directors' remuneration				
- fees	369	368	272	272
- other emoluments	1,442	1,440	727	725
Impairment loss on trade receivables	923	572	-	-
Impairment loss on other receivables	-	471	-	-
Impairment loss on investment in a subsidiary	-	-	6,908	-
Impairment loss on amount owing by a subsidiary	-	-	208	-
Inventories written-off	691	-	691	-
Property, plant and equipment written-off	300	3	300	3
Loss on foreign exchange				
- realised	3,818	-	-	-
- unrealised	-	2,541	-	-
Rental of equipment	78	89	10	11
Rental of premises	1,400	489	114	-
and crediting:				
Gain on disposal of investment property	107,037	-	107,037	-
Gain on disposal of property, plant and equipment	8	-	8	-
Interest income from				
- subsidiary companies	-	-	7,066	1,468
- fixed deposits	872	862	22	19
- short term investments	868	480	635	144
- others	1,076	1,300	619	-
Fair value gain on investment properties	1	52,503	-	52,548
Rental income	377	578	-	-
Reversal of impairment loss on trade receivables	-	274	-	-
Gain on foreign exchange				
- realised	3,726	9,026	-	-
- unrealised	1,274	-	-	-

31. DIRECTORS' REMUNERATION

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Executive Directors' remuneration:				
- Fees	122	121	40	40
- Salaries and other emoluments	1,442	1,440	727	725
	1,564	1,561	767	765
Non-Executive Directors' remuneration				
- Fees	247	247	232	232
Total	1,811	1,808	999	997

32. TAX EXPENSE

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Malaysian tax based on results for the year				
- current	9,932	6,567	1,111	2,636
- deferred tax (income)/expense	(12,457)	4,661	(15,124)	2,614
Under/(Over) provision in prior years				
- current	2,930	1,536	163	2,009
- deferred tax	359	(1,458)	330	(378)
Real property gains tax	20,103	-	20,103	-
	20,867	11,306	6,583	6,881

(a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated taxable profits for the fiscal year.

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

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Accounting profit	107,832	69,977	97,037	58,227

32. TAX EXPENSE (continued)

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Taxation at applicable statutory tax rates	25,880	16,794	23,289	13,974
Tax effects arising from:				
- non-taxable income	(23,396)	(2,059)	(26,427)	(386)
- non-deductible expenses	3,096	3,030	4,176	1,646
Difference in tax rates	(15,009)	(9,861)	(15,051)	(9,984)
Movements in unrecognised deferred tax assets	6,904	3,324	-	-
Real property gains tax	20,103	-	20,103	-
Under provision in prior years	3,289	78	493	1,631
	20,867	11,306	6,583	6,881

(c) Tax on each component of other comprehensive loss are as follows:

	Group 2018		
	Before tax RM'000	Tax effect RM'000	After tax RM'000
Items that may be reclassified subsequently to profit or loss			
Foreign currency translations	(17,792)	-	(17,792)
Items that will not be reclassfied subsequently to profit or loss:			
Revaluation on property, plant and equipment	39,120	(1,956)	37,164
	21,328	(1,956)	19,372

	2017		
	Before tax RM'000	Tax effect RM'000	After tax RM'000
Items that may be reclassified subsequently to profit or loss			
Foreign currency translations	15,847	-	15,847

33. 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	
	2018	**2017**
	RM'000	**RM'000**
Profit attributable to shareholders of the Company	83,682	57,277
Weighted average number of ordinary shares ('000) At 1 April/31 March	426,128	426,128
Basic earnings per share (sen)	19.64	13.44

(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 2018 and 31 March 2017.

34. DIVIDENDS PAID

	Group and Company	
	2018	**2017**
	RM'000	**RM'000**
A single tier dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 March 2017/31 March 2016	10,653	10,653
A special single tier dividend of 19.0 sen per ordinary share in respect of the financial year ended 31 March 2018	80,964	-
	91,617	10,653

The Directors proposed a single tier dividend of 2.5 sen per ordinary share amounting to RM10,653,192 in respect of the financial year ended 31 March 2018. This dividend, if approved by shareholders, would be accounted for as an appropriation of retained earnings in the financial year ending 31 March 2019.

35. EMPLOYEE BENEFITS EXPENSE

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Employee benefits expense *(included executive Directors' emoluments)*	25,396	26,525	8,211	7,833

Included in the employee benefits expense are EPF contributions amounting to RM2,845,000 (2017: RM2,988,000) for the Group and RM867,000 (2017: RM891,000) for the Company.

36. 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, joint ventures and associate;

(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			
	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Transactions with subsidiary companies				
Interest received/receivable from SDI	-	-	62	230
Interest received/receivable from SDBP	-	-	5,068	1,238
Interest received/receivable from SDBPINT	-	-	18	-
Interest received/receivable from SGS	-	-	20	-
Interest received/receivable from SDBM	-	-	1,898	-
Rental received from SDBPM	-	-	73	108
Rental received from SDBP	-	-	617	1,023
Rental received from SDBINT	-	-	119	175
Management fee income from SDBINT	-	-	75	-
Management fee income from SDI	-	-	24	-
Management fee income from SDBP	-	-	620	-

36. 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			
	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Transactions with subsidiary companies (continued)				
Management fee income from CCSB	-	-	69	-
Management fee income from SDBPM	-	-	431	-
Management fee income from PPSB	-	-	121	-
Management fee income from SDBA	-	-	21	-
Management fee income from SDBAS	-	-	16	-
Management fee income from SDBSS2	-	-	1,971	-
Management fee income from SDBH	-	-	324	-
Management fee income from SGS	-	-	29	-
Management fee income from HASB	-	-	43	-
Management fee income from SDBD	-	-	173	-
Management fee income from SDBM	-	-	56	-
Management fee income from SDBI	-	-	1	-
Management fee paid to SDBINT	-	-	-	99
Management fee paid to SDBP	-	-	210	-
Management fee paid to SDBH	-	-	2	-
Interest paid/payable to SDBI	-	-	3,868	985
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	33	-	-
Rental paid to Teh Lip Ling, a close family member of Teh Lip Kim and Teh Lip Pink	33	33	-	-
Rental paid to Teh Kien Toh Sdn. Bhd., a company in which Teh Lip Kim and Teh Lip Pink have interests	33	33	-	-
Medical fees paid to Klinik Ian Ong, a clinic belonging to a close family member of Teh Lip Kim and Teh Lip Pink	112	112	69	69
Consultancy fee paid to Providence Capital Sdn. Bhd., a company in which Eddy Chieng Ing Huong has interest	180	180	-	-
Transactions with joint ventures:				
Rental received from SDB Teambuild Sdn. Bhd.	-	23	-	-

36. RELATED PARTY DISCLOSURES (continued)

(c) Key management personnel compensation

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Directors				
Short-term employee benefits				
- fees	369	368	272	272
- remuneration	1,214	1,212	613	611
Total short-term employee benefits	1,583	1,580	885	883
Post-employment benefits				
- EPF	228	228	114	114
Sub-total	1,811	1,808	999	997
Other key management personnel				
Short-term employee benefits				
- salary, bonus and allowances	4,913	3,260	2,668	1,671
Post-employment benefits				
- EPF	601	509	330	270
Sub-total	5,514	3,769	2,998	1,941
Total compensation	7,325	5,577	3,997	2,938

37. CAPITAL COMMITMENTS

	Group	
	2018 RM'000	2017 RM'000
Investment in an associate	-	20,000

38. 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 year 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 end of the reporting period but not recognised as assets are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Not later than one (1) year	62	17,946	46	16,983
Later than one (1) year but not later than five (5) years	-	10,059	-	9,731
	62	28,005	46	26,714

The Group and the Company as lessee

The future minimum lease payments payable under the above non-cancellable operating leases of the Group and the Company contracted for as at the end of the reporting period but not recognised as payables, are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Not later than one (1) year	43	-	29	-
Later than one (1) year but not later than five (5) years	59	-	59	-
	102	-	88	-

39. CONTINGENT LIABILITIES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Corporate guarantees given to financial institutions for credit facility granted to subsidiary companies	332,548	253,800	332,548	253,800
Bank guarantees given by financial institutions in respect of construction and property projects	1,985	6,846	-	4,861
	334,533	260,646	332,548	258,661

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.

40. 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) Others 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.

2018	Property investment RM'000	Hotel operations RM'000	Investment holding RM'000	Property development RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue							
External sales	15,300	18,564	-	182,230	1,400	-	217,494
Inter-segment sales	1,218	-	-	-	1,305	(2,523)	-
Total revenue	16,518	18,564	-	182,230	2,705	(2,523)	217,494
Results							
Segment results	85,854	(2,001)	30,484	41,792	(1,770)	(25,700)	128,659
Finance costs	-	-	-	(18,561)	-	-	(18,561)
Share of profit/(loss) of joint ventures and associate	-	-	1,429	(4,712)	-	-	(3,283)
Unallocated corporate expenses							(2,266)
Profit before tax							104,549
Tax expense							(20,867)
Profit for the financial year							83,682

40. SEGMENTAL ANALYSIS (continued)

2018	Property investment RM'000	Hotel operations RM'000	Investment holding RM'000	Property development RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Assets							
Segment assets	67,827	158,041	-	971,772	4,010	502	1,202,152
Investing assets	-	-	29,298	-	-	-	29,298
Investment in an associate	-	-	48,924	-	-	-	48,924
Investments in joint ventures	-	-	-	148,850	-	-	148,850
Current tax assets							7,550
Consolidated total assets							1,436,774
Liabilities							
Segment liabilities	(73,784)	(1,243)	(28)	(468,250)	(752)	2	(544,055)
Current tax liabilities							(1,998)
Deferred tax liabilities							(3,037)
Consolidated total liabilities							(549,090)
Other information							
Capital expenditure	926	700	-	224	131	-	1,981
Depreciation and amortisation	669	2,196	-	857	91	-	3,813

2017	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	22,473	23,251	-	173,935	845	-	220,504
Inter-segment sales	1,510	-	-	1,086	-	(2,596)	-
Total revenue	23,983	23,251	-	175,021	845	(2,596)	220,504

40. SEGMENTAL ANALYSIS (continued)

2017	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	68,098	(1,400)	8,251	30,939	(467)	(10,866)	94,555
Finance costs	-	-	-	(22,307)	-	-	(22,307)
Share of loss of joint ventures	-	-	(17)	(1,283)	(94)	-	(1,394)
Unallocated corporate expenses							(2,271)
Profit before tax							68,583
Tax expense							(11,306)
Profit for the financial year							57,277
Assets							
Segment assets	388,053	154,949	-	686,668	194,453	526	1,424,649
Investing assets	-	-	41,985	-	-	-	41,985
Investments in joint ventures	-	-	-	163,939	-	-	163,939
Current tax assets							9,631
Deferred tax assets							2,548
Consolidated total assets							1,642,752
Liabilities							
Segment liabilities	(83,521)	(1,147)	(9)	(649,054)	(15,957)	-	(749,688)
Current tax liabilities							(1,090)
Deferred tax liabilities							(15,727)
Consolidated total liabilities							(766,505)
Other information							
Capital expenditure	1,687	527	-	508	137		2,859
Depreciation	847	2,661	-	1,034	4		4,546

40. 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.

	2018 RM'000	2017 RM'000
Revenue from external customers		
Malaysia	217,494	196,412
Singapore	-	24,092
	217,494	220,504

Major customers

There are no major customers with revenue equal or more than ten percent (10%) of the Group revenue. As such, information on major customers is not presented.

	2018 RM'000	2017 RM'000
Non-current assets		
Malaysia	735,430	1,016,336
Singapore	22,139	23,921
	757,569	1,040,257

41. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

2018	Loans and receivables RM'000	Fair value through profit or loss RM'000	Total RM'000
Group			
Financial assets			
Trade receivables	45,186	-	45,186
Other receivables and deposits (excluding prepayments)	22,285	-	22,285
Amount owing by an associate	19,250	-	19,250
Amounts owing by joint ventures	1,410	-	1,410
Short term investments	-	66,154	66,154
Deposits	54,241	-	54,241
Cash and bank balances	20,824	-	20,824
Total financial assets	163,196	66,154	229,350

2018	Other financial liabilities RM'000	Total RM'000
Group		
Financial liabilities		
Trade payables	94,025	94,025
Other payables and accruals	17,587	17,587
Bank borrowings	432,443	432,443
Total financial liabilities	544,055	544,055

41. FINANCIAL INSTRUMENTS (continued)

(a) Classification of financial instruments (continued)

2017	Loans and receivables RM'000	Fair value through profit or loss RM'000	Total RM'000
Group			
Financial assets			
Trade receivables	31,597	-	31,597
Other receivables and deposits (excluding prepayments)	15,924	-	15,924
Amounts owing by joint ventures	1,250	-	1,250
Short term investments	-	25,733	25,733
Deposits	104,583	-	104,583
Cash and bank balances	28,000	-	28,000
Total financial assets	181,354	25,733	207,087

2017	Other financial liabilities RM'000	Total RM'000
Group		
Financial liabilities		
Trade payables	91,783	91,783
Other payables and accruals	23,104	23,104
Amount owing to a joint venture	5,379	5,379
Bank borrowings	629,422	629,422
Total financial liabilities	749,688	749,688

41. FINANCIAL INSTRUMENTS (continued)

(a) Classification of financial instruments (continued)

2018	Loans and receivables RM'000	Fair value through profit or loss RM'000	Total RM'000
Company			
Financial assets			
Trade receivables	24	-	24
Other receivables and deposits (excluding prepayment)	1,118	-	1,118
Amounts owing by subsidiary companies	400,941	-	400,941
Amounts owing by joint ventures	54	-	54
Short term investments	-	45,056	45,056
Deposits	390	-	390
Cash and bank balances	4,454	-	4,454
Total financial assets	406,981	45,056	452,037

2018	Other financial liabilities RM'000	Total RM'000
Company		
Financial liabilities		
Trade payables	18	18
Other payables and accruals	2,513	2,513
Amount owing to a subsidiary company	83,854	83,854
Bank borrowings	71,250	71,250
Total financial liabilities	157,635	157,635

41. FINANCIAL INSTRUMENTS (continued)

(a) Classification of financial instruments (continued)

2017	Loans and receivables RM'000	Fair value through profit or loss RM'000	Total RM'000
Company			
Financial assets			
Trade receivables	271	-	271
Other receivables and deposits (excluding prepayment)	525	-	525
Amounts owing by subsidiary companies	48,307	-	48,307
Short term investments	-	603	603
Deposits	390	-	390
Cash and bank balances	2,760	-	2,760
Total financial assets	52,253	603	52,856

2017	Other financial liabilities RM'000	Total RM'000
Company		
Financial liabilities		
Trade payables	165	165
Other payables and accruals	9,603	9,603
Amount owing to a subsidiary company	38,803	38,803
Bank borrowings	73,750	73,750
Total financial liabilities	122,321	122,321

41. FINANCIAL INSTRUMENTS (continued)

(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/(to) subsidiary companies, amount owing by an associate, 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.

(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.

(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				
2018	**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	-	66,154	-	66,154	66,154
Company					
Financial assets					
Financial assets at fair value through profit or loss					
- Short term investments	-	45,056	-	45,056	45,056

41. FINANCIAL INSTRUMENTS (continued)

(c) Fair value hierarchy (continued)

2017	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Fair value RM'000	Carrying amount RM'000
	Fair value of financial instruments carried at fair value				
Group					
Financial assets					
Financial assets at fair value through profit or loss					
- Short term investments	-	25,733	-	25,733	25,733
Company					
Financial assets					
Financial assets at fair value through profit or loss					
- Short term investments	-	603	-	603	603

42. 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.

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.

In the previous financial year, approximately 11% of the Group's sales were denominated in foreign currency. The Group's trade receivables and trade payables balances at the reporting date had similar exposures.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Foreign currency exchange risk (continued)

The Group also holds 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 RM54,014,000 (2017: RM109,015,000).

A sensitivity analysis has been performed on the outstanding foreign currency denominated monetary items of the Group as at 31 March 2018. 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 RM1,609,000 (2017: RM3,385,000). The other currency is not presented as the impact would not affect profit or loss.

(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 three (3) months or less.

The interest rate profile of interest rate risk of amounts owing by subsidiary companies have been disclosed in Note 16 to the financial statements.

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.

The interest rate profile of interest rate risk of amount owing to a subsidiary company has been disclosed in Note 16 to the financial statements.

A sensitivity analysis has been performed based on the outstanding floating rate bank borrowings of the Group as at 31 March 2018. 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 RM4,324,000 (2017: RM4,594,000), as a result of higher or lower interest expense on these borrowings.

(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.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk (continued)

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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Neither past due nor impaired	26,150	20,567	11	180
Past due, not impaired				
1 to 30 days past due	4,391	1,708	11	81
31 to 60 days past due	5,167	1,057	-	10
61 to 120 days past due	3,999	893	-	-
More than 120 days past due	5,479	7,372	2	-
	19,036	11,030	13	91
Past due and impaired	1,221	298	-	-
	46,407	31,895	24	271

<u>Receivables that are neither past due nor impaired</u>

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.

<u>Receivables that are past due but not impaired</u>

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.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk (continued)

Receivables that are past due and impaired

Trade receivables of the Company that are past due and impaired at the end of the reporting period are as follows:

	Group 2018 RM'000	Group 2017 RM'000
Individually impaired		
Trade receivables	1,221	298
Less: Impairment losses	(1,221)	(298)
	-	-

The reconciliation of movements in the impairment losses is as follows:

	Group 2018 RM'000	Group 2017 RM'000
Trade receivables		
At 1 April 2017/2016	298	-
Charge for the financial year	923	572
Reversal of impairment losses	-	(274)
At 31 March 2018/2017	1,221	298
Other receivables		
At 1 April 2017/2016	471	-
Charge for the financial year	-	471
At 31 March 2018/2017	471	471

	Company 2018 RM'000	Company 2017 RM'000
Amount owing by a subsidiary		
At 1 April 2017/2016	-	-
Charge for the financial year	208	-
At 31 March 2018/2017	208	-

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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.

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
2018				
Trade payables	94,025	-	-	94,025
Other payables and accruals	17,587	-	-	17,587
Bank borrowings	292,199	141,828	32,185	466,212
	403,811	141,828	32,185	577,824
2017				
Trade payables	91,783	-	-	91,783
Other payables and accruals	23,104	-	-	23,104
Amount owing to a joint venture	5,379	-	-	5,379
Bank borrowings	296,249	185,760	212,970	694,979
	416,515	185,760	212,970	815,245

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity and cash flow risks (continued)

Company	Less than 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
2018				
Trade payables	18	-	-	18
Other payables and accruals	2,513	-	-	2,513
Amount owing to a subsidiary company	83,854	-	-	83,854
Bank borrowings	55,301	10,464	9,156	74,921
	141,686	10,464	9,156	161,306
2017				
Trade payables	165	-	-	165
Other payables and accruals	9,603	-	-	9,603
Amount owing to a subsidiary company	38,803	-	-	38,803
Bank borrowings	55,032	10,437	11,742	77,211
	103,603	10,437	11,742	125,782

43. 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.

43. CAPITAL MANAGEMENT (conitnued)

The gearing ratios were as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Total borrowings (Note 24)	432,443	629,422	71,250	73,750
Less: Cash and bank balances, net of pledged bank balances	(20,629)	(27,805)	(4,454)	(2,760)
Deposits, net of deposits pledged	(52,091)	(102,433)	-	-
Short term investments	(66,154)	(25,733)	(45,056)	(603)
Net debt	293,569	473,451	21,740	70,387
Total equity	887,684	876,247	515,046	516,209
Net debt	293,569	473,451	21,740	70,387
	1,181,523	1,349,698	536,786	586,596
Gearing ratio	25%	35%	4%	12%

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 Group 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 Group has complied with this requirement.

44. SIGNIFICANT EVENT DURING THE REPORTING PERIOD

On 9 May 2017, SDBM, a wholly owned subsidiary of the Company entered into a Share Sale Agreement in acquiring 20% equity interest of Fortress Mining Sdn. Bhd. ("FMSB") *(formerly known as Webcon Mining Sdn. Bhd.)*. On 1 August 2017, SDBM acquired 2% equity interest of FMSB and the equity interest increased to 22% from 20%. Subsequently, on 4 October 2017, SDBM further acquired 13% of equity interest in FMSB and the equity interest increased to 35% from 22%. The principal activity of FMSB is acquisition of mines, mining rights, metalliferous land and quarries, and dealings in minerals.

45. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 29 June 2018, a wholly owned subsidiary of the Company, SDBM had entered into a Shares Transfer Agreement with two shareholders of Extra Diligent Sdn. Bhd. ("EDSB") to acquire 35% equity interest of EDSB, comprising 35,000 ordinary shares for a total cash consideration of RM10.00. The principal activity of EDSB is acquisition of mines, mining rights, metalliferous land, quarries and dealings in minerals and related business.

46. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 2 July 2018 by the Board of Directors.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 59 to 137 have been drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act 2016 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 2018 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Eddy Chieng Ing Huong
Director

Teh Lip Kim
Director

Kuala Lumpur
2 July 2018

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Loong Ching Hong (CA 9449), 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 59 to 137 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 2 July 2018	)	**Loong Ching Hong**

Before me:

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

ANALYSIS OF SHAREHOLDINGS
AS AT 29 JUNE 2018

Financial year ended	: 31 March 2018
Class of stock	: Ordinary share
Voting rights	: 1 vote per share

ANALYSIS OF SHAREHOLDINGS AS AT 29 JUNE 2018

	Number of Holders	Holdings	Total Holdings	%
	449	less than 100	7,136	0.00
	1,892	100 - 1,000	1,607,289	0.38
	4,582	1,001 - 10,000	20,380,223	4.78
	1,164	10,001 - 100,000	33,499,109	7.86
	153	100,001 to less than 5% of issued shares	119,516,853	28.05
	3	5% and above of issued shares	251,117,052	58.93
Total	**8,243**		**426,127,662**	**100.00**

DIRECTORS' SHAREHOLDINGS AS AT 29 JUNE 2018

		No. of Shares			
	Name of Directors	Direct Holding	Percentage %	Indirect Holding	Percentage %
1.	Mr Eddy Chieng Ing Huong	-	-	-	-
2.	Ms Teh Lip Kim	87,228,596	20.47	170,638,756	40.04
3.	Tan Sri Dato' 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 29 JUNE 2018

	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	87,228,596	20.47	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 29 JUNE 2018

Name of shareholders	Shares held	%
1. Teh Lip Kim	87,228,596	20.47
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. Teh Kien Toh Sdn Berhad	27,729,230	6.51
6. DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt An for Bank of Singapore Limited	15,388,000	3.61
7. Citigroup Nominees (Asing) Sdn Bhd Exempt An for UBS AG Singapore (Foreign)	12,489,000	2.93
8. Wang, Kun-Lung	11,350,200	2.66
9. Teh Wan Sang & Sons Housing Development Sdn Bhd	5,867,300	1.38
10. Chan Keong Hon Sdn Bhd	5,725,580	1.34
11. Ng Chin Siu & Sons Rubber Estates Sdn Bhd	3,246,500	0.76
12. UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	3,214,556	0.76
13. Citigroup Nominees (Tempatan) Sdn Bhd Exempt An for OCBC Securities Private Limited (Client A/C-ES)	2,788,000	0.65
14. CIMB Group Nominees (Asing) Sdn Bhd Exempt An for DBS Bank Ltd (SFS)	2,784,000	0.65
15. Gan Teng Siew Realty Sdn Berhad	2,224,900	0.52
16. HLB Nominees (Asing) Sdn Bhd Pledged Securities Account for Teh Lip Bin (CCTS)	2,000,000	0.47
17. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cho Chun Hong (E-BPJ/TDA)	1,780,500	0.41
18. Rengo Malay Estate Sdn Bhd	1,717,700	0.41
19 Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheam Heng Ming (E-KTN/RAU)	1,650,000	0.39
20. HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Surinder Singh A/L Wassan Singh	1,545,000	0.36
21. Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Chan Keong Hon Sdn Bhd (01-00600-000)	1,500,000	0.35
22. Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	1,352,800	0.32
23. HLB Nominees (Asing) Sdn Bhd Pledged Securities Account for Teh Lip Ling (CCTS)	1,341,000	0.31
24. Citigroup Nominees (Asing) Sdn Bhd Exempt An for OCBC Securities Private Limited (Client A/C-ES)	1,218,457	0.28
25. Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Serioes	1,118,200	0.26
26. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loong Ching Hong (E-KLC)	1,077,700	0.25
27. Bidor Tahan Estates Sdn Bhd	1,000,000	0.24
28. Chinchoo Investment Sdn Berhad	1,000,000	0.24
29. Gemas Bahru Estates Sdn Bhd	1,000,000	0.24
30. Key Development Sdn Bhd	1,000,000	0.24
	336,496,445	**78.97**

LIST OF MATERIAL PROPERTIES

Properties	Description	Land area/ (Built-up area) (Square feet)	Tenure (Expiry)	Age of building (Years)	Net book value as at 31.3.2018 (RM'000)	Date of last revaluation (Date of acquisition)
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)	20	186,000	23 March 2018
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)
GM 268 (Lot 581) and GM 188 (Lot 582), Tempat 8th Mile Ulu Klang, Mukim of Hulu Kelang, Daerah Gombak, Negeri Selangor	Development land	440,997	Freehold (N/A)	-	65,885	(26 January 2016)
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)	-	38,000	(28 March 2012)
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)
Geran No. Hakmilik 35127, Lot 289 Seksyen 2, Bandar Batu Ferringgi, Daerah Timor Laut, Negeri Pulau Pinang.	Development land	253,998	Freehold (N/A)	-	25,000	(5 October 2016)

LIST OF MATERIAL PROPERTIES

Properties	Description	Land area/ (Built-up area) (Square feet)	Tenure (Expiry)	Age of building (Years)	Net book value as at 31.3.2017 (RM'000)	Date of last revaluation (Date of acquisition)
HS(M) 15095 (PT 18600) Jalan Klang Gates, Mukim of Hulu Kelang, Daerah Gombak, Negeri Selangor	Development land	244,201	Leasehold (expiring on 30 June 2115)	-	23,199	(8 February 2013)
Lot 333P of TS 5 25, Teo Hong Road, Singapore 088333	1 block of 3 storey office building	1,731	Freehold (N/A)	-	21,164 (SGD7,176)	31 March 2016

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-Seventh Annual General Meeting of the Company to be held at the Ballroom, Hotel Maya Kuala Lumpur, 138, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 30 August 2018 at 9.00 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		
9	Resolution No.9		

(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 ________________ 2018.

____
Signature of Member(s)

* Delete whichever is not applicable

____
Telephone No./Handphone No.

Notes:

Proxy

(i) Only depositors whose names appear in the Record of Depositors as at 20 August 2018 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.

(iii) A member of the Company shall be entitled to appoint not more than two (2) proxies to attend and vote at the Annual General Meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holdings to be represented by each proxy.

(iv) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) 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 appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common 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 Constitution 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 20 August 2018 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
Fax : 603-2783 9222

Please fold here

www.sdb.com.my

Selangor Dredging Berhad (4624-U)

18th Floor, West Block, Wisma Selangor Dredging
142-C, Jalan Ampang, 50450 Kuala Lumpur

t 603 2161 3377
f 603 2161 6651