ANNUAL REPORT **2019**

SDB Selangor Dredging Berhad (4624-U)

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-EIGHTH ANNUAL GENERAL MEETING OF SELANGOR DREDGING BERHAD will be held at the Ballroom, Hotel Maya Kuala Lumpur, 138, Jalan Ampang, 50450 Kuala Lumpur on Tuesday, 27 August 2019 at 9.00 am for the following purposes:

1. To receive the Financial Statements for the year ended 31 March 2019 and the Directors' and Auditors' Reports thereon.	**(please refer to Explanatory Note A)**
2. To approve the payment of Dividend of 2.0 sen (2018: 2.5 sen) for the year ended 31 March 2019.	**(Resolution 1)**
3. To approve the payment of Directors' Fees amounting to RM320,170 (2018: RM320,862) for the year ended 31 March 2019.	**(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 2019 until the next annual general meeting of the Company.	**(Resolution 3)**
5. To re-elect Ms Teh Lip Pink who retires by rotation pursuant to Article 80 of the Company's Constitution.	**(Resolution 4)**
6. To re-elect the following directors who were appointed during the year and retire pursuant to Article 88 of the Company's Constitution: -	
(a) Mr Tony Lee Cheow Fui	**(Resolution 5)**
(b) Puan Selma Enolil binti Mustapha Khalil	**(Resolution 6)**
7. To re-appoint BDO as Auditors of the Company under the new practice name of BDO PLT and authorise the Directors to determine their remuneration.	**(Resolution 7)**

AS SPECIAL BUSINESS

8. 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 authorised 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 8)**

9. Proposed Adoption of New Constitution of the Company

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

   "THAT the new set of the Constitution of the Company in the form and manner as set out in Appendix I attached herewith be and is hereby approved and adopted as the new Constitution of the Company, in substitution for, and to the exclusion of, the existing Constitution of the Company AND THAT the Directors be and are hereby authorised to do all such acts and things and to take such steps that are necessary to give effect to the adoption of the new Constitution of the Company." **(Special Resolution 1)**

10. 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
29 July 2019

NOTICE OF DIVIDEND PAYMENT

Subject to the approval of the shareholders at the Annual General Meeting, a Single Tier Dividend of 2.0 sen will be paid on 13 September 2019 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 30 August 2019.

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 4.30 pm on 30 August 2019 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 19 August 2019 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 thereof, must be deposited at the Share Registrar, 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, or alternatively, Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, 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:

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-Eighth Annual General Meeting ("AGM") on the Directors' fees and benefits in two (2) separate resolutions as below:-

- Resolution 2 on payment of Directors' fees in respect of the financial year ended 31 March 2019

- Resolution 3 on payment of Directors' benefits (excluding Directors' fees) from 1 September 2019 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 2019 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 32 to 41 of the Overview Statement on Corporate Governance in the Annual Report 2019.

Resolution 8 – The proposed Ordinary Resolution 8, if passed, will give the Directors of the Company, from the date of the Fifty-Eighth 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-Seventh AGM held on 30 August 2018 and the said authority will lapse at the conclusion of the Fifty-Eighth 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.

Special Resolution 1
Proposed Adoption of New Constitution of the Company

The proposed Special Resolution 1, if passed, will give full effect to the proposed adoption of new Constitution of the Company by substituting the existing Constitution with the new set of Constitution as set out in Appendix I.

The rationale of the proposed amendments to the existing Constitution is to ensure continued compliance and to bring the Constitution of the Company in line with the following laws and regulations: -

(i) Amended Bursa Malaysia Securities Berhad Main Market Listing Requirements which was issued on 29 November 2017; and

(ii) Companies Act 2016 which came into effect on 31 January 2017.

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
Mr Tony Lee Cheow Fui
(Independent Non-Executive)

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

Puan Selma Enolil Binti Mustapha Khalil
(Independent Non-Executive)

SECRETARIES

Ms Won See Yee
(MAICSA 7047024)

Ms Seow Fei San
(MAICSA 7009732)

NOMINATING COMMITTEE

Chairman
Mr Tony Lee Cheow Fui

Members
Mr Eddy Chieng Ing Huong
Puan Selma Enolil Binti Mustapha Khalil

REMUNERATION COMMITTEE

Chairman
Mr Eddy Chieng Ing Huong

Members
Mr Tony Lee Cheow Fui
Puan Selma Enolil Binti Mustapha Khalil

INVESTMENT COMMITTEE

Chairman
Mr Eddy Chieng Ing Huong

Members
Ms Teh Lip Kim
Puan Selma Enolil Binti Mustapha Khalil

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 Golden Eagle Realty
142-C, Jalan Ampang
50450 Kuala Lumpur
Tel : 603-2161 3377
Fax : 603-2161 6651
Website : www.sdb.com.my

REGISTRAR

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

BDO PLT
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 Golden Eagle Realty
142-A, Jalan Ampang
50450 Kuala Lumpur
Tel : 603-2711 2288
Fax : 603-2711 2219

SDB Interiors Sdn Bhd
9th Floor, West Block
Wisma Golden Eagle Realty
142-C, Jalan Ampang
50450 Kuala Lumpur
Tel : 603-2171 2898/
603-2166 2721
Fax : 603-2166 4868

Supergreen Solutions Sdn Bhd
B-1-07, Block B, 19 Sentral
Jalan Harapan, Seksyen 19
46300 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7931 2290

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 Pte Ltd (201402968E) **100%**

SDB Interiors Sdn Bhd (78893-H) **100%**

SDB Mining Sdn Bhd (1227602-A) **100%**

- Extra Diligent Sdn Bhd (1203278-V) **45%**
- Fortress Minerals Limited (201732608K) **31%**

BOARD OF DIRECTORS

From left to right (front):

MS TEH LIP KIM
Managing Director

MS TEH LIP PINK
Non-Independent Non-Executive Director

PUAN SELMA ENOLIL BINTI MUSTAPHA KHALIL
Independent Non-Executive Director

From left to right (back):

MR TONY LEE CHEOW FUI
Independent Non-Executive Director

MR EDDY CHIENG ING HUONG
Chairman

PROFILE OF MEMBERS OF BOARD OF DIRECTORS

MR EDDY CHIENG ING HUONG
Chairman

Nationality
Malaysian

Gender
Male

Age
62

Mr Eddy Chieng Ing Huong, aged 62, 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 34 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 2019.

MS TEH LIP KIM
Managing Director

Nationality
Malaysian

Gender
Female

Age
52

Ms Teh Lip Kim, aged 52, 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 and Fortress Minerals Limited, a company listed in Catalist Board of Singapore.

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 34 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 2019.

MR TONY LEE CHEOW FUI
Independent Non-Executive Director

Nationality
Malaysian

Gender
Male

Age
63

Mr Tony Lee Cheow Fui, aged 63, Male, Malaysian Chinese, was appointed as an Independent Non-Executive Director on 31 December 2018. Mr. Lee is the Chairman of the Audit and Nomination Committees and a member of Remuneration Committee.

Mr. Lee graduated from the University of New South Wales, Australia in 1979 with a Bachelor of Commerce degree. Professionally, he is a fellow member of Chartered Accountants Australia and New Zealand (CAANZ), member of CPA Australia, the ISCA Singapore and the Malaysian Institute of Accountants.

He started his career with Touche Ross and Co in Sydney, Australia soon after graduation until his return to Malaysia in 1982. From 1982 to 1992, he was working for the ACI International group as finance manager in Malaysia, ACI was an Australian conglomerate with glass container and building products businesses in Malaysia. ACI International was subsequently acquired by BTR-Nylex Ltd and he was appointed as the regional finance head for the Asia buildings products division based in Singapore. In 1992, he left to join the corporate office of Fraser and Neave Limited as their Deputy Corporate Finance Manager. In 1996, he returned to Malaysia once again, as the Chief Financial Officer of the newly formed Fraser and Neave Holdings Bhd, which he had helped to setup. In 2007, he initiated a major acquisition for the group and soon after, he was appointed as the Chief Operating Officer for the dairies product division, the position he held until his retirement in May 2012.

A professional manager all his life and in recognition for his efforts during his career, he was selected as one of the winners in the Asia Pacific Entrepreneurial Awards for 2011.

Mr. Lee also served on the Board of Apex Equity Holdings Berhad and Esthetics International Group Berhad.

Mr. Lee does not have any family relationship with any director and/or substantial shareholder of the Company. Mr. Lee has no conflict of interest with the Company. Mr. Lee 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 2019.

MS TEH LIP PINK
Non-Independent
Non-Executive Director

Nationality	Gender	Age
Malaysian	Female	67

Ms Teh Lip Pink, aged 67, 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 34 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 2019.

PUAN SELMA ENOLIL BINTI MUSTAPHA KHALIL
Independent
Non-Executive Director

Nationality	Gender	Age
Malaysian	Female	48

Puan Selma Enolil Binti Mustapha Khalil, aged 48, Female, Malaysian Malay, is our Independent Non-Executive Director. She was appointed to the Board on 31 December 2018. She is also a member of the Audit, Investment, Nomination and Remuneration Committees.

She graduated from University of Wales, Aberystwyth with a Bachelor of Laws in 1994. She obtained her Certificate in Legal Practice in 1995 and was called to the Malaysian Bar as an Advocate and Solicitor in 1996.

She started her career as an Advocate and Solicitor with Messrs Abu Talib Shahrom & Zahari in December 1996. She left Messrs Abu Talib Shahrom & Zahari in October 1998 to join TNB Remaco Sdn Bhd as a legal executive. She left TNB Remaco Sdn Bhd in June 2000 and resumed practising law as an Advocate and Solicitor with Messrs Raslan Loong in July 2000. She left Messrs Raslan Loong in August 2003 and co-founded Messrs Enolil Loo, Advocates and Solicitors in September 2003, in which she is currently a Partner.

Puan Selma presently sits on the board of directors of Techbond Group Berhad, a company listed on the Main Market of Bursa Securities, and LKL International Berhad, a company listed on the ACE Market of Bursa Securities. She is also a director of Powerwell Holdings Berhad, and is a director and trustee of Ericsen Foundation.

Puan Selma does not have any family relationship with any director and/or substantial shareholder of the Company. Puan Selma has no conflict of interest with the Company. She 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 2019.

PROFILE OF KEY SENIOR MANAGEMENT

MR LOONG CHING HONG
Group General Manager, Selangor Dredging Berhad

Nationality
Malaysian

Gender
Male

Age
53

Mr Loong Ching Hong, aged 53, Male, 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. He currently holds directorship in subsidiary and associated companies of Selangor Dredging Berhad and Fortress Minerals Limited, a company listed in Catalist Board of Singapore.

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 2019.

CHAIRMAN'S STATEMENT

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

THE YEAR ENDED 31 MARCH 2019 CONTINUED TO BE CHALLENGING FOR THE PROPERTY DEVELOPMENT SECTOR AS A WHOLE. MACRO-ECONOMIC CONDITIONS REMAINED SUBDUED WHILE THE PROPERTY MARKET WAS BEARISH WITH CAUTIOUS PURCHASERS AND TIGHTER LENDING GUIDELINES.

Due to the challenging environment, the Group recorded a lower pre-tax profit of RM35.72 million compared to RM52.89 million in the previous year. This comparison was also affected by the completion of disposal of Wisma Selangor Dredging in the previous fiscal year. However, there was an increase in turnover of RM256.13 million compared to RM151.05 million in 2018. The increase was mainly due to new marketing strategies implemented by the Group to convert unsold stocks into sales and inclusion of our development, UNA at Jalan Peel in Kuala Lumpur into the turnover.

The year ended 31 March 2018 was restated due to the adoption of Malaysian Financial Reporting Standards.

GROUP OPERATIONS

During the year under review, the Group focused on marketing unsold units in completed developments and developments under construction. Marketing efforts were executed in Peninsular and East Malaysia as well as in other countries such as Hong Kong and China, to reach international investors and purchasers.

Our development located in Seksyen 19 Petaling Jaya, The Hub SS2 was completed and duly handed over to purchasers in April 2018. This commercial development which comprises 2 retail blocks and a 44 storey tower with 276 units of signature suites, is located along Jalan Harapan and is conveniently linked to Lebuhraya Damansara Puchong (LDP).

In the meantime, construction of SqWhere, the mixed development in Sungai Buloh will be completed by July 2019. UNA, at Jalan Peel is progressing as planned and is due for completion in 2022.

Hotel Maya, our hotel property located on Jalan Ampang Kuala Lumpur saw reduced occupancy rates of 38% compared to 49% in the last financial year. This reduction was mainly due to volatile market situations and increase in Airbnb accommodations in the City Centre. Hence, we took the opportunity to commence with refurbishment works in the hotel affecting 40% of total inventory.

With regards to the Group's involvement in the mining sector, our associate company Fortress Minerals Limited is a leading high-grade iron ore producer in Bukit Besi, Terengganu. It contributed RM7.08 million of net profit to the Group during the financial year. The listing of Fortress Minerals Limited on the Singapore Exchange Catalist on 27 March 2019 also resulted in a net gain of RM11.45 million to the Group.

__SqWhere, Sungai Buloh__ is directly linked to the Kampung Selamat MRT station via a 75m link bridge

AWARDS

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

In April 2019, our Property Management arm was awarded a Bronze award for The Edge Best Managed Property Award for AMANSARI in Puchong for Above 10 Years Non-Strata Residential category and DEDAUN in Jalan Ampang for Below 10 Years Multi-own Strata Residential Category.

Village at Pasir Panjang, our development in Singapore was awarded the FIABCI Singapore Property Award in the Residential (Low-Rise) category in October 2018. Subsequent to this, it was awarded the World Gold FIABCI Prix d'Excellence Award 2019, which was held in Moscow, Russia in May this year. We are indeed delighted as this is our second World FIABCI Prix d'Excellence awarded for our developments in Singapore.

In May 2019, Hijauan on Cavenagh was the award winner for Residential Development in Singapore at the Asia Pacific Property Awards 2019 held at Bangkok, Thailand.

Village at Pasir Panjang, Singapore, *was awarded the World FIABCI Prix d'Excellence Award (Low Rise) in May 2019*

__Hijauan on Cavenagh, Singapore__ was the Award Winner for Residential Development at the Asia Pacific Property Awards 2019

__The Hub, Petaling Jaya__, is adjacent to SDB's developments Five Stones and Ameera

DIVIDEND

The Board of Directors has recommended a dividend of 2.0 sen per share (Financial Year 2018: 2.5 sen) amounting to RM8,522,553 (Financial Year 2018: 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 goes out to our shareholders, customers and business associates for their continued support throughout the years.

EDDY CHIENG ING HUONG
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

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

THIS YEAR UNDER REVIEW WAS SLUGGISH FOR THE PROPERTY MARKET. DUE TO THE SLOW ECONOMIC GROWTH AND DECLINE IN PROPERTY TRANSACTIONS, DEVELOPERS HAD TO FIND DIFFERENT WAYS OF ATTRACTING PURCHASERS.

These conditions affected the main business activity for the Group, which is property development.

FINANCIAL

For the year ended 31 March 2019, the Group registered a pre-tax profit of RM35.72 million compared to RM52.89 million in 2018. This was due to the completion of disposal of Wisma Selangor Dredging on 5 December 2017. Turnover was RM256.13 million compared to RM151.05 million in the last financial year. The significant increase in turnover was mainly due to new marketing strategies implemented by the Group to convert unsold stocks into sales and inclusion of our development, UNA into the turnover.

The year ended 31 March 2018 was restated due to the adoption of Malaysian Financial Reporting Standards.

Property

Hotel Operations

For the year under review, the hotel saw a reduction in revenue from RM18.56 million last year to RM13.87 million this year. The hotel made a gross operating loss of RM2.63 million compared to profit RM941,000 from last year.

Property Development

For the year ended 31 March 2019, the Group's property development activities recorded a gross profit of RM64.14 million on a turnover of RM236.87 million from the sale of unsold stocks and ongoing projects.

PERFORMANCE REVIEW

Mining

With regards to the Group's involvement in the mining sector, Fortress Minerals Limited is a leading high-grade iron ore producer in Bukit Besi, Terengganu. It has contributed RM7.08 million of net profit to the Group during the financial year. The listing of Fortress Minerals Limited in Singapore Exchange has also resulted in a net gain of RM11.45 million.

Property

Our main business activity is primarily property development, as well as hotel operations at 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 49% to 38%. The decrease in occupancy was mainly due to volatile market situations and Airbnb accommodations in the City Centre. The hotel made a gross operating loss of RM2.63 million.

Currently, the hotel is embarking on refurbishing its hotel rooms affecting 40% of its inventory. The hotel will continue to embark in its marketing and promotional efforts in Malaysia as well as in other Asian and European countries.

	TURNOVER	EARNINGS AFTER TAX	PROFIT BEFORE TAXATION	NET ASSETS BACKING
	RM256.13 MILLION	5.73 SEN	RM35.72 MILLION	199.24 SEN
2019	RM256.13 million	5.73 sen	RM35.72 million	199.24 sen
2018	RM151.05 million	9.82 sen	RM52.89 million	194.85 sen

SqWhere, Sungai Buloh *- like other SDB developments, the SqWhere Service Apartments enjoy abundant light and ventilation*

The Hub, Petaling Jaya - *rooftop pool provides a 360° view of Petaling Jaya and beyond*

Property Development

Malaysia's property sector is picking up at a slow rate due to the challenging market conditions and consumer's cautious spending habits from the increase cost of living, as well as firmer bank policies.

At the time of writing, SqWhere in Sungai Buloh will be completed as planned in July 2019. With excellent connectivity, SqWhere is directly connected to the Kampung Selamat MRT station via a 75m direct link bridge and has easy accessibility to major expressways.

The Hub SS2 in Seksyen 19 Petaling Jaya, was handed over to purchasers in April 2018. The Hub comprises 13 units of 2 ½ 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 enjoy.

Currently under construction is UNA located at Jalan Peel, Kuala Lumpur. Comprising of 316 units of service apartments, with retail units on the Ground Floor, UNA is located directly opposite the Sunway Velocity Mall and very close to the Maluri and Cochrane MRT stations.

The Group also focused on marketing unsold stocks for completed developments and developments under construction. This included having roadshows in both Peninsular and East Malaysia, as well as overseas.

Prospects

The year under review remained challenging for the Group, as the property market did not show signs of recovery. We continued to market the 255 units of Serviced Apartments in the mixed development in Sungai Buloh, SqWhere. The other development would be UNA which is conveniently located 300m from the Maluri MRT and 850m from the Cochrane MRT station. Like all 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 activities on the podium deck on the 9th floor, as well as on the 26th floor roof top.

The Singapore property market remained cautious. We focused on our on-going developments. Located at District 10, One Draycott is 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.

Our waterfront development in Singapore is JUI Residences located on Serangoon Road, in District 12. The 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 apartments with art-deco inspired elements from NAWC into the development.

Jui Residences, Singapore
is located right next to the Kallang River in Serangoon, District 12 Singapore

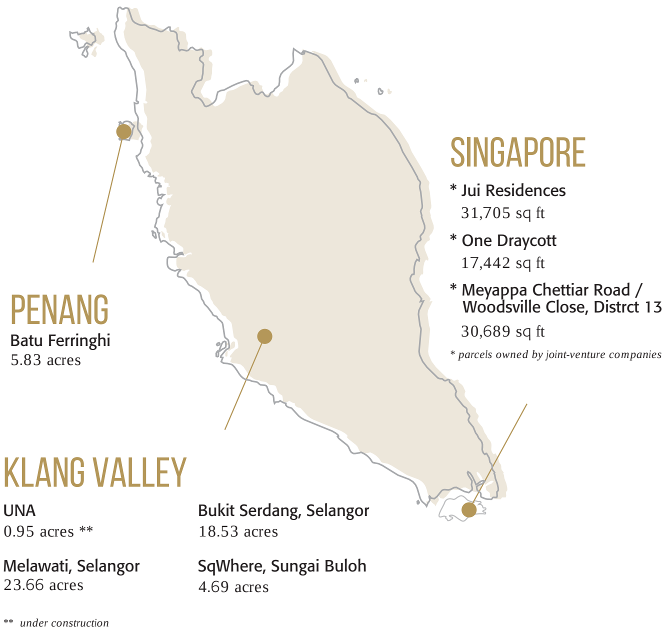
Village at Pasir Panjang, Singapore *was awarded the World FIABCI Prix d'Excellence Award (Low Rise) in May 2019.*

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 30,689 sq ft had been bought from individual owners and will be amalgamated. Currently, we are in the midst of planning for this development.

We are delighted to share that we were awarded the FIABCI Singapore Property Award in the Residential (Low Rise) category in October 2018, for our development Village at Pasir Panjang in Singapore. This 148 units development located at Pasir Panajang Road features a 8,000 sq. ft. lawn which has been designed for residences to congregate similar to a village. Subsequently, in May 2019 Village at Pasir Panjang received the World Gold award for the Residential (Low Rise) category in the prestigious FIABCI Prix d'Excellence Awards held in Moscow, Russia.

At the same time, Hijauan on Cavenagh in Singapore was the award winner for Residential Development in Singapore at the Asia Pacific Property Awards 2019 held at Bangkok, Thailand. Our Property Management arm was also awarded a Bronze award for The Edge Best Managed Property Award for AMANSARI in Puchong for Above 10 Years Non-Strata Residential category and DEDAUN in Jalan Ampang for Below 10 Years Multi-own Strata Residential Category.

GROUP'S LANDBANK



Looking Forward

The outlook for the coming financial year is expected to remain challenging in view of the adverse market and over supply of properties. The Group will continue to strategise its marketing activities in order to convert its inventories into sales and adopt a cautious approach in launching new developments. Currently the Group has approximately RM241.90 million of unbilled sales in hand which is derived from ongoing projects in Singapore and Malaysia.

Dividend

The Board of Directors has recommended a dividend of 2.0 sen per share (Financial Year 2018: 2.5 sen) amounting to RM8,522,553 (Financial Year 2018: RM10,653,192) for the year under review and this will be tabled for shareholders' approval at the forthcoming Annual General Meeting.

***One Draycott, Singapore** is located in a prime location just minutes away from the world famous Scotts/Orchard Road shopping belt*

SUSTAINABILITY STATEMENT

The Group recognises its duty as a responsible corporate citizen and remains firmly committed to the principles and practices of sustainability. The Group values sound and responsible business ethics and encourages strong corporate governance. It is fully committed in practising a high level of corporate governance across all its business activities, upholding a strong corporate culture in corporate governance, efficient in management and trustworthy in all its business dealings. This culture underpins the Group's interactions with its employees, customers, stakeholders and the society in which it operates in, all the while considering the economic, social and environmental factors. Thus, sustainability will be formally incorporated into the Risk Management Committee's task in the second half of 2019.

For the financial year ended 31 March 2019, all projects were delivered on time and have met the Group's set of quality of standards. The Group also understands the importance of engaging with its customers. As such SDB aims to constantly improve its customer service across all levels. The valuable relationship with the residents in all of SDB's developments is fostered through festive activities and community programmes.

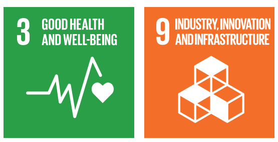
As we adopt a holistic approach to business management by upholding the Economic, Environmental and Social (EES) pillars of sustainability, we continue to work closely with our various stakeholders to identify and address sustainability matters that significantly influence their decision-making. To this end, we are committed to strengthening stakeholder engagement so that we can tackle emerging issues and drive change from the ground.

We are steadfast in adopting a multi-stakeholder approach by communicating and collaborating with regulators, investors, employees, customers and other relevant stakeholders to strengthen our performance in the context of sustainability in the short, medium and long-term.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

ECONOMIC SUSTAINABILITY

One of the underlying sustainability principles of the Group's business philosophy is fair dealings in its business practices, which have seen the Group managing its business well since 1968. Ethical engagement with the marketplace is something the Group takes very seriously. In this regard, the Group always strives to deliver products and services that meet the criteria of value, quality and satisfaction for its customers and clients. In line with the Group's philosophy of conducting its business dealings with integrity, a transparent procurement process is in place. The Group practises an open tender system. All appointed business partners must also comply with all statutory regulations, standards and Code of Practices as per the contract terms and conditions. Environmental, safety and health factors are also included in the supply-chain contract.



ENVIRONMENTAL SUSTAINABILITY

The Group believes that a business practice with a sustainable environment can boost its business, improve reputation and drive market opportunities. The Group also recognises the importance of environmental protection and preservation in all its business operations and as such, supports efforts that promote a cleaner and healthier environment in its day-to-day activities and operations.

This is further demonstrated by the prestigious world awards that the Group has won over the years that is not only based on a set of high-quality standards but also in enhancing the environment. The main mission of the Group all this while is to design, develop and manage quality developments that contribute positively to the sustainability of the environment ecosystem.

Employees are encouraged to reduce the use of paper and employ energy-efficient practices in its daily operations. The Group has also initiated an urban farming programme to residents in hope to raise more awareness on self-reliance, and maximising the use of space by planting for better air quality and overall health.

SOCIETAL SUSTAINABILITY

Employment

The Group employs a workforce of about 300 and some of the employees are still working with the Group under contractual basis after their retirement age. The Group ensures that its Human Resources policies and guidelines not only comply with all relevant legislations but also ensures that its workplace embraces diversity, inclusion, empowerment and equality.

Employees

On gender equality, about 41.0% of the managerial roles are held by women, including the top post of Managing Director. While almost half of employees are women with about 46.0%, all employees are given equal opportunity for career advancement and meritocracy is practised in employees annual performance assessment, 7.5% out of all employees have been promoted through the company's succession planning and identified pools of talent. The Group regards its employees as key assets, hence managing talents at all levels is a priority.

The Group is also in full compliance with accepted standards of safety and health in the workplace. It emphasises on the importance of creating a clean, safe and healthy working environment to ensure the wellbeing of its employees. Furthermore, there was no reported incidence in our developments for the reporting year.

Customer

The Group also understands the importance of engaging with its customers, and building lifelong relationships with them. As such the Group is continuously improving not only the quality of its products but its customer service across all levels. Feedbacks and grievances are channeled to the respective teams involved at the various stages of the property development to ensure that the products and services meet the highest level of our customer's expectation and satisfaction. Thus, also ensuring the Group's loyal shareholders get a good return on their investments. The Group also meets up regularly with financial institutions and the media, in order to foster closer relationships.

Community

"The valuable relationship with all stakeholders (society) especially the residents at all SDB's development is fostered through festive activities and community programmes."

The Group believes in sharing its success with the community and has participated in community projects for the benefit of various stakeholders. Events like the Hub Fiesta was held on 1 December 2018 to showcase the new retail tenants at The Hub SS2. Residents from the surrounding vicinity like Five Stones and Ameera were invited to participate in the many events organised. The fiesta-like atmosphere was filled with food trucks, games like Fish the Duck, face painting, clown shows, cooking demonstrations and also a year-end sale by Buffalo. The objective of the Fiesta was to bring together the residents of the neighbourhood so that they can connect and enjoy the offerings by the new retail tenants and showcase the amenities that are available at their convenience.

And simutaneosly on the same date at Park Seven, an event was held to enlighten residents at Park Seven on how to lead a sustainable lifestyle starting from home. Claire Sancelot, owner of “The Hive Bulkfood” gave a talk on Living Zero Waste – trying to eliminate as much waste as possible and Sustainable Living – steps that you could adopt in your home that leads to sustainability. While on 18 November 2018, an event was held at 20Trees, ‘How To Become an Urban Farmer’ in collaboration with Homegrown Farms Semenyih, a family farming adventure that inspires others to lead an organic and sustainable life. Specially held for the residents of 20Trees, this event showcased different parts to leading a sustainable lifestyle. Firstly, residents were taught on how to grow their vegetables and innovative solutions to growing vegetables in their backyard. There were also interesting cooking demonstrations - how to cook organic vegetables naturally, without adding MSG or harmful ingredients. Residents also learnt on composting, and how to create their own composting bin. As a token of appreciation, residents walked away with a special give away – seedlings and a hands-on session of replanting. Refreshments were provided courtesy of Coffesprex which is managed by those with hearing disabilities and single parents.

Corporate Social Responsibility (CSR)

Besides the CSR initiatives that the Group has undertaken, we have also conducted a Job Coaching workshop to train coaches, so in return they can train people with disabilities (PWD).

Together with One-Two-Juice and One-Two-Wash, the Group is optimistic of its efforts to assist people with disabilities. The Group's internship programme helps those with disabilities to establish a career and gain exposure either as a permanent or contract staff.

GROUP FINANCIAL HIGHLIGHTS

YEAR ENDED 31 MARCH	'19 RM'000	'18 RM'000 Restated	'17 RM'000 Restated	'16 RM'000	'15 RM'000
PROFITABILITY					
Turnover	**256,126**	151,049	189,251	216,561	400,505
Profit before taxation	**35,715**	52,894	48,351	46,867	96,524
Provision for taxation	**(11,299)**	(11,049)	(6,591)	(3,779)	(29,576)
Profit after taxation	**24,416**	41,845	41,760	43,088	66,948
Minority interest	**-**	-	-	-	-
Earnings for the year	**24,416**	41,845	41,760	43,088	66,948
Profit available for appropriation	**513,663**	499,900	549,672	518,565	488,261
Dividend, net of tax	**10,653**	91,617	10,653	12,784	12,784
KEY BALANCE SHEET DATA					
Total assets	**1,450,095**	1,474,693	1,655,385	1,531,057	1,433,805
Issued share capital	**213,541**	213,541	213,541	213,064	213,064
Shareholders' fund	**849,018**	830,330	860,730	813,776	770,648
Total bank borrowings	**412,959**	432,443	629,422	563,761	505,100
No of ordinary shares in issue ('000)	**426,128**	426,128	426,128	426,128	426,128
SHARE INFORMANCE					
Return on equity	**2.88%**	5.04%	4.85%	5.29%	8.69%
Return on total assets	**1.68%**	2.84%	2.52%	2.81%	4.67%
Gearing ratio	**30.54%**	25.97%	35.37%	33.28%	30.66%
Interest cover	**2.92**	3.85	3.17	3.07	6.43
Earnings after tax (sen)	**5.73**	9.82	9.80	10.11	15.71
Dividend after tax (sen) *	**2.00**	2.50	2.50	2.50	3.00
Net asset backing (sen)	**199.24**	194.85	201.99	190.97	180.85
Price earning ratio (x)	**11.52**	8.50	9.69	9.25	6.37
Gross dividend yield	**3.03%**	25.75%	2.63%	3.21%	3.00%
Share price as at 31 March (RM)	**0.66**	0.84	0.95	0.94	1.00

** Dividend declared during the financial year.*

Turnover RM'000

RM256,126

2019	**256,126**
2018	151,049
2017	189,251
2016	216,561
2015	400,505

Earnings After Tax SEN

5.73 sen

2019	**5.73**
2018	9.82
2017	9.80
2016	10.11
2015	15.71

Profit Before Taxation RM'000

RM35,715

2019	**35,715**
2018	52,894
2017	48,351
2016	46,867
2015	96,524

Net Assets Backing SEN

199.24 sen

2019	**199.24**
2018	194.85
2017	201.99
2016	190.97
2015	180.85

Total Assets RM'000

RM1,450,095

2019	**1,450,095**
2018	1,474,693
2017	1,655,385
2016	1,531,057
2015	1,433,805

Shareholders' Fund RM'000

RM849,018

2019	**849,018**
2018	830,330
2017	860,730
2016	813,776
2015	770,648

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

Mr Tony Lee Cheow Fui
(Independent Non-Executive)

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

Puan Selma Enolil binti Mustapha Khalil
(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 9 to 12 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, instil 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 conducting 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 four (4) 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	4/4
Ms Teh Lip Kim	4/4
Ms Teh Lip Pink	4/4
Mr Tony Lee Cheow Fui (appointed w.e.f. 31.12.2018)	1/4
Puan Selma Enolil binti Mustapha Khalil (appointed w.e.f. 31.12.2018)	1/4
Tan Sri Mohd Ismail Bin Che Rus (resigned w.e.f. 2.1.2019)	3/4
Mr Tee Keng Hoon (resigned w.e.f. 2.1.2019)	3/4

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 director.

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 briefing pertaining to Corporate Liability Provision of The Malaysian Anti- Corruption Commission (Amendment) Act 2018, conducted by Mr Chang Ming Chew, the Managing Director of NGL Tricor Governance Sdn Bhd on 27 May 2019.

Board Committees

The Board has set up five Board Committees, i.e. Investment, Audit, Nominating, 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 Nominating 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.

During the financial year, the Nominating Committee has reviewed the necessity for the Company to re-organise the composition of Board of Directors to ensure that the calibre, credibility and necessary skills and experience required were always in place to have an effective Board and enable the Board to be better equipped to respond to challenges that might arise and deliver value to the Company. Mr Tony Lee Cheow Fui and Puan Selma Enolil Binti Mustapha Khalil have been appointed as Independent Non-Executive Directors of the Company, while Tan Sri Mohd Ismail bin Che Rus and Mr Tee Keng Hoon who have served as Independent Directors for a cumulative term of more than 9 years have resigned as Senior Independent Director and Independent Director respectively, to in line with the best corporate governance practice. Their appointment was recommended by the existing board member.

Board Nominating Process

The Nominating 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.

There is no assessment on the Independent Directors done for the financial year as they were appointed on 31 December 2018.

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 Nominating Committee during the financial year are as follows:-

- Reviewed the mix of skill and experience and other qualities of the Board.
- Assessed the effectiveness of the Board as a whole, the Board committees and the Directors.
- Discussed the Company's Directors' retirement by rotation.
- Reviewed and assessed the candidate for appointment as new directors.

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 Directors' remuneration paid or payable to the Directors of the Company for the financial year ended 31 March 2019 is as follows:

Received on Company Basis

	Directors' Fee RM	Meeting Allowances RM	Salaries & Other Emoluments RM	Benefit - in- Kind RM
Eddy Chieng Ing Huong	88,000	2,000	-	-
Teh Lip Kim	40,000	2,000	715,188	-
Teh Lip Pink	40,000	2,000	-	-
Tan Sri Mohd Ismail bin Che Rus	42,000	1,500	-	-
Tee Keng Hoon	36,000	1,500	-	-
Tony Lee Cheow Fui	14,000	500	-	-
Selma Enolil Bt Mustapha Khalil	12,000	500	-	-

Received on Group Basis

	Directors' Fee RM	Meeting Allowances RM	Salaries & Other Emoluments RM	Benefit - in- Kind RM
Eddy Chieng Ing Huong	92,000	2,000	-	-
Teh Lip Kim	80,170	2,000	1,430,376	-
Teh Lip Pink	44,000	2,000	-	-
Tan Sri Mohd Ismail bin Che Rus	42,000	1,500	-	-
Tee Keng Hoon	36,000	1,500	-	-
Tony Lee Cheow Fui	14,000	500	-	-
Selma Enolil Bt Mustapha Khalil	12,000	500	-	-

The remuneration of the top five key senior management of the Company during the financial year ended 31 March 2019 as follows:-

Key Senior Management Remuneration	Number
RM700,000-750,000	1
RM350,000-400,000	1
RM300,000-350,000	3

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 pages 48 to 50 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 exist 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, BDO PLT 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 pages 42 to 45 of this Annual Report 2019.

The cost incurred for the internal audit function for the financial year ended 31 March 2019 is RM83,828.16.

(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 2019 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 pleased to present the Statement on Risk Management and Internal Control of the Group which outlines the nature and scope of risk management and the internal control systems of the Group for the financial year ended 31 March 2019. This statement is prepared in accordance with paragraph 15.26(b) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR") 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 Company. 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.

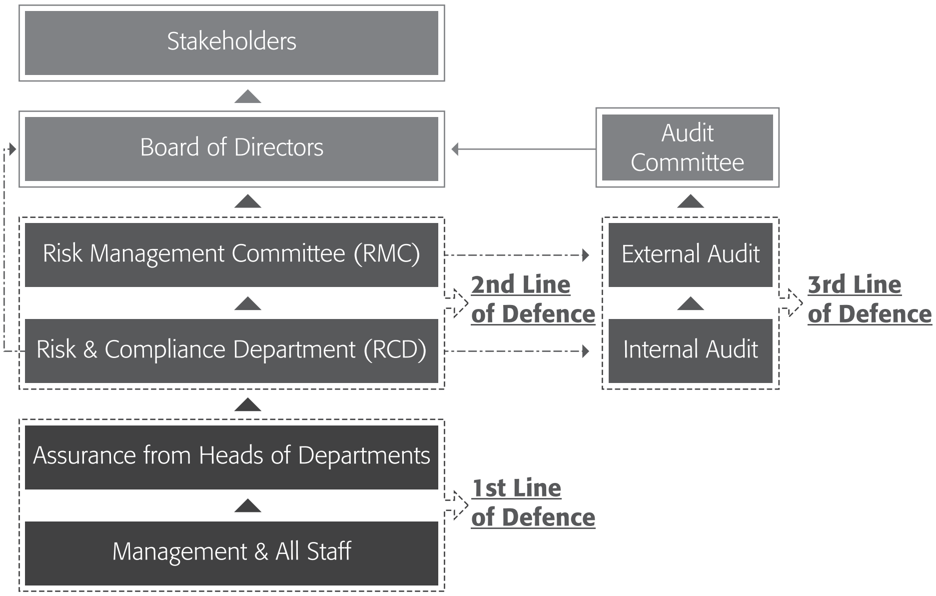
ENTERPRISE RISK MANAGEMENT ("ERM")

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 factors of concern together with the necessary action plan, if any from the perspectives of regulatory & legal, governance & operational controls, financial, customers, products & services, suppliers, project management, information technology, branding and human capital. And all these factors will be also evaluated base on the concern for sustainability.

The Group's ERM process as shown below:

Organisational ERM Framework for Assurance

Line of Defence	Task
1st. Head of Departments & All Staff	Responsible for on-going oversight of risk & control at day to day work level.
2nd. RCD & RMC	Establish and maintain ERM Framework, assessing, monitoring, reporting and controlling risk on a company-wide level.
3rd. Internal Audit & External Audit	Provide Independent Assurance to Board of Directors and Senior Management that Risk Management Processes and Tools are effectively implemented.



The Group' identified Risk Factors & Mitigation Plans for the financial year under review are outlined as follows:

No.	Risk Factor	Risk Description	Mitigation Plan
1	External	Soft Market Demand	1. Increasing the number of panel of financiers. 2. Focus centric selling to target medium and above income group.
2	Operational	Project Risk Management-to achieve SDB's Planning & Design requirement (Concept, Timing & Costing)	1. Project team to manage project as per Group's guideline and requirement. 2. Project team to manage contractors and consultants on a timely basis. 3. Contractors and consultants are evaluated on a certain set of key performance criteria.
3	Regulatory	Changes in Regulatory Requirement & Government Policies	1. Management is diligently monitoring the development and changes in the local and Singapore market in planning future developments. 2. To provide suggestion and feedback to Real Estate and Housing Developers' Association (REDHA) Malaysia.
4	Customers	Slow Sales Response	1. Increasing a wider network of credible sales agencies to better position the product in the market. 2. Increasing the use of digital marketing.
5	Financial	Expenditure	1. Budget is prepared on an annual basis 2. Close monitoring by management on a monthly basis on actual expenditure against budgeted expenditure. 3. Controlling expenses through approval by Limit of Authority matrix

Risk Management Activities

As part of the Group's effort to instil 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.
- Provided risk advisory and independent assessment as well as facilitated discussions across the Group.
- Refinement of the risk depository system to enhance risk tracking and monitoring.
- Conduct random compliance checking on departments as per risk schedule activities.
- Monitoring and follow-up until completion on all individual department's action plan.

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 reviewed 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 financial year ended 2019 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

OTHER CORPORATE DISCLOSURE

1. Utilisation of Proceeds

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

2. 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.

3. 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	202,350	44,000
Review of Statement on Risk Management and Internal Control	3,000	-
Total	205,350	44,000

4. 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.

5. Revaluation Policy on Properties

The revaluation policy on properties is as disclosed in the financial statements for the financial year ended 31 March 2019.

6. 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.

AUDIT COMMITTEE REPORT

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 2019.

(A) COMPOSITION

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

Mr Tony Lee Cheow Fui, the Chairman of Audit Committee is a fellow member of Chartered Accountants Australia and New Zealand (CAANZ), member of CPA Australia, the ISCA Singapore and The Malaysian Institute of Accountant while 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	Mr Tony Lee Cheow Fui (appointed w.e.f. 31.12.2018)	1/4
	Tan Sri Mohd Ismail bin Che Rus (resigned w.e.f. 2.1.2019)	3/4
Members	Mr Eddy Chieng Ing Huong	4/4
	Puan Selma Enolil Binti Mustapha Khalil (appointed w.e.f. 31.12.2018)	1/4
	Mr Tee Keng Hoon (resigned w.e.f. 2.1.2019)	3/4

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, BDO PLT, 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.

(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 ("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 NGL Tricor Governance Sdn Bhd since February 2018.

The activities of the Internal Auditors during the financial year ended 31 March 2019 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 2019; 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

DIRECTORS' REPORT

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 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Company are provision of management services, investment holding and property leasing. The principal activities and the details of the subsidiaries are disclosed in Note 6 to the financial statements.

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

RESULTS

	Group RM'000	**Company RM'000**
Profit for the financial year	24,416	57,228
Profit attributable to:		
- equity holders of the Company	24,416	57,228

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 2018, proposed in the previous financial year and dealt with in the previous year's Directors' Report was paid by the Company during the current financial year.

The Directors proposed a single tier dividend of 2.0 sen per ordinary share amounting to RM8,522,553 in respect of the financial year ended 31 March 2019.

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 who have held office during the financial year and up to the date of this report are as follows:

Selangor Dredging Berhad

Eddy Chieng Ing Huong
Teh Lip Kim
Teh Lip Pink
Tony Lee Cheow Fui (Appointed on 31 December 2018)
Selma Enolil Binti Mustapha Khalil (Appointed on 31 December 2018)
Tan Sri Mohd Ismail Bin Che Rus (Resigned on 2 January 2019)
Tee Keng Hoon (Resigned on 2 January 2019)

Subsidiaries of Selangor Dredging Berhad

Teh Lip Kim
Loong Ching Hong
Eddy Chieng Ing Huong
Teh Lip Pink

DIRECTORS' INTERESTS

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

	← Number of ordinary shares →			
Shares in the Company	**Balance as at 1.4.2018**	**Bought**	**Sold**	**Balance as at 31.3.2019**
Teh Lip Kim				
- direct	87,228,596	-	-	87,228,596
- indirect	170,638,756	-	-	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, none of the Directors have received or became entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for 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 subsidiaries with Directors or with companies in which the Directors are deemed to have substantial financial interests, as disclosed in Note 34 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

The details of Directors' remuneration are set out in Note 29 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 RM27,000 and RM5,200 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 were no known bad debts 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 writing 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 41 to the financial statements.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF0206), 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 2019 are disclosed in Note 28 to the financial statements.

BDO PLT (LLP0018825-LCA & AF 0206) was registered on 2 January 2019 and with effect from that date, BDO (AF0206), a conventional partnership was converted to a limited liability partnership.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 5 July 2019.

Eddy Chieng Ing Huong
Director

Teh Lip Kim
Director

Kuala Lumpur
5 July 2019

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SELANGOR DREDGING BERHAD

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 2019 of the Group and of the Company, statements of profit or loss, statements of 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 61 to 153.

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 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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.

Group level

a) Property development revenue recognition

Revenue from property development during the financial year as disclosed in Note 25 to the financial statements is RM236.9 million.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the satisfaction of performance obligations as stated in the contracts with customers as well as the costs in applying the input method to recognise revenue over time. The determination of stage of completion requires management to exercise significant judgement in estimating the total costs to complete.

In estimating the total costs to complete, the Group considers the completeness and accuracy of its costs estimation, including its obligations to contract variations, claims and costs contingencies.

Key Audit Matters (continued)

Group level (continued)

a) Property development revenue recognition (continued)

Audit response

Our audit procedures included the following:

(i) Recomputed the results of the input method determined by management for revenue recognition based on verified actual costs incurred to-date and budgeted costs;

(ii) Assessed estimated total costs to complete through inquiries with operational and financial personnel of the Group;

(iii) Inspected documentation to support cost estimates made including contract variations and cost contingencies; and

(iv) Compared contract budgets to actual outcomes to assess reliability of management budgeting process and controls.

b) Recoverability of trade receivables

As at 31 March 2019, the Group had trade receivables amounted to RM60.4 million, which was net of impairment loss of RM6.2 million. The details of trade receivables and its credit risks have been disclosed in Note 12 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

Audit response

Our audit procedures included the following:

(i) Recomputed the probability of default using historical data and forward looking information adjustment applied by the Group;

(ii) Recomputed the correlation coefficient between the macroeconomic indicators set by the Group and historical credit losses to determine the appropriateness of the forward-looking information used by the Group; and

(iii) Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

c) Recoverability of investments in associates and amounts owing by associates

As at 31 March 2019, the carrying amount of the investments in associates and amounts owing by associates were RM92.5 million and RM13.7 million respectively as disclosed in Notes 7 and 15 to the financial statements.

We determined this to be a key audit matter as it requires management to exercise significant judgement in determining their recoverable amounts for impairment assessment. This judgement focuses predominantly on future cash flows, which are, among others, dependent on economic conditions and pre-tax discount rate.

Key Audit Matters (continued)

Group level (continued)

c) Recoverability of investments in associates and amounts owing by associates (continued)

Audit response

Our audit procedures included the following:

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

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

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

Company level

a) Recoverability of investments in subsidiaries and amounts owing by subsidiaries

As at 31 March 2019, the carrying amounts of the investments in subsidiaries and amounts owing by subsidiaries were RM214.7 million and RM413.0 million respectively as disclosed in Notes 6 and 14 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining their recoverable amounts for impairment assessment. This judgement focuses predominantly on future cash flows, which are, among others, dependent on economic conditions and pre-tax discount rate.

Audit response

Our audit procedures included the following:

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

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

(iii) 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

(iv) 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.

Information Other than the Financial Statements and Auditors' Report Thereon (continued)

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 MFRSs, IFRSs 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.

(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.

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

(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 6 to the financial statements.

Other Matters

As stated in Note 2 to the financial statements, Selangor Dredging Berhad adopted Malaysian Financial Reporting Standards on 1 April 2018 with a transition date of 1 April 2017. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position of the Group and of the Company as at 31 March 2018 and 1 April 2017, the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year ended 31 March 2018 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 March 2019, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 April 2018 do not contain misstatements that materially affect the financial position as at 31 March 2019 and the financial performance and cash flows for the financial year then ended.

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 PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Lum Chiew Mun
03039/04/2021 J
Chartered Accountant

Kuala Lumpur
5 July 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Note	Group 31.3.2019 RM'000	31.3.2018 RM'000 (Restated)	1.4.2017 RM'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	3	230,218	224,358	189,805
Inventories	4	326,314	324,956	308,161
Investment properties	5	10,075	9,920	375,420
Investments in associates	7	92,539	48,924	-
Investments in joint ventures	8	150,643	148,850	163,939
Intangible assets	9	561	561	384
Amount owing by an associate	15	1,881	-	-
Deferred tax assets	10	16,291	14,532	7,263
		828,522	772,101	1,044,972
Current assets				
Inventories	4	376,046	384,208	354,535
Contract assets	11	107,832	78,991	35,282
Trade receivables	12	60,376	45,005	31,428
Other receivables, deposits and prepayments	13	16,546	25,058	19,977
Amount owing by an associate	15	11,842	19,157	-
Amounts owing by joint ventures	16	1,265	1,404	1,244
Current tax assets		8,061	7,550	9,631
Short term investments	17	157	66,154	25,733
Deposits	18	25,283	54,241	104,583
Cash and bank balances	19	14,165	20,824	28,000
		621,573	702,592	610,413
TOTAL ASSETS		1,450,095	1,474,693	1,655,385

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Note	Group 31.3.2019 RM'000	Group 31.3.2018 RM'000 (Restated)	Group 1.4.2017 RM'000 (Restated)
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	20	213,541	213,541	213,541
Revaluation reserve (non-distributable)		87,597	87,597	50,433
Exchange translation reserve (non-distributable)		26,356	21,431	39,223
Other reserve (distributable)	21	7,861	7,861	7,861
Retained earnings		513,663	499,900	549,672
TOTAL EQUITY		849,018	830,330	860,730
LIABILITIES				
Non-current liabilities				
Bank borrowings	22	133,637	151,581	345,364
Deferred tax liabilities	10	3,649	3,037	15,727
		137,286	154,618	361,091
Current liabilities				
Trade payables	23	71,353	96,430	91,783
Other payables and accruals	24	22,203	17,587	23,104
Contract liabilities	11	84,223	92,868	28,150
Amounts owing to joint ventures	16	2,970	-	5,379
Bank borrowings	22	279,322	280,862	284,058
Current tax liabilities		3,720	1,998	1,090
		463,791	489,745	433,564
TOTAL LIABILITIES		601,077	644,363	794,655
TOTAL EQUITY AND LIABILITIES		1,450,095	1,474,693	1,655,385

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Note	31.3.2019 RM'000	Company 31.3.2018 RM'000 (Restated)	1.4.2017 RM'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	3	3,177	3,547	4,404
Investment properties	5	2,350	2,350	374,450
Investments in subsidiaries	6	214,718	214,718	221,626
Amounts owing by subsidiaries	14	5,707	-	-
		225,952	220,615	600,480
Current assets				
Inventories	4	-	-	678
Trade receivables	12	-	24	267
Other receivables, deposits and prepayments	13	396	1,266	1,119
Amounts owing by subsidiaries	14	407,049	399,005	48,075
Amounts owing by joint ventures	16	57	54	-
Current tax assets		-	343	-
Short term investments	17	-	45,056	603
Deposit	18	390	390	390
Cash and bank balances	19	1,300	4,454	2,760
		409,192	450,592	53,892
TOTAL ASSETS		635,144	671,207	654,372

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Note	31.3.2019 RM'000	Company 31.3.2018 RM'000 (Restated)	1.4.2017 RM'000 (Restated)
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	20	213,541	213,541	213,541
Revaluation reserve (non-distributable)		2,219	2,219	2,219
Other reserve (distributable)	21	7,861	7,861	7,861
Retained earnings		336,057	289,482	292,352
TOTAL EQUITY		559,678	513,103	515,973
LIABILITIES				
Non-current liabilities				
Bank borrowings	22	16,250	18,750	21,250
Deferred tax liabilities	10	889	469	15,262
		17,139	19,219	36,512
Current liabilities				
Trade payables	23	-	18	165
Other payables and accruals	24	914	2,513	9,603
Amounts owing to subsidiaries	14	4,104	83,854	38,803
Bank borrowings	22	52,500	52,500	52,500
Current tax liabilities		809	-	816
		58,327	138,885	101,887
TOTAL LIABILITIES		75,466	158,104	138,399
TOTAL EQUITY AND LIABILITIES		635,144	671,207	654,372

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

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000 (Restated)
Revenue	25	256,126	151,049	51,333	16,315
Cost of sales	26	(171,017)	(140,534)	(305)	(6,726)
Gross profit		85,109	10,515	51,028	9,589
Other income		20,625	121,604	26,527	118,886
Selling and distribution expenses		(9,915)	(7,633)	-	-
Administrative and general expenses		(40,433)	(34,977)	(9,300)	(24,042)
Other expenses		(7,238)	(14,771)	-	(1,706)
Share of profit /(loss) of joint ventures and associates, net of tax		6,168	(3,283)	-	-
Finance costs	27	(18,601)	(18,561)	(8,229)	(7,396)
Profit before tax	28	35,715	52,894	60,026	95,331
Tax expense	30	(11,299)	(11,049)	(2,798)	(6,584)
Profit for the financial year		24,416	41,845	57,228	88,747
Profit for the financial year attributable to:					
- equity holders of the Company		24,416	41,845		
Basic earnings per share (sen)	31	5.73	9.82		
Diluted earnings per share (sen)	31	5.73	9.82		
Dividend per share (sen)					
Single tier dividend payable/paid in respect of the financial year ended 31 March					
- 2019				2.0	-
- 2018				-	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 COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000 (Restated)
Profit for the financial year		24,416	41,845	57,228	88,747
Other comprehensive income, net of tax:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operation		4,925	(17,792)	-	-
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		29,341	61,217	57,228	88,747

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

Group 2019	Note	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 as at 1 April 2018, as previously reported		213,541	87,597	21,431	7,861	557,254	887,684
Effects of adoption of MFRSs	2	-	-	-	-	(57,354)	(57,354)
Balance as at 1 April 2018, as restated		213,541	87,597	21,431	7,861	499,900	830,330
Profit for the financial year		-	-	-	-	24,416	24,416
Other comprehensive income for the financial year, net of tax		-	-	4,925	-	-	4,925
Total comprehensive income for the financial year		-	-	4,925	-	24,416	29,341
Transaction with owners							
Dividends paid	32	-	-	-	-	(10,653)	(10,653)
Balance as at 31 March 2019		213,541	87,597	26,356	7,861	513,663	849,018

Group 2018	Note	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 as at 1 April 2017, as previously reported		213,541	50,433	39,223	7,861	565,189	876,247
Effects of adoption of MFRSs	2	-	-	-	-	(15,517)	(15,517)
Balance as at 1 April 2017, as restated		213,541	50,433	39,223	7,861	549,672	860,730
Profit for the financial year		-	-	-	-	41,845	41,845
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)	-	41,845	61,217
Transaction with owners							
Dividends paid	32	-	-	-	-	(91,617)	(91,617)
Balance as at 31 March 2018, as restated		213,541	87,597	21,431	7,861	499,900	830,330

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

Company 2019	Note	Share capital RM'000	Non-distributable Revaluation reserve RM'000	← Distributable → Other reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 April 2018, as previously reported		213,541	2,219	7,861	291,425	515,046
Effects of adoption of MFRSs	2	-	-	-	(1,943)	(1,943)
Balance at 1 April 2018, as restated		213,541	2,219	7,861	289,482	513,103
Profit for the financial year		-	-	-	57,228	57,228
Other comprehensive income for the financial year, net of tax		-	-	-	-	-
Total comprehensive income for the financial year		-	-	-	57,228	57,228
Transaction with owners						
Dividends paid	32	-	-	-	(10,653)	(10,653)
Balance as at 31 March 2019		213,541	2,219	7,861	336,057	559,678

Company 2018	Note	Share capital RM'000	Non-distributable Revaluation reserve RM'000	← Distributable → Other reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 April 2017, as previously reported		213,541	2,219	7,861	292,588	516,209
Effects of adoption of MFRSs	2	-	-	-	(236)	(236)
Balance as at 1 April 2017, as restated		213,541	2,219	7,861	292,352	515,973
Profit for the financial year		-	-	-	88,747	88,747
Other comprehensive income for the financial year, net of tax		-	-	-	-	-
Total comprehensive income for the financial year		-	-	-	88,747	88,747
Transaction with owners						
Dividends paid	32	-	-	-	(91,617)	(91,617)
Balance as at 31 March 2018 , as restated		213,541	2,219	7,861	289,482	513,103

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		35,715	52,894	60,026	95,331
Adjustments for:					
Amortisation of intangible assets	9	8	7	-	-
Dividend income		-	-	(51,250)	-
Depreciation of property, plant and equipment	3	4,358	3,806	378	620
Fair value adjustments of investment properties	5	(90)	(1)	-	-
Finance costs	27	18,601	18,561	8,229	7,396
Gain on disposal of investment property		-	(107,037)	-	(107,037)
Gain on disposal of property, plant and equipment		(18)	(8)	(1)	-
Gain on dilution of interest in investment in an associate	7(c)	(11,448)	-	-	-
Impairment losses on:					
- amounts owing by subsidiaries	39(c)	-	-	377	1,912
- amount owing by an associate	39(c)	-	93	-	-
- trade receivables	39(c)	4,847	935	-	-
- other receivables	39(c)	790	46	-	6
- contract assets	39(c)	224	343	-	-
- investment in a subsidiary	6(b)	-	-	-	6,908
Interest income		(1,366)	(2,816)	(22,508)	(8,342)
Inventories written-off		-	691	-	691
Property, plant and equipment written-off		30	300	12	300
Reversal of impairment losses on:					
- other receivables	39(c)	-	-	(6)	-
- amounts owing by subsidiaries	39(c)	-	-	(516)	-
- amounts owing by associates	39(c)	(26)	-	-	-
- amounts owing by joint ventures	39(c)	(1)	-	-	-
Share of profit of an associate	7	(7,076)	(1,429)	-	-
Share of loss of joint ventures	8	908	4,712	-	-
Unrealised loss/(gain) on foreign exchange	28	998	(1,274)	-	-
Operating profit/(loss) before working capital changes		46,454	(30,177)	(5,259)	(2,215)
Changes in inventories		8,162	(36,963)	-	(13)
Changes in receivables		(12,514)	(19,876)	901	90
Changes in payables		(21,495)	252	(1,618)	(7,237)
Changes in contract assets		(37,711)	20,667	-	-
Cash used in operations		(17,104)	(66,097)	(5,976)	(9,375)
Tax paid		(11,923)	(9,873)	(1,226)	(2,433)
Tax refunded		688	-	-	-
Real property gains tax paid		-	(20,103)	-	(20,103)
Net cash used in operating activities		(28,339)	(96,073)	(7,202)	(31,911)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions in investment properties	5	(65)	(863)	-	(863)
Acquisition of an associate		(10,000)	(47,495)	-	-
Additional investment in an associate		(15,091)	-	-	-
Purchase of property, plant and equipment	3	(10,020)	(1,118)	(20)	(63)
Purchase of land held for development	4(a)(i)	(1,358)	(16,795)	-	-
Proceeds from disposal of property, plant and equipment		263	8	1	-
Proceeds from disposal of investment property		-	480,000	-	480,000
Advances to subsidiary companies		-	-	(38,194)	(308,354)
Repayments from/(Advances to) joint ventures		1,228	(5,539)	(3)	(54)
Repayments from/(Advances to) associates		7,341	(19,250)	-	-
Interest received		1,366	2,816	14,084	5,037
Uplift of deposits placed with financial institutions		38	-	-	-
Net cash (used in)/from investing activities		(26,298)	391,764	(24,132)	175,703
CASH FLOWS FROM FINANCING ACTIVITIES					
Net repayments of bank borrowings		(19,484)	(196,979)	(2,500)	(2,500)
Dividends paid to shareholders	32	(10,653)	(91,617)	(10,653)	(91,617)
Interest paid		(18,601)	(18,561)	(3,723)	(3,528)
Net cash used in financing activities		(48,738)	(307,157)	(16,876)	(97,645)
Net (decrease)/increase in cash and cash equivalents		(103,375)	(11,466)	(48,210)	46,147
Cash and cash equivalents at beginning of financial year		138,874	155,971	49,510	3,363
Effect of exchange rate changes		1,799	(5,631)	-	-
Cash and cash equivalents at end of financial year		37,298	138,874	1,300	49,510

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000 (Restated)
Represented by:					
Short term investments	17	157	66,154	-	45,056
Deposits	18	25,283	54,241	390	390
Cash and bank balances	19	14,165	20,824	1,300	4,454
		39,605	141,219	1,690	49,900
Less: Amount pledged as security for bank guarantee facility					
- deposits	18	(2,112)	(2,150)	(390)	(390)
- bank balances	19	(195)	(195)	-	-
		37,298	138,874	1,300	49,510

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Bank borrowings (Note 22) Group RM'000	Bank borrowings (Note 22) Company RM'000
At 1 April 2017	629,422	73,750
Cash flows	(196,979)	(2,500)
At 31 March 2018/1 April 2018	432,443	71,250
Cash flows	(19,484)	(2,500)
At 31 March 2019	412,959	68,750

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 Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

These are the first financial statements of the Group and the Company prepared in accordance with MFRSs, IFRSs, and MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRSs") in Malaysia.

The Group and the Company have consistently applied the same accounting policies in its opening MFRS statements of financial position as at 1 April 2017 and throughout all financial years presented, as if these policies had always been in effect. Comparative information for the financial year ended 31 March 2018 in these financial statements have been restated to give effect to these changes. Note 2 to the financial statements discloses the new MFRSs, amendments to MFRSs adopted during the financial year and the impact of the transition to MFRS on the Group's and Company's reported financial position and financial performance for the financial year ended 31 March 2018.

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 functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

(b) Basis of consolidation

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

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

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of consolidation (continued)

Changes of interests in subsidiaries

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

Loss of control

When the Group loses control of a subsidiary:

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

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

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

(c) Accounting for business combinations

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

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

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) 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.

(e) Equity accounting of associates

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.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Equity accounting of joint ventures

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

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

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

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

Goodwill relating to a joint venture is included in the carrying value of the investment and it is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment.

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

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

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

The results and reserves of joint ventures are accounted for in the consolidated financial statements based on financial statements made up to the end of the financial year and prepared using accounting policies that conform to those used by the Group for like transactions in similar circumstances.

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments

Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group and the Company commit to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

Financial assets

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely for payment of principal and interest (“SPPI”).

Subsequent measurement of debt instruments depends on the Group’s and the Company’s business model for managing the asset and the cash flow characteristics of the asset. The Group and the Company classify its debt instruments under amortised cost category.

(i) Amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

(ii) Fair value through profit or loss

Financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income (“FVOCI”) are measured at FVTPL. The Group and the Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss in the period which it arises.

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 when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity, is recognised in profit or loss.

Financial liabilities

A financial liability is any liability with contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities. The Group’s and the Company’s significant financial liabilities include trade and other payables, term loans and short-term borrowings which are initially measured at fair value and subsequently measured at amortised cost.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

Financial liabilities (continued)

(i) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when financial liabilities are either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

(ii) Amortised cost

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Financial guarantee contract

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 MFRS 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

Equity

Dividends from equity investments are recognised in profit or loss as other income when the Group's and the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVOCI are recognised in the statement of comprehensive income as applicable.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the Companies Act 2016 in Malaysia.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

(h) 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)

(h) 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, furniture, fittings and equipment	10% - 50%

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

(i) 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)

(j) Investment properties

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

Investment properties 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.

(k) 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.

(l) 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.

Property development costs

Property development costs are determined based on a specific identification basis. Property development costs comprising costs of land, direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. The asset is subsequently recognised as an expense in profit or loss when or as the control of the asset is transferred to the customer over time or at a point in time.

(m) 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Revenue and other income recognition

(i) The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract).

(ii) Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as a reduction of rental income over the lease term on a straight line basis.

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

(iv) Revenue from the sale of goods is recognised when the goods has been transferred, being when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the good, has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods.

There is no right of return and warranty provided to the customers on the sale of goods.

(v) Revenue from contract works are recognised over the period of the contracts by reference to the progress towards complete satisfaction of that performance obligations. Progress is determined on the proportion of construction contract costs incurred for work performed to date against total estimated construction contract costs where the outcome of the project can be estimated reliably.

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

(vii) 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.

(viii) Management fees are recognised at point over time when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the services underlying the particular performance obligation is transferred to the customer.

(o) Foreign currencies

(i) Functional currency

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

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

(ii) Transactions and balances in foreign currencies

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Foreign currencies (continued)

(ii) Transactions and balances in foreign currencies (continued)

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.

(p) Impairment of non-financial assets

Property, plant and equipment, land held for property development, investments in subsidiaries, associates and joint ventures.

Property, plant and equipment, land held for property development, investment in subsidiaries, associates 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.

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Impairment of financial assets

The Group and the Company apply the simplified approach to measure expected credit losses ("ECL"). This entails recognising a lifetime expected loss allowance for all trade receivables. Loss rates are determined based on grouping of receivables sharing the same credit risk characteristics and past due days.

Management assesses the ECL for portfolios of trade receivables based on customer segments, historical information on payment patterns, terms of payment, concentration maturity, and information about the general economic situation in the countries.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

A significant increase in credit risk is presumed if a debtor is more than 60 days past due in making a contractual payment.

For other receivables and intercompany balances, the Group and the Company apply 3-stage approach to measure expected credit losses which reflect their credit risk and how the loss allowance is determined. The Group and the Company assessed the intercompany receivables as performing category with a low risk of default and a strong capacity to meet contractual cash flows. The basis of measuring ECL are based on 12 month ECL.

(r) 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.

(s) 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Borrowing costs (continued)

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.

(t) 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.

(u) 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.

(v) 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Segment reporting (continued)

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.

(w) 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.

(x) Contingent liabilities and contingent assets

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) 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.

(z) 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. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

2.1 Adoption of MFRS framework during the current financial year

The Group and the Company are transitioning entities as defined by the Malaysian Accounting Standards Board ("MASB"), and adopted the MFRS Framework during the financial year ended 31 March 2019. Accordingly, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

In adopting the new MFRS Framework, the Group applied the transition requirements in MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*.

2.2 Explanation of transition to MFRSs

The Group adjusted amounts previously reported in the financial statements that were prepared in accordance with the previous FRS Framework. In preparing the opening statements of financial position at 1 April 2017, an explanation on the impact arising from the transition from FRSs to MFRSs on the financial position and financial performance of the Group is set out as follows.

(a) Reconciliation of statement of financial position of the Group

Group 1 April 2017	Previously reported under FRSs RM'000	Effects of adoption of MFRS 15 RM'000	Effects of adoption of MFRS 9 RM'000	Restated under MFRSs RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	189,805	-	-	189,805
Land held for property development	308,161	(308,161)	-	-
Inventories	-	308,161	-	308,161
Investment properties	375,420	-	-	375,420
Investments in joint ventures	163,939	-	-	163,939
Intangible assets	384	-	-	384
Deferred tax assets	2,548	4,709	6	7,263
	1,040,257	4,709	6	1,044,972
Current assets				
Inventories	120,336	234,199	-	354,535
Contract assets	-	35,699	(417)	35,282
Property development costs	234,199	(234,199)	-	-
Trade receivables	31,597	-	(169)	31,428
Other receivables, deposits and prepayments	19,997	-	(20)	19,977
Accrued billings	27,169	(27,169)	-	-
Amounts owing by joint ventures	1,250	-	(6)	1,244
Current tax assets	9,631	-	-	9,631
Short term investments	25,733	-	-	25,733
Deposits	104,583	-	-	104,583
Cash and bank balances	28,000	-	-	28,000
	602,495	8,530	(612)	610,413
TOTAL ASSETS	1,642,752	13,239	(606)	1,655,385

2. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

2.2 Explanation of transition to MFRSs (continued)

(a) Reconciliation of statement of financial position of the Group (continued)

Group 1 April 2017	Previously reported under FRSs RM'000	Effects of adoption of MFRS 15 RM'000	Effects of adoption of MFRS 9 RM'000	Restated under MFRSs RM'000
EQUITY AND LIABILITIES				
Equity attributable to owners of parent				
Share capital	213,541	-	-	213,541
Revaluation reserve (non-distributable)	50,433	-	-	50,433
Exchange translation reserve (non-distributable)	39,223	-	-	39,223
Other reserves (distributable)	7,861	-	-	7,861
Retained earnings	565,189	(14,911)	(606)	549,672
TOTAL EQUITY	876,247	(14,911)	(606)	860,730
LIABILITIES				
Non-current liabilities				
Bank borrowings	345,364	-	-	345,364
Deferred tax liabilities	15,727	-	-	15,727
	361,091	-	-	361,091
Current liabilities				
Trade payables	91,783	-	-	91,783
Other payables and accruals	23,104	-	-	23,104
Contract liabilities	-	28,150	-	28,150
Amounts owing to joint ventures	5,379	-	-	5,379
Bank borrowings	284,058	-	-	284,058
Current tax liabilities	1,090	-	-	1,090
	405,414	28,150	-	433,564
TOTAL LIABILITIES	766,505	28,150	-	794,655
TOTAL EQUITY AND LIABILITIES	1,642,752	13,239	(606)	1,655,385

2. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

2.2 Explanation of transition to MFRSs (continued)

(a) Reconciliation of statement of financial position of the Group (continued)

Group 31 March 2018	Previously reported under FRSs RM'000	Effects of adoption of MFRS 15 RM'000	Effects of adoption of MFRS 9 RM'000	Restated under MFRSs RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	224,358	-	-	224,358
Land held for property development	324,956	(324,956)	-	-
Inventories	-	324,956	-	324,956
Investment properties	9,920	-	-	9,920
Investment in an associate	48,924	-	-	48,924
Investment in a joint venture	148,850	-	-	148,850
Intangible assets	561	-	-	561
Deferred tax assets	-	14,492	40	14,532
	757,569	14,492	40	772,101
Current assets				
Inventories	172,425	211,783	-	384,208
Contract assets	-	79,751	(760)	78,991
Property development costs	211,783	(211,783)	-	-
Trade receivables	45,186	-	(181)	45,005
Other receivables, deposits and prepayments	25,124	-	(66)	25,058
Accrued billings	54,786	(54,786)	-	-
Gross amount due from customers	472	(472)	-	-
Amount owing by an associate	19,250	-	(93)	19,157
Amounts owing by joint ventures	1,410	-	(6)	1,404
Current tax assets	7,550	-	-	7,550
Short term investments	66,154	-	-	66,154
Deposits	54,241	-	-	54,241
Cash and bank balances	20,824	-	-	20,824
	679,205	24,493	(1,106)	702,592
TOTAL ASSETS	1,436,774	38,985	(1,066)	1,474,693

2. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

2.2 Explanation of transition to MFRSs (continued)

(a) Reconciliation of statement of financial position of the Group (continued)

Group 31 March 2018	Previously reported under FRSs RM'000	Effects of adoption of MFRS 15 RM'000	Effects of adoption of MFRS 9 RM'000	Restated under MFRSs RM'000
EQUITY AND LIABILITIES				
Equity attributable to owners of parent				
Share capital	213,541	-	-	213,541
Revaluation reserve (non-distributable)	87,597	-	-	87,597
Exchange translation reserve (non-distributable)	21,431	-	-	21,431
Other reserves (distributable)	7,861	-	-	7,861
Retained earnings	557,254	(56,288)	(1,066)	499,900
TOTAL EQUITY	887,684	(56,288)	(1,066)	830,330
LIABILITIES				
Non-current liabilities				
Bank borrowings	151,581	-	-	151,581
Deferred tax liabilities	3,037	-	-	3,037
	154,618	-	-	154,618
Current liabilities				
Trade payables	94,025	2,405	-	96,430
Other payables and accrual	17,587	-	-	17,587
Contract liabilities	-	92,868	-	92,868
Bank borrowings	280,862	-	-	280,862
Current tax liabilities	1,998	-	-	1,998
	394,472	95,273	-	489,745
TOTAL LIABILITIES	549,090	95,273	-	644,363
TOTAL EQUITY AND LIABILITIES	1,436,774	38,985	(1,066)	1,474,693

2. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

2.2 Explanation of transition to MFRSs (continued)

(b) Reconciliation of statement of profit or loss of the Group

Group 31 March 2018	Previously reported under FRSs RM'000	Effects of adoption of MFRS 15 RM'000	Effects of adoption of MFRS 9 RM'000	Restated under MFRSs RM'000
Revenue	217,494	(66,445)	-	151,049
Cost of sales	(154,257)	13,723	-	(140,534)
Gross profit	63,237	(52,722)	-	10,515
Other income	121,604	-	-	121,604
Selling and distribution expenses	(9,194)	1,561	-	(7,633)
Administrative and general expenses	(34,977)	-	-	(34,977)
Other expenses	(14,277)	-	(494)	(14,771)
Share of losses of joint ventures and associate, net of tax	(3,283)	-	-	(3,283)
Finance costs	(18,561)	-	-	(18,561)
Profit before tax	104,549	(51,161)	(494)	52,894
Tax expense	(20,867)	9,784	34	(11,049)
Profit for the financial year	83,682	(41,377)	(460)	41,845
Profit for the financial year attributable to:				
- equity holders of the Company	83,682			41,845
Basic earnings per share (sen)	19.64			9.82
Diluted earnings per share (sen)	19.64			9.82

2. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

2.2 Explanation of transition to MFRSs (continued)

(c) Reconciliation of statement of cash flows of the Group

Group 31 March 2018	Previously reported under FRSs RM'000	Effects of adoption of MFRS 15 RM'000	Effects of adoption of MFRS 9 RM'000	Restated under MFRSs RM'000
Profit before tax	104,549	(51,202)	(453)	52,894
Adjustments for:				
Impairment loss on:				
- trade receivables	923	41	(29)	935
- other receivables	-	-	46	46
- contract assets	-	-	343	343
- amount due from associate	-	-	93	93
Changes in inventories	38,521	(75,484)	-	(36,963)
Changes in property development costs	(75,484)	75,484	-	-
Changes in gross amount due from customers	(472)	472	-	-
Changes in payables	(2,153)	2,405	-	252
Changes in accrued billing	(27,617)	27,617	-	-
Changes in contract assets	-	20,667	-	20,667

(d) Reconciliation of statement of financial position of the Company

Company 1 April 2017	Previously reported under FRSs RM'000	Effects of adoption of MFRS 9 RM'000	Restated under MFRSs RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	4,404	-	4,404
Investment properties	374,450	-	374,450
Investments in subsidiaries	221,626	-	221,626
	600,480	-	600,480
Current assets			
Inventories	678	-	678
Trade receivables	271	(4)	267
Other receivables, deposits and prepayments	1,120	(1)	1,119
Amounts owing by subsidiaries	48,307	(232)	48,075
Short term investments	603	-	603
Deposit	390	-	390
Cash and bank balances	2,760	-	2,760
	54,129	(237)	53,892
TOTAL ASSETS	654,609	(237)	654,372

2. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

2.2 Explanation of transition to MFRSs (continued)

(d) Reconciliation of statement of financial position of the Company (continued)

Company **1 April 2017**	**Previously reported under FRSs** **RM'000**	**Effects of adoption of MFRS 9** **RM'000**	**Restated under MFRSs** **RM'000**
EQUITY AND LIABILITIES			
Equity attributable to owners of parent			
Share capital	213,541	-	213,541
Revaluation reserve (non-distributable)	2,219	-	2,219
Other reserves (distributable)	7,861	-	7,861
Retained earnings	292,588	(236)	292,352
TOTAL EQUITY	516,209	(236)	515,973
LIABILITIES			
Non-current liabilities			
Bank borrowings	21,250	-	21,250
Deferred tax liabilities	15,263	(1)	15,262
	36,513	(1)	36,512
Current liabilities			
Trade payables	165	-	165
Other payables and accruals	9,603	-	9,603
Amount owing to a subsidiary	38,803	-	38,803
Bank borrowings	52,500	-	52,500
Current tax liabilities	816	-	816
	101,887	-	101,887
TOTAL LIABILITIES	138,400	(1)	138,399
TOTAL EQUITY AND LIABILITIES	654,609	(237)	654,372

2. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

2.2 Explanation of transition to MFRSs (continued)

(d) Reconciliation of statement of financial position of the Company (continued)

Company 31 March 2018	Previously reported under FRSs RM'000	Effects of adoption of MFRS 9 RM'000	Restated under MFRSs RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	3,547	-	3,547
Investment properties	2,350	-	2,350
Investments in subsidiaries	214,718	-	214,718
	220,615	-	220,615
Current assets			
Trade receivables	24	-	24
Other receivables, deposits and prepayments	1,273	(7)	1,266
Amounts owing by subsidiaries	400,941	(1,936)	399,005
Amounts owing by joint ventures	54	-	54
Current tax assets	343	-	343
Short term investment	45,056	-	45,056
Deposit	390	-	390
Cash and bank balances	4,454	-	4,454
	452,535	(1,943)	450,592
TOTAL ASSETS	673,150	(1,943)	671,207
EQUITY AND LIABILITIES			
Equity attributable to owners of parent			
Share capital	213,541	-	213,541
Revaluation reserve (non-distributable)	2,219	-	2,219
Other reserves (distributable)	7,861	-	7,861
Retained earnings	291,425	(1,943)	289,482
TOTAL EQUITY	515,046	(1,943)	513,103

2. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

2.2 Explanation of transition to MFRSs (continued)

(d) Reconciliation of statement of financial position of the Company (continued)

Company 31 March 2018	Previously reported under FRSs RM'000	Effects of adoption of MFRS 9 RM'000	Restated under MFRSs RM'000
LIABILITIES			
Non-current liabilities			
Bank borrowings	18,750	-	18,750
Deferred tax liabilities	469	-	469
	19,219	-	19,219
Current liabilities			
Trade payables	18	-	18
Other payables and accruals	2,513	-	2,513
Amount owing to a subsidiary	83,854	-	83,854
Bank borrowings	52,500	-	52,500
	138,885	-	138,885
TOTAL LIABILITIES	158,104	-	158,104
TOTAL EQUITY AND LIABILITIES	673,150	(1,943)	671,207

(e) Reconciliation of statement of profit or loss of the Company

Company 31 March 2018	Previously reported under FRSs RM'000	Effects of adoption of MFRS 9 RM'000	Restated under MFRSs RM'000
Revenue	16,315	-	16,315
Cost of sales	(6,726)	-	(6,726)
Gross profit	9,589	-	9,589
Other income	118,886	-	118,886
Administrative and general expenses	(24,042)	-	(24,042)
Other expenses	-	(1,706)	(1,706)
Finance costs	(7,396)	-	(7,396)
Profit before tax	97,037	(1,706)	95,331
Tax expense	(6,583)	(1)	(6,584)
Profit for the financial year	90,454	(1,707)	88,747

2. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

2.2 Explanation of transition to MFRSs (continued)

(f) Reconciliation of statement of cash flow of the Company

Company **31 March 2018**	**Previously reported under FRSs RM'000**	**Effects of adoption of MFRS 9 RM'000**	**Restated under MFRSs RM'000**
Profit before tax	97,037	(1,706)	95,331
Adjustments for:			
Impairment loss on:			
- amount owing by subsidiaries	208	1,704	1,912
- other receivables	-	6	6
Changes in receivables	94	(4)	90

Notes to the reconciliations

(i) Adoption of MFRS 15

MFRS 15 establishes a comprehensive framework for revenue recognition and measurement. It replaces FRS 118 *Revenue*, FRS 111 *Construction Contracts*, FRS 201$_{(2004)}$ *Property Development Activities* and related Interpretations. Under MFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires significant judgement.

In applying MFRS 15 retrospectively, the Group applied the following practical expedients:

(a) For completed contracts, contracts that begin and end within the same annual reporting period were not restated;

(b) For completed contracts that have variable consideration, rather than estimating variable consideration amounts in the comparative reporting periods, transaction price at the date the contract was completed was used; and

(c) For all reporting period presented before the date of initial application, the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the revenue is expected to be recognised need not be disclosed.

The MFRS 15 adjustments are mainly due to:

(a) Changes to the timing of revenue recognition for construction and property development activities;

(b) Reclassification of excess of revenue earned over the billings on construction and property development contracts to contract assets;

(c) Reclassification of excess of billings over revenue earned on construction and property development contracts, deferred income and customers deposit to contract liabilities; and

(d) Reclassification of land held for property development and property development costs to inventories.

2. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

2.2 Explanation of transition to MFRSs (continued)

Notes to the reconciliations (continued)

(ii) Adoption of MFRS 9

MFRS 9 replaces FRS 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, encompassing all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

(a) Classification of financial assets and financial liabilities

The Group and the Company classify their financial assets into the following measurement categories depending on the business model of the Group and the Company for managing the financial assets and the terms of contractual cash flows of the financial assets:

(i) Those to be measured at amortised cost; and

(ii) Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

The following summarises the key changes:

(i) The Available-For-Sale ('AFS'), Held-To-Maturity ('HTM') and Loans and Receivables ('L&R') financial asset categories were removed.

(ii) A new financial asset category measured at Amortised Cost ('AC') was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows.

(iii) A new financial asset category measured at Fair Value Through Other Comprehensive Income ('FVTOCI') was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

(iv) A new financial asset category for non-traded equity investments measured at FVTOCI was introduced.

MFRS 9 largely retains the existing requirements in FRS 139 for the classification of financial liabilities.

However, under FRS 139 all fair value changes of liabilities designated as FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

(i) Amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and

(ii) The remaining amount of change in the fair value is presented in profit or loss.

2. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

2.2 Explanation of transition to MFRSs (continued)

Notes to the reconciliations (continued)

(ii) Adoption of MFRS 9 (continued)

(b) Impairment of financial assets

The adoption of MFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of the Group by replacing the incurred loss approach of FRS 139 with a forward-looking expected credit loss approach. MFRS 9 requires the Group to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the original effective interest rate of the asset.

Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within other expenses in the consolidated statement of profit or loss. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for other receivables, amounts owing from associates, joint ventures and subsidiaries are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

2. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

2.2 Explanation of transition to MFRSs (continued)

Notes to the reconciliations (continued)

(ii) Adoption of MFRS 9 (continued)

(c) The MFRS 9 adjustments are mainly due to:

(i) Reclassification of the financial assets and financial liabilities as follows:

	Classification	
Group	**Existing under FRS 139**	**New under MFRS 9**
Financial assets		
Contract assets	L&R	AC
Trade receivables	L&R	AC
Other receivables	L&R	AC
Amount owing by associates	L&R	AC
Amount owing by joint ventures	L&R	AC
Short term investment	FVTPL	FVTPL
Deposits	L&R	AC
Cash and bank balances	L&R	AC
Financial liabilities		
Trade payables	OFL	AC
Other payables	OFL	AC
Contract liabilities	OFL	AC
Amount owing to joint ventures	OFL	AC
Bank borrowings	OFL	AC

	Classification	
Company	**Existing under FRS 139**	**New under MFRS 9**
Financial assets		
Trade receivables	L&R	AC
Other receivables	L&R	AC
Amount owing by subsidiaries	L&R	AC
Amount owing by joint ventures	L&R	AC
Short term investment	FVTPL	FVTPL
Deposits	L&R	AC
Cash and bank balances	L&R	AC

2. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

2.2 Explanation of transition to MFRSs (continued)

Notes to the reconciliations (continued)

(ii) Adoption of MFRS 9 (continued)

(c) The MFRS 9 adjustments are mainly due to: (continued)

(i) Reclassification of the financial assets and financial liabilities as follows: (continued)

Company	Classification Existing under FRS 139	New under MFRS 9
Financial liabilities		
Trade payables	OFL	AC
Other payables	OFL	AC
Amount owing to subsidiaries	OFL	AC
Bank borrowings	OFL	AC

(ii) Additional credit losses to be recognised on trade, other receivables and amounts owing by associates, joint ventures and subsidiaries.

2.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019

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

Title	Effective Date
MFRS 16 *Leases*	1 January 2019
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
Amendments to MFRS 3 *Definition of a Business*	1 January 2020
Amendments to MFRS 101 and MFRS *108 Definition of Material*	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 is in the process of assessing the impact of implementing these standards, since the effects would only be observable for future years.

3. PROPERTY, PLANT AND EQUIPMENT

Group 2019	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 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
Additions - *cost*	-	-	-	823	9,197	10,020
Disposal	-	-	-	(571)	-	(571)
Written off	-	-	-	(5)	(79)	(84)
Foreign exchange adjustments	-	466	-	-	28	494
At 31 March 2019						
- *cost*	-	-	42	3,063	43,782	46,887
- *valuation*	186,000	33,382	-	-	-	219,382
	186,000	33,382	42	3,063	43,782	266,269
Accumulated depreciation						
At 1 April 2018						
- *cost*	-	-	42	1,971	29,766	31,779
- *valuation*	-	273	-	-	-	273
	-	273	42	1,971	29,766	32,052
Charge for the year						
- *cost*	-	-	-	463	1,880	2,343
- *valuation*	1,878	137	-	-	-	2,015
Disposal	-	-	-	(326)	-	(326)
Written off	-	-	-	(5)	(49)	(54)
Foreign exchange adjustments	-	2	-	-	19	21
At 31 March 2019						
- *cost*	-	-	42	2,103	31,616	33,761
- *valuation*	1,878	412	-	-	-	2,290
	1,878	412	42	2,103	31,616	36,051

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2019	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 2019						
- *cost*	-	-	-	960	12,166	13,126
- *valuation*	184,122	32,970	-	-	-	217,092
	184,122	32,970	-	960	12,166	230,218
The carrying value of revalued assets stated under the historical cost convention						
At 31 March 2019	45,033	7,220	-	-	-	52,253

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

3. 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
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
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

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2019	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 2018					
- *cost*	-	-	1,148	4,502	5,650
- *valuation*	2,720	-	-	-	2,720
	2,720	-	1,148	4,502	8,370
Additions - *cost*	-	-	6	14	20
Disposal - *cost*	-	-	(6)	-	(6)
Written off - *cost*	-	-	-	(58)	(58)
At 31 March 2019					
- *cost*	-	-	1,148	4,458	5,606
- *valuation*	2,720	-	-	-	2,720
	2,720	-	1,148	4,458	8,326
Accumulated depreciation					
At 1 April 2018					
- *cost*	-	-	978	3,817	4,795
- *valuation*	28	-	-	-	28
	28	-	978	3,817	4,823
Charge for the year					
- *cost*	-	-	159	205	364
- *valuation*	14	-	-	-	14
Disposal	-	-	(6)	-	(6)
Written off	-	-	-	(46)	(46)
At 31 March 2019					
- *cost*	-	-	1,131	3,976	5,107
- *valuation*	42	-	-	-	42
	42	-	1,131	3,976	5,149
Carrying value					
At 31 March 2019					
- *cost*	-	-	17	482	499
- *valuation*	2,678	-	-	-	2,678
	2,678	-	17	482	3,177
The carrying value of revalued asset stated under the historical cost convention At 31 March 2019	2,065	-	-	-	2,065

3. 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

3. 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 was transfer between levels in the fair value hierarchy of freehold hotel property, from Level 2 to Level 3 during the previous financial year.

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

	Group	
	2019 RM'000	**2018 RM'000**
At beginning of financial year	186,000	-
Transfer from Level 2 fair value	-	146,880
Changes in fair value	-	39,120
At end of financial year	186,000	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.

(c) The freehold hotel property has been pledged as security for the bank borrowings as disclosed in Note 22 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.

4. INVENTORIES

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Non-current assets					
Land held for property development	(a)(i)	326,314	324,956	-	-
Current assets					
Property development costs	(a)(ii)	264,513	211,783	-	-
Completed development properties		111,257	172,150	-	-
Consumables		276	275	-	-
		376,046	384,208	-	-
Inventories recognised in profit or loss as cost of sales		138,353	141,901	-	12

(a) The details of the inventories as follows:

(i) Non-current assets – Land held for property development

Group	Balance as at 1.4.2018 RM'000	Additions RM'000	Balance as at 31.3.2019 RM'000
Carrying amount			
Freehold land	220,985	713	221,698
Leasehold land	27,136	-	27,136
Development costs	76,835	645	77,480
	324,956	1,358	326,314

	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

4. INVENTORIES (continued)

(a) The details of the inventories as follows: (continued)

(ii) Current assets – Property development costs

	Note	Group 2019 RM'000	2018 RM'000
Freehold land at cost		64,099	76,032
Leasehold land at cost		46,399	46,349
Development costs		202,476	237,791
Costs recognised as an expense in profit or loss in previous financial years		(101,191)	(125,973)
At 1 April 2018/2017		211,783	234,199
Costs incurred during the year			
Freehold land at cost		50	7,535
Leasehold land at cost		50	50
Development costs		161,012	168,506
		161,112	176,091
Cost recognised as an expense in profit or loss in current year		(108,382)	(100,607)
Cost transferred to completed development properties		-	(91,301)
Cost transferred to investment properties	5	-	(6,599)
At 31 March 2019/2018		264,513	211,783

(b) Inventories are stated at lower of cost and net realisable value.

(c) As at the end of the reporting period, land held for property development with carrying amount of RM243,833,000 (2018: RM248,121,000) were pledged to licensed bank to secure the bank borrowings as disclosed in Note 22 to the financial statements.

(d) Included in property development costs above is land with carrying amount of RM38,000,000 (2018: RM38,000,000) which were pledged to licensed bank to secure the bank borrowings referred to in Note 22 to the financial statements.

(e) Included in property development costs is borrowing costs of RM2,319,000 (2018: RM1,171,000) incurred during the financial year. The interest rate ranges from 4.87% to 5.15% (2018: 4.87% to 5.14%) per annum.

(f) Included in land held for property development was borrowing costs of RM7,617,000 incurred during the previous financial year. The interest rate ranged from 4.36% to 5.15% per annum.

5. INVESTMENT PROPERTIES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At 1 April 2018/2017	9,920	375,420	2,350	374,450
Fair value adjustments	90	1	-	-
Additions during the year	65	863	-	863
Disposals during the year	-	(372,963)	-	(372,963)
Transfer from property development cost (Note 4(a)(ii))	-	6,599	-	-
At 31 March 2019/2018	10,075	9,920	2,350	2,350
Comprise:				
Freehold land and buildings				
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	6,755	6,600	-	-
	10,075	9,920	2,350	2,350

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

(b) The fair values of the investment properties at 31 March 2019 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.

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019 RM'000	2018 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)	(7,850)
	214,718	214,718

6. INVESTMENTS IN SUBSIDIARIES (continued)

(a) The subsidiaries are:

	Equity interest Direct 2019 %	Direct 2018 %	Indirect 2019 %	Indirect 2018 %	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
SDB Property Management Sdn. Bhd. ("SDBPM")	-	-	100	100	Malaysia	Provision of property management sevices
SDB Host Sdn. Bhd. ("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	100	-	-	Malaysia	Investment holding

6. INVESTMENTS IN SUBSIDIARIES (continued)

(a) The subsidiaries are: (continued)

	Equity interest Direct 2019 %	Equity interest Direct 2018 %	Equity interest Indirect 2019 %	Equity interest Indirect 2018 %	Country of incorporation	Principal activities
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

* *Subsidiaries not audited by BDO PLT*

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

	Company 2019 RM'000	Company 2018 RM'000
At 1 April 2018/2017	7,850	942
Charge for the financial year	-	6,908
At 31 March 2019/2018	7,850	7,850

(c) 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.

Judgement had also been used to determine the pre-tax discount rate for the cash flows and the future growth rate of the business of the entities.

7. INVESTMENTS IN ASSOCIATES

	Group 2019 RM'000	Group 2018 RM'000
Quoted equity shares, at cost	74,034	-
Unquoted equity shares, at cost	10,000	47,495
Group's share of post-acquisition reserves	8,505	1,429
	92,539	48,924

7. INVESTMENTS IN ASSOCIATES (continued)

The associates are as follows:

	Equity interest Indirect 2019 %	Equity interest Indirect 2018 %	Country of incorporation	Principal activities
Fortress Mining Sdn. Bhd.("FMSB")@	-	35	Malaysia	Acquisition of mines, mining rights, metalliferous land and quarries, and dealings in minerals
Fortress Minerals Limited. ("FML")*	31	-	Singapore	Investment holding
Extra Diligent Sdn. Bhd. ("EDSB")*@	45	-	Malaysia	Acquisition of mines, mining rights, metalliferous land and quarries, and dealings in minerals

* *Associates not audited by BDO PLT*

@ *Details of changes in interests and acquisition of interest in associates are disclosed in Notes b, c and d.*

(a) The associates have a different financial year end from the Group. In applying the equity method of accounting, the financial statements of the associates for the financial year ended 28 February 2019/2018 have been used and appropriate adjustments have been made for the effects of significant transactions between 1 March 2019/2018 and 31 March 2019/2018.

Summarised financial information of the associates are as follows:

2019	FML RM'000	EDSB RM'000
Assets and liabilities		
Non current assets	75,954	3,948
Current assets	67,693	685
Non current liabilities	(66,048)	-
Current liabilities	(8,263)	(4,552)
Net assets	69,336	81

7. INVESTMENTS IN ASSOCIATES (continued)

(a) The associates have a different financial year end from the Group. In applying the equity method of accounting, the financial statements of the associates for the financial year ended 28 February 2019/2018 have been used and appropriate adjustments have been made for the effects of significant transactions between 1 March 2019/2018 and 31 March 2019/2018. (continued)

Summarised financial information of the associates are as follows: (continued)

2019	**FML RM'000**	**EDSB RM'000**
Results		
Revenue	82,831	-
Cost of sales	(30,713)	-
Gross profit	52,118	-
Other operating income	8,163	-
Selling and distribution expenses	(21,167)	-
Adminstrative and general expenses	(2,207)	(7)
Other operating expenses	(6,303)	-
Finance cost	(28)	-
Profit/(Loss) before tax	30,576	(7)
Tax expense	(7,750)	-
Profit/(Loss) for the financial year	22,826	(7)
Share of profit by the Group for the financial year	7,076	-

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

7. INVESTMENTS IN ASSOCIATES (continued)

(a) The associates have a different financial year end from the Group. In applying the equity method of accounting, the financial statements of the associates for the financial year ended 28 February 2019/2018 have been used and appropriate adjustments have been made for the effects of significant transactions between 1 March 2019/2018 and 31 March 2019/2018. (continued)

Summarised financial information of the associates are as follows: (continued)

2018	**FMSB RM'000**
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 associates and do not reflect the Group's proportionate share in those amounts.

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

	Group 2019	
	FML RM'000	**EDSB RM'000**
Net assets attributable to shareholders of associates	69,336	81
Proportion of ownership interest held by the Group	31%	45%
Group's share of net assets	21,494	36
Goodwill	61,045	9,964
Carrying value of Group's interest in associates	82,539	10,000

7. INVESTMENTS IN ASSOCIATES (continued)

(a) The associates have a different financial year end from the Group. In applying the equity method of accounting, the financial statements of the associates for the financial year ended 28 February 2019/2018 have been used and appropriate adjustments have been made for the effects of significant transactions between 1 March 2019/2018 and 31 March 2019/2018. (continued)

The reconciliation of the above summarised financial information to the carrying amounts of the Group's interest in associates is as follows: (continued)

	2018 FMSB 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

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.

(b) On 7 January 2019, SDBM acquired 2% of equity interest of FMSB and the equity interest increased to 37% from 35%.

On 19 February 2019, SDBM undertook a restructuring exercise to dispose of 370,000 ordinary shares in FMSB, representing 37% of the equity interest in FMSB to FML. The consideration is satisfied via the issuance of 154,937,150 ordinary shares in FML, representing 37% of the equity interest in FML.

(c) During the financial year, FML has obtained approval from Singapore Securities Trading Limtied for listing on Catalist Board. The recognition of an accounting gain of RM11,448,000 on dilution of interest in FML was attributable to FML's issuance of new ordinary shares as consideration for its private placement to public, which results in the equity interest decreased to 31% from 37%.

(d) On 28 June 2018, a wholly owned subsidiary of the Company, SDBM entered into a Share Sale Agreement in acquiring 35% equity interest of EDSB for a total cash consideration of RM10. On 5 September 2018, SDBM acquired 10% of equity interest of EDSB at the consideration of RM10,000,000 and the equity interest increased to 45% from 35%. The principal activity of EDSB is acquisition of mines, mining rights, metallifeous land and quarries, and dealing in minerals.

8. INVESTMENTS IN JOINT VENTURES

	Group	
	2019 RM'000	**2018 RM'000**
Capital contribution, at cost	64,500	64,500
Group's share of post-acquisition reserves and retained profit less losses	64,980	65,888
Foreign exchange adjustments	21,163	18,462
	150,643	148,850

8. INVESTMENTS IN JOINT VENTURES (continued)

The joint ventures are as follows:

	Equity interest Direct 2019 %	Equity interest Direct 2018 %	Equity interest Indirect 2019 %	Equity interest Indirect 2018 %	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 PLT*

	Group 2019 RM'000	Group 2018 RM'000
Reconciliation of net assets to carrying amount as at 31 March		
Carrying amount in the statement of financial position	150,643	148,850
Group's share of loss, net of tax	(908)	(4,712)

8. INVESTMENTS IN JOINT VENTURES (continued)

Summarised financial information of material joint ventures is as follows:

2019	**CHI and its subsidiary RM'000**	**CD and its subsidiaries RM'000**
Assets and liabilities		
Current assets	67,876	754,723
Current liabilities	(139)	(521,175)
Net assets	67,737	233,548
Proportion of the ownership of the Group	50%	50%
Carrying amount of the investments in joint ventures	33,869	116,774
Results		
Revenue	-	70,716
Cost of sales	-	(55,216)
Gross profit	-	15,500
Other operating income	1,521	437
Selling and distribution expenses	-	(8,674)
Other expenses	-	(1,049)
Adminstrative and general expenses	(1,225)	(7,943)
Profit /(Loss) before tax	296	(1,729)
Tax expense	-	(383)
Profit /(Loss) for the financial year	296	(2,112)
Share of profit /(loss) by the Group for the financial year	148	(1,056)

8. INVESTMENTS IN JOINT VENTURES (continued)

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

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)

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

	Group	
	2019 RM'000	2018 RM'000
Net loss for the financial year	-	(30)
Total comprehensive loss	-	(30)
Carrying amount of the Group's interest in joint venture	-	-

9. INTANGIBLE ASSETS

	Group 2019 RM'000	Group 2018 RM'000
Franchise licenses		
Cost		
As at 1 April 2018/2017	568	384
Transfer from prepayment	-	210
Foreign exchange adjustments	8	(26)
At 31 March 2019/2018	576	568
Accumulated amortisation		
At 1 April 2018/2017	7	-
Amortisation charge for the year	8	7
At 31 March 2019/2018	15	7
Net carrying amount	561	561

10. DEFERRED TAX

(a) The deferred tax are made up of the following:

	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000
As at 1 April	11,495	(8,465)	(469)	(15,262)
Recognised in profit or loss (Note 30)	1,147	21,916	(420)	14,793
Recognised in other comprehensive income	-	(1,956)	-	-
As at 31 March	12,642	11,495	(889)	(469)
Represented by:				
Deferred tax assets, net	16,291	14,532	-	-
Deferred tax liabilities, net	(3,649)	(3,037)	(889)	(469)
	12,642	11,495	(889)	(469)

10. DEFERRED TAX (continued)

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

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Deferred tax assets:				
Tax effect of unutilised tax losses	16,291	14,532	-	-
Deferred tax liabilities:				
Recognised in profit or loss:				
Plant, property and equipment ("PPE")	(1,129)	(544)	(814)	(394)
Tax effects of fair value gain on investment properties subject to real property gain tax	(96)	(69)	(49)	(49)
Recognised in other comprehensive income:				
Tax effects of revaluation gain on PPE	(2,424)	(2,424)	(26)	(26)
Total deferred tax liabilities	(3,649)	(3,037)	(889)	(469)
Net deferred tax assets/(liabilities)	12,642	11,495	(889)	(469)

(c) 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	
	2019 RM'000	2018 RM'000
Unutilised tax losses	23,060	12,992
Unabsorbed capital allowances	617	228
Unabsorbed investment tax allowances	73,720	73,720
Other deductible temporary differences	1,269	804
	98,666	87,744

Deferred tax assets of the Company and certain subsidiaries have not been recognised in respect of these items as it is not probable that future taxable profits of the Company and subsidiaries would be available against which the deductible temporary differences could be utilised.

For the Malaysian entities, the unused tax losses and unabsorbed capital allowances up to the year of assessment 2019 shall be deductible until the year of assessment 2025. The unused tax losses and unabsorbed capital allowances for the year of assessment 2020 onwards will expire in 7 years.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

11. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2019 RM'000	2018 RM'000
Revenue recognised in profit or loss to date	1,070,484	993,568
Progress billings to date	(1,045,891)	(1,006,685)
Less: Impairment losses (Note 39(c))	(984)	(760)
	23,609	(13,877)
Represented by:		
Contract assets		
Cost to obtain a contract	12,967	14,225
Construction contracts	379	465
Property development contracts	94,486	64,301
	107,832	78,991
Contract liabilities		
Property development contracts	(84,223)	(92,868)
	23,609	(13,877)

12. TRADE RECEIVABLES

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Progress billings receivables	57,442	39,915	-	-
Retention sums receivables	118	59	-	-
Rental receivables	17	29	-	24
Other trade receivables	9,048	6,404	-	-
	66,625	46,407	-	24
Less: Impairment losses (Note 39(c))	(6,249)	(1,402)	-	-
Total trade receivables	60,376	45,005	-	24

(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.

12. TRADE RECEIVABLES (continued)

(b) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers. Expected loss rates are calculated using the roll rate method.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

(c) Monthly rentals from tenants were due at the beginning of the month.

(d) 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.

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

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2019 RM'000	**2018 RM'000 (Restated)**	**2019 RM'000**	**2018 RM'000 (Restated)**
Other receivables	12,807	19,051	187	1,052
Less: Impairment losses (Note 39(c))	(1,327)	(537)	(1)	(7)
	11,480	18,514	186	1,045
Interest receivables	96	47	-	-
Deposits	2,490	3,658	78	66
Total other receivables	14,066	22,219	264	1,111
Prepayments	2,480	2,839	132	155
	16,546	25,058	396	1,266

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(a) Included in deposits are rental deposits held by the following parties:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 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	-	-

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
- RM	11,075	21,848	264	1,111
- Singapore Dollar ("SGD")	2,991	371	-	-
	14,066	22,219	264	1,111

(c) Impairment for other receivables is recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology to determine the amount of the impairment is based on determining if there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. At the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For financial assets where credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For financial assets that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

(d) The probability of non-payment by other receivables and amounts owing from subsidiaries, associates and joint ventures is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for other receivables and amounts owing from subsidiaries, associates and joint ventures.

It requires management to exercise significant judgement in determining the probability of default by other receivables, amounts due from subsidiaries, associates and joint ventures and appropriate forward looking information.

14. AMOUNTS OWING BY/(TO) SUBSIDIARIES

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

	Company 2019 RM'000	Company 2018 RM'000 (Restated)
Non-current assets		
Interest-free advances	554	-
Interest bearing advances	5,182	-
	5,736	-
Less: Impairment losses	(29)	-
	5,707	-
Current assets		
Interest-free advances	185	1,017
Interest bearing advances	408,840	400,132
	409,025	401,149
Less: Impairment losses	(1,976)	(2,144)
	407,049	399,005

Amounts owing by subsidiaries are unsecured, which represent interest-free advances, or interest bearing advances at 5.00% (2018: 5.00%) per annum and receivable on demand in cash and cash equivalents.

(b) Amounts owing to subsidiaries included under current liabilities represent unsecured, interest bearing advances at a rate of 5.00% (2018: 5.00%) per annum, which are payable on demand in cash and cash equivalents.

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

	Company 2019 RM'000	Company 2018 RM'000
- RM	412,538	398,802
- SGD	218	203
	412,756	399,005

(d) All amounts owing to subsidiaries are denominated in Ringgit Malaysia.

(e) The movements in the impairment allowance for amounts owing by subsidiaries are disclosed in Note 39(c).

15. AMOUNTS OWING BY ASSOCIATES

	Group 2019 RM'000	Group 2018 RM'000
Non-current assets		
Interest-free advances	1,890	-
Less: Impairment losses	(9)	-
	1,881	-
Current assets		
Interest-free advances	11,900	19,250
Less: Impairment losses	(58)	(93)
	11,842	19,157
	13,723	19,157

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

(b) All amounts owing by associates are denominated in Ringgit Malaysia.

(c) The movements in the impairment allowance for amounts owing by associates are disclosed in Note 39(c).

16. AMOUNTS OWING BY/(TO) JOINT VENTURES

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Current assets				
Interest-free advances	1,270	1,410	57	54
Less: Impairment losses	(5)	(6)	-	-
	1,265	1,404	57	54
Current liabilities				
Interest-free advances	2,970	-	-	-

a) 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.

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

b) The currency exposure profile of amounts owing by joint ventures are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
- RM	1,211	1,350	3	-
- SGD	54	54	54	54
	1,265	1,404	57	54

c) Amount owing to a joint venture is denominated in SGD.

d) The movements in the impairment allowance for amounts owing by joint ventures are disclosed in Note 39(c).

17. SHORT TERM INVESTMENTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Short term funds	157	66,154	-	45,056

(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.

18. DEPOSITS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Deposits with licensed banks	25,283	54,241	390	390

18. DEPOSITS (continued)

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Stamp duty payable on a facility agreement	2,112	2,150	390	390

(b) The effective interest rates of the deposits range from 0.85% to 3.25% (2018: 0.85% to 3.25%) per annum. All the deposits have maturities of three (3) months or less.

(c) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
- RM	2,220	2,211	390	390
- SGD	23,063	52,030	-	-
	25,283	54,241	390	390

19. CASH AND BANK BALANCES

(a) Included in cash and bank balances of the Group is a balance of RM4,836,000 (2018: RM2,954,000) held under Housing Development Account pursuant to Section 7A of Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulations, 2015, which is not available for general use by the Group.

Funds maintained in the Housing Development Accounts earn interest ranging from 1.75% to 2.00% (2018: 1.75% to 2.00%) per annum.

(b) Cash and bank balances of the Group also included an amount of RM195,000 (2018: RM195,000) pledged to secure bank guarantee facility granted to a subsidiary.

(c) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

19. CASH AND BANK BALANCES (continued)

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

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
- RM	12,931	18,826	1,300	4,454
- SGD	1,221	1,984	-	-
- Australian Dollar ("AUD")	13	14	-	-
	14,165	20,824	1,300	4,454

20. SHARE CAPITAL

	Group and Company 2019 RM'000	Group and Company 2018 RM'000
Issued and fully paid:		
426,127,662 ordinary shares	213,541	213,541

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.

21. OTHER RESERVE (Distributable)

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

22. BANK BORROWINGS

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Secured				
Term loans	154,209	161,193	-	-
Revolving credits	203,750	206,250	18,750	21,250
Unsecured				
Revolving credits	55,000	65,000	50,000	50,000
	412,959	432,443	68,750	71,250
Repayments due within 12 months *(included under current liabilities)*	(279,322)	(280,862)	(52,500)	(52,500)
Repayments due after 12 months *(included under non-current liabilities)*	133,637	151,581	16,250	18,750

22. BANK BORROWINGS (continued)

(a) The bank borrowings are repayable as follows:

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
- not later than one (1) year	279,322	280,862	52,500	52,500
- later than one (1) year but not later than two (2) years	72,826	59,785	2,500	2,500
- later than two (2) years but not later than five (5) years	30,874	62,546	7,500	7,500
- later than five (5) years	29,937	29,250	6,250	8,750
	412,959	432,443	68,750	71,250

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

	Group 2019	Group 2018	Company 2019	Company 2018
Term loans	5.05% - 5.40%	4.62%-5.39%	-	-
Revolving credits	4.40% - 5.97%	4.64%-5.46%	5.29% - 5.97%	5.28% - 5.46%

(c) All borrowings are denominated in Ringgit Malaysia.

(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 3 to the financial statements; and

(iii) various land belonging to the Group as indicated in Note 4 to the financial statements.

23. TRADE PAYABLES

	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000
Contractors' claims	41,081	7,692	-	-
Retention sums	6,742	35,762	-	-
Accrued property development cost	22,183	52,434	-	-
Others	1,347	542	-	18
	71,353	96,430	-	18

23. TRADE PAYABLES (continued)

(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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
- RM	71,353	94,483	-	18
- SGD	-	1,947	-	-
	71,353	96,430	-	18

24. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Other payables, deposits and accruals	14,013	11,062	738	1,996
Interest payable	509	531	143	97
Tenants' deposits	62	508	33	420
Deposits received from property purchasers	7,619	5,486	-	-
	22,203	17,587	914	2,513

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
- RM	22,146	17,526	914	2,513
- SGD	57	61	-	-
	22,203	17,587	914	2,513

25. REVENUE

	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000
Revenue from contracts with customers	255,982	135,749	-	-
Other revenue				
- Dividend income	-	-	51,250	-
- Rental income	144	15,300	83	16,315
	256,126	151,049	51,333	16,315
Recognised over time:				
Property development revenue	236,869	115,785	-	-
Construction revenue	3,718	1,275	-	-
Management services	1,527	125	-	-
Recognised point in time:				
Rental of hotel rooms, food and beverages and other ancillary services	13,868	18,564	-	-
	255,982	135,749	-	-

26. COST OF SALES

	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000
Cost of property development	159,845	124,048	-	-
Cost of letting of properties	435	5,548	305	6,726
Cost of hotel services rendered	8,357	9,636	-	-
Construction cost	2,380	1,302	-	-
	171,017	140,534	305	6,726

27. FINANCE COSTS

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Interest expenses on:				
- Revolving credits	14,714	11,286	3,723	3,528
- Term loans	3,887	7,275	-	-
- Advances from a subsidiary	-	-	4,506	3,868
	18,601	18,561	8,229	7,396

28. PROFIT BEFORE TAX

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Profit before tax is stated after charging:				
Auditors' remuneration				
- Statutory audit:				
- current year	202	206	44	41
- under provision in prior years	-	15	-	17
- Non-statutory audit:				
- under provision in prior year	3	3	-	-
Direct operating expenses on revenue generating investment properties	343	7,154	305	7,026
Directors' remuneration				
- fees	367	369	272	272
- other emoluments	1,440	1,442	725	727
Loss on foreign exchange:				
- realised	-	3,818	-	-
- unrealised	998	-	-	-
Rental of equipment	73	78	7	10
Rental of premises	1,555	1,400	354	114
and crediting:				
Interest income from:				
- subsidiaries	-	-	22,096	7,066
- fixed deposits	582	872	14	22
- short term investments	530	868	398	635
- others	254	1,076	-	619
Fair value gain on investment properties	90	1	-	-
Rental income	103	377	-	-
Gain on foreign exchange:				
- realised	338	3,726	-	-
- unrealised	-	1,274	-	-

29. DIRECTORS' REMUNERATION

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Executive Directors' remuneration:				
- Fees	123	122	40	40
- Salaries and other emoluments	1,440	1,442	725	727
	1,563	1,564	765	767
Non-Executive Directors' remuneration				
- Fees	244	247	232	232
Total	1,807	1,811	997	999

30. TAX EXPENSE

	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000 (Restated)
Malaysian tax based on results for the year				
- current	13,927	9,932	3,173	1,111
- (over)/under provision in prior years	(1,481)	2,930	(795)	163
Deferred tax income (Note 10)				
- current	(1,024)	(22,275)	(40)	(15,124)
- (over)/under provision in prior years	(123)	359	460	331
Real property gains tax	-	20,103	-	20,103
	11,299	11,049	2,798	6,584

(a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 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 and is analysed as follows:

	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000 (Restated)
Profit before tax ("PBT")	35,715	52,894	60,026	95,331
Less: Share of results of joint ventures and associates	(6,168)	3,283	-	-
PBT before share of results	29,547	56,177	60,026	95,331
Taxation at applicable statutory tax rates	7,091	13,482	14,406	22,879
Tax effects arising from:				
- non-taxable income	(606)	(23,396)	(13,633)	(26,427)
- non-deductible expenses	3,638	3,096	2,360	4,176
Difference in tax rates	159	(15,009)	-	(15,051)
Movements in unrecognised deferred tax assets	2,621	9,484	-	410
Real property gains tax	-	20,103	-	20,103
(Over)/Under provision in prior years	(1,604)	3,289	(335)	494
	11,299	11,049	2,798	6,584

30. TAX EXPENSE (continued)

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

	Group 2019 Before tax RM'000	Group 2019 Tax effect RM'000	Group 2019 After tax RM'000
Items that may be reclassified subsequently to profit or loss			
Foreign currency translations	4,925	-	4,925

	2018 Before tax RM'000	2018 Tax effect RM'000	2018 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

31. 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 2019 RM'000	Group 2018 RM'000
Profit attributable to shareholders of the Company	24,416	41,845
Weighted average number of ordinary shares ('000)		
At 1 April/31 March	426,128	426,128
Basic earnings per share (sen)	5.73	9.82

(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 2019 and 31 March 2018.

32. DIVIDENDS PAID

	Group and Company 2019 RM'000	2018 RM'000
Dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 March 2018/31 March 2017	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
	10,653	91,617

The Directors proposed a single tier dividend of 2.0 sen per ordinary share amounting to RM8,522,553 in respect of the financial year ended 31 March 2019. This dividend, if approved by shareholders, would be accounted for as an appropriation of retained earnings in the financial year ending 31 March 2020.

33. EMPLOYEE BENEFITS EXPENSE

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Employee benefits expense (included executive Directors' emoluments)	24,261	25,396	6,319	8,211

Included in the employee benefits expense are EPF contributions amounting to RM2,702,000 (2018: RM2,845,000) for the Group and RM752,000 (2018: RM867,000) for the Company.

34. 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 subsidiaries, 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.

34. 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:

	Transaction value			
	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Transactions with subsidiaries				
Interest received/receivable from SDI	-	-	1,428	62
Interest received/receivable from SDBP	-	-	25,292	5,068
Interest received/receivable from SDBINT	-	-	56	18
Interest received/receivable from SGS	-	-	105	20
Interest received/receivable from SDBM	-	-	5,158	1,898
Rental received from SDBPM	-	-	-	73
Rental received from SDBP	-	-	83	617
Rental received from SDBINT	-	-	-	119
Management fee income from SDBINT	-	-	81	75
Management fee income from SDI	-	-	11	24
Management fee income from SDBP	-	-	930	620
Management fee income from CCSB	-	-	35	69
Management fee income from SDBPM	-	-	643	431
Management fee income from PPSB	-	-	187	121
Management fee income from SDBA	-	-	21	21
Management fee income from SDBAS	-	-	57	16
Management fee income from SDBSS2	-	-	363	1,971
Management fee income from SDBH	-	-	49	324
Management fee income from SGS	-	-	167	29
Management fee income from HASB	-	-	20	43
Management fee income from SDBD	-	-	89	173
Management fee income from SDBM	-	-	80	56
Management fee income from SDBI	-	-	2	1
Management fee paid to SDBP	-	-	132	210
Management fee paid to SDBH	-	-	2	2
Interest paid/payable to SDBI	-	-	-	3,868
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	-	-

34. 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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
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: (continued)				
Medical fees paid to Klinik Ian Ong, a clinic belonging to a close family member of Teh Lip Kim and Teh Lip Pink	119	112	76	69
Consultancy fee paid to Providence Capital Sdn. Bhd., a company in which Eddy Chieng Ing Huong has interest	180	180	-	-

(c) Key management personnel compensation

	Group		Company	
Directors	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Short-term employee benefits				
- fees	367	369	272	272
- remuneration	1,212	1,214	611	613
Total short-term employee benefits	1,579	1,583	883	885
Post-employment benefits				
- EPF	228	228	114	114
Sub-total	1,807	1,811	997	999
Other key management personnel				
Short-term employee benefits				
- salary, bonus and allowances	4,913	4,913	2,668	2,668
Post-employment benefits				
- EPF	601	601	330	330
Sub-total	5,514	5,514	2,998	2,998
Total compensation	7,321	7,325	3,995	3,997

35. OPERATING LEASE COMMITMENTS

The Group and the Company as lessor

The Group and the Company lease out their investment properties under non-cancellable operating leases. The leases typically run for a period of 1 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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Not later than one (1) year	990	62	90	46
Later than one (1) year but not later than five (5) years	1,113	-	54	-
	2,103	62	144	46

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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Not later than one (1) year	923	43	360	29
Later than one (1) year but not later than five (5) years	818	59	257	59
	1,741	102	617	88

36. CONTINGENT LIABILITIES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Corporate guarantees given to financial institutions for credit facility granted to subsidiaries	362,550	332,548	332,548	332,548
Bank guarantees given by financial institutions in respect of construction and property projects	-	1,985	-	-
	362,550	334,533	332,548	332,548

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

37. SEGMENTAL ANALYSIS

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

(a) Primary reporting format - business segment

The Group's operations comprise the following business segments:

(i) Property investment - letting of commercial properties

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

(iii) Investment holding - investment holding

(iv) Property development - property development

(v) 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.

2019	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	287	13,868	143	236,869	4,959	-	256,126
Inter-segment sales	-	-	-	-	144	(144)	-
Total revenue	287	13,868	143	236,869	5,103	(144)	256,126
Results							
Segment results	278	(6,484)	205,006	64,142	(1,046)	(211,593)	50,303
Finance costs	-	-	-	(18,601)	-	-	(18,601)
Share of profit/ (loss) of joint ventures and associates	-	-	7,076	(908)	-	-	6,168
Unallocated corporate expenses							(2,155)
Profit before tax							35,715
Tax expense							(11,299)
Profit for the financial year							24,416

37. SEGMENTAL ANALYSIS (continued)

2019	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	17,770	189,093	-	730,781	248,279	525	1,186,448
Investing assets	-	-	12,404	-	-	-	12,404
Investments in associates	-	-	92,539	-	-	-	92,539
Investments in joint ventures	-	-	150,643	-	-	-	150,643
Current tax assets							8,061
Consolidated total assets							1,450,095
Liabilities							
Segment liabilities	(70,556)	(2,420)	(25)	(515,834)	(4,873)	-	(593,708)
Current tax liabilities							(3,720)
Deferred tax liabilities							(3,649)
Consolidated total liabilities							(601,077)
Other information							
Capital expenditure	-	2,548	87	1,425	6,025	-	10,085
Depreciation and amortisation	49	2,735	385	1,097	100	-	4,366

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	-	115,785	1,400	-	151,049
Inter-segment sales	1,218	-	-	-	1,305	(2,523)	-
Total revenue	16,518	18,564	-	115,785	2,705	(2,523)	151,049

37. 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
Results							
Segment results	85,854	(2,001)	30,484	(9,863)	(1,770)	(25,700)	77,004
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							52,894
Tax expense							(11,049)
Profit for the financial year							41,845
Assets							
Segment assets	67,827	158,041	-	1,009,691	4,010	502	1,240,071
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							1,474,693
Liabilities							
Segment liabilities	(73,784)	(1,243)	(28)	(563,523)	(752)	2	(639,328)
Current tax liabilities							(1,998)
Deferred tax liabilities							(3,037)
Consolidated total liabilities							(644,363)
Other information							
Capital expenditure	926	700	-	224	131	-	1,981
Depreciation and amortisation	669	2,196	-	857	91	-	3,813

37. SEGMENTAL ANALYSIS (continued)

(b) Secondary reporting format - geographical segment

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

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

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

Revenue from external customers	**2019 RM'000**	**2018 RM'000 (Restated)**
Malaysia	255,886	151,049
Singapore	240	-
	256,126	151,049

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.

Non-current assets	**2019 RM'000**	**2018 RM'000 (Restated)**
Malaysia	806,031	749,962
Singapore	22,491	22,139
	828,522	772,101

38. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

2019	Amortised cost RM'000	FVTPL RM'000	Total RM'000
Group			
Financial assets			
Trade receivables	60,376	-	60,376
Other receivables and deposits (excluding prepayments)	14,066	-	14,066
Contract assets	107,832	-	107,832
Amounts owing by associates	13,723	-	13,723
Amounts owing by joint ventures	1,265	-	1,265
Short term investments	-	157	157
Deposits	25,283	-	25,283
Cash and bank balances	14,165	-	14,165
Total financial assets	236,710	157	236,867
Financial liabilities			
Trade payables	71,353	-	71,353
Other payables and accruals	22,203	-	22,203
Contract liabilities	84,223	-	84,223
Amounts owing to joint ventures	2,970	-	2,970
Bank borrowings	412,959	-	412,959
Total financial liabilities	593,708	-	593,708
2018			
Group			
Financial assets			
Trade receivables	45,005	-	45,005
Other receivables and deposits (excluding prepayments)	22,219	-	22,219
Contract assets	78,991	-	78,991
Amount owing by an associate	19,157	-	19,157
Amounts owing by joint ventures	1,404	-	1,404
Short term investments	-	66,154	66,154
Deposits	54,241	-	54,241
Cash and bank balances	20,824	-	20,824
Total financial assets	241,841	66,154	307,995

38. FINANCIAL INSTRUMENTS (continued)

(a) Classification of financial instruments (continued)

2018	Amortised cost RM'000	FVTPL RM'000	Total RM'000
Group			
Financial liabilities			
Trade payables	96,430	-	96,430
Other payables and accruals	17,587	-	17,587
Contract liabilities	92,868	-	92,868
Bank borrowings	432,443	-	432,443
Total financial liabilities	639,328	-	639,328

2019	Amortised cost RM'000	Total RM'000
Company		
Financial assets		
Other receivables and deposits (excluding prepayment)	264	264
Amounts owing by subsidiaries	412,756	412,756
Amounts owing by joint ventures	57	57
Deposits	390	390
Cash and bank balances	1,300	1,300
Total financial assets	414,767	414,767
Financial liabilities		
Other payables and accruals	914	914
Amounts owing to subsidiaries	4,104	4,104
Bank borrowings	68,750	68,750
Total financial liabilities	73,768	73,768

38. FINANCIAL INSTRUMENTS (continued)

(a) Classification of financial instruments (continued)

2018	Amortised cost RM'000	FVTPL RM'000	Total RM'000
Company			
Financial assets			
Trade receivables	24	-	24
Other receivables and deposits (excluding prepayment)	1,111	-	1,111
Amounts owing by subsidiaries	399,005	-	399,005
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	405,038	45,056	450,094
Financial liabilities			
Trade payables	18	-	18
Other payables and accruals	2,513	-	2,513
Amount owing to a subsidiary	83,854	-	83,854
Bank borrowings	71,250	-	71,250
Total financial liabilities	157,635	-	157,635

(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) subsidiaries, amounts owing by associates, amounts owing by/(to) joint ventures, trade and other payables and bank 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.

38. FINANCIAL INSTRUMENTS (continued)

(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				
2019	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Fair value RM'000**	**Carrying amount RM'000**
Group					
Financial assets					
Short term investments	-	157	-	157	157
2018					
Group					
Financial assets					
Short term investments	-	66,154	-	66,154	66,154
Company					
Financial assets					
Short term investments	-	45,056	-	45,056	45,056

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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.

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 RM24,284,000 (2018: RM54,014,000).

A sensitivity analysis has been performed on the outstanding foreign currency denominated monetary items of the Group as at 31 March 2019. 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 RM733,000 (2018: RM1,609,000). 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 subsidiaries have been disclosed in Note 14 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 subsidiaries has been disclosed in Note 14 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 2019. If interest rate increase or decrease by 100 basis points with all other variable held constant, the Group profit before tax would decrease or increase by RM3,957,000 (2018: RM4,324,000), as a result of higher or lower interest expense on these borrowings.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk

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

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

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

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

Lifetime expected loss provision for trade receivables of the Group as at 31 March 2019 are as follows:

2019	Gross carrying amount RM'000	Impairment RM'000	Net carrying amount RM'000
Not past due	31,362	(311)	31,051
Past due			
1 - 30 days	9,871	(98)	9,773
31 - 60 days	2,452	(24)	2,428
61 - 120 days	6,910	(68)	6,842
More than 120 days	16,030	(5,748)	10,282
	66,625	(6,249)	60,376
2018			
Not past due	26,150	-	26,150
Past due			
1 - 30 days	4,391	(34)	4,357
31 - 60 days	5,166	(51)	5,115
61 - 120 days	3,999	(40)	3,959
More than 120 days	6,701	(1,277)	5,424
	46,407	(1,402)	45,005

During the financial year, the Group did not renegotiate the terms of any trade receivables.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk (continued)

Movements in the impairment allowance for receivables are as follows:

	Group	
Trade receivables	**2019 RM'000**	**2018 RM'000**
At 1 April 2018/2017	1,221	298
Effect of adoption of MFRS 9	181	169
	1,402	467
Charge for the financial year	4,847	935
At 31 March 2019/2018	6,249	1,402
Other receivables		
At 1 April 2018/2017	471	471
Effect of adoption of MFRS 9	66	20
	537	491
Charge for the financial year	790	46
At 31 March 2019/2018	1,327	537
Contract assets		
At 1 April 2018/2017	-	-
Effect of adoption of MFRS 9	760	417
	760	417
Charge for the financial year	224	343
At 31 March 2019/2018	984	760
Amounts owing by associates		
At 1 April 2018/2017	-	-
Effect of adoption of MFRS 9	93	-
	93	-
Charge for the financial year	-	93
Reversal of impairment loss	(26)	-
At 31 March 2019/2018	67	93

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk (continued)

Movements in the impairment allowance for receivables are as follows: (continued)

	Group	
Amounts owing by joint ventures	**2019 RM'000**	**2018 RM'000**
At 1 April 2018/2017	-	-
Effect of adoption of MFRS 9	6	6
	6	6
Reversal of impairment loss	(1)	-
At 31 March 2019/2018	5	6

	Company	
Other receivables	**2019 RM'000**	**2018 RM'000**
At 1 April 2018/2017	-	-
Effect of adoption of MFRS 9	7	1
	7	1
Charge for the financial year	-	6
Reversal of impairment loss	(6)	-
At 31 March 2019/2018	1	7
Amounts owing by subsidiaries		
At 1 April 2018/2017	208	-
Effect of adoption of MFRS 9	1,936	232
	2,144	232
Charge for the financial year	377	1,912
Reversal of impairment loss	(516)	-
At 31 March 2019/2018	2,005	2,144

(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.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity and cash flow risks (continued)

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
2019				
Trade payables	71,353	-	-	71,353
Other payables and accruals	22,203	-	-	22,203
Bank borrowings	289,258	105,612	43,838	438,708
	382,814	105,612	43,838	532,264
2018				
Trade payables	96,430	-	-	96,430
Other payables and accruals	17,587	-	-	17,587
Bank borrowings	292,199	141,828	32,185	466,212
	406,216	141,828	32,185	580,229
Company				
2019				
Other payables and accruals	914	-	-	914
Amount owing to subsidiaries	4,104	-	-	4,104
Bank borrowings	55,444	10,515	6,572	72,531
	60,462	10,515	6,572	77,549

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Liquidity and cash flow risks (continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities based on the contractual undiscounted cash flows. (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	83,854	-	-	83,854
Bank borrowings	55,301	10,464	9,156	74,921
	141,686	10,464	9,156	161,306

40. CAPITAL MANAGEMENT

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

The gearing ratios were as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Total borrowings (Note 22)	412,959	432,443	68,750	71,250
Less: Cash and bank balances, net of pledged bank balances	(13,970)	(20,629)	(1,300)	(4,454)
Deposits, net of deposits pledged	(23,171)	(52,091)	-	-
Short term investments	(157)	(66,154)	-	(45,056)
Net debt	375,661	293,569	67,450	21,740
Total equity	849,018	830,330	559,678	513,103
Net debt	375,661	293,569	67,450	21,740
	1,224,679	1,123,899	627,128	534,843
Gearing ratio	31%	26%	11%	4%

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.

41. SIGNIFICANT EVENT DURING THE REPORTNIG PERIOD

On 28 June 2018, a wholly owned subsidiary of the Company, SDBM entered into a Share Sale Agreement in acquiring 35% equity interest of EDSB for a total cash consideration of RM10. On 5 September 2018, SDBM acquired 10% of equity interest of EDSB at the consideration of RM10,000,000 and the equity interest increased to 45% from 35%. The principal activity of EDSB is acquisition of mines, mining rights, metallifeous land and quarries, and dealing in minerals.

42. FINANCIAL REPORTING UPDATES

IFRIC Agenda Decision - Over time transfer of constructed good (IAS 23)

The IFRS Interpretations Committee ('IFRIC') received a submission about the capitalisation of borrowing costs in relation to the construction of a residential multi-unit real estate development.

Based on the fact pattern described in the submission, the request asked whether the entity has a qualifying asset as defined in IAS 23 *Borrowing Costs* and, therefore, capitalises any directly attributable costs.

The IFRIC concluded in March 2019 that, in the fact pattern described in the request:

i. Any receivable and contract asset that the entity recognises is not a qualifying asset.
ii. Any inventory (work-in-progress) for unsold units under construction that the entity recognises is also not a qualifying asset because the unsold units are ready for its intended use or sale.

The MASB announced on 20 March 2019 that an entity shall apply the change in accounting policy as a result of this Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

The Group is in the process of obtaining new information and adapting its systems to implement this change in accounting policy. The implementation results would be reported during the financial year ending 31 March 2022.

43. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 5 July 2019 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 61 to 153 have been drawn up in accordance with Malaysian Financial Reporting Standards, International 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 2019 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
5 July 2019

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 61 to 153 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 5 July 2019) **Loong Ching Hong**

Before me:

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

ANALYSIS OF SHAREHOLDINGS
AS AT 28 JUNE 2019

Financial year ended : 31 March 2019
Class of stock : Ordinary share
Voting rights : 1 vote per share

ANALYSIS OF SHAREHOLDINGS AS AT 28 JUNE 2019

	Number of Holders	Holdings	Total Holdings	%
	452	less than 100	7,231	0.00
	1,871	100 - 1,000	1,568,969	0.37
	4,484	1,001 - 10,000	19,818,275	4.65
	1,109	10,001 - 100,000	31,731,115	7.45
	162	100,001 to less than 5% of issued shares	121,885,020	28.60
	3	5% and above of issued shares	251,117,052	58.93
Total	**8,081**		**426,127,662**	**100.00**

DIRECTORS' SHAREHOLDINGS AS AT 28 JUNE 2019

		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.	Mr Tony Lee Cheow Fui	-	-	-	-
4.	Ms Teh Lip Pink	425,000	0.10	65,629,978	15.40
5.	Puan Selma Enolil Binti Mustapha Khalil	-	-	-	-

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 28 JUNE 2019

	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.	HLB Nominees (Asing) Sdn Bhd Pledged Securities Account for Teh Lip Bin (CCTS)	2,000,000	0.47	163,888,456	38.46
5.	Ms Teh Lip Pink	425,000	0.10	65,629,978	15.40

ANALYSIS OF SHAREHOLDINGS

AS AT 28 JUNE 2019

LIST OF 30 LARGEST SHAREHOLDERS AS AT 28 JUNE 2019

	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	12,000,000	2.82
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.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	3,266,223	0.77
12.	CIMB Group Nominees (Asing) Sdn Bhd Exempt An for DBS Bank Ltd (SFS)	3,094,000	0.73
13.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An for OCBC Securities Private Limited (Client A/C-ES)	2,786,000	0.65
14.	Gan Teng Siew Realty Sdn Berhad	2,224,900	0.52
15.	HLB Nominees (Asing) Sdn Bhd Pledged Securities Account for Teh Lip Bin (CCTS)	2,000,000	0.47
16.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cho Chun Hong (E-BPJ/TDA)	1,760,500	0.41
17.	Rengo Malay Estate Sdn Bhd	1,717,700	0.40
18.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheam Heng Ming (E-KTN/RAU)	1,650,000	0.39
19.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Tan Boon Seng (PB)	1,640,100	0.38
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.	Huang Phang Lye	1,434,800	0.34
23.	HLB Nominees (Asing) Sdn Bhd Pledged Securities Account for Teh Lip Ling (CCTS)	1,341,000	0.31
24.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loong Ching Hong (E-KLC)	1,307,500	0.31
25.	Tan Poay Seng	1,281,300	0.30
26.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for OCBC Securities Private Limited (Client A/C-NR)	1,206,457	0.28
27.	Ng Poh Cheng	1,033,400	0.24
28.	Bidor Tahan Estates Sdn Bhd	1,000,000	0.23
29.	Chinchoo Investment Sdn Berhad	1,000,000	0.23
30.	Gemas Bahru Estates Sdn Bhd	1,000,000	0.23
		336,375,812	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 31.3.2019 (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)	-	66,416	(26 January 2016)
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)
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)	-	21,594 (SGD7,164)	31 March 2016

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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-Eighth Annual General Meeting of the Company to be held at the Ballroom, Hotel Maya Kuala Lumpur, 138, Jalan Ampang, 50450 Kuala Lumpur on Tuesday, 27 August 2019 at 9.00 am and at any adjournment thereof, and to vote as indicated below:

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

(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 ______________ 2019.

____
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 19 August 2019 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 Registrar, 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, or alternatively, Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, 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 19 August 2019 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
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